



The new automotive value equation

Where capital and control will move
over the next three years



Key Takeaways

01

Monetization is moving to the forefront.

Leaders should align technology choices with recurring revenue opportunities and measurable economic outcomes.

02

Customer and ecosystem control may determine value capture

Customer experience, connected services, and mobility ecosystems remain priorities. Leaders should protect customer access, data rights, and the commercial relationship beyond the vehicle sale.

03

Software architecture is an enabler, not the end state

Software-defined vehicle (SDV), compute, and electronics enable connected services and digital offers. Leaders should link architecture choices to customer value, service scale, and monetization.

04

Capital is shifting toward integrated value propositions

Investment is moving beyond standalone technologies toward combinations of vehicle technology, software, services, and business models. Leaders should evaluate capital across the integrated value stack.

05

Partnerships should accelerate capabilities without giving away the economics

Leaders should use partners for speed and scale while retaining control of architecture, customer identity, proprietary data, integration, and monetization.

Automotive competition is moving from vehicle-centered scale to control-point economics.

Software architecture, update authority, data rights, customer identity, connected services, and partner ecosystems now determine who captures value after the vehicle sale. Original equipment manufacturers (OEMs) and suppliers remain essential to engineering and manufacturing yet lose margin and customer access if external platforms control the digital and service layers.

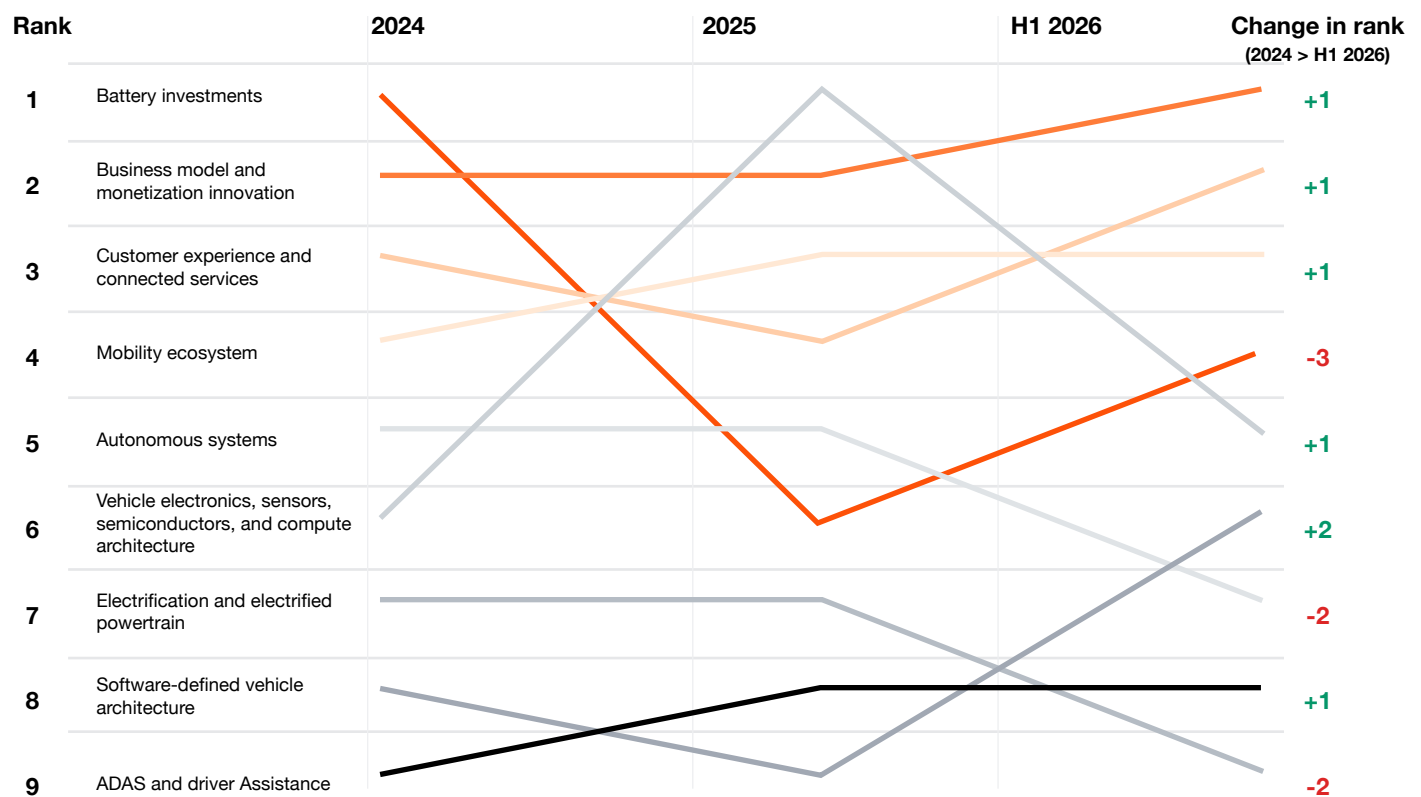
That's why it's critical for leaders to develop a clear ownership map. Own the control points that define differentiation and accountability, partner for scalable technology and infrastructure, and monetize investments by tying them to measurable customer and economic outcomes.

		
Own	Partner	Monetize
System integration, security, vehicle behavior, software update authority, customer identity, and proprietary operating data.	AI models, chips, sensors, cloud, maps, shared platforms and, infrastructure where scale matters.	Connected services, subscriptions, uptime, energy cost, residual value and, fleet productivity.

PwC's analysis of 1,306 publicly announced investments and initiatives across 25 traditional OEMs and suppliers and 14 mobility and technology players shows a clear shift in the top automotive investment value pools. Battery investments led in 2024 but declined in 2025, as vehicle electronics, sensors, semiconductors and compute architecture gained prominence. By early 2026, business model and monetization innovation emerged as the leading theme, followed by customer experience and connected services, and the mobility ecosystem.



Shifting priorities: Top 9 automotive value pools since 2024



The analysis confirms that rising categories are tied to control points, while lower-ranking categories are the ones increasingly available at scale from partners.
Here are four implications to consider.

1. Value is moving beyond the vehicle

Traditional players should consider an explicit control-point strategy before they commit product, technology, or partnership capital. The strategy should state what should remain in-house and what can sit with a partner.

The physical platform remains essential, but more of the future economics sits in the layers around it, including software updates, customer identity, operating data, connected services, and the post-sale commercial relationship.

Electrification still drives volume—the IEA expects about 23 million electric vehicle (EV) sales in 2026—but volume and value capture are no longer the same question. Selling the car does not settle who earns from it.

That shift favors players organized around a single layer rather than the whole vehicle. Autonomy specialists control driving intelligence and validation; mobility platforms control demand and utilization; compute, cloud, and software providers influence development and updates. Their advantage comes from reusing a layer across many vehicle brands.

They do not replace OEMs. They change where scale and economics sit. OEMs and suppliers still own engineering, manufacturing, homologation, safety integration, and life cycle support. The risk is that partners capture the customer, data, or service revenue while traditional players retain the asset-heavy obligations.



2. Own control points, partner for scale

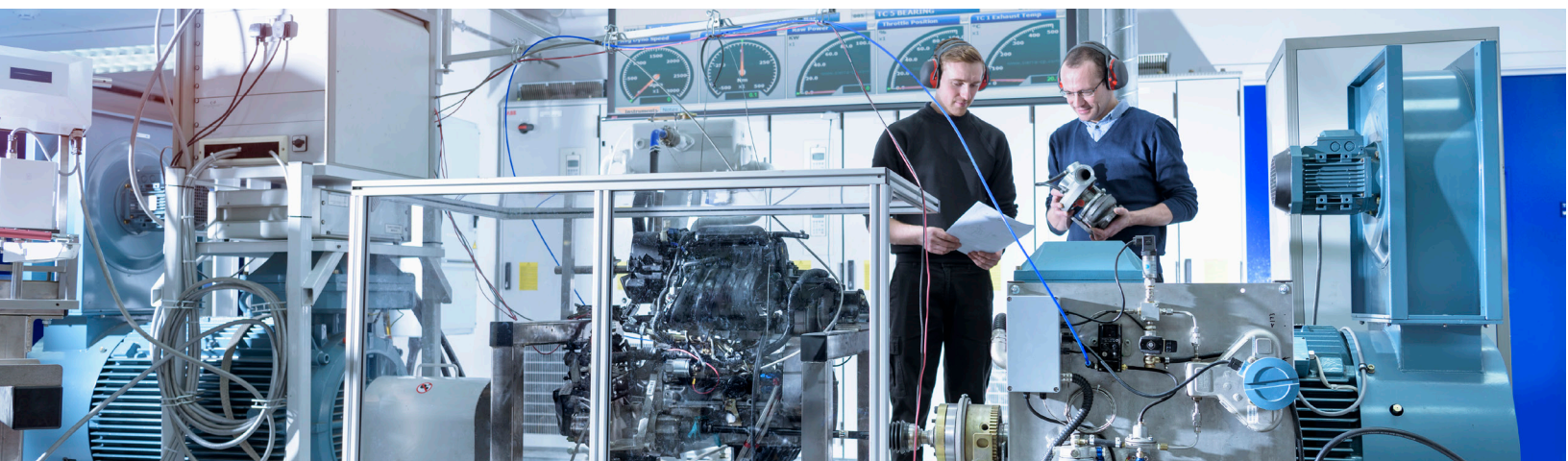
Treat the automotive stack as a set of control choices, not a list of technologies. Own where control shapes safety, vehicle behavior, brand experience, customer identity, update authority, proprietary data, or recurring monetization. Use partners where scale, speed, or shared standards matter more than exclusivity. Retain system integration and the interfaces that connect the vehicle, customer, and ecosystem.

Access scale without giving up control

AI models, chips, sensors, cloud, maps, operating systems, charging infrastructure, and shared platforms can sit with partners if you preserve integration authority, data rights, cyber governance, and the customer relationship.

PwC's investment analysis supports this shift: 2025 favored compute and electronics; early 2026 favored monetization, customer experience, connected services, and mobility. The value question has moved from "Which technology do we need?" to "Which layer must we control, and how will it earn a return?"

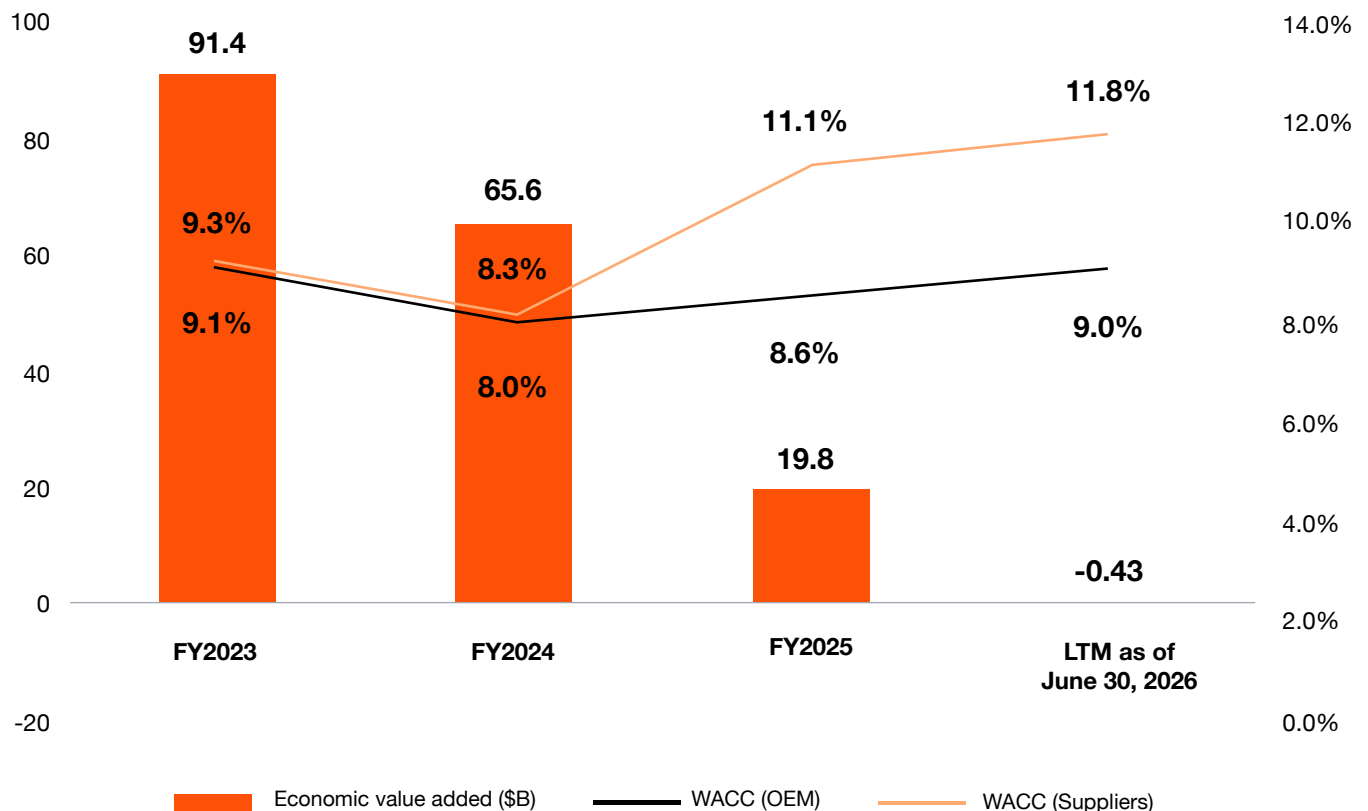
For each value pool, first designate it as own, partner, or monetize. Then define the decision rights, data rights, and economics that should stay with you.



3. Partnerships are an economic necessity, not a strategic choice

Automotive companies need software, consumer data, autonomous technology, EV capabilities, and connected services to improve margins and valuation. Yet few traditional players can fund these bets while also supporting plants, tooling, powertrain transition, and compliance. Lower valuation multiples when compared with technology companies further constrain funding capacity. Partnerships can provide access to critical capabilities without requiring each company to fund, build, and own every layer of the technology stack.

Economic value in traditional automotive is eroding

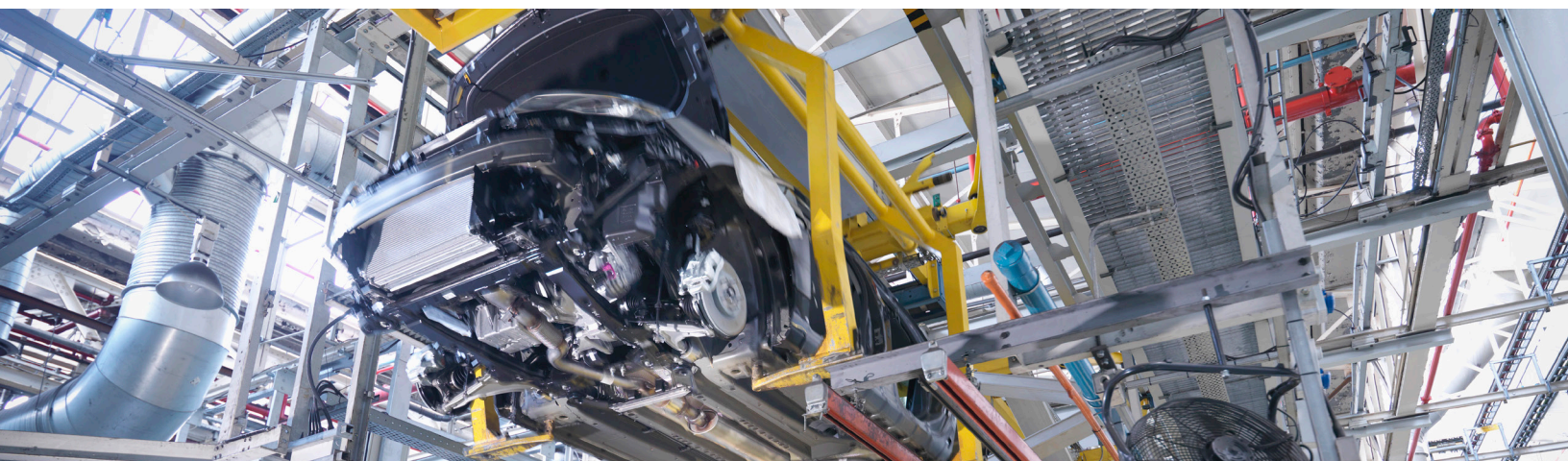


The economics gap reflects a return challenge, not just a cost-of-capital challenge. Automotive companies can generate substantial absolute earnings and still struggle to earn returns above their cost of capital. Capital-intensive physical assets absorb significant investment while software and other intangible capabilities require additional funding before they contribute meaningful returns.

This creates a structural tension. Companies need new capabilities to improve margins and valuation, but their current economics make independent investment across every priority difficult. Joint ventures (JVs), alliances, licenses, and minority stakes can help reduce capital exposure, distribute risk, and preserve access to capabilities that may be uneconomic to build alone.

Partnerships allow companies to share development cost, combine capabilities, and accelerate access to technology without the capital commitment of full ownership. They can extend the R&D model beyond internal development and provide an alternative to traditional acquisitions when speed, optionality, or shared economics matter more than control. This makes partnerships a practical mechanism to fund multiple strategic bets within constrained capital budgets.

Acquire when proprietary IP, full integration, and control drive differentiation. Use a JV when both parties are required to fund, build, and govern a shared capability. License when a technology platform benefits from broad adoption and multi-OEM scale. Use a minority stake when access, strategic alignment, and future options matter more than control. In each case, define economics, governance, IP ownership, and decision rights at the outset so the partnership can operate as a durable extension of the company's R&D and investment model.



Six tests for a successful partnership

The strongest structures align six elements: control-point clarity, complementary assets, milestone-linked capital, defined data and IP rights, shared safety and cyber obligations, and a credible path to production and commercial scale. The agreement should also define customer ownership, use of operating data, revenue sharing, and remedies when milestones slip.



Volkswagen-Rivian shows the model's value—and its complexity

Volkswagen and Rivian formed a 50-50 software and electrical-architecture joint venture with a potential total deal size of up to \$5.8 billion and milestone-linked capital. The structure gives Volkswagen access to SDV architecture and offers Rivian capital, purchasing scale, and routes into Volkswagen Group programs. It demonstrates how a partnership can buy speed and share risk without a full acquisition. It also shows that execution requires an explicit operating model for cost allocation, governance, back-office infrastructure, intellectual property, decision rights, and control.



4. Localize execution on common foundations

Regional divergence should change the execution plan, not the core architecture.

North America



Key regional dynamics

Weak EV policy support limits EV adoption. Private capital is concentrated in high-potential value pools such as autonomous mobility, SDV infrastructure, and AI-led mobility platforms, with Waymo and Waabi securing significant funding in 2026.

Strategic implications

Battery electric vehicle (BEV) is no longer the primary growth investment theme. Software, ADAS, and autonomy now represent more attractive value pools for future growth.

Recommended actions

Prioritize capital flexibility. Rebalance BEV-only investments toward hybrids and flexible platforms. Protect investment in SDVs, ADAS, and autonomy where a credible path to commercialization exists.

Europe



Key regional dynamics

Regulation remains the strongest structural driver of electrification. EU industrial policy also links the automotive transition to batteries, charging, software, semiconductors and regional technology sovereignty.

Strategic implications

Companies should sustain EV competitiveness while expanding into digital value pools, including SDVs, ADAS and autonomy, connected services, data platforms, and digital customer experiences.

Recommended actions

Invest for compliance and to strengthen ecosystem position. Maintain BEV and hybrid investment while integrating batteries, charging, software, and ADAS into vehicle programs.

Asia



Key regional dynamics

Asia spans highly diverse markets. China leads in EV, battery, and ADAS scale amid intense price competition. Japan and Korea retain stronger hybrid positions. India remains highly price-sensitive with distinct EV adoption patterns

Strategic implications

A single Asia strategy can misallocate capital as economics, technology maturity, and attractive value pools vary significantly by country.

Recommended actions

Localize capital allocation. In China, prioritize scale, cost, speed, and export potential. In Japan and Korea, build on hybrid strength while investing in SDVs and automated mobility. In India, focus on affordable electrification, 2W/3W, fleets, and enabling infrastructure over capital-intensive autonomy.

What OEMs and suppliers should do now

Seven decisions turn the thesis into an operating agenda. Each should state the control value, economic outcome, capital hurdle, and partner risk share.

Decision	OEM priority	Supplier priority
01. Define control points	Own vehicle integration, safety, vehicle behavior, update authority, customer identity, core operating data, and other capabilities that drive differentiation.	
02. Set build-partner boundaries	Build only where control creates clear advantage. Use partners to access software, data, autonomy, EV, and connected-service capabilities that would be costly or slow to develop alone.	
03. Choose the partnership structure	Acquire when control and integration matter most. Use JVs for shared build and funding, licenses for scaled technology access, and minority stakes for capability access and strategic options.	
04. Define the operating model	Set clear rules for cost allocation, governance, decision rights, back-office support, IP ownership, data access, and control before launch.	
05. Create the value model	Link new capabilities to margin expansion, customer value, recurring revenue, residual value, and improved return on invested capital.	
06. Localize execution	Reuse common technology foundations but adapt partners, infrastructure, data models, powertrain choices, and commercial models by region.	
07. Apply the capital gate	Own only the capabilities that justify full capital commitment. Use partnerships where shared funding, risk, and scale improve returns and preserve capacity for other strategic bets.	

Decision		OEM priority	Supplier priority
01.	Define control points	Own differentiated IP in sensing, actuation, compute, cyber, software, and other areas where proprietary capability supports margin and strategic value.	
02.	Set build-partner boundaries	Decide where proprietary development creates value versus where shared platforms, licenses, or alliances provide better scale, economics, and market access.	
03.	Choose the partnership structure	Select structures that protect IP and economics while providing access to OEM programs, scale, and long-term demand.	
04.	Define the operating model	Agree on development responsibilities, funding commitments, IP rights, commercialization terms, and escalation mechanisms.	
05.	Create the value model	Link offers to measurable OEM or fleet outcomes and confirm the commercial model supports attractive margins and recurring revenue where relevant.	
06.	Localize execution	Use modular offers that fit regional regulation, cost structures, OEM requirements, and partner ecosystems	
07.	Apply the capital gate	Fund differentiated IP with a clear path to margin. Share platform and development costs where common standards, volume, and ecosystem scale create more value.	

Potential industry changes and strategic implications through 2029

Industry boundaries may blur.

OEMs will still build and integrate vehicles, but some may also act as autonomous-ready vehicle foundries. Autonomous-driving companies may license a common driver across brands and cities. Mobility platforms may aggregate human-driven and autonomous supply. Technology companies may monetize compute, cloud, chips, and developer tools. Suppliers will likely move toward high-value sensing, actuation, cybersecurity, and software integration.

Winner-take-most may emerge by layer, not across the full stack.

A small number of autonomous-driving or compute platforms may achieve scale because data, validation, and software reuse create strong advantages, but the full system will remain multi-party. Mobility platforms can source several driving systems. OEMs can share a common architecture but retain brand-specific behavior. Regional rules may also prevent one global model from dominating every market.

Capital will likely follow proof points and control points.

Leaders will likely direct capital toward control points that can scale across models, regions, and use cases involving software architecture, update authority, data access, customer identity, connected services, autonomy platforms, and partner ecosystems. They may gate investment against software reuse, safety maturity, cost per vehicle, partner dependence, and a clear path to recurring monetization after the vehicle sale. The most valuable companies will likely connect technology to measurable outcomes like fewer crashes, higher uptime, lower energy cost, stronger residual value, and better fleet productivity.



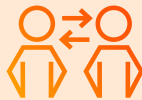
Strategic outlook



Coming years will likely link business-model innovation, customer experience, connected services, and mobility ecosystems with software architecture and electrification. The physical platform remains essential but the updated investment mix places more value on commercial models, customer access, and subscription and service revenue.



The competitive set will likely expand beyond OEMs and suppliers to include autonomy specialists, technology providers, cloud platforms, and mobility operators.



Partnerships, strategic investments, and targeted M&A will likely intensify. The strongest structures may align milestones, data rights, intellectual property, safety obligations, and commercial economics.



Regional divergence will likely widen. Winners may use common building blocks but adapt powertrains, software, infrastructure, data models, and partnerships to local conditions.

The strategic implication is clear. The next value pools will likely reward companies that control the interface between the vehicle, the customer, and the ecosystem. Leaders need disciplined choices about ownership, partnerships, and monetization across the software, data, and service layers around the vehicle.

Authors



C.J. Finn
Partner, US Automotive Leader, PwC US
charles.j.finn@pwc.com



Brian Krall
Principal, US Automotive Deals Leader, PwC US
brian.p.krall@pwc.com



Akshay Singh
Principal, Automotive and Industrials, PwC US
akshay.singh@pwc.com

Thank you

© 2026 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.