

cccUpFront

W I N T E R 2 0 0 6



**What's in the pipeline? A look at the
outside forces shaping our industry.**

Navigating the Vehicle Technology of Tomorrow ■ The Future of Repairer and Insurer Communication ■ The New Legislative Landscape ■ The Next Wave of Information Technology

BY GITHESH RAMAMURTHY



A look ahead.

There are a handful of issues that come to mind when looking at the automotive claims and collision repair industries during 2005. They are—in no particular order: a continually changing OEM marketplace; a host of legislative hot points in both the collision repair and claims industries; ever-increasing electronic technology advancements, and; most notably, weather. Remarkable weather.

So what is the common thread among these issues? They're all dynamic outside influences that have—and will continue to have—a significant impact on our industry.

If we were to roll back the calendar five years, few of us would have selected privacy laws as an issue affecting the insurance and repair markets.

Who would have believed 10 years ago that the average number of electronic microprocessors on each vehicle would double, with more than 70 sensors onboard in 2005?

And while knowing that the past may give us some insight into the future, there are no guarantees. We should look ahead. That's our objective in this issue. We want to look ahead—most notably at our industry's major outside influences, and see what the future may hold.

With a fair amount of certainty, I can state that the next 10 years have the potential for incredible change. Can you imagine pulling up to the pump in 10 years and having to choose from regular, mid- and premium-grade gasoline, hydrogen, compressed natural gas, biodiesel and ethanol? The term 'gas station' may become as antiquated as the Five and Dime store.

And we will continue to feel the effects of Hurricane Katrina and the loss of nearly 600,000 cars in one region, the single largest loss in recent history, bringing a host of new insurer and repairer challenges. In addition to the material loss, I would also like to convey CCC's concern and sympathy for those still dealing with the very real human aspects of Katrina. We wish for them a positive and strong future.

So read on, enjoy and continue looking forward! ■


Githesh Ramamurthy
Chairman and CEO

WINTER 2006

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Growing through Efficiency: Rodenhouse Body Shop 4

When Rodenhouse Body Shop changed hands in 1993, it had two employees and zero computers. Roughly one week after taking over, owner Diane Rodenhouse made the switch to electronic communication and hands-on hard work. Since that time, her work has transformed the business into a 15-person, two-facility operation handling more than a half-dozen DRP relationships.



What's in the Pipeline? 5–9

CCC's Jim Dickens has gathered a host of experts to provide some direction as to the five- and 10-year trends relating to outside influences in the following four areas:



Navigating the Vehicle Technology of Tomorrow 6

New vehicle materials and powertrain options are just two examples of an industry that is in the middle of a rapid progression in technological developments. Experts ranging from global forecasters, research groups and OEMs share their thoughts on the future vehicle.



The Future of Repairer and Insurer Communication 7

What topics will be on the minds of repairers and insurers in 2010? Will they be different than what we're facing today? Russell Thrall III of *CollisionWeek* and Brian Sullivan of *Auto Insurance Report* share their thoughts and observations on the years to come.



The New Legislative Landscape 8

Both the insurance and collision repair industries have become a knowledgeable base when it comes to legislative concerns facing their respective areas of expertise. The Property and Casualty Insurers Association of America (PCI) head counsel and senior director talk about what may be on the docket in coming years.



The Next Wave of Information Technology 9

What do repair facilities want information technology to do for their businesses? Is it much different than the focus of insurance carriers? Experts believe there is definitely one shared desire: getting the right data and putting it to work for them.

CCC News Wire 11



BY JOE ALLEN

Growing through efficiency: Rodenhouse Body Shop



WHEN DIANE RODENHOUSE INHERITED THE REINS OF GRAND Rapids, Michigan-based Rodenhouse Body Shop in 1993, it was a single-location facility with two employees and zero computers. “It was a small shop,” said Rodenhouse, “no doubt about that.”

And while she had a general working knowledge of the business, she’d been spending her full-time employment elsewhere. Now faced with a host of decisions that needed to be made to make the small shop as economically viable as possible, she had to think quickly. The first decision?

“Within a week, I had purchased a computer. With the help of a friend, we had it up and running,” said Rodenhouse, knowing that it would be easier to keep track of all the necessary details. “I knew we needed to go electronic the day I walked through the door as an owner. The ability to find what you were looking for electronically instead of rummaging through a pile of papers in folders tucked away in a filing cabinet was important. I wanted to be able to focus on the three to four *other* things I have to get done, such as spending more time with the customer. I don’t want to spend extra time chasing paper.”

With the location proving itself physically too small—there wasn’t enough room for a proper paint mixing station, customer bathroom or computer station—she was able to secure a loan and remodel a vacant property next to the existing facility in 1995. That same year, Rodenhouse began writing electronic estimates using EZEst®—CCC’s first generation PC-based estimating system.

As the traffic in the shop began to grow along with the expansion, she obtained another electronic estimating system and ran both of them concurrently to help facilitate her multiple DRP relationships. She continued to use the two systems until the end of 1997, at which point Rodenhouse decided she needed to use only one.

“I decided that having two systems not communicating with each other wasted management time,” said Rodenhouse. “When you’re a smaller shop, everyone is doing at least three jobs. The phone is ringing, everyone is asking questions, and you’re trying to finish up an estimate at the same time. Being able cut out those couple of extra keystrokes makes a big difference over the course of a day.”

In addition to simplifying the number of processes by going to CCC estimating solution, Rodenhouse said product support was very important.

“Support is a big part of the decision-making process with any product or service,” added Rodenhouse. “When I need a question answered, I want to speak to someone. If there are questions that you need answered—and can’t get it, what’s the point of having the product?”

In 2003, her continued success at the Grand Rapids location provided her with the opportunity to build a green-field facility in neighboring Caledonia, Michigan, where her son, Andy manages the operation.

Getting back to the aspect of maintaining DRP relationships and getting answers, Rodenhouse said the communication process between insurance carriers and the two repair facilities is virtually seamless. To date she is managing six DRP relationships. “When you’re working through CCC Pathways®, it’s nice to have the ability to reach multiple carriers through one point of access. It’s another efficiency that we like,” she said.

And as Rodenhouse Body Shop expanded, so did the number of CCC Pathways utilities Rodenhouse is utilizing, including CCC’s fully integrated Paintless Dent Repair and Recycled Parts Services—the latter being the most recent addition.

“I really like the way the Recycled Parts feature works,” said Rodenhouse, who said the feature allows her control over a potentially difficult process. Repair facilities can access a database of approximately 1,900 suppliers nationwide offering more than 26 million parts, accessible by clicking on a tab within the estimating solution.

“It cuts a lot of the manual legwork out of the process, and it’s a real time-saver. There isn’t a lot of calling on the phone to find the right part,” said Rodenhouse.

Another benefit she highlighted is the ability to take an estimate and use it as a road map to direct the customer through the steps of what needs to be done.

“People like to know what kind of work is being done to their car,” said Rodenhouse, “so it’s nice to be able to easily explain the estimate to them. Other systems are difficult for the customer to understand. Whenever I write an estimate for a customer, I try to walk through it with them. When I’m doing that, you can read it to them and you don’t have to jump, hop and skip all over like you do with the other estimating systems. And they understand what you’re saying!”

As far as plans for the future, Rodenhouse said she is looking forward to continued success. Volume and revenues have tripled since she’s taken over the reins, generating approximately \$1.3 million in 2005.

And while she keeps a close eye on the collision repair industry, there is one element of which she’s certain: the emerging importances of having your electronic information systems speak a universal language.

“The future is a lot like the book *The World is Flat*,” said Rodenhouse. “It discusses the impact of integrated software programs. That is the future of business. The body shops of the future will have to have the electronic information and management systems in place to process claims and other industry information faster, quicker and more affordably.” ■

Joe Allen is Group Vice President of Auto Sales Group at CCC Information Services Inc.



BY JIM DICKENS

What's in the Pipeline? A look at the outside forces shaping our industry



PREDICTING THE FUTURE IS—AND ALWAYS HAS BEEN A TALENT that we all wish we had. It's also virtually impossible. So, to combat our collective lack of clairvoyance, industry experts constantly hammer away at past and present data in order to provide accurate forecasting. The ones who happen to develop accurate predictions are the owners of a precious commodity. And if you wanted to investigate an industry that was both exceedingly dynamic and economically important, you'd most likely choose the auto industry.

Consider these US statistics:¹

- The production, sales and other jobs related to autos are responsible for one out of every 10 jobs, approximately 13.3 million jobs nationwide.
- The auto industry supports more manufacturing and generates more retail business and employment than any other industry in the nation.
- The automotive and supporting industries accounts for nearly four percent of the country's gross domestic product.

The importance of the auto industry really cannot be overstated. What we've set out to accomplish in this feature article is to take it a step closer and have industry experts analyze four key areas of significant impact: **automotive technology, legislative issues, information technology and repairer and insurer issues**. We've then looked at each of these topics from its current status, as well as its projected status in five-year and 10-year increments.

Keep in mind, however, that we're not trying to predict your future. Neither are the experts in the following articles. You may share some of their views, or you may completely disagree with them. But one universal thought we ran across while pulling this article together, was that every one believe these issues will play a major role in our industry.

I hope you enjoy the articles, and that they get you looking toward the future. ■

Jim Dickens is General Manager of Auto Services Group at CCC Information Services Inc.

¹ Alliance of Automobile Manufacturers data.

Navigating the Vehicle Technology of Tomorrow

BY MARJORIE ALLEN

THE TECHNOLOGIES AND MATERIALS SLATED TO GO INTO FUTURE powertrain and body structures will present a host of new challenges for the collision repair and insurance industries. Those most adept to technological change will likely meet those challenges and stay ahead of the curve. As stated in the introduction, however, 'future-gazing' is an inexact art. In fact, the experts—OEMs, research and development laboratories and collision repair industry experts—aren't sure of all the answers, particularly when considering the far edge of a 10-year outlook.

It is clear that the rate of technological advancements is moving forward in what feels like a compressed timeline. As it relates to the consumer, this can be partially attributed to an industry shift of sorts. Automobile consumers help drive the market through demand, compounding the traditional impact of new technology filling gaps previously unaddressed. The consumer wants it, therefore the manufacturers work to find an economical way to deliver.

Electronics Explosion

Electronics has a massive impact on our daily habits; US consumers in 2005 spent more than \$76.9 billion on consumer electronics alone. The auto industry isn't skimping in this area either. Computer semiconductor sales for automobile applications reached \$15 billion in 2005.

Tire-monitoring systems, continuously variable transmissions, heads-up driver displays, intelligent cruise control and adaptive transmission control are just some of the technologies woven into vehicles. This work is also commonly referred to as mechatronics, described as 'the intersection of mechanics, electronics, computers and controls'.¹

"In automotive terms, these next few years of electronics development are pretty well defined," noted Roger Shulze, director of The Institute for Advanced Vehicle Systems (IAVS), part of the College of Engineering and Computer Science at the University of Michigan—Dearborn. "These are the technologies and ideas engineers have been working on for the last few years and which we're seeing move into production vehicles today."

As the level of mechatronics sophistication escalates, the successful repair center of tomorrow will face increasingly technical repairs. The ability to repair them to OEM specification will require new skills, equipment and procedures. For example, a vehicle in 2002 had an average of 74 sensors; that number is projected to reach 175 by 2010.

There is one example of mechatronic technology that is generating a lot of interest and may have far-reaching implications in the next five to 10 years. Telematics (the two-way electronic transmission of data between a stationary source and a vehicle) is currently a \$9 billion industry, making appearances on the dashboards and steering wheels of luxury and mid-market vehicles via items such as GPS systems and Internet service provider information. That revenue is projected to jump to a possible \$40 billion in the next 10 years, extending its reach to a two-way pipeline of communication between OEM and vehicle.² Some of the information running down that pipeline includes real-time



reporting of the physical condition of the vehicle to identify any problems. If anything is detected, the dealer or repairer orders the necessary parts and a call is placed to the driver to schedule the repair.

Michael Robinet, vice president of Global Forecast Services at CSM Worldwide, recognizes the potential reach and impact of telematics, but believes there is a more current and pressing demand on the horizon.

"There is an economic threshold to telematics," said Robinet. "But the costs keep declining, allowing for more efficient integration into low cost cars every year. At that point, there may be more adoption." However, he believes electronics will play a more immediate role, "...Especially in safety and powertrain management as emissions regulations are increasingly met through powertrain maximization."

Most notable is the development of the electric-gasoline hybrid vehicle. Hybrids are projected to proliferate over the next five years, with companies like Ford's pledge to produce 250,000 hybrid vehicles annually by 2010.³ With numbers like that, technicians will need to apply new skills to repair them, such as working knowledge around its high-voltage battery and related systems. This will also require repairers to invest in new equipment.

With a charge of up to 276 volts, hybrid batteries produce well above what it takes to produce a fatal shock. OEMs have built in several safety measures, however, including immediately cutting electrical power if an airbag is activated during an impact.⁴ But as hybrids get rolling down the road, will there be another technology—or technologies—that will present other opportunities?

Ten Years Down

"We will see a shake out of all of these power plant alternatives," said Shulze. He believes that hybrid technology; at least hybrid technology in its current form won't be one of the prevailing technologies, except possibly for urban vehicles (buses, delivery vans).

"For the foreseeable future, internal combustion engines will play a significant role in the transportation industry," said Dan Hancock, vice president of engineering operations at General Motors' Powertrain Division. "Where the engines begin to differ, is what kind of fuel on which the vehicle will be running. Gasoline, diesel, hydrogen and

CONTINUED ON PAGE 10.

The Future of Repairer and Insurer Communication

BY DEBBIE DAY

ANY LOOK AT THE FUTURE OF THE INDUSTRY CERTAINLY WOULD be incomplete without considering how collision repairers and auto insurers will interact with one another five years and 10 years from now. Many in the industry believe the changes in vehicle and information technology will be challenging. Generally speaking, however, training and systems are in place to help meet those types of challenges. It's more often the uncertainty about potential shifts in shop-insurer business relationships that tops the list of future industry concerns.

Will more insurers, for example, follow the lead of moving toward ownership of collision repair facilities? Brian Sullivan doesn't think so. Sullivan, the editor of the weekly *Auto Insurance Report*, said he believes there are benefits to this model, but not for the reasons many shops assume.

"It costs the same to fix a car as anyone else," Sullivan said. "You can't buy fenders for less or pay less for labor than other shops. The difference is there are zero 'friction costs'. The shop just fixes the car. When I talk to senior execs working within this model, they say that taking the friction out of the process is the single greatest benefit to an insurer owning its own shops."

That said, Sullivan sees no other insurer planning to own shops.



"But taking friction out is really what they all want to do," he said. Sullivan predicts that repairers will increasingly be able to help reduce the friction by monitoring and proactively managing their own performance in terms of key insurer measurements—in real-time rather than just based on quarterly or annual reports back from the insurer.

Direct repair programs (DRPs) have been another key weapon in the battle against friction costs. Sullivan certainly believes that five years from now—and maybe even 10—insurers will continue to use various models of DRP structures: larger networks with lots of capacity; smaller networks with stricter requirements; concierge-type programs; even programs putting insurer personnel in shops.

"At this juncture there is no clear model that has emerged as 'the answer,'" said Sullivan. "If I had to say what will happen in five years, my answer is that there will still be a range of solutions. Companies will be doing the things that work best for them and trying new ideas. I just don't

see on the horizon the big 'a-ha!' that is going to swallow up the way we do business today."

For his part, Russell Thrall III believes that more insurers in the next five years will move toward smaller provider networks, "concentrating work toward fewer, hopefully better-performing repair facilities based upon performance goals the insurer sets and measures." Thrall is technical services manager for the I-CAR Education Foundation, and founder and publisher of *CollisionWeek*. He, too, predicts that technology will halt the "down-sizing" of insurer-owned shops within the next 10 years.

"Technology will make the benefits of limited referral arrangements largely obsolete," Thrall said. "Over time, a common set of financial and non-financial performance measures will be used by a larger group of insurers and repair facilities. Tracking these measures and communicating electronically—both estimate data and visual information, such as digital photos and video—will increase productivity on both sides of the transaction."

"For an insurer, why limit that increased efficiency to just a small number of DRP facilities?" added Thrall. "In the long run, I expect what we think of as DRP today will be replaced by electronic communication across an ever larger segment of insurer relationships."

Will changes in the number of auto insurers and collision repairers impact interactions between the two in the future? Sullivan believes there will continue to be hundreds of auto insurers even 10 years from now, but does foresee a significant decline over the next decade in the numbers of collision repair shops—or at least the number of shop owners.

"If there are 50,000 shops today and you came to me in 10 years and said there are 35,000 shops, that would not surprise me in the least," said Sullivan. "There may be just as many actual shops, but there will be more multi-location businesses; so, fewer shop owners. The concept of a nationwide chain has proven to be difficult, but the single-shop operator becoming a six-shop operator is a trend that I expect. You start to gain the economies of scale but continue to have the benefit of the owner-entrepreneur."

Thrall also predicts some, but not massive, consolidation of the collision repair industry.

"People tend to forget that for a large number of the shops out there, it's not just a business, but a way of life," he said. "They will survive. Maybe not on a steady diet of insurance company-paid collision repair volume, but certainly with customer-paid repairs, maintenance and custom work."

Both Thrall and Sullivan see auto manufacturers and new car dealers playing an increasing role in the collision repair industry over the next 10 years. Telematics such as OnStar®, for example, will give manufacturers first notification of accidents and thus greater chance of control over where vehicles are repaired.

"And as cars become more sophisticated and complex to repair, dealers sometimes may have a real leg up on getting that business," said Sullivan. "The average shop isn't equipped to deal with the technology on some Jaguars and

CONTINUED ON PAGE 10.

REPAIRER/INSURER COMMUNICATIONS

The New Legislative Landscape

BY MIKE BARBER

IF HISTORY SERVES AS ANY KIND OF ACCURATE INDICATOR, there is a well-developed picture of future legal issues that relate to the automotive claims and collision repair industries. Or, in the words of Property and Casualty Insurers Association of America (PCI) Head Counsel Robert Hurns: "The more things change, the more they stay the same. That adage seems to be a good fit."

Both Hurns and PCI Senior Director of Claims, John Eager, have spent a lot of time gathering information about issues facing the industry. That information is amassed through local counsel in all 50 state capitals keeping an eye on the issues. While it is understood that each state has its own areas of focus and agenda, this article highlights legislation on a national level.

Current Issues—Some Fade, Some Stay

A handful of current legal issues—most notably diminished value, steering and aftermarket parts concerns, seem to be reaching a certain level of resolution. "In respect to top issues, the trend for the last three years or so seemed to be diminished value," said Eager. "That seems to be falling to the wayside. Only 10 states have laws allowing recovery for diminished value, and many of the class action suits filed have been dismissed."

Steering legislation, also at the forefront of the legislative docket for several years, seems to be fading away as well. "That issue has seemed to tail off quite a bit," said Hurns.

Aftermarket parts, however, does seem like a perpetual concern, said Eager. "It's been around since the '80s—there's an ebb and flow to it. At one point in the '90s, there were 29 states tackling the matter." Some of the aftermarket parts issues included: federal safety standards compliance; part-type definitions; a written estimate identifying the type of part used; and, written owner consent.

New to the Table

A handful of new topics have a strong likelihood of gaining national prominence—most of them borne out of 2005's catastrophic weather events. One of the first concerns to surface was vehicle salvage. In an incredibly short amount of time, Louisiana was faced with a "to-date" estimate of 570,000 salvage vehicles—a vast majority of them flood-damaged. What made this event unique is that the flooding brought along the unfortunate byproduct of health contamination concerns.

And while it is important as to what Louisiana ultimately does with the salvaged cars, the first concerns coming to light as a result of the hurricane have been VIN cloning and title washing. Cloning is when the VIN number is stolen from a legitimate vehicle and attached to a stolen vehicle of the same make and similar model. The problem of cloning is the result of two outside factors: the OEM standardization of VINs to a 17-character format; and the ease with which a VIN could be obtained over the Internet through vehicle sales sites. In the last decade, VIN cloning has had a negative consumer and insurance impact of more than \$4 billion.

Title washing—when a vehicle moves from one state to another and the salvage brand is not carried forward by the subsequent state—is also a sizable concern. And while the impact of title washing cannot yet be measured, 1999's Hurricane Floyd can provide some insight: more than 75,000 flooded vehicles returned to the roadways.

"We are going to find ourselves going back to the issue of salvage and title laws for quite some time," said Eager.

The upside in all of this, Eager said, is that it will most likely force the consolidation of existing VIN databases. There have been federal efforts at standardization and uniformity, such as the Federal Anti Car Theft Act of 1992 that provided for increased law enforcement against auto theft, combating title fraud, 'chop shop' thefts and inspecting exports for stolen vehicles. Part of this effort required the United States Department of Transportation to implement a National Motor Vehicle Title Information System—known as NMVTIS—no later than January of 1996. The NMVTIS was to facilitate the electronic interchange of title information between states in order to deter auto theft and related issues. While the interchange was solid in theory, it was an unfunded mandate and only an estimated 20 states are sharing VIN information.

The American Association of Motor Vehicle Administrators (AAMVA)—a non-profit association comprised of US and Canadian motor vehicle and law enforcement agencies responsible for administration and enforcement of motor vehicle laws—has also been working on the development of a database. The National Insurance Crime Bureau (NICB) has been working with law enforcement and insurers to identify and catalog vehicles and make this information available to motor vehicle administrators, state fraud bureaus and state and local law enforcement and through its Web site, nicb.org.



"Ultimately, groups such as NICB and ISO have good clean reporting within 20 states. That database can be a good pointer to AAMVA," added Eager. "In the next five to 10 years, I can see the consolidation of one database as something that is out there. Databases are expensive to maintain and, really, how many times is someone going to have to enter the same information?"

What Else in Ten Years?

Another kind of data—automobile event data recorder (EDR)

CONTINUED ON PAGE 10.

The Next Wave of Information Technology

BY MARK FINCHER

AS IT RELATES TO THE AUTOMOTIVE CLAIMS AND COLLISION repair industries, information technology has the potential to change where and how we do business. As we're finding out, modern information technology processes are driving several industry aspects.

Setting the Insurance Marketplace

Until recently, the drive to enhance electronic information infrastructures seemed to be relatively low for the insurance industries—a direct result of companies ramping up their technology to cope with Y2K and the Internet sprawl.



Following that round of improvements, 'Return on Investment' became a key, said Robert Hyle, associate editor of *TechDecisions for Insurance* magazine.

"A number of companies invested in policy administration systems, which are neither cheap nor quickly installed," said Hyle. "They are looking long range at what the technology can do to improve their operations."

Part of the operations improvement over the course of the next five years to 10 years in the insurance industry will come from a variety of projects, including: data mining, data warehousing and business intelligence. This seems to be a trend that is already underway, with 75 percent of the nation's carriers putting their information technology to work through data projects for 2006.¹

"Insurance carriers have always been known for collecting huge amounts of data and using it in a strategic manner," added Hyle. "Data mining and predictive analytics are finding their way throughout all departments of the company. Insurers know their data is one of their most important assets and they will be searching for more ways to use it."

A key part of this data analysis will be to see if they can either support or refute internal 'best-practice' business processes carrying over from different divisions within the carrier umbrella, including life and annuity and underwriting. "This will include business intelligence, fraud prevention, marketing new products, customer leads for agents and improved business processes," said Hyle.

Another area showing promise is wireless technology. While it is a utility that Hyle believes could expand substantially in the next five to 10 years, its effectiveness is dependant on additional outside forces.

"Wireless is an interesting issue," said Hyle. "Those who use it on a regular basis swear by its effectiveness. Yet adoption among carriers has been slower than what many industry observers have anticipated. People have been waiting for the 'killer application' for years and I don't know if it is coming. That is a definite area of opportunity."

One element wireless has hurdled is its limitations due to access. "The world has made great strides in wireless communication over the last few years, so it seems likely that adoption will increase," commented Hyle. "Connectivity no longer seems to be a major issue."

IT's Impact on the Collision Repair Industry

The future impact of information technology on the collision repair industry is a multi-pronged question, and makes appearances in virtually all articles of this edition of *CCC UpFront*. This article adheres to the definition of information technology as the compilation and management of data with the objective of developing a course of action and—ultimately—a result.

The process of gathering collision repair data has played a key role ever since the adoption of the direct repair program (DRP) model, dating back to the 1980s. And while its structure may change slightly during the next five and 10 years, DRPs appear to be here to stay.

Viewed in the past as a task performed for the insurance carrier as part of the DRP, repairers are taking these same metrics and managing their internal operations to combat a host of negative outside influences. Repair facilities nationwide continue to report a decrease in overall net earnings. Among the reasons cited for this downtick include a marked increase in fuel prices, refinish materials and other raw materials costs. There isn't a better outlook on the horizon on these fronts, either, as repairers report that these economic issues will most likely get worse.²

"The increased emphasis on efficiency is something that crosses virtually all business models," said Jay Baas, CPCU, general manager and president at AutoBody America, "and the collision repair industry isn't any different. There's an increased need to understand performance as it relates to cycle time, customer satisfaction, cash flow, employee productivity and vendor management."

As repair facilities continually increase their utilization of information technology—more than 90 percent of the US repair facilities are communicating electronically—positive benefits may be realized by effectively managing processes, vendors and customer relationships through performance measurement.

One example where data can play a role for the repair facility is the ability to track the performance of parts vendors. Repair facilities can measure key performance indicators such as discount, cycle time (order to delivered), frequency of returns and credit processing. This data can be used to identify those vendors that may be negatively impacting other areas of the business (i.e., profitability, repair cycle time, cash flow, etc.).

"In the coming years," added Baas, "sharing metrics related to a DRP will be something that repair facilities will view as a business byproduct and not some kind of separate responsibility." ■

Mark Fincher is the Autobody Market Solutions Manager at CCC Information Services Inc.

¹ "Picking up the Pace," Robert Regis Hyle, *TechDecisions for Insurance Magazine*, January 2006

² "Business Conditions and Repairer Optimism: Fourth Quarter 2005," *CollisionWeek*, Feb. 10, 2006

VEHICLE TECHNOLOGY, FROM PAGE 6.

other liquid fuels are all viable opportunities that will incorporate new technologies such as variances in displacement, compression and valve timing.”

What will win out? Shulze believes economics on more of a global scale will tell the tale. “The marketplace is going to tell you what the right answer is,” Shulze said.

Building a Better Body with Technology

Not exactly the \$6 Million Dollar Man-type of technology, but the future is bringing new and different ways collision repair centers learn, understand and work with emerging materials OEMs are—and will be—using in body construction. As these materials become commonplace, their use in vehicles at all price points will become prevalent.

In order for a repair to meet exact OEM specification, there needs to be an investment in training, equipment, tools and processes. Some of these new materials—boron steel, aluminum laminates, plastic-steel laminates, carbon laminates, and hydroformed frames—are already appearing in luxury vehicles. So will plastics and new metal be the end of the line in 10 years? Not according to Bill Gouse, executive director for the US Council for Automotive Research—a research and collaborative engineering organization partner

of General Motors, Ford and Daimler-Chrysler.

“I see a trend of increasing the use of more elegant, sophisticated materials in bodies over the next five to 10 years, including carbon fiber, high strength steels, aluminums and composites of all of the above,” said Gouse.

Projected for use on low-volume boutique vehicles, hydroform frame technology will permit OEMs to create a more profitable way to meet a niche market. Which of these materials will be the prevailing body construction over the course of the next 10 years is much like the powertrain situation, in that larger outside economic forces will most likely dictate the wave of the future. Variables include raw material cost, supply, and manufacturing and reparability costs. One thing can, however, be counted on as a constant: an opportunity for substantial change in the years to come. ■

Majorie Allen is manager of Autobody Market Solutions at CCC Information Services, Inc.

¹ “Mechatronics: The Language of the Automobile,” *ABRN Magazine*, February, 2006

² “Automotive Telematics: Driving Toward the Wireless World,” Vol. 3, Issue 2, Booz, Allen & Hamilton, Vol. 3, Issue 2

³ “Hybrids: Are You Ready to Repair Them?” *ABRN Magazine*, Jan. 9, 2006

⁴ “Hybrids: Are You Ready to Repair Them?” *ABRN Magazine*, Jan. 9, 2006

REPAIR AND INSURER COMMUNICATIONS, FROM PAGE 7.

high-end Mercedes. It is becoming a little more specialized, and the dealers like that.”

What’s more, Thrall adds, auto manufacturers may increasingly sell more than just the vehicles themselves.

“During the next 10 years, bundling the cost of insurance into the lease price of vehicles will become more commonplace as auto manufacturers look for other profit centers,” he said. “This will increase the auto manufacturers’ role in the repair industry.”

But for Thrall, any discussion of the future quickly returns to the increasingly dominant role electronic communication will play in the industry. “That will be the big story of the next 10 years,” he said. “It opens so many possibilities. The vehicle owner will come to expect the level of 24-hour access to information or service that can only

come from instant communications between the insurer and all of the service providers: collision shops, rental car providers, glass companies, etc.

On the repair facility side, shops will expect the same level of information availability and service from their suppliers. Training, for example, will be available on-demand and be vehicle-specific. “All of these developments may be more evolutionary than revolutionary, but their impact will be widespread and just as dramatic,” noted Thrall. “It will reshape the business of collision repair more than any other development.” ■

Debbie Day is the General Manager of the Major Insurance Market Group at CCC Information Services Inc.

LEGISLATIVE LANDSCAPE, FROM PAGE 8.

or ‘black box’ information—is a growing legislative concern. In 2004, the National Highway Traffic Safety Administration (NHTSA) proposed standard requirements for EDRs, and that manufacturers choose to install into light vehicles. The National Transportation Safety Board (NTSB) has since endorsed the proposal, which is where the issue sits today.

One of the main reasons for concern is the impact of EDR data as it relates to privacy laws. Data taken from EDRs has been used in criminal court cases, even leading to homicide convictions for the driver of the vehicle in question. In *Massachusetts vs. Zimmerman*, the defendant was found guilty of misdemeanor motor vehicle homicide

when the front seat passenger was killed following an accident. The jury, who was provided access to the EDR data, concluded that the driver was speeding and failed to apply the brakes prior to the accident.

“More than 10 states have enacted or proposed legislation on the issue of EDR information, making it a very substantial issue, and will continue to be in the years to come,” said Hurns. ■

Mike Barber is Director of Regulation Affairs at CCC Information Services Inc. For questions regarding industry legislation, direct e-mail to mbarber@ccis.com.

Product News

CCC Accumark™ Reinspection Gains Momentum with Customer Wins

ACUITY, A Mutual Insurance Company, is one of 17 carriers to implement CCC Accumark™ Reinspection since its release in mid-2004. Designed to create a more efficient process through the management of company-specified appraisal procedures, users can quickly identify and prioritize claims for reinspection. CCC Accumark also tracks and traces the implementation of changes back to the appraisal source.

"We are always looking to create efficiencies in the claims handling process to improve our overall workflow," said Greg Olsen, director of Auto-Physical Damage at ACUITY. "The efficiencies should maintain or enhance the claims handling process. CCC's integrated product solution helps us attain those targets by eliminating the need to switch back and forth between different applications during the claims-handling process."

Workfile Transfer Enhancements Serve as Foundation for Release of CCC Pathways® 4.3

Re-keying estimate information affects more than 28 percent of the 9 million estimates written every year. This resulted in a negative impact on the collision repair industry to the tune of an estimated \$17.5 million in 2004. As part of the enhancements in the release of CCC Pathways 4.3, CCC Information Services Inc. has developed an Auto Workfile Entry functionality—the first to broadly address the issue.

Instead of transferring data by printing a hard copy of the estimate and re-keying it to another PC or location—creating another step and opening up the potential for re-keying errors—users can now copy and send existing workfiles from one CCC Pathways unit to another via e-mail, disc/flash drive, or a shared network drive.

Partnerships

CCC Enhances Its Mobile Electronic Replacement Claim Connection

As the trend of customizing mobile electronics in vehicles grows (i.e., speakers, amplifiers, video screens, navigation systems), so does the number of claims. In 2004, an estimated 400,000 claims involving mobile electronics were filed. To help expedite claims such as these, CCC signed an agreement with Salt Lake City-based **First Choice Solutions (FCS)**, a provider of mobile electronics claims handling technology and services to the insurance industry. The agreement with FCS is the second such vendor agreement for CCC within the mobile electronic claims marketplace.

General News

CCC Marks 25th Anniversary with \$25,000 in Student Repair Technician Scholarships

CCC is offering five schools \$25,000 in collision repair training and education scholarships to assist deserving students pursuing a career in the automotive-collision repair industry. Winners of the CCC Outstanding Student Technician Scholarship, developed in cooperation with the **I-CAR Education Foundation**, will be announced in April 2006.

Participating schools are:

- Bridgerland Applied Technology College, Logan, UT
- Fox Valley Technical College, Appleton, WI
- Nashville Auto-Diesel College, Nashville, TN
- Pennsylvania College of Technology, Williamsport, PA
- Universal Technical Institute, Houston, TX

"Retaining and recruiting qualified repair technicians remains a critical challenge for our industry," said Jim Dickens, senior vice president at CCC. "We have created the CCC Outstanding Student Technician Scholarship program to help ensure that the best and brightest student technicians remain in school and go on to work in the industry."

AMI Credit Now Available for CCC Pathways® Collision Estimating Training

Participants completing either the CCC Pathways® Estimating Solution New User or Advanced User Training sessions are now eligible to receive up to 14 credits from the **Automotive Management Institute (AMI)**. The relationship between CCC and AMI marks the first time AMI has given credit for training offered by an estimating software provider. The training is taught by CCC Regional Account Managers and is available at more than 150 nationwide **CompUSA®** locations and through **Centra®** online training. Check www.cccis.com or www.amionline.org for detailed information.

ASA Names CCC "2005 Collision Division Benefit Provider of the Year"

At its second annual Celebration of Excellence event in Las Vegas, the **Automotive Service Association (ASA)** announced that CCC was honored as the 2005 Benefit Provider of the Year in the collision category. The award is given to an associate member in appreciation of its relationship with ASA and for the quality and professional service it offers to ASA members. CCC has been an ASA member since 1990.

John Scully, AAM, ASA's executive vice president, who presented the award to CCC President of Service Operations Mary Jo Prigge, added that: "We are proud to honor CCC with this award, as its dedicated staff continually works to move the collision repair industry forward."

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