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## STAR's bright idea: Avoiding duplication

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Technology has revolutionized the way car dealerships do business. But over the years it has led to a patchwork quilt of computer systems.

While that may be good news for hardware and software vendors, it's costly and confusing for dealers. It's especially troublesome for those with multiple franchises because store employees must enter the same data into systems more than once.

A typical dealership has at least two computer systems. One is a dealer management system with proprietary software. The other is a proprietary factory communications system, used to exchange data with an automaker.

But many dealers have yet another system for doing business with third parties such as banks.

The proliferation of systems and the software to run them is one reason IT spending is the fifth-highest cost for dealers, according to EDS. IT spending averages more than \$79,000 annually per store.

### Hot buttons

Duplicate equipment and data re-entry are two hot buttons with dealers, says Mark Rush, president of Ron Rush Lincoln-Mercury in Columbus, Ohio.

"There is universal realization that we shouldn't have to pay for a dedicated terminal that only does one thing," Rush says.

There is an effort to fix the problem. A group called STAR — short for the Standards for Technology in Automotive Retail — has been working for the past three years on IT standards that all dealers, factories and vendors can use. The group consists of 18 automakers, 22 dealership technology vendors and the National Automobile Dealers Association.

STAR's philosophy is that if there are standards — common computer languages and procedures — costs can be lowered and work can be simplified.

This year STAR ([starstandards.org](http://starstandards.org)) created a dealer advisory group. Its mission is to identify business documents and processes that could be

simplified. STAR already had written a guide for dealers to prepare their dealership with high-speed Internet connection. It also had developed 62 standard documents using XML — the common markup language used for Web pages.

These documents include parts invoices, credit applications and warranty claims. With a common language, dealers, automakers and vendors can exchange information over the Web. And they can use them with different computer systems.

Having common standards is sure to spark greater choice for dealers, both in hardware and software. But dealers say it's unlikely their colleagues will abandon established technology vendors such as ADP Dealer Services ([dealersuite.com](http://dealersuite.com)) and Reynolds and Reynolds ([reyrey.com](http://reyrey.com)).

### Open architecture, open market

"Our ultimate goal here is to have an open architecture and open market for anybody that wants to enter," says dealer Wes Lutz of ExtremeDodge ([extreme.fivestardealers.com](http://extreme.fivestardealers.com)) in Jackson, Mich. "There are a lot of products out in the market today that we just can't integrate with using our in-house business systems. We're just hoping to take the best of software applications and be able to integrate them seamlessly with our in-house system."

Rush, the Ohio dealer, says having common standards will trigger lower costs because a software vendor will not have to develop a separate software application to run on each dealer's management system.

"STAR lowers the entry cost to the marketplace," Rush says.

With STAR standards in place, the technology company can focus on one version that can be used by dealers with any dealer management system, Rush says.

"That's the state of affairs today," he says. "This will change that. It won't be so much about being big anymore, as it will about being fast."

### A share shift

Rush doesn't expect an explosion of new dealer management system vendors, but he predicts a shift in market share. With increased competi-

### STAR members

STAR is a nonprofit group with 41 members. They are

■ 18 automakers, including GM, Ford, DaimlerChrysler, Toyota, Honda, Nissan, Volkswagen and BMW

■ 22 technology vendors, including the largest suppliers of dealership management systems: ADP Dealer Services, Reynolds and Reynolds and Universal Computer Systems

■ National Automobile Dealers Association

tion among vendors, he anticipates that dealers no longer will have to make large investments in dealership hardware or commit to long-term technology contracts.

Technology vendors say they aren't worried about losing market share to newcomers and increased competition. Both ADP and Reynolds have been members of STAR since it was created.

"I don't think STAR is about making it easy to be a dealer management system provider," says Jeff Almoney, chief technology officer at Reynolds.

Automakers finally realized that there wasn't any unique value in proprietary factory-to-dealer systems, he says.

STAR is helping to move dealers and automakers to the next generation of communications, says Robert Karp, ADP's senior vice president of eCommerce. "I don't think it changes basically the players," Karp says. "I just think it makes the passing of information and data more efficient."

Having STAR standards probably will reduce ADP's development costs because there will be fewer proprietary interfaces between dealer and automakers systems, says Kevin Henahan, ADP's senior vice president of marketing.

Says Henahan, "Hopefully we'll have less proprietary interfaces to build as more and more manufacturers adopt the standard."

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