

FROST & SULLIVAN

TARGA TELEMATICS

2022
TECHNOLOGY
INNOVATION
LEADER

*EUROPEAN VEHICLE LEASING
AND RENTAL TELEMATICS INDUSTRY*

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Targa Telematics excels in many of the criteria in the vehicle leasing and rental telematics space.

AWARD CRITERIA	
<i>Technology Leverage</i>	<i>Business Impact</i>
Commitment to Innovation	Financial Performance
Commitment to Creativity	Customer Acquisition
Stage Gate Efficiency	Operational Efficiency
Commercialization Success	Growth Potential
Application Diversity	Human Capital

The Vehicle Leasing and Rental Telematics Market Overview

As the Internet of Things (IoT) revolutionizes the automotive industry, connected vehicles overcome critical challenges in the vehicle leasing and rental space. Telematics track vehicles in real-time and monitor their mileage, location, maintenance status, driver behavior, and claims costs, significantly minimizing leasing and rental companies' expenses while maximizing customer satisfaction.

Targa Telematics (Targa) uniquely leverages its technology to meet its customers' needs. It is well-positioned to capitalize on new growth opportunities, cementing its vehicle leasing and rental telematics leadership.

Meeting Real-world Client and Market Needs

Founded in 2000 and headquartered in Treviso in Italy, Targa develops high-tech solutions, such as complete and customizable IoT, smart mobility solutions, and advanced digital platforms for mobility operators. The company enables new business models to improve safety, ensure human capital and financial savings, and protect the environment.

Targa understands the various client types' unique needs and has taken steps to equip them with the most up-to-date and cutting-edge solutions. Its orderly and systematic product development journey begins with extensive research and development conducted by tenured industry professionals. Adopting an agile approach, the company leverages the acquired knowledge to build innovative solutions that

address market needs. This process has resulted in a comprehensive portfolio offering supporting mobility operators to develop new mobility products speedily.

Targa keeps an open channel between product management teams, customers, and partners in the mobility ecosystem, ensuring the data-driven roadmap aligns with new industry challenges. Furthermore, each product management team has about 20% of the budget allocated for innovation to develop features that do not directly generate short-term revenues.

The open innovation approach involves co-creating with its customers, partners, and universities to discover new technologies. The company's open platform allows embedding third-party and internally developed technologies. Targa prioritizes ideas and technologies based on the expected return, cost, innovation risk, and death and disruption risk. Essentially, it provides an open technology stack, operated services, and a partner ecosystem. The company delivers hardware, software, and operated services in end-to-end solutions while offering each component separately.

Hardware

The hardware solution provides an interface that allows standardized data access through application programming interfaces and data streams, thus effectively managing the complexity of interacting with numerous vehicle models. Internal application and data processing modules enable this hardware to achieve results unmatched by traditional devices. It also empowers customers who add onboard devices to attain high performance and reliability and accelerate complex software platform feature development. Moreover, it can decode controller area network (CAN) bus parameter identifications, such as odometer, fuel level, and electric vehicle (EV) battery level, from all vehicle models. Additionally, it can also actuate commands such as lock/unlock door.

Targa Plexer, a novel company solution, is compatible with more than 800 commercial vehicle models, cars, EVs, three-wheelers, and motorbikes (with CAN bus). Targa constantly expands the new vehicle models' compatibility worldwide. Its unique solution's functional modules allow customers to activate components useful for their mobility product development, such as driving style and safety, vehicle maintenance, insurance cost reduction, operating cost (e.g., fuel) control, and shared mobility (e.g., unlocking/locking doors and monitoring fuel and refueling). Targa Plexer enables customers to choose functions that best suit their needs, facilitating unique and differentiated product advancements introduced in the market due to its modular services. While the devices have some pre-loaded functions, customers can add additional libraries and expand the enabled activities based on their demands. Furthermore, the device's connectivity allows remote upgrading and maintenance.

Software

Targa's open approach provides clients with "Lego bricks" that they can compose and integrate to accelerate solution development. The global vertical mobility platform for car rentals is hardware agnostic. Also, the microservice-based architecture allows mobility ecosystem partner integration and critical operative process management. The platform is scalable, and the operations are adaptable to the customers' changing needs.

Operated Services

The company provides all operated services that cover “no-core” customer activities necessary to create sustainable mobility products and offer a good experience for end-users. Some examples are logistics

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*- Ojaswi Rana,
Best Practices Research Analyst*

and distribution, installation and tool testing, field assistance, first- and second-level help desk, and driver assistance.

Targa stands out from its competitors in terms of speed and expertise. Combining hardware components, microservices, operated services, and an open approach enables product development in as less as three months. Its product-driven method leverages use cases from

the previous 15 years of experience with leading mobility operators. Frost & Sullivan commends Targa for combining unique smart mobility features and fleet management solutions with IoT, artificial intelligence (AI), and machine learning (ML) to make connectivity in the vehicle leasing and rental space a hassle-free experience.

A Proven Track Record

Since its launch, Targa has acquired over 950 clients, more than 100 organic partners, and employs 140 staff members. Demonstrating resilience in 2020, it experienced robust growth in 2021 with a turnover of €49 million. The company targets a massive €94 million in revenues and 28% earnings before interest, taxes, depreciation, and amortization (EBITDA) margin by 2023. Use case examples include,

LeasePlan’s Corporate Car Sharing solution: Targa’s Corporate Car Sharing solution enables fleet managers to monitor utilization and make timely and correct decisions. It incurs a 15% fuel consumption and a 20% travel distance reduction on average.¹ Corporate Car Sharing optimized LeasePlan’s fleet and individual vehicle management and increased vehicle utilization while reducing overall carbon dioxide emissions.

“We are very proud to have chosen a reliable and authoritative partner such as Targa Telematics for this important product, which, with the difficulties of public transport in this reopening phase, can make a concrete contribution to mobility and the eagerly-awaited recovery of the automotive sector in this country and the economy in general.”

-Alberto Viano, Chief Executive Officer (CEO), LeasePlan Italia²

Hertz Corporation’s Stolen Vehicle Recovery (SVR) solution: The SVR solution recovered an impressive 95% of stolen vehicles in Hertz Corporation’s fleet in the first months of 2020. Hertz Italia significantly reduced the damage caused by theft, preserving the value of individual vehicles.

¹ Targa Telematics, “LeasePlan’s Corporate Car Sharing: The Simple and Safe Business Mobility Solution,” Targa Telematics, March 21, 2022, <https://www.targatelematics.com/en/corporate-car-sharing-is-the-simple-safe-corporate-mobility-solution/>.

² Targa Telematics, “LeasePlan’s Corporate Car Sharing: The Simple and Safe Business Mobility Solution,” Targa Telematics, March 21, 2022, <https://www.targatelematics.com/en/corporate-car-sharing-is-the-simple-safe-corporate-mobility-solution/>.

Targa's proactive stolen vehicle recovery approach analyzes data to identify unusual behaviors in real-time. Therefore, early detection increases the recovery rate.

"We are very satisfied with the results we are achieving, thanks to the adoption of the Targa Telematics solution with which we have equipped cars and commercial vehicles. Hertz is a company very attentive to technological development, and the IoT-enhanced digital solutions that Targa Telematics makes available to us guarantee efficient fleet management, which is a strategic asset for our business."

-Massimiliano Archiapatti, CEO and General Manager, Hertz Italia³

AON's Flee solution: With Targa's AI-, ML-, and Big Data-based IoT platform, AON co-created Flee, a long-term pay-per-use rental service. Flee customers monitor their fuel consumption accurately via the application and check indicators such as cornering, braking, exceeding the speed limit, and proper seat belts use.

"This collaboration is based on a common intent and vision, in that, both companies strongly believe in the values of innovation and technological development, for the benefit of people, companies, and the environment."

-Gabriele Ratti, AON Mobility Solutions Director⁴

Frost & Sullivan applauds Targa's transformational technology that reshapes market boundaries. Client testimonials and commercialization success are testaments to its remarkable impact on the vehicle leasing and rental telematics industry.

Innovative Technology Provides Sustainable Leadership

With its customer-led strategy, Targa consistently brings to market best-in-class products. The company implements "use cases adoption" to support efficient and consistent new customer acquisition and existing customer retention. This process drives new customers to adopt Targa's technologies with demonstrated success while retaining existing customers due to proven benefits. At the same time, the company incorporates customer feedback into its product roadmap and co-creates offerings to maximize short-term growth opportunities while providing a path to future revenues.

As a high-profile technology company, Targa is mindful of its broader social responsibilities and meets the demands of various stakeholders in the international society to reduce carbon dioxide emissions, decrease traffic congestion, and shape an environmentally sustainable mobility future. It analyzes and evaluates customer fleet landscapes and supports them in identifying vehicles that electric models can readily replace. For example, it has enabled LeasePlan to develop a solution to transition its customers to EVs.

³ Targa Telematics, "Protect the Fleet from Theft and Preserve Its Value, Priorities of Hertz Italy," Targa Telematics, March 21, 2022, <https://www.targatelematics.com/en/targa-telematics-digital-solutions-to-protect-the-vehicle-and-preserve-its-value/>.

⁴ Targa Telematics, "Targa Telematics Supports Aon in the Development of Flee, the Pay per Use Long Term Renting Service," Targa Telematics, March 21, 2022, <https://www.targatelematics.com/en/targa-telematics-supports-aon-in-the-development-of-flee-the-pay-per-use-long-term-renting-service/>.

The company also helped Leasys with its I-Link solution, allowing small communities to share the same car and reallocating the costs to all users. Moreover, Targa offers different car-sharing solutions in Italy and France, along with “Car Sharing Roma” in Rome and the “Elettra” in Genoa.

Therefore, Targa has a unique customer-impact culture that delivers financial savings, improves safety, and protects the environment.

While evolving from a technology standpoint, the company never loses sight of its clients’ perspectives. Its brand maintains its European presence while meeting customer-specific needs. It has offices in Italy,

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France, Portugal, Spain, and the United Kingdom. It operates globally in the United States, Latin America, Australia, New Zealand, Africa, the Middle East, and the Asia-Pacific regions. In June 2021, Targa secured new investment from Investindustrial, a leading European investment group, boosting its expansion plans while strengthening and accelerating growth and internationalization.⁵

Lastly, the company recorded a tremendous 30%+ revenue growth in 2021 compared to 2020, with a €12 million EBITDA, an incredible organic growth compared to competitors operating in the market. Moreover, it expects its billings and team to double by 2024.

Given today’s landscape, Frost & Sullivan believes Targa is in a prime position to increase its market share in the highly competitive vehicle leasing and rental telematics industry.

Conclusion

Technology is a critical success factor for the vehicle leasing and rental telematics industry. Yet, with many options available, market stakeholders need to leverage the most appropriate and best technology-based solutions to optimize their market impact. Through its technology, Targa Telematics (Targa) delivers vehicle efficiency and safety, financial savings, and environmental protection. Targa stands out from competitors based on its commitment to innovation and creativity while achieving commercial success. The company has acquired more than 950 clients and over 100 organic partners and employs 140 staff members. Expanding its global footprint, Targa is on its path to becoming a global leader in the vehicle leasing and rental telematics space.

For its strong overall performance, Targa Telematics is recognized with Frost & Sullivan’s 2022 European Technology Innovation Leadership Award in the vehicle leasing and rental telematics industry.

⁵ Matt de Prez, “New Investors Boost Targa Telematics - Fleet News,” FleetNews, June 9, 2021, <https://www.fleetnews.co.uk/news/car-industry-news/2021/06/09/new-investors-boost-targa-telematics>.

What You Need to Know about the Technology Innovation Leadership Recognition

Frost & Sullivan's Technology Innovation Leadership Award recognizes the company that has introduced the best underlying technology for achieving remarkable product and customer success while driving future business value.

Best Practices Award Analysis

For the Technology Innovation Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Technology Leverage

Commitment to Innovation: Continuous emerging technology adoption and creation enables new product development and enhances product performance

Commitment to Creativity: Company leverages technology advancements to push the limits of form and function in the pursuit of white space innovation

Stage Gate Efficiency: Technology adoption enhances the stage gate process for launching new products and solutions

Commercialization Success: Company displays a proven track record of taking new technologies to market with a high success rate

Application Diversity: Company develops and/or integrates technology that serves multiple applications and multiple environments

Business Impact

Financial Performance: Strong overall financial performance is achieved in terms of revenues, revenue growth, operating margin, and other key financial metrics

Customer Acquisition: Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

Operational Efficiency: Company staff performs assigned tasks productively, quickly, and to a high-quality standard

Growth Potential: Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

Human Capital: Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

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Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

