



# **Sustainability Disruptors and Future of Automotive**

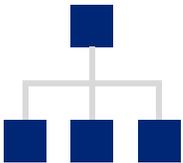
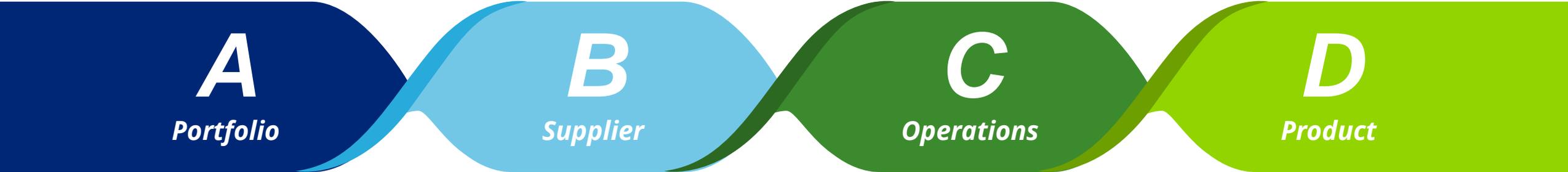
**Looking beyond**

Date: 25th May 2022



Sustainability is the most important automotive trend, propelling vast changes across automotive value chain

Key Automotive Trends



Technology-related portfolio shifts

90% of suppliers are reshaping their portfolio to adapt to shift towards autonomous driving, connected cars, electric vehicles, and shared mobility (ACES)



Emergence of new OEMs

Entry of multiple electric car companies



An increased focus on sustainability

83% of automotive suppliers have defined the sustainability goals such as Co2 emission reduction



Decline in the light-vehicle market

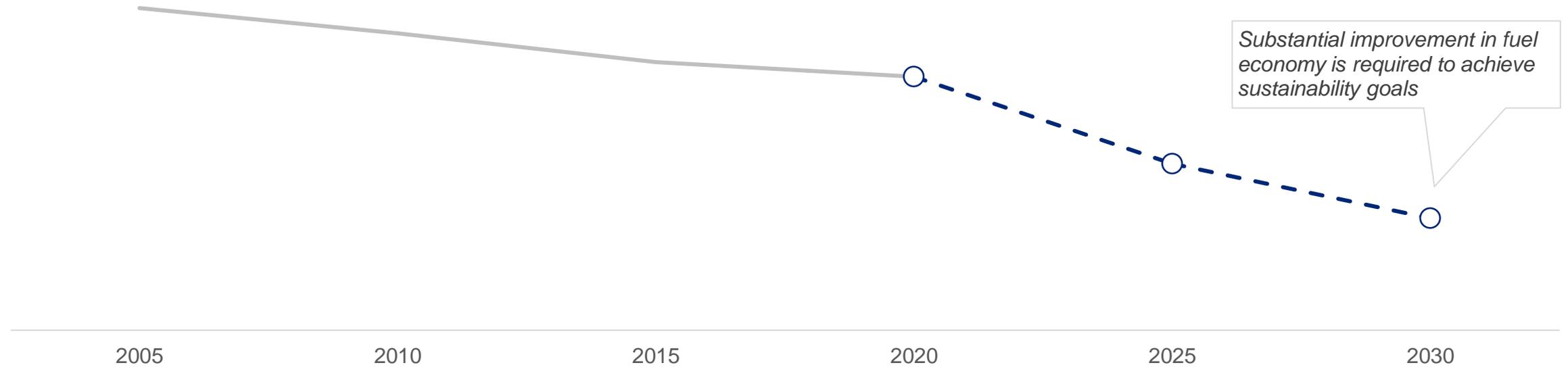
20% decline in light vehicle sales in 2020; mainly in Europe and North America

Source: News articles, McKinsey, GCG Research & Analysis

# Improving fuel economy is one of the strategies being considered by stakeholders to achieve the sustainability goals

US has adopted new policy to meet improved fuel efficiency requirements

Global light-duty vehicle fuel economy improvements, Net Zero Scenario, 2005-2030 (Lge/100km (WLTC))

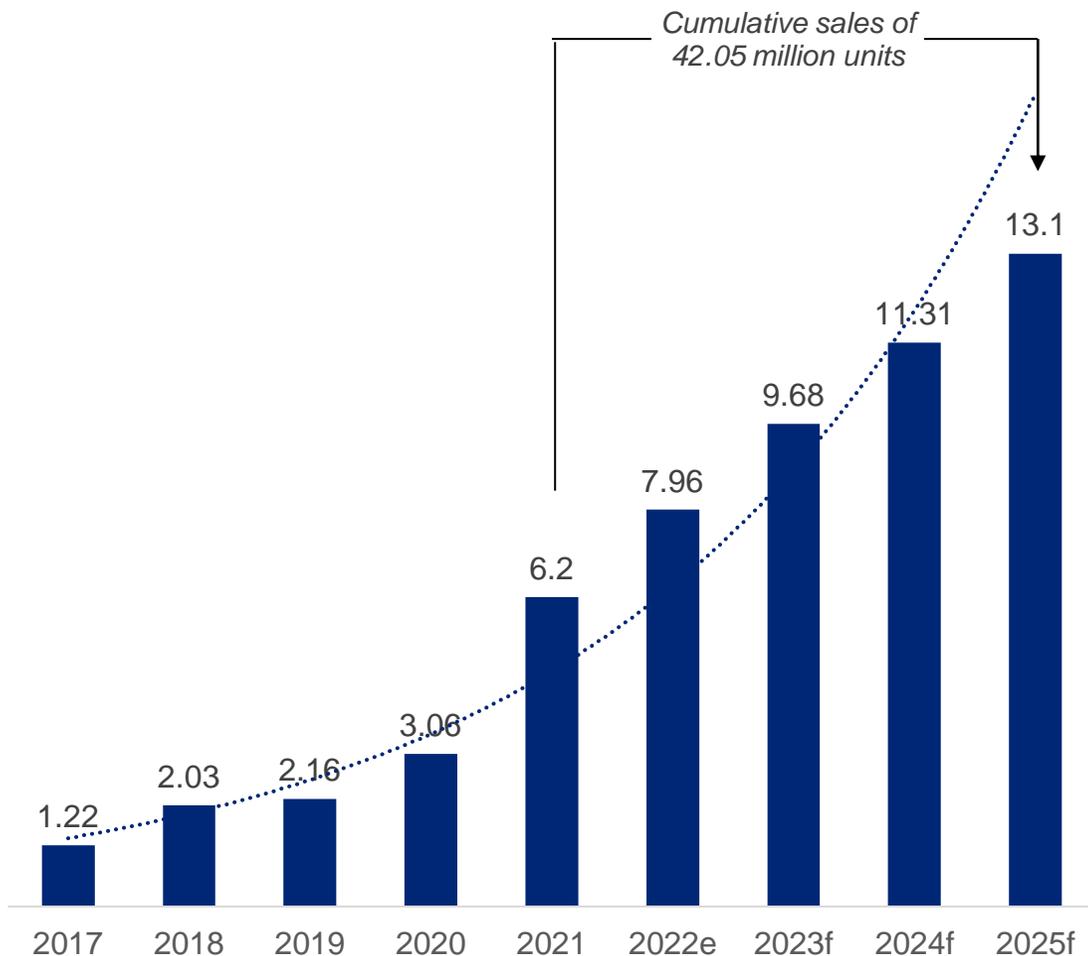


Source: USDOT, IEA, News articles, GCG Research & Analysis

# EV is answering the sustainability objective of emission reduction and improvement in fuel economy

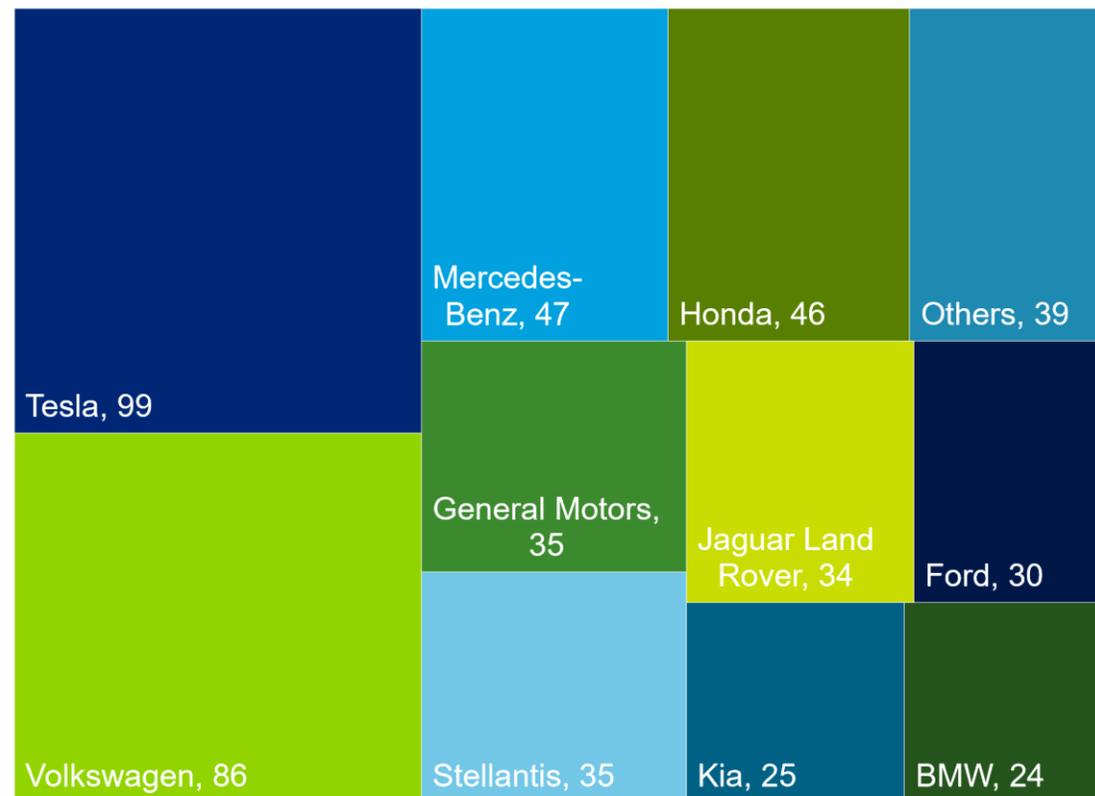
Several countries including US has adopted new policy to meet improved fuel efficiency requirements

**Global Passenger EV Sales (Million Units)**



**Investments by EV Maker by 2030 (USD Billion)**

**USD500 Billion** investment on EV by leading automakers

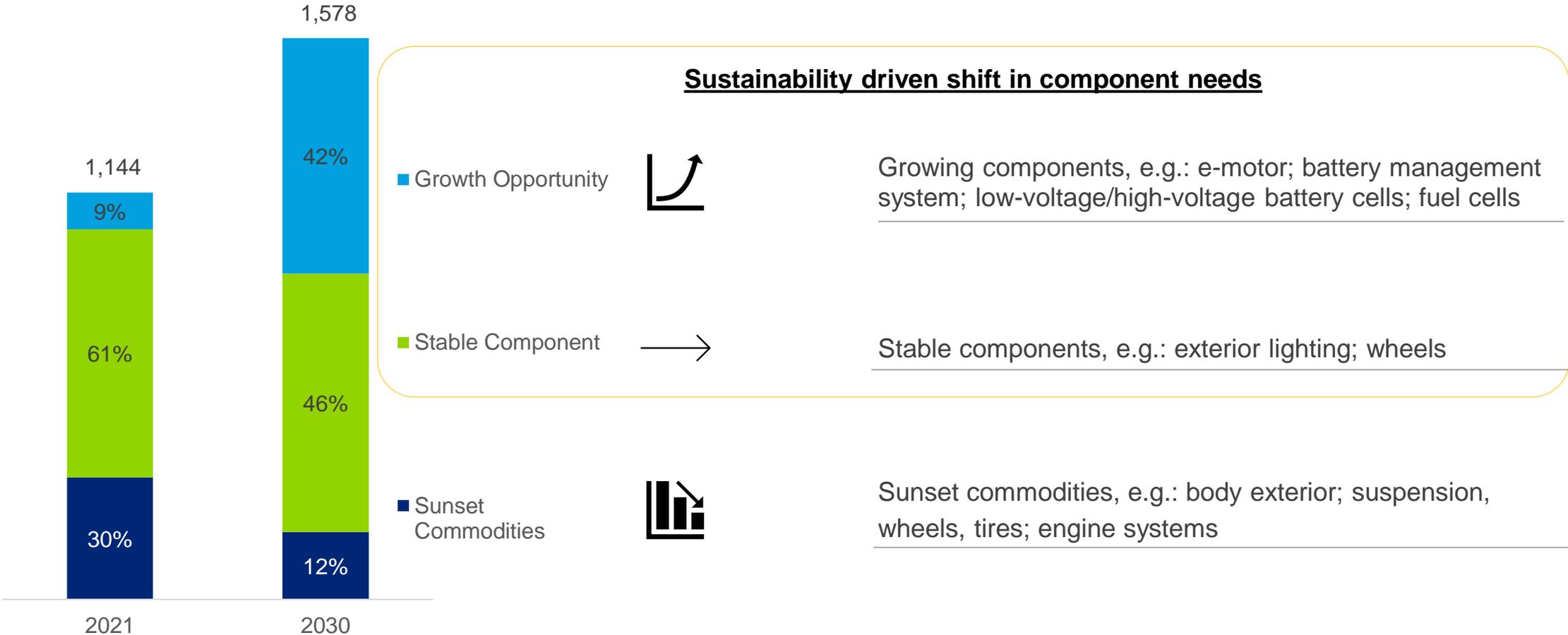


Source: SPGlobal, News articles, GCG Research & Analysis

# Sustainability related shifts are also changing component landscape

Over 50% of the component will be affected by the shift towards sustainable product and operations

## Global Automotive Component Landscape



Source: News articles, McKinsey, GCG Research & Analysis

# Automotive suppliers are contemplating on strategy to adjust to component shift and achieve their sustainability goals

Disruption of supply chains and reduction in public's driving time and the demand for cars have also impacted automakers manufacturing needs



## Needed Capabilities

How can we transform our manufacturing workforces and develop the capabilities we need for our future product lines?



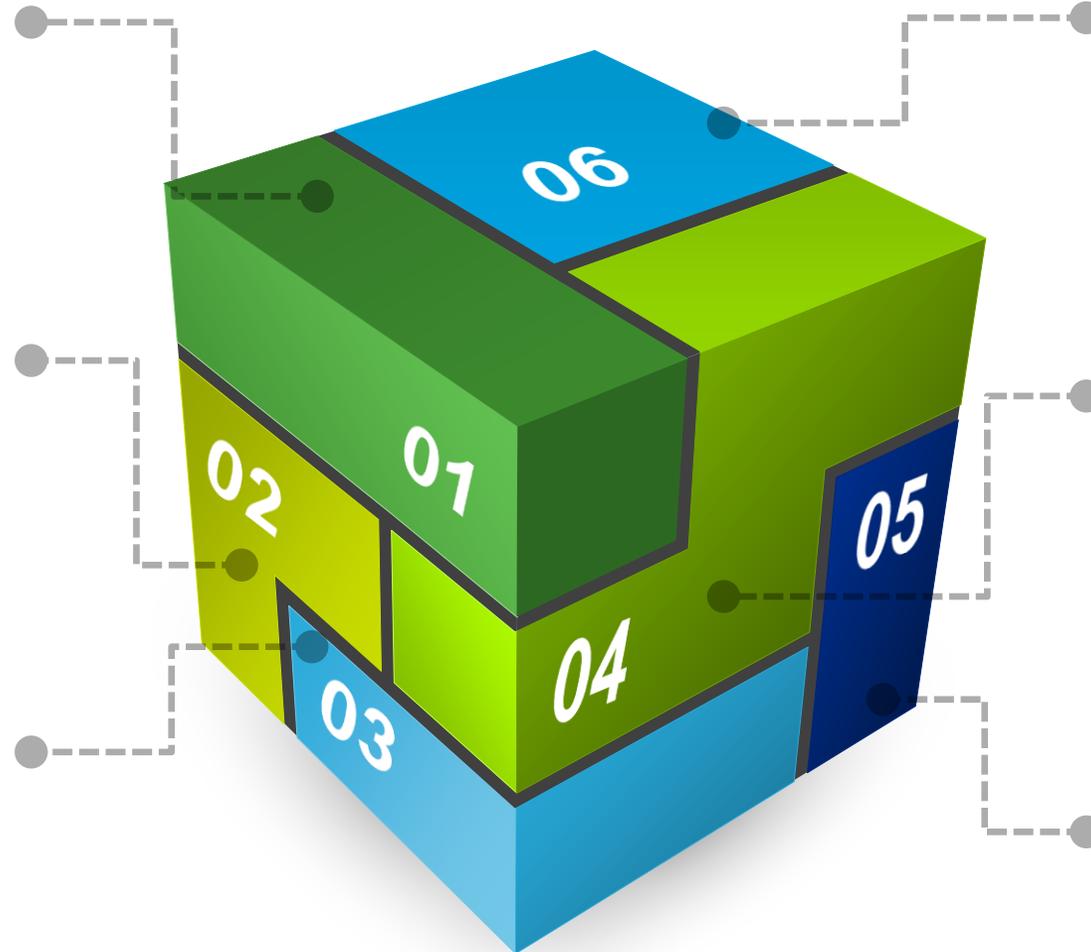
## Growth Path

Where might we have an opportunity to vertically integrate through M&A?



## Competitive Strategy

What structural advantages—more automation or higher plant efficiency—do our competitors have, and how can we narrow that gap?



## Operational Approach

For the automation we're doing, should we bring it to our existing factories or take a greenfield approach and build brand-new factories with high levels of automation.



## Missed Opportunity Cost

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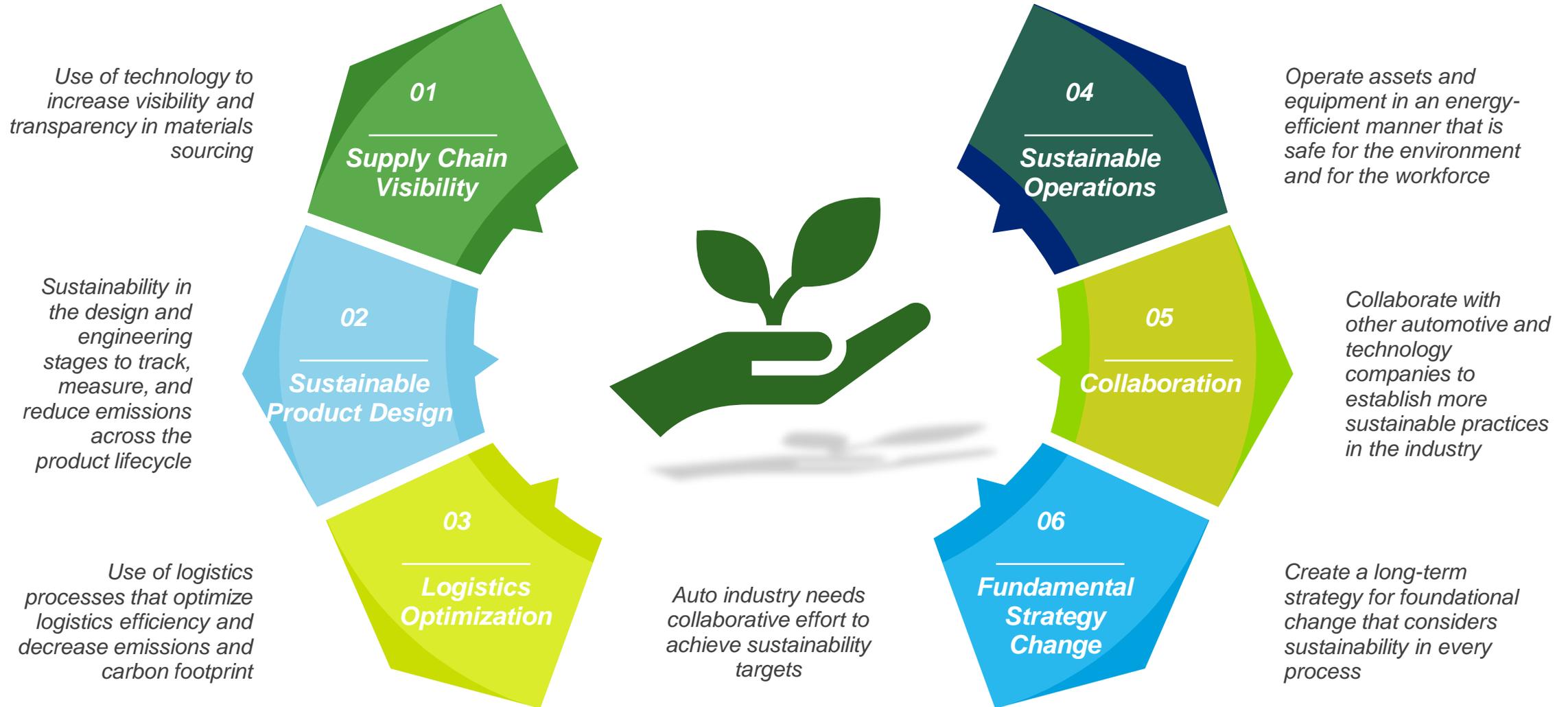


## Skill Development Need

Looking out over the same horizon—five or ten years—what will be different in the areas of labor availability, plant worker wages, and transportation costs?

# Sustainability can be achieved only through collaborative efforts of entire automotive value chain

cross-industry collaboration, and advanced technology can support the efforts



# **Contact Information**

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