

CASE STUDY

ACERTUS®



EchoPark
AUTOMOTIVE

Running into Roadblocks

Sonic Automotive is an industry-leading automotive retailer that operates 86 franchised dealerships and nine EchoPark pre-owned dealerships across 12 states and 21 major metropolitan markets. It represents over 20 different automotive brands, with the majority of dealerships selling luxury and import brands.

Originally, Sonic Automotive's individual stores managed their own respective vehicle transports, and all logistics were decentralized. With no cohesive transportation strategy in place, as well as no consistent carrier base hauling their vehicles, Sonic Automotive was left exposed to risks they had not expected. A tipping point came when a transport provider had an incident with a large number of Sonic Automotive's luxury vehicles, and the provider could not cover the claim.

This event prompted Sonic Automotive to reexamine its historically decentralized vehicle-logistics process, including the many inefficiencies and unnecessary costs that stemmed from it. Ultimately, Sonic Automotive recognized this decentralization was having a negative impact on its business and potential for growth, so it made the decision to single source all vehicle-transportation planning from that point forward.



10

years of partnership



276,587

VINs moved



4.74%

CAGR

with \$3.88

billion in revenue growth since 2010

Choosing a Vehicle-Transport Provider with a Strong Carrier Network



Sonic Automotive met with the ACERTUS leadership team and learned of its wide-reaching carrier network, which could not only help streamline all vehicle-transportation needs but also create a scalable process to assist Sonic Automotive in growing its company. After realizing the potential such an outsourced partner could bring to its company, Sonic Automotive made the decision to work with ACERTUS on all vehicle transports.

Once Sonic Automotive's vehicle transports were outsourced to a single vehicle-logistics provider – and it received the benefits of ACERTUS' wide-reaching carrier network – Sonic Automotive quickly realized more efficient transportation management, allowing the company to grow and scale as an organization.

With this partnership in place, Sonic Automotive started seeing a significant revenue-growth story. By single sourcing all its transport needs to ACERTUS, Sonic Automotive removed all transportation-planning tasks from its stores and allowed employees to strictly focus on vehicle acquisition and sales.

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The leadership team at ACERTUS is always accessible, willing and able to support us, and in turn, this allows us to be creative and deliver on our daily needs, especially in this ever-changing environment.

– **JEFF DYKE**
President at Sonic Automotive, Inc.

As such, Sonic Automotive also benefitted from reduced transportation spend, mitigated risk, wider asset visibility and improved efficiencies:

LOWERED TRANSPORTATION SPEND

ACERTUS' wide carrier network made room for much more scalability within Sonic's business, allowing it to bundle single vehicle moves to improve load factor, take advantage of smaller car hauler equipment and reduce the number of transports needed overall. Additionally, ACERTUS consulted Sonic Automotive buyers with a heatmap of lowest cost transportation for vehicle purchases to assist Sonic Automotive maximize profit. All of this led to more cost effectiveness and less spend.

INCREASED SPEED & LOWERED HOLDING COSTS

With improved load factor through bundling, ACERTUS was able to increase the speed of the vehicle arrival to the dealership, which drove down inventory holding costs and accelerated revenue recognition for Sonic Automotive. Increased speed to market led to improved cash flow.

REDUCED RISK

As in the incident where Sonic Automotive saw damage to its luxury vehicles but did not receive any compensation for the losses, risk mitigation is crucial. Through ACERTUS' umbrella policy and its financial stability, its partnership with Sonic Automotive helped the company reduce its risk for any potential claims.

IMPROVED VISIBILITY

ACERTUS' online vehicle-transportation platform VINlocity utilizes API integration with Sonic Automotive to streamline the vehicle-transport process, as well as establish real-time vehicle tracking, robust analytics and daily vehicle updates.

IMPROVED PRODUCTIVITY

On average, 11% of an automotive buyer's time goes toward transportation planning. With that time re-allocated to acquiring and selling vehicles, the result is significant increases in overall vehicle sales for the company.

Estimated Transportation Outsourcing Benefits Realized

Lower Transportation Spend

-8.64%

Increased Speed & Lower Holding Costs

-5.51%

Reduced Risk

-1.25%

Improved Visibility

-1.02%

Estimated Total Spend Savings

-16.42%

Sonic Automotive Utilizes New Revenue Growth to Expand Its Business

As Sonic Automotive's revenue grew alongside its working partnership with ACERTUS, the automotive company realized that it had opportunities to greatly expand its business. The transportation partnership soon evolved into ACERTUS helping Sonic Automotive to launch its EchoPark brand, an automotive company that specializes in buying and selling used vehicles.

Throughout the EchoPark launch, ACERTUS worked behind the scenes to set up all vehicle logistics, ensure all transportation activity was successful and fill up EchoPark locations with ready-to-sell vehicles. This included all transports from auction to store and store to store trades, as well as wholesale orders from a store to an auction site. In fact, as EchoPark purchased vehicles intended for its reconditioning center in Colorado, ACERTUS provided shuttling services. It transported EchoPark vehicles to the reconditioning site and then to EchoPark stores, once they were deemed sellable. Additionally, through its partnership with Sonic Automotive, ACERTUS began providing additional services like last-mile delivery and title-and-registration for vehicles. This allowed Sonic Automotive to establish white-glove, dealer-to-consumer deliveries for many of its VIP customers.

Ultimately, what started out as an early agreement that would help Sonic Automotive centralize its vehicle transports and improve crucial aspects of its business, developed into a strong partnership that enabled Sonic Automotive to realize significant revenue growth and substantially expand its business.



“ From day one, our relationship with ACERTUS afforded Sonic Automotive and EchoPark the flexibility to transfer vehicle inventory through a centralized, organized approach. We now leverage ACERTUS' proprietary technology to streamline the transportation process, which saves us time and money.

– **JEFF DYKE**
President at Sonic
Automotive, Inc.