

**OnStar**

by



**Chet Huber**  
*President, OnStar*

# *The Challenge*

Leverage the size and scope of the world's largest automotive company to create a competitively advantaged new business opportunity.

## ***Finding the Right Consumer Value Proposition***

- Broad customer interest and willingness to pay
- Strategically advantaged by the core vehicle business
- Unique brand proposition and appeal
- Technically and operationally feasible
- Viable business model

## ***What Assets Did GM Bring to the Business?***

- In-house technology expertise (Hughes and EDS)
- Deep knowledge and experience in vehicle systems and electronics
- Advantaged access to large annual volume base
- Consumer and market insights
- Strong/extensive distribution network
- Broad external alliance relationships
- Resource availability
- Commitment to entrepreneurial innovation

## ***What Were the Inherent Challenges?***

- Merging/integrating various unassociated technologies
- Accommodating rapid “consumer electronics” product changes within the vehicle development lifecycle
- Simultaneously creating a new consumer category and brand
- Inventing and inserting new business processes into a mature business model
- Identifying and developing unique alliance relationships
- Building a scale-oriented start-up
- Staying focused

# ***What Drives a Viable Business Model?***

- **Core**

- Subscriber acquisition costs
- Retention
- Service delivery costs
- Average revenue per user (ARPU)

- **Leveraged**

- Vehicle differentiation impact
- Customer/vehicle connectivity

## ***Where Are We Today?***

- 2.7 million subscribers
- Over 30 million subscriber interactions to date
- Factory installed on over 50 models
- Sixth generation hardware platform
- 400 million OPC minutes sold
- 95%+ brand awareness
- 75% repurchase intention
- Continually evolving/extending the business model

# *OnStar Business Model Evolution*



Future Options

XM Satellite Radio

Virtual Advisor

Personal Calling

Peace of Mind – In-Vehicle Services

G E N E R A L M O T O R S

