

Tata Motors: ACE



Innovation Summary

□ Context

- Due to the Pradhan Mantri Grameen Sadak Yojna, road connectivity is expected to greatly improve in rural areas
- Also It is envisaged that higher tonnage vehicles would not be allowed into the cities.
- In both of these cases, all last mile distribution would be serviced by lower tonnage vehicles
- The existing products in this category are cumbersome, coupled with safety, pollution, and comfort etc issues (essentially 3 wheelers)

□ Challenge

- Challenge was to create a 4 wheeler at the cost of a 3 wheeler that would create a paradigm shift in the space of goods movement
 - This vehicle would need to be usable in both urban and rural areas
 - Vehicle should have good maneuverability to get through small by-lanes
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Innovation

- ❑ Developed a 4 wheeler to cater to a gap in the market for goods haulage vehicles sub 1 ton category
 - ❑ ACE comes at a nominal premium of a 3 wheeler, has car-like features and runs on diesel
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Innovation Scorecard

□ Uniqueness

- Created a completely new segment: segment grew by 9%, where it had earlier been stagnant **Data source: SIAM (Society of Indian Auto Manufacturers) publishes overall sales per unit per segment data. Claim validated**
 - ACE is the only environment friendly and green vehicle in its category
 - Complies with the emission and safety norms of the 4 wheeler category, which is much stringent than the 3 wheeler category **Data Source: TUV Certification Germany**
 - Versatility: both urban and rural **Data Source: Comparison data Tata Motors .Figures Examined and Claim Validated**
 - Comfort: protected cabin and larger wheels
 - Safety: only in its class to have crash tests
Compared with comparable offrings from M&M, Piaggio, SCIL and Bajaj
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Innovation Scorecard

□ Impact

- Reduced pollutants as compared to 3 wheelers by 21 to 40%
Data Source: Tata Motors Figures examined; claim substantiated
- The product has created a new segment that has contributed close to 15% of the companies volumes in the 1st year
Data Source: Tata Motors, validated via reports
- less refueling, larger day trips
Data Source: Comparison data Tata Motors. Figures Examined and Claim Validated

□ Leverage

- In the first year of its operation the vehicle has overshoot its budgeted volume by 200%. The planned payback period for the vehicle has been brought down by 100%.
Data Source: Girish Wagh, Project Manager, ACE Project and Prasad, Plant operations head – Onsite visit
 - Created a new reference point in the commercial vehicle market
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Jury Questions and Auditor Remarks

- Maneuravilibility: good as compared to a 3 wheeler
 - Cost of the 3 wheeler 1.55 to 1.8 lac. Ace is between 2.2 and 2.4 lac
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