The $4 Billion Connected Services Gap

Why retail execution - not technology - is holding back your subscription revenue

msx international

Customer:

Global, top-5 automotive OEM

Business Challenge:

Despite significant investment in offering connected vehicle services, subscription uptake does not meet expectations. There is substantial potential to strengthen capabilities at retail to sell digital value at scale.

Geographical Coverage:

180 dealers across North America

Solution Implemented:

MSX helped redesign the retail operating model, embedding digital subscriptions into the sales process, equipping frontline teams with data-driven tools and building a scalable system for long-term growth.

Turning a decade of missed opportunity into tenfold ROI

By 2030, nearly every new vehicle will roll off the line with built-in connectivity - unlocking a multi-billion-dollar opportunity for OEMs to monetize digital services well beyond the initial sale, and maintain a strong ongoing relationship with the customer. Yet despite a strong connected vehicle services proposition, most manufacturers still report underwhelming connected services subscription uptake and revenue. One of the most significant challenges lies in retail execution: the environment where connected services must be introduced, explained, and sold with clarity and consistency.

MSX partnered with a global top-five OEM to address this challenge, redesigning how connected services are sold, activated, and scaled across a national dealer network. Recent analysis saw higher modem activations, exponential growth in one-time purchases, and a shift in ordering behavior that lays the foundation for multi-million-dollar recurring revenue.

$640,000

additional revenue forecast per dealer over six years, driven by improved processes and practices.

71%

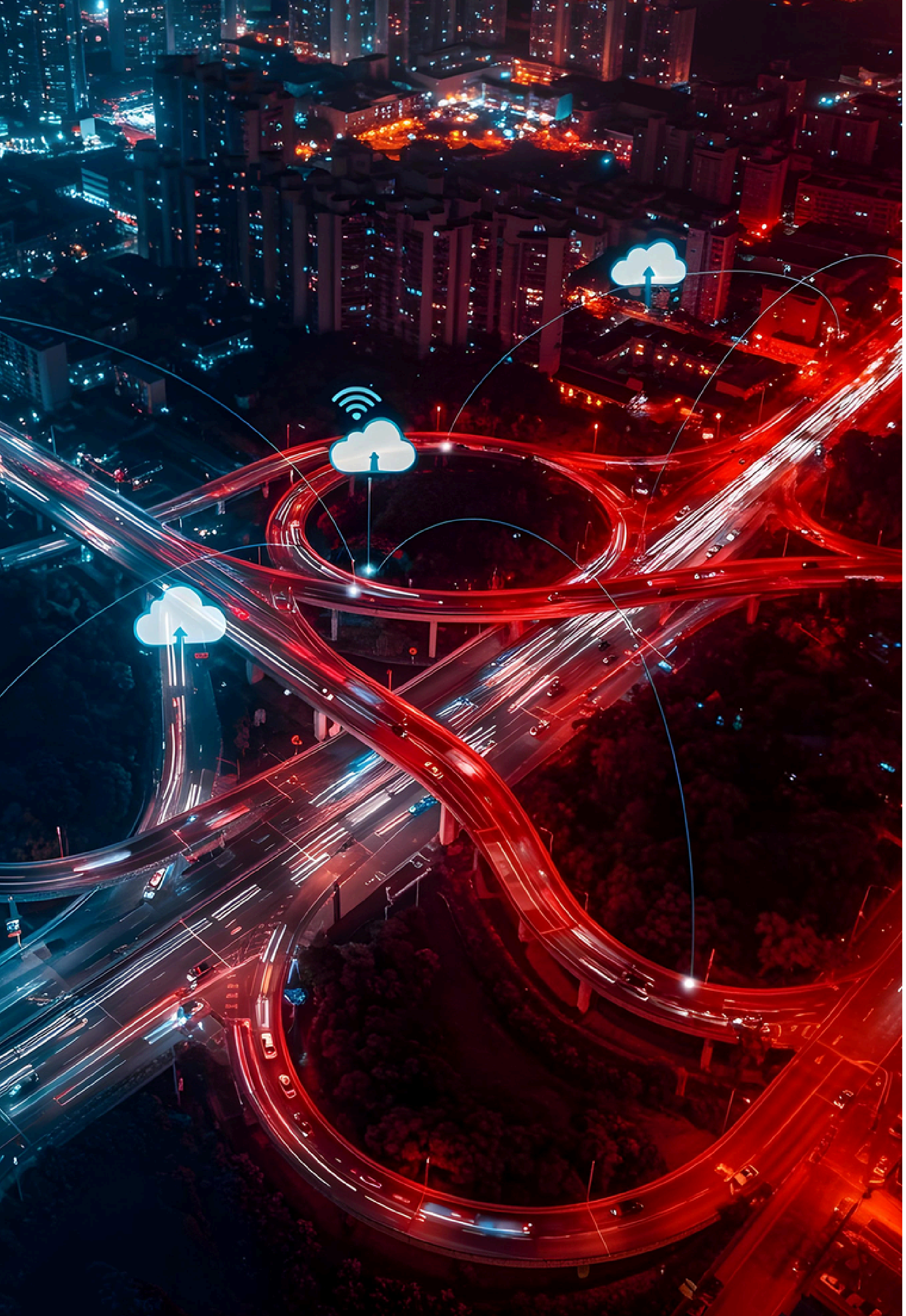
increase compared to baseline figures, reflecting significant performance uplift.

$10,000

annual program cost per dealer, ensuring affordability and scalability.

9.68x ROI

potential, demonstrating exceptional return on investment for participants.



According to Frost & Sullivan, Feature-on-Demand (FoD) services alone are projected to generate over £4 billion by 2025, driven by a shift from hardware-based business models to software-led monetization. But while the technology evolves, for a majority of global OEMs, showroom practices and sales processes haven't. For over a decade, connected-vehicle subscriptions have been treated as a product challenge: build compelling features, price them sensibly, and adoption will follow. In theory, it's sound. In practice, connected vehicle services uptake continues to represent an unmet promise.

The real friction lies in the last mile: the retail environment where subscriptions are introduced, explained, and sold. Most showrooms are optimized to move metal, not digital value. Sales teams are trained to close deals, not to demonstrate post-sale benefits. Subscription frameworks are complex and ever-changing, leaving frontline staff ill-equipped to explain what's included, what's optional, and how trial lengths vary. Without robust data discipline, managers lack the visibility to coach, course-correct, or reward what works.

In short, selling connected services at retail needs a better operating model. One that rewires behaviors, incentives, and data use across the network. MSX's partnership with a global top-five OEM offers a blueprint for leaders ready to move from potential to performance, without disrupting day-to-day retail.

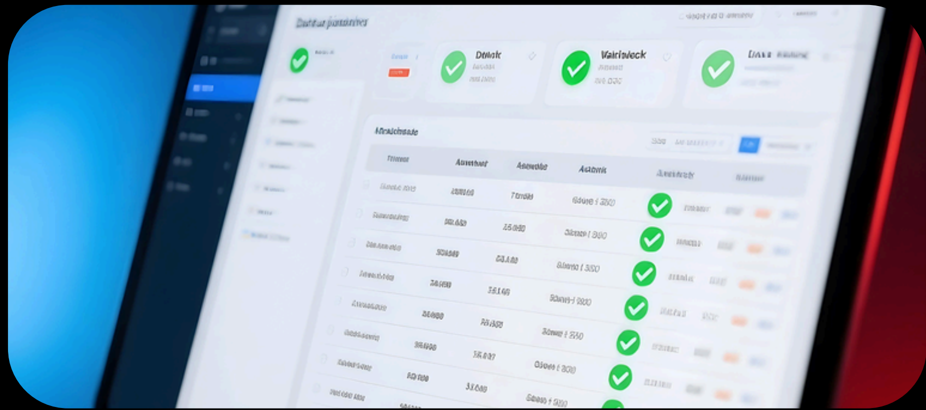
Redesigning retail for the subscription economy

The shift from hardware to software monetization demands a reset - not of the technology, but of the entire retail mindset. It redefines how value is captured: no longer at the point of sale, but continuously, across the vehicle's lifetime. This isn't just a new revenue stream - it's a new operating reality. And with that reset comes a new challenge: how do OEMs equip their dealer networks to sell digital services with the same confidence they sell cars?

For MSX, the answer was a complete rethink of our client's retail operating model. Rather than layering new features onto an outdated sales journey, we helped them rewire the way connected services are sold, activated, and scaled across its national dealer network. The goal was not to add complexity, but to create clarity. Not to chase short-term wins, but to build a repeatable, scalable system that drives long-term value.

This full-scale operating model was designed to embed digital services into the rhythm of retail, equip frontline teams with the tools and incentives to succeed, and turn performance data into a coaching engine. It recognized that subscriptions are a behavioral shift. And like any shift, they require structure, support, and sustained engagement.

The transformation hinged on four foundational moves:



1. Coaching as a system, not a one-off

MSX deployed a field coaching model that prioritized continuity and impact. Coaches were assigned to clusters of ~30 dealers, visiting every six–eight weeks with targeted interventions. The first visit established a baseline: what connected products were available, how profit share worked, and where the dealer stood. Follow-ups focused on specific gaps - whether it was underperformance in activations or missed opportunities in security bundles. Coaches used hot lists to drive urgency and short lists to spotlight high-potential reps. The result? A rhythm of improvement that stuck.

2. Enablement across the entire retail system

Selling subscriptions requires seamless coordination across every touchpoint in the sales journey. MSX mapped and addressed the full stack: demo flows, activation portals, sales scripts, manager huddles, KPI reviews, and incentive plans. Crucially, we embedded “data discipline” so leaders could track modem activations, trial conversions, add-ons at sale, and factory order mix - then coach with evidence. This turned performance management from reactive to proactive, and from anecdotal to analytical.

3. A laddered journey to scale

Success wasn't left to chance. MSX sequenced the journey deliberately:

- First, win free trials reliably - the gateway to renewals.
- Then, improve add-ons at point of sale - where conviction meets capability.
- Finally, shift ordering mix toward connected-capable variants - making success repeatable.

4. Technology that drives adoption

Smart tools can transform every stage of the transformation. Interactive dashboards can help visualize performance and guide coaching, and AI-driven tools that personalize offers improve engagement and conversion. Digital experiences like Personal Landing Pages (PLPs) and virtual assistants can make it easier for customers to discover and purchase services online. For more complex products, chatbots can offer guided support via a PLP, WhatsApp or Messenger - with human experts ready to step in when needed. These innovations are designed to scale at the right pace, ensuring they enhance performance and convenience without adding complexity.

Additionally, this entire setup was built with handover in mind. Thanks to the integrated technology and structured playbook, OEM line organizations can take the reins smoothly, ensuring continuity, scalability, and long-term sustainability.

Proof of performance: What moved, and why it matters

The results weren't just promising - they were decisive. The operating model delivered measurable impact across the network, proving that when retail execution improves, connected services follow.

Modem activations

These consistently outpaced national averages across participating dealers - establishing a strong foundation for subscription growth and signaling high digital readiness at the front line.

One-time connectivity purchases

One-time connectivity purchases grew by +270% from Q1 to Q3 - a clear sign that sales teams were not just trained, they were confident and capable.

Ordering behavior

This shifted significantly, with a 128% increase in wholesale orders of connected-capable variants from Q1 to Q3. This change signals a deeper shift in mindset - connected services are no longer treated as optional extras, but as standard features built into the sales strategy.

Confidence to scale

Confidence was evident early on. Within the first year, the OEM doubled its field-coach team - an investment driven by performance, not promise. When a model works, momentum builds, and leadership backs it with resources.

These gains don't happen in isolation. They build on each other:

Activations feed trials → Trials feed renewals → Renewals prove value → Value drives ordering → A richer parc lowers the cost of selling subscriptions

The system reinforces itself. And that's the power of treating connected services as an operating model - not a one-time initiative.

Scaling success: A maturity model that delivers

MSX’s maturity framework is a proven roadmap for operational transformation. As demonstrated in this success story, each stage builds on the last, creating a self-reinforcing system. To translate the leadership principles into scalable outcomes, MSX applies a four-stage structured model that turns intent into execution - and execution into recurring revenue.

Ignite
(0–3 months)

Establish the fundamentals - codify the demo, streamline activation steps, deploy dashboards, and coach trial conversion. This phase sets the tone for disciplined execution.

Embed
(3–6 months)

Institutionalize best practices - refine scripts, introduce huddles and leaderboards, and align incentives to activations and add-ons. This is where momentum begins to build.

Scale
(6–12 months)

Leverage success - target ordering mix by model and trim, standardize playbooks from top performers, and expand the coaching footprint. Peer-led replication becomes the engine of growth.

Orchestrate
(12+ months)

Integrate and optimize - embed subscription KPIs into governance, build a renewal engine across CRM, in-app, and service lane touchpoints, and connect insights to product and pricing strategy.

Each stage is underpinned by leading indicators (e.g. trial activation rate) and lagging outcomes (e.g. renewals, recurring revenue). The key is to treat this as an operating cadence - not a one-off campaign. That’s how MSX helped our client double Q1 sales and outperform national averages in modem activations and trial conversions.

Connected vehicle services as a growth engine

Our collaboration with this global, leading automotive OEM illustrates that when subscriptions are treated as a business system, not a bolt-on, the results speak for themselves: higher activations, more add-ons, and a dealer ordering mix that sustains growth. The program's expansion from six to twelve coaches and its impact across 180+ dealers is testament to the power of this model.

OEM leaders in Sales, Retail, and Customer Experience must now ask: are we managing our connected vehicle services like a product, or like a business? The winners are doing the latter. They're designing showrooms for digital, institutionalizing data discipline, aligning incentives to lifetime value, and enabling their frontlines continuously.

If you're ready to move from potential to performance - without disrupting day-to-day retail - we can help you design and run this operating model across your network. The tools are in place. The playbook is proven. The opportunity is now.

Connected vehicle services aren't just an add-on – they're a business system that drives recurring revenue, customer loyalty, and long-term value. With the right operating model, your retail network can sell digital services with confidence, scale adoption seamlessly, and unlock measurable ROI. The question isn't if this transformation will happen – it's how fast you want to lead it.

Are you ready to turn connected services into a growth engine for your network? Let's make it happen.

Contact us today for more information or request a call back, and one of our consultants will be in touch to help you design and implement a proven model for success.

msxi.com/sales-performance