cccUpFront

Volume 1 Issue 1

What does it mean to be open?

Open Feature ▮ CIECA Interview ▮ EMS Standards Implementation ▮ Industry Trends ▮ Toyota Tacoma Recall ▮ CarFax ▮ Financial Perspective ▮ Tech Tips

industry insights

BY GITHESH RAMAMURTHY

My, how we've grown

as an industry—to nearly $100 billion in revenues and 25 million vehicle claims handled annually. And, my, how we've changed as well—with technological advances making it much easier for us to achieve our continual goal of putting people back into their cars and trucks faster. While inefficiencies remain in the claims process, we can envision the day when we will halve the time it takes to process a claim.

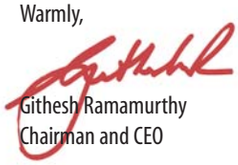
The technological innovations and our industry's adoption of them underscore how our industry has matured. It hasn't been an overnight change but a gradual one—and that approach will continue and is a sound one. It will require patience as we continue to look for ways to get people back into their vehicles faster.

Ours is an interconnected community where nothing happens in isolation. Still, it often seems that we're disconnected from each other. With *CCC UpFront,* we seek to bring all of us in the auto physical-damage community closer together.

This inaugural issue, for example, focuses attention on open source technology, a complicated—and, to some, controversial—topic, but one that is important for the insurance and collision repair industries to understand and discuss. We want you to expect to find within each issue fresh thinking and insights on the industry developments most important to you and your livelihood. We also will introduce you to people within our industry who make a difference and who illustrate how our industry continues to evolve.

We hope you find *CCC UpFront* to be invaluable. We would appreciate your feedback. Through these pages, I hope we will become closer friends.

Warmly,



Githesh Ramamurthy
Chairman and CEO

cccUpFront

Volume 1 Issue 1

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introduction

BY JIM DICKENS

Hello and welcome to *CCC UpFront.*

This past summer a few friends and I were discussing the symmetry between the insurance and collision repair industries. The way the two are intertwined is a unique proposition for both those in the industry and those serving the industry. We concluded that although there are a number of publications serving each vertical independently, there isn't one that brings their worlds together, until today.

We've set out to create a publication that will examine the trends, news and events critical to the relationship between industries. We will provide feature articles, case studies, interviews with industry leaders, bylined pieces and if all goes well, a bit of fun.

In this, the kick-off issue, we have dedicated ourselves to helping you sort through the issue of open source technology. To do this, we have put ourselves in your shoes to answer the most important questions: What does it mean to be open? Why do I care? How will this affect my bottom line?

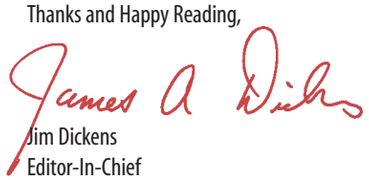
This month's feature article examines open source technology from a what, where, when and why perspective. I'll try to walk you through maze of jargon to provide an understanding of "openness." You will also find an interview with Fred Iantorno, executive director of CIECA, the organization committed to governing the move toward open source technology in our industry. Fred delivers the message of why this is important for the insurance sector and the collision repair sector, and most of all, why this is essential in the development of your business.

Also included is a feature case study; an example of how open source technology, aligned with EMS standards, can bring black back to the bottom line. We hope each of these articles dissect the "open" topic, and add value in the way you run your business.

Many of you participated in the CCC industry and customer surveys. I would like to extend my thanks and invite you to share in the results in our next issue.

And lastly, as with any publication, we are nothing without you, the reader. I would like to invite you to participate in the dialogue we are creating. Starting next issue, Letters to the Editor will appear in this first section. If you have questions, comments or observations you would like to share, please do, by e-mailing us at cccupfront@cccis.com.

Thanks and Happy Reading,



Jim Dickens
Editor-In-Chief

what's inside

Features

Departments and Columns

BY JIM DICKENS

Tell Me, What Does It Really Mean to be Open?

In *CCC UpFront,* we will focus on issues with a major impact on the auto physical-damage industry. For our inaugural edition, open source technology that is driving our industry today seemed the perfect topic.

This issue clearly is provocative. For some, it raises the hair on the back of their neck. For others, it brings a smile to their face. No one could argue, however, that our industry has been seeking more open technology. And, with the expansion of the Estimating Management System (EMS) standard, we are just now whetting the industry's appetite.

Of course, ours isn't the first industry to attempt to mandate open standards. Consider the telephone companies. Just imagine if your telephone company didn't allow a call from any rival. Our homes and businesses would be filled with phones from each carrier. What a sight that would be to have in your home and business one telephone for each carrier. Sound too familiar? It should, since the mission of the Collision Industry Electronic Commerce Association (CIECA) Interoperability Action Team has focused on allowing computer software to operate in conjunction with other software on the same or different computers. Indeed, CIECA's definition of open systems rests on the ability of computers to share information between software modules.

> *As the industry becomes more interconnected, the need increases exponentially to exchange information seamlessly between businesses and software applications.*

As the industry becomes more interconnected, the need increases exponentially to exchange information seamlessly between businesses and software applications. When that exchange can't occur without adding another vendor's software, costs increase sharply. Simply consider the repairer who needs three estimating systems, thus causing costs and training time to triple.

The headaches for insurers are no less significant. In their case, an insurer must triple the system costs of connecting to the three estimating systems and then spend three times as much to capture and consolidate data from three different sources. Finally, the training and expertise necessary to understand the audit estimates from three different systems adds costs.

Ideally, the choice of a single software application should exist to reach any trading partner—just like picking up the telephone and calling anywhere in the world.

What Our Industry Did

Like the phone industry, the auto physical-damage industry had to understand the real problem and figure out where to begin. Who would be the driving force behind achieving such change? Just what is the right approach to follow? Who will police the standard? As the telephone companies showed, these changes don't happen overnight and required the cooperation of many.

CIECA quickly stepped up and played a significant role in accomplishing this significant feat. While much work needs to be done, the industry has started on the right track. In fact, all three major information service providers sit on the EMS committee. Each is committed to helping drive change that is best for the industry and consumers, not a particular company.

CCC jumped in with both feet when this issue erupted. It was clear how critical it was to research this and to determine the practical approach. We knew this topic eventually would have a huge impact on a number of fronts—and it has. CCC also wanted it crystal clear that we could furnish customers with the solutions and service they've come to expect from us.

Today, the industry is seeing use of the CIECA standards and the expanding number of choices.

- Research conducted by industry publications and by CCC indicates that the percentage of repairers with multiple estimating systems is declining
- Information providers are adopting standards across more software applications, according to research conducted by CIECA
- Insurers are beginning to audit and report on EMS standards-based data, such as the Property and Casualty Loss Notification (ASC X12 272) and Vehicle Damage (ASC X12 124) standards

A real change and momentum is rumbling under our feet.

Still, we must continue to evolve. Today's standards developed by CIECA are inadequate for truly seamless and

complete exchange of information. New approaches like XML formatting must be incorporated to address this issue. We also must be careful about introducing more complexity instead of less. The repairer doesn't want four communication systems so he can use a single estimating system.

While a great deal of progress has been made on this front, have we achieved an understanding of what open really means? That question is being asked. You could probably do your own non-scientific research by phoning a handful of repairers and insurers, and include a few service vendors too. I did just that. You'll end up hearing a range of answers and suggestions. So how do we maintain a consistent and clear understanding of what open really means? Is that even a realistic assumption?

Open source technology is viewed as a solution to the problem of choice. Repairers and insurers want solutions of their choosing and, if they don't obtain that, they may feel trapped and held hostage. That's why companies, specifically information providers, must offer solutions and choices, or they will become irrelevant.

This issue is not going away and, quite frankly, it shouldn't. The impact that open source technology has on where we are today and where we expect to be tomorrow represents a huge leap. It will have a huge impact on the way we conduct business with each other. The best question to ask ourselves simply may be: What happens if we just stay with the status quo? What if we don't acknowledge the impact of differing interpretations of standards, which sparks reporting differences? Is that a gamble any of us are willing to risk losing? You tell me, what does it mean to be open? We can't close the door on open source technology.

Jim Dickens is Senior Vice President of Product Management and Marketing at CCC Information Services Inc.

For more info on CIECA visit www.cieca.com—Committees & Projects—Interoperability Action team.

> *Open source technology is viewed as a solution to the problem of choice. Repairers and insurers want solutions of their choosing and, if they don't obtain that, they may feel trapped and held hostage.*

cieca

collision industry electronic commerce association

CEICA Interview. An egg cream has neither egg nor cream . . . discuss

CCC UpFront Executive Editor Susan Jablonski recently spoke with Fred Iantorno Executive Director of CIECA (Collision Industry Electronic Commerce Association) to discuss his organization, open technology and the industry in general.

UpFront: Let's start by first defining what "open" means in this industry.

Fred Iantorno: Basically, "open" systems are designed to give business partners more flexibility in vendors, that is, to provide choices. An open system is one designed to interconnect with a variety of products that are commonly available.

Interconnectivity or interchangeability is probably the key feature of open technology. It's the fact that the interfaces are built to a set of standards. Standards that are open to everyone. It's non-proprietary and widely accepted.

What is CIECA's role with the standards?

CIECA serves as a forum to facilitate the development of open standards and the implementation of open systems. We also work to promote the use of open systems that help to improve the efficiency of the collision industry.

CIECA and its members are committed to developing and maintaining the EMS standard, as well as other CIECA developed standards and guidelines, to meet the business needs of today; and hopefully with enough foresight, the business needs of tomorrow. CIECA's role is to continue to maintain those standards so that they do meet those business needs.

Is CIECA also responsible for ensuring everyone implements standards in the same way?

CIECA is not an industry-policing agency. If you want open systems and are planning to make a purchase, we give you the tools to ask the right questions of your vendors or do the job yourself.

When we publish the standard implementation guides, it creates awareness within the industry that a standard exists. The issue really becomes self-policing.

So you're an advocate of sorts?

An advocate, yes, and a source of knowledge.

An analogy we always hear in regards to open source technology is the household telephone. I can receive a call from a friend using AT&T, Sprint, MCI or another company. They all come through one phone. It's not like you have three different phones in your house.

It's a similar kind of concept. If I want to choose AT&T as my long distance carrier—in my house, I have the same wires, same telephone, same everything if I would have chosen another vendor. Tomorrow I may want to choose MCI—and the next day, Sprint or whoever shows up in the market place and offers me a better deal. Open systems provide choices.

What are the most significant strides in incorporating open standards in our industry?

There have been quite a few significant events that have brought technology to where it is today. Of course it's difficult to point to one event and say, 'that's it, the industry has now accepted "open" technology.' But bringing together competitors, repairers and insurers to develop the EMS standards, and continuing to develop EMS standards, is a major accomplishment in and of itself.

I would agree, we're talking about a few groups who don't always see eye-to-eye.

It's a success for CIECA for sure, but really, getting this together has been a real success for the entire collision repair industry.

So, what's the downside to this standard?

I really don't think that there's a downside to the standard. CIECA is committed to the standard. We have a release of 2.01, 2.5, the newest release 2.6, and now we're moving into the XML arena with release 3.0.

However when an organization fails to update with new releases, that may present a downside.

What challenges do you see the industry facing as open source technology moves forward?

Certainly the economic times, that goes without saying. Today's economic environment is unclear, I don't think anyone is sure of what the future brings.

In uncertain economic times, people tend to cut back on expenditures. I hope those in our industry segments continue to realize the role CIECA plays and the value we provide.

What are some of the challenges for CIECA as an organization?

As with any membership-driven organization, our biggest challenge is continuing to grow our membership. Not only does membership help the standards become an adopted norm within the industry, but we rely on members to help the organization function.

CIECA has been extremely successful over the past

CONTINUED ON PAGE 11.

Touch-less Auto Repair. Good business relationships with reassignment technology

Serving two customers at once is a tough thing to do. Just ask any repair facility owner. Building and maintaining the relationships between customers with banged up cars, and insurance companies can be a Herculean task.

The typical scenario is a service model geared to the needs of the vehicle owner. When the scenario is reversed and the service model is designed to make the repair facility's claims process easier, the burden falls back on the vehicle owner. In either case, it's usually a no-win situation for repair facility owners, especially when there are multiple facilities involved.

But now, one company has created a unique service catering to *both* the customer and insurance company. With the help of technology, Gerber Auto Collision & Glass of Illinois, a Skokie-based service firm with 14 locations throughout the state, is changing all that. They've recently launched a service model that gets customers back on the road faster and keeps insurance companies happier than ever before. The program includes vehicle pick-up and drop-off, a centralized customer service center, rental car delivery and vehicle location transferring, all aimed at repairing the auto in the shortest time possible.

"We examined the repair cycle from crash-to-cash and really looked at how we can eliminate customer touches," says Tim O'Day, Gerber's chief operating officer.

To achieve a minimal "touch" system, Gerber networked all 14 of its locations, centralized customer services representatives and installed technology to monitor the entire repair facility network.

One challenge of this service model and of running a multi-shop repair business is assigning and moving vehicles between locations to find the quickest repair-cycle time.

As O'Day explains, "Getting vehicles repaired and customers back on the road is our number one priority. If a vehicle can be repaired faster by moving it to another location, then that's what we do."

Only recently have insurance companies allowed facility owners to transfer cars to another location. In the past, the location that received the repair order had to complete the repair. With the change, came new challenges.

"The process [of reassigning vehicles] was fairly labor intensive on our end and for our insurance partners," says O'Day. "As a result, it tended to be a point of friction for the insurance company."

While insurance companies may be very supportive of the concept, it creates additional work for their staff. The process often was arduous. The repair facility had to call and ask the claims representative to assign, reassign or cancel reassigned vehicles. This excessive filing created mountains of paper work, and kept claim's representatives from utilizing their time in a more constructive manner.

Gerber found the solution in CCC Autoverse™ Repair Management.

With CCC Autoverse Repair Management in place, Gerber representatives receive assignment information on a real-time basis.

Says O'Day, "The process is simple. We press a button and the vehicle is reassigned. Everything else happens behind the scenes. Our participating partners' systems interface automatically. There's no additional work on their part, but they're able to track the vehicle."

While Gerber's service model is designed to make the repair process as easy as possible on the vehicle owner, the technology enables Gerber to maintain a good relationship with its insurance partners.

Founded in 1937, Gerber was one of the first full-service, multi-shop collision repair businesses in the United States. The 14-shop facility is currently the largest auto collision repair business in the Chicago metropolitan area and Illinois, and is one of the largest in the United States.

BY SUSANNA GOTSCH

SUVs are Big on the Road —and Require Big Repairs

DESPITE SOME HARD KNOCKS RECENTLY, from the *New Yorker* and *Doonesbury* to National Public Radio's *Car Talk,* sport utility vehicles are still very popular with Americans. Nearly 70 percent of the vehicles sold by the Chrysler group this year through August were light trucks; Ford Motor Company's truck mix was 64%, and Toyota was at 45%. Even talks of traffic safety and high fuel prices haven't curbed America's appetite.

But just what are the real costs of these vehicles? Analysis of data from vehicle damage appraisals suggests that SUVs are driving up average repair costs. Through mid-September 2002, the average repair cost for all vehicles was $2,162, up 1.3% from full year 2001's average of $2,133. Comparison of average repair cost by vehicle type clearly shows that SUVs have the highest cost (see Figure A).

Why does it cost more?

The following statistics (through mid-September 2002) provide some insight into why SUVs cost more. The figures are consistent with those for the past five years.

More non-drivables: SUVs have the second highest percentage of vehicles flagged as non-drivable—22.2%, just behind cars at 22.3%. The average cost of repair for a non-drivable SUV is $4,848—6.4% higher than the next highest (pickups at $4,555) and 124% higher than the overall average cost of repair for all vehicles.

Youngest age: SUVs continue to have the youngest model year average, and have the highest percentage of appraised vehicles that fall within the newest age groups. 10.1% of all SUV vehicle appraisals were for vehicles of current year or newer in 2001 versus 6.4% for pickups, 5.7% for cars, and 5.4% for vans. Only 19.4% of SUV vehicle appraisals were for vehicles of the seven years and older age group (versus 27.0% for vans, 29.3% for pickups, and 31.9% for cars).

Highest supplement rate: SUVs had a 59% supplement rate versus the combined rate of 51.2% for all other vehicle types.

Higher replace labor ratio: SUV appraisals also have a higher percentage of appraisal volume that include mechanical and frame labor (17.1% and 18.1% respectively, versus 14.8% and 16.3% for all other vehicle types combined).

Higher parts costs: Parts contributed a greater percentage of the overall repairs costs for SUVs than any other vehicle (42.4% versus 37.5% for cars); and had the lowest alternative parts usage (19% versus 26% for cars). More parts per appraisal were replaced for SUVs than all other vehicle types as well (9.27 versus 7.64).

Cycle time: SUVs had the greatest number of days between the date the first line of the appraisal was added, to the date the last supplement on file was submitted—nearly 12 days, versus 10.67 days for cars.

Contribution to overall repair costs: Comparison of SUVs' percentage share of volume to percentage share of overall dollars spent by the industry for vehicle appraisals shows a disproportionately higher cost contribution for SUVs (and pickups) than for cars. While SUVs accounted for 13.6% of the total repair volume, their repair costs contributed 14% of the total costs (see Figure B).

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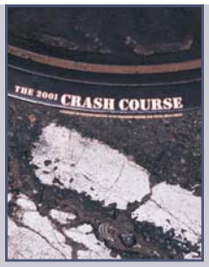

It's all in the numbers. Take these for example:

- 1 million claims-related transactions every day
- 350 insurance companies
- 15,000 collision repair facilities
- Over 40 million claims worth of data

It's these numbers that give CCC a unique vantage point on the state of the automotive claims industry. With this perspective and wealth of data, CCC publishes *Crash Course,* an annual report on factors driving auto collision repair and total loss costs. Authored by Susanna Gotsch, the report is based on analysis of information derived from CCC's data warehouse.

To inquire about the 2001 *Crash Course,* visit www.cccis.com.

Figure A Average total cost of repairs by vehicle type, 1997–2002

	1997	1998	1999	2000	2001	2002 through mid-September	Change 1997 to 2002
Car	$2,025	$2,000	$2,029	$2,099	$2,087	$2,130	5.2%
Pickup	$1,911	$1,933	$2,026	$2,123	$2,137	$2,177	13.9%
SUV	$2,101	$2,118	$2,190	$2,267	$2,255	$2,570	22.3%
Van	$1,996	$1,987	$2,017	$2,079	$2,074	$2,087	4.6%

Source: CCC ClaimScope

Figure B Percentage share volume versus cost by type, 1997–2002

	1997		1998		1999		2000		2001		2002 through mid-September	
	Vol Share	Cost Share	Vol Share	Cost Share	Vol Share	Cost Share	Vol Share	Cost Share	Vol Share	Cost Share	Vol Share	Cost Share
Car	69.6%	70.0%	68.5%	68.5%	67.8%	67.3%	66.2%	65.5%	64.6%	63.8%	63.1%	62.3%
Pickup	14.0%	13.3%	14.2%	13.7%	14.0%	13.9%	14.1%	14.1%	13.8%	14.0%	13.9%	14.0%
SUV	9.1%	9.5%	10.0%	10.6%	11.1%	11.9%	12.2%	13.0%	13.6%	14.5%	15.1%	16.0%
Van	7.3%	7.2%	7.3%	7.2%	7.0%	6.9%	7.5%	7.4%	8.0%	7.8%	7.9%	7.7%

Source: CCC ClaimScope

BY DEBBIE DAY

A Standard By Any Other Name

HELLO. HOLA. BONJOUR. KONICHIWA. Each is a friendly greeting but in English, Spanish, French and Japanese. Learn the language and, voila, you have the meaning.

Surprisingly, it can be more confusing when people speak the same language because their dialects or cultures may differ. Culture or dialect can spark different norms or standards. For example, citizens of the United States and the United Kingdom speak the same language, but differences in culture (driving on different sides of the road) or dialect (the meaning of the word football) abound.

In the collision repair world, speaking different dialects translates to where the industry stands in implementing the CIECA Estimating Management System (EMS) standard. This article serves as an overview of the EMS standard, the challenges presented by the standard, and how the industry is working together to achieve the standard's goals.

Since its inception, CIECA has defined interoperability to mean the ability of computer software to operate in conjunction with other software, either on the same or different computers. On a related topic, CIECA has defined open systems to mean the ability of computers to share information freely between software modules.

Think of Stereo Components

Does all this sound a bit too technical? Then just think of stereo equipment. You can assemble the best entertainment system by buying the best receiver, tuner, DVD player, speakers, and the like. With regard to EMS data, you want to assemble the best shop-management system, estimating platform, reinspection capability, and reporting and management information system. Why? You want to run your business the best way you can. One set of data—in this case, EMS data—should "plug" into these system components, leaving you with the best tools for your business. That's the idea behind the EMS 2.0 standard. It defines the way one system exports information, and it employs the same standard from another program to import information.

Sounds easy enough. But here's where the challenge of dialects emerges. To illustrate, consider original equipment manufacturer (OEM) parts pricing. Imagine that the metrics you seek to better manage your business are: OEM List Price and OEM Price After Discount. The report you want might look something like Figure A.

Also remember that the EMS 2.0 standard contains the following information—all of which could be related to OEM parts:

- Part Price from the database
- A Line-Level Flag Indicating
  —It is Discounted OR
  —It is Marked Up
- Part Price actually paid (but does this take into account an overall OEM parts discount if set up in the rates)
- Parts Type Descriptor (ie. OEM vs. Recycled vs. Aftermarket, etc).

Which pieces of information do you use? What logic do you apply to calculate the metric? As you can see, in essence in today's world, we have EMS dialects. A disparity in interpretation of how the EMS standard is populated means you're calculating metrics differently for OEM List Price and OEM Price After Discount. And that could trigger some difficulty in running your business as well as communicating with the participants in the claims process.

A Common Approach

So why aren't CIECA and the technology providers simply using a common approach so we can concentrate on running the business of auto repairs? We are. One of CIECA's founding goals embraced the removal of ambiguity from the EMS standard. This allowed estimating systems to share data electronically with management systems so shops no longer would need to retype the data into the other system. This goal was one of the first achieved by CIECA with the creation of version 1.0 of the EMS Standard. Since that time, versions 2.0 and 2.01 have been published. Version 2.01 includes the data required for interfacing between management and estimating systems,

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Figure A Trend Report for Repairable Vehicles

Estimating Platform	Year	Quarter	Estimate Cnt	Total Repair Cost per Estimate	OEM % of Part Amount	AM % of Part Amount	Recycled % of Part Amt	% Files with OEM Discount
All Estimating Platforms	2002	First	x,xxx	$x,xxx	xx.x%	xx.x%	xx.x%	xx.x%
		Second	x,xxx	$x,xxx	xx.x%	xx.x%	xx.x%	xx.x%
		Third	x,xxx	$x,xxx	xx.x%	xx.x%	xx.x%	xx.x%
		Fourth	x,xxx	$x,xxx	xx.x%	xx.x%	xx.x%	xx.x%

feature

BY SUSANNA GOTSCH

Toyota Tacoma Recall. Such a recall is becoming commonplace

It happened nearly as fast as a Toyota Tacoma pickup can accelerate from 0 to 60 miles an hour.

During a test drive of a 1997 Tacoma by a repair technician, the primary and safety latch to the truck's hood failed and the hood flew up. Nine days later, the Certified Automotive Parts Association decertified the Tacoma hood and recommended a recall. Soon after, the hood's manufacturer recalled the hood in 1997–2001 Tacomas.

Such a recall is becoming commonplace. Indeed, in 2000 alone, the National Highway Traffic Safety Administration counted 483 voluntary and "influenced" recalls of 23.4 *million* vehicles. That's nearly 1.3 recalls a day covering 64,200 vehicles. A decade earlier, only 208 recalls occurred affecting just six million vehicles. As for the Toyota Tacoma, 150,000 new trucks on average were sold in the U.S. each year between 1997–2001.

For insurers and repair facilities, the challenge involves determining all the data necessary to cost out and replace recalled parts. This includes information on appraisals, repairs, and claims with hood replacements.

This is where CCC Information Services' vast ClaimScope® database of auto claims information becomes invaluable. ClaimScope provides industry benchmarking information from CCC's Pathways® collision estimating and Total Loss with data that is refreshed weekly.

For the Tacoma hood recall, the ClaimScope database can extract detailed appraisal, claims and hood-replacement information from 1997 through 2002. For instance, CCC has data on 28,068 Pathways appraisals for Tacomas in 2001—3,637 of which included a hood replacement. The repairs cost an average $2,596. In comparison, in 1997 the number of Pathways appraisals on Tacomas was 959, with 195 involving a hood replacement at an average cost of repairs of $2,508.

Calendar Year	U.S. Truck Sales for Toyota Tacoma*	Total Count of Pathways Appraisals	Average Total Cost of Repairs	Count of Claims with Hood Replacement
1997	145,870	959	$2,508	195
1998	152,770	5,610	$2,479	914
1999	155,476	16,016	$2,534	2,283
2000	147,295	23,623	$2,608	3,634
2001	161,983	28,068	$2,596	3,637
2002	n/a	16,952	$2,537	2,189

**Data on sales from* Automotive News Market Data Book, *1999–2002*

With such data, insurers can strengthen relationships with their customers, and repair facilities—which are indirectly affected by the recall—can gain valuable perspective into the average cost of repairs, among other insights.

The ClaimScope database—and the speed at which information can be gathered from it—becomes an invaluable resource to CCC customers.

With a recall, vehicle manufacturers are obligated to attempt to notify owners of the recalled products. Vehicle manufacturers merge their own records of vehicle purchasers with current state vehicle registration information. For equipment, where state registration records don't exist, manufacturers must notify their distribution chain and known purchasers of the recalled equipment. Still, if an owner doesn't receive a notification of a safety recall, the manufacturer is still obligated to provide a remedy. Among other things, a recall notification letter provides a brief description of the remedy, including when the remedy will be available and how long the repair will take, and a description of what to do if the owner is unable to have the problem corrected within a reasonable time and without charge. ▮

For more information, visit CAPA and the National Highway Traffic Safety Administration (NHTSA) at CAPA: www.capacertified.org or NHTSA: www.nhtsa.gov

In a recall,

any cost data helps the industry immensely because the recall process can be so time consuming. Consider what the Certified Automotive Parts Association recommended that insurance companies, distributors and collision repairers do about the Toyota Tacomas.

CAPA said that. . .

- Insurance companies should review their databases for estimates requesting the installation of a certified hood on a 1995–2001 Toyota Tacoma and contact customers to return to the point of repair for inspection or replacement. (CAPA noted that the insurer can only determine if that type of part was requested, not the brand of the part actually used.)
- Distributors should review their sales records for all hoods named in the recall sold for the 1995–2001 Toyota Tacoma and notify their collision repairer customers of the potential problem. They should ask repairers to contact their customers and instruct them to return for inspection or replacement.
- Collision repairers should review their repair records for all hoods named in the recall for the 1995–2001 Toyota Tacoma installed on customer vehicles and request that their customers return for inspection or replacement. The CAPA Quality Seal comes with a special feature that enables repairers to remove an identifying tab for their repair files. That tab has a unique number that can easily be used to identify the manufacturer, lot, and type of part before and after installation.

CIECA INTERVIEW,
CONTINUED FROM PAGE 6.

quarter. Our membership has increased significantly, but it's still something we are all focusing on.

What does CIECA have in store for 2003?

We've got a number of initiatives we're outlining for 2003. We're still in the process of finishing the 2003 plan, but I can tell you the EMS standard will be right at the top of the list again.

How are the priorities determined?

We get help from CIECA members that represent our six industry segments. We talk to those in the industry about some of the things they see need work and we hold an annual Strategic Planning session.

If given the opportunity to turn the clock back to when "open" first made its debut in the industry, is there anything that you would do differently?

You always have stumbling points regardless of what you're trying to accomplish. Everybody falls off a few times before they learn to ride a bike. Have we had our stumbling points? Absolutely. Could they have been avoided? Maybe. But like anything else, the consensus process requires education and expenditure of effort to bring everybody to a similar understanding of the issues.

The education process can take awhile I assume?

Exactly. It takes time to get everybody educated and on the same page. A common understanding is not achieved overnight. Sometimes the process takes longer than some people would like. However, common understanding leads to common goals and a better work product.

Fred, thanks very much for your time and for sharing some insights into "open". I'm sure we will be talking on this issue for some time to come. Best of luck with your plans for 2003. ▮

Fred M. Iantorno is a founding member and Executive Director of CIECA. Fred has a master's degree in nuclear physics from St. Louis University. He has spent 28 years in the information technology field, devoting much of that time to the creation and implementation of standards across the industry.

INDUSTRY TRENDS,
CONTINUED FROM PAGE 8.

Shifting market share by vehicle source: While the Big 3 automakers have traditionally had the corner on the light truck market, sales of Asian-badged trucks have doubled in the last five years. Within vehicle appraisal data, there was a similar shift in vehicle source for SUV's from 1997 to 2002 through mid-September. In 1997, 22.7% of SUV vehicle appraisals were from Asian vehicle manufacturers; by 2002 this had grown to 30.4%. The Asian manufacturers have found it much easier to move from one product to another (SUV to sedan to van) because their trucks are unibody construction, while most of the Big 3 trucks are full-frame truck construction. Comparison of the change in average repair cost for SUV's of Asian versus Domestic source reveal that Domestic SUV's experienced an increase of 8.9% between 1997 and 2002, while Asian SUVs increased by 5.1%.

Claim Coverage: SUVs had the second highest percentage of claims with collision loss coverage (56.2%, just behind vans at 57.0%), but the lowest percentage of claims with liability loss coverage (26.1% versus cars at the highest percentage of 28.7%). This would line up with research conducted by different insurance carriers, which led to their raising the cost of liability insurance for the SUV's for which they wrote policies.

With no signs of SUV sales slowdown in sight, the insurance and collision repair industries can expect further growth in SUVs as a percentage of vehicle claims through the next several years. The good news is that with more on the road, there's a higher likelihood that the other vehicle an SUV hits is also an SUV or other light truck, and vehicle incompatibility in height, width, and front-end stiffness is less likely to drive up overall repair costs. ▮

Susanna Gotsch is Director of Analysis and Reporting at CCC Information Services Inc., and author of Crash Course.

PERSPECTIVE,
CONTINUED FROM PAGE 9.

thus making the EMS a more universal open interface standard.

The EMS Interoperability committee recently has completed Version 2.6 of the EMS Standard, which includes significant improvements to explicit characterization of all data. The panel also has begun work on Version 3.0 that is due out in the months ahead. Then we not only will be speaking from the same language and from the same page, we'll be driving from on the same side of the road.

Glossary

CIECA: The Collision Industry Electronic Commerce Association, created in 1994 to assist auto physical-damage repair professionals in the use of information technology for electronic commerce.

EMS Standard: The Estimating Management System standard, first published in 1994, was a response to the call of the industry for a "black box" that would let information in estimating systems be shared electronically with management systems, thus avoiding manual reading and re-keying of data. Since 1995, the EMS standard has been built into all the major estimating systems and many management systems. A move is afoot to permit the flow of this data to third parties, which may help increase efficiencies in the industry.

Interoperability: The ability of software and hardware on different machines from different vendors to share data.

Open Systems: The ability of computers to share information freely between software modules. ▮

Debbie Day is Vice President of Product Development at CCC Information Services Inc.

ARTICLE CONTRIBUTED BY CARFAX

CarFax's Safe Car-Safe Teen Driver Program

A national health crisis…In Cincinnati, two 16-year-olds are killed when the new driver loses control of her car. In Boston, three die when another 16-year-old driver crosses the median. These stories are all too familiar. Motor vehicle crashes are the number one cause of death among teens, reports Advocates for Highway & Auto Safety.

"That statistic is startling because it means the number one risk for 16 year olds is just getting behind the wheel of a car," says Dick Raines, president of CarFax. "As parents of young drivers, we can and should make a difference."

To help keep teen drivers safe on the road, CarFax, with industry and safety experts, has launched the Safe Car–Safe Teen Driver program to make parents and teens aware of risks and offer safety tips, techniques and measures for young drivers.

"As we learned that a large part of our customer base were parents interested in their teens and safe driving, we said 'let's take the next step,'" explains Raines. "Let's not just help them get into safe cars, let's help parents become better coaches and make their teens into safer drivers."

Cathy Chase, Advocates for Highway & Auto Safety Director of State Affairs, believes that programs like this are essential to remind parents that teaching teens how to drive safely is critical.

"When we are teaching our kids to ride a bike, we don't just hand them the bike and walk away and say have a nice trip. We have them practice in parking lots. Similarly, you need to do that with a teenager when they are getting behind the wheel."

The program's home base is an online resource center (go to CarFax.com, click on the teen program link) that gives parents and teens access to the best and most effective information about buying and driving safer vehicles. One component of the program is an e-mail drive designed to reach the millions of parents who have or will have teens of driving age in their household.

"The idea is to remind parents about all of the good driving habits they've learned through years of experience," says Raines. CarFax has gathered information and resources from a vast array of the industry's top experts to formulate the e-mail tips. "Bolstered by these reminders, parents can be more effective coaches as they face their teen who is sitting behind the wheel."

In addition to driving information, experts offer valuable advice to help parents choose safe, reliable cars for novice teen drivers. For instance, safety experts recommend that parents:

• **Buy old, large cars,** such as station wagons or four-door sedans with small engines for their teens; these vehicles tend to be more solid than many smaller cars and can better withstand an impact.

• **Learn the vehicle's history.** Has it been in a crash before? Has it been rebuilt? These are the types of details in a vehicle's history that can affect how safe it is today.

• **Do not race** into buying cars for teenagers. Waiting just one year can help keep a teen safer. Sixteen-year-old drivers are 12 times more likely to be involved in vehicle crashes than any other age group.

Parent Lee Jacobson, of Sterling, Virginia, says of the CarFax program: "This is a great source of information for parents of teen drivers and is extremely useful as a resource to help parents teach their child to be a safe driver."

Help keep teens safe, visit www.carfax.com, and click on the Safe Car-Safe Teen Driver program link.

Founded in 1984, CarFax pioneered the concept of the vehicle history report—the instant background of any used car. For more information on CarFax, please visit www.carfax.com.

Top Contributors to Teen Crashes

1. INEXPERIENCE
2. SPEEDING
3. PASSENGERS/ DISTRACTIONS
4. NIGHT DRIVING/ ROAD CONDITIONS/ WEATHER
5. LOW SAFETY BELT USE

SOURCE: Insurance Institute for Highway Safety

BY TERRY CLARKE

When Will This Millennium Malaise End?

Call it Millennium Malaise. At least with the economy.

As the new century began, the economy was flying high—money was readily available and reasonably priced. This was true for any idea that seemed like it might have a market and, particularly, if it had a technology or e-commerce component to it. That all changed, of course, in March 2000 and then further by the aftershocks of 9/11. We now find ourselves in an economic standstill, and it isn't clear when we will return to a more normal world. Current economic statistics confirm a low growth environment. In fact, some experts predict it may not be until mid-2004 that the U.S. economy will return to a more desirable level of growth.

So what can business operators and financial managers do in today's uncertain economic climate to ensure that their organizations thrive or are prepared to grow when conditions improve? We have some ideas that may be helpful in negotiating through this challenging environment.

First, to best understand the business climate and what conditions prevail, consider the following:

- Economic growth has slowed to one-and-a-half percent in 2001–2002, but has not turned negative
- Business failures in 2001 are up more than 10% over the past year
- The number of start-up businesses has decreased from a peak of more than 600,000 in 2000
- The cost of funding (i.e., interest rates) are at the lowest point since the 1960s, but the availability of funds has declined significantly
- The cost of operating a business has increased in a number of areas (i.e., health-care costs are up 10% in 2002 and are expected to increase even more in 2003) without an increase in revenue for most companies

It's clear that companies—of all sizes—must operate as financially sound as possible. With fewer lenders available, less capital in the hands of investors, increasing scrutiny by investors, and restricted growth opportunities, the onus falls upon management to make the most of the resources they have. In some cases, these practices are tried-and-true ones that have proven effective in all types of economic circumstances. In other instances, they are ideas often effective in today's type of economy.

- The best bank a business can rely upon is itself. Take a close look at how you manage your working capital and be prepared to make changes that will directly affect your cash flow
- Become aware of your customer's issues. Bring your customers closer to your operation and establish a more meaningful customer-satisfaction metric
- Businesses that run effectively will always be the first to receive funding from investors and lenders
- In difficult times, investors and lenders tend to scrutinize more closely. Instead of considering this an inconvenience, use it as an opportunity to help them better understand your business and what you are doing to improve it
- Increase efficiency in your operation. Productivity improvements aimed at the bottom line today may help set a more efficient platform for future profitability
- Look for funding and financing along the path of least resistance. Try to find investors or lenders who know and support your business. In this climate, simple, straightforward funding arrangements are usually best

In general, anything that helps you operate more efficiently will assist you in supporting future growth and also may help open up additional funding opportunities in the future. The most successful enterprises are those that take advantage of their circumstances and use the momentum that is generated to create a better set of business conditions to compete and grow. ▮

Terry Clarke is Senior Vice President of Corporate Finance at CCC Information Services Inc.

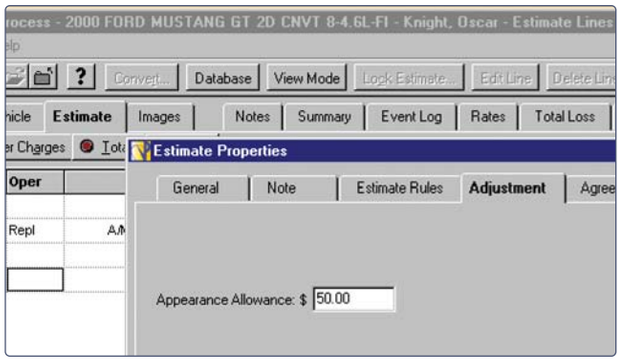
What We're Hearing from You

You've asked—and we are here to address those questions and issues. Providing users with timely, helpful and professional assistance is CCC Technical Support's number one priority. That's why the excellence of the technical support organization has been cited as top in the industry, according to an independent industry survey.

Here are just a few of the questions we're asked most often—hopefully these answers will help make your job a bit easier, whether today or in the near future. For more frequently asked questions, visit the products and services channel at www.cccis.com.

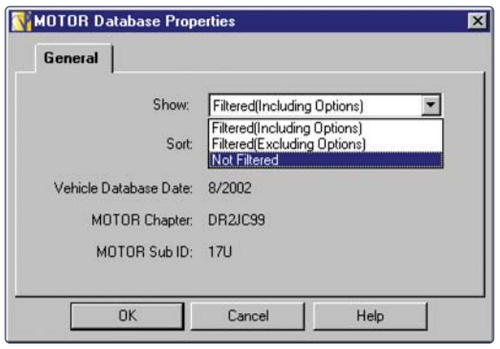
How do I do an appearance allowance?

1. Go to the Estimate Tab and select Edit, then select Properties, then Estimate
2. Select the Adjustment Tab, enter dollar amount, then click the OK button



How can I see all the parts in the database?

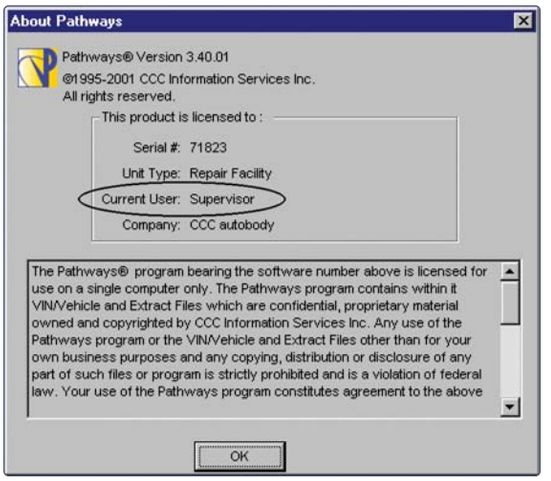
1. Click on the Edit menu and scroll down to Properties, click on Motor Database Properties, then click Show
2. Select Not Filtered from the first drop down menu and click ok



It looks as though I cannot lock my estimate because the button looks grayed out. How can I lock it?

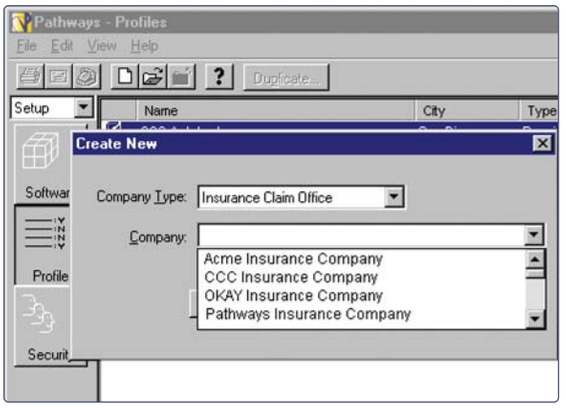
You may be logged-in to Pathways using the default access login ID. To see if this is indeed the case, try the following:

- Go to Help and select About Pathways. If the current user reads "Supervisor," log out and then re-log in using your own login ID and password



How do I add an Insurance Company profile?

1. Go to the View menu, choose Setup, then select Profiles
2. Click File then Create New
3. From the drop down menu, choose Insurance Claim Office, then choose insurance name from drop down menu
4. Select Create and proceed in creating new profile



Have a question that is not addressed here? Call CCC Technical Support at 800.637.8511; Monday–Friday, 6:00am–7:30pm CST; and Saturday, 7:00am–2:30pm CST.

A Company On the Move

Tom Baird Expands Management Team

In October, CCC named Tom Baird to the new position of senior vice president of corporate and business development. Baird, who was previously vice president of new ventures and of corporate strategy and development for the Reynolds and Reynolds Company, will identify and secure strategic alliances and growth opportunities for CCC.

Jim Dickens and Peter Gorka Assume New Roles at CCC

Recent senior level appointments have strengthened the management team at CCC to deliver the best value to customers. Jim Dickens (above left), an eleven-year CCC employee, was promoted to senior vice president of product management and marketing to oversee product strategy and delivery. Assuming the role of group vice president for the Automotive Services Group is Peter Gorka (above right), who most recently served as the ASG's central zone vice president. Cumulatively, Dickens and Gorka have over 30 years of industry experience and each bring a record of accomplishments at CCC to their new roles.

Latest CCC Milestone: Service to Over 15,000 Repair Facilities

The signing of Gregg Young Chevrolet in Omaha, Nebraska, with Pathways Estimating Solution marked CCC's service to over 15,000 collision repair facilities across the country. "We selected Pathways because it is so user-friendly," said Tom Finch, body shop manager at Gregg Young Chevrolet, citing key factors for his decision including the ease of attaching photos to estimates and the ease of uploading estimates and downloading assignments. Finch was a Pathways user at another repair facility and is thrilled to bring the estimating system to Gregg Young Chevrolet. (From left to right: Maria Taylor, Tom Finch, Peter Gorka.)

CCC Cares

CCC Continues Character of Caring with $29,500 Donation to Make-A-Wish Foundation

In September, CCC proudly granted the wishes of seven seriously ill children via donations to the Make-A-Wish Foundation totaling $29,500. Over half of the donation was generated by employee-driven fundraising activities in the company's Chicago; Glendora, California; and Sioux Falls, South Dakota offices. CCC is proud of its Character of Caring and playing an active role in the communities it calls home.

Product News

MOTOR Guide to Estimating Pages and Web-Based Training Tool Available Online

Now available via the Internet: MOTOR's Crash Estimating and Replacement Assemblies data guides, which serve as the source for automotive service and repair information within CCC's Pathways Estimating Solution. Also available: a Web-based tutorial on how the guides and estimating system work together to speed the estimating process. Pathways users now have access to this information anytime and anywhere to answer questions and assist with training. Visit CCC's Web site, www.cccis.com, to access the training tool and guides.

Where to Find Us

Visit CCC at NACE!

CCC will be located at booth 2629 for this year's exposition and conference—the largest in the auto claims industry. NACE is December 5-8, 2002 at the Dallas Convention Center. Stop by to see product demos, find out what's new from CCC!

What Was That I Saw on PBS About the Auto Claims Industry?!

That's right—keep your eyes peeled for a five-minute segment from the American Business Review to be aired nationally on public broadcasting stations in 2003. Hosted by Morley Safer of 60 Minutes, the segment looks at the auto claims industry from the perspective of consumers—and the role that technology plays in speeding the process for everyone involved.

faster

connected

innovative

streamlined

"WITH CYCLE TIME, IT'S NOT ONLY WHEN, BUT WHERE."

"As a multi-shop operation, Gerber is dedicated to performing auto repairs in the most timely, quality, and seamless manner for our customers. That means getting the car to the service center that can fix it the quickest. In the past, that's meant a lot of reassignment legwork for us and for our insurance partners. Now, with the Dispatch feature of CCC Autoverse™ Repair Management, it's all automated and centralized. When we reassign a repair, Dispatch handles it and tracks it centrally. No back and forth with the claims office. We pick it up. We fix it. We deliver it. That's been our business model all along. CCC helps us make it work even better."

Tim O'Day, Chief Operating Officer, Gerber Auto Collision & Glass

CCC AUTOVERSE™

Visit CCC at NACE booth 2629

www.cccis.com

800.621.8070

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