Dealertrack Technologies, Inc

Form 10-K February 21, 2014
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K
(Mark One)
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2013
or
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 000-51653
DEALERTRACK TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

**Delaware52-2336218**(State or other jurisdiction(I.R.S. Employerof incorporation or organization)Identification Number)

1111 Marcus Ave., Suite M04 Lake Success, NY 11042

(Address of principal executive offices, including zip code)

(516) 734-3600

(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:** 

Common Stock, \$0.01 Par Value Per Share The NASDAQ Stock Market, LLC (Title of each class) (Name of exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes b No "

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No b

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  $\flat$  No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  $\flat$  No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer b Accelerated filer o Non-accelerated filer o Smaller reporting company o (Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No b

The aggregate market value of the common stock held by non-affiliates of the registrant as of June 28, 2013, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$1,522 million (based on the closing price for the registrant's common stock on the NASDAQ Global Market of \$35.43 per share).

As of February 1, 2014, 44,158,149 shares of the registrant's common stock were outstanding.

#### DOCUMENTS INCORPORATED BY REFERENCE

The Registrant intends to file a proxy statement pursuant to Regulation 14A within 120 days of the end of the fiscal year ended December 31, 2013. Portions of such proxy statement are incorporated by reference into Part III of this Annual Report on Form 10-K.

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#### **PART I**

#### Item 1. Business

Certain statements in this Annual Report on Form 10-K are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Any statements that do not relate to historical or current facts or matters are forward-looking statements. You can identify some of the forward-looking statements by the use of forward-looking words, such as "may," "will," "could," "would," "project," "believe," "anticipate," "expect," "estimate," "potential," "plan," "forecast," and the like, or the use of future tense. Statements concerning current conditions may also be forward-looking if they imply a continuation of current conditions. These statements involve a number of risks, uncertainties and other factors that could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Factors which could materially affect such forward-looking statements can be found in the section entitled "Risk Factors" in Part 1, Item 1A in this Annual Report on Form 10-K. Investors are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are only made as of the date hereof and we will undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances except as required by law.

References in this Annual Report on Form 10-K to "Dealertrack," the "Company," "our" or "we" are to Dealertrack Technologies, Inc., a Delaware corporation, and/or its subsidiaries.

#### Overview

Dealertrack's web-based software solutions and services enhance efficiency and profitability for all major segments of the automotive retail industry, including dealers, lenders, OEMs, third-party retailers, aftermarket providers and other service providers. Dealertrack operates the largest online credit application networks in the United States and Canada. We believe Dealertrack delivers the industry's most comprehensive solution set for automotive retailers, including:

Dealer Management solutions, which provide franchised and independent dealers with a powerful dealer management system (DMS) featuring easy-to-use tools and real-time data access to enhance their efficiency;

Sales and F&I solutions, which allow dealers to streamline the in-store and online sales and financing processes as they structure deals from a single integrated platform;

Inventory solutions, which deliver vehicle inventory management, merchandising, and transportation offerings to help dealers accelerate used-vehicle turn rates and assisting with the facilitation of vehicle delivery;

Interactive solutions, which deliver digital marketing and website offerings to assist dealers in achieving higher lead conversion rates by helping optimize the maximum amount of shoppers to their websites;

Registration & Titling solutions, which include online motor vehicle registration and cross-state vehicle registration services; and

Collateral Management solutions, which include electronic lien and titling applications and services, title and collateral administration, as well as our digital contracting processing services.

We are a Delaware corporation formed in August 2001. We are organized as a holding company and conduct a substantial amount of our business through our subsidiaries, including Dealertrack Canada, Inc., Dealertrack Digital Services, Inc., Dealertrack, Inc., Dealertrack Processing Solutions, Inc., Dealertrack Systems, Inc., FDI Computer Consulting, Inc., General Systems Solutions, Inc., and VINtek, Inc.

We maintain a website at *www.dealertrack.com*. We make available, free of charge through our website, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, including exhibits thereto, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after the reports are electronically filed with, or furnished to, the Securities and Exchange Commission (SEC). Our reports that are filed with, or furnished to, the SEC are also available at the SEC's website at *www.sec.gov*. You may also obtain copies of any of our reports filed with, or furnished to, the SEC, free of charge, at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549 or by calling 1-800-SEC-0330.

## **Our Market**

We provide web-based software solutions and services to enhance efficiency, reduce processing time, and increase profitability for all major segments of the automotive retail industry.

For example, our online credit application processing and electronic contracting products eliminate expensive and time-consuming inefficiencies in legacy paper systems, and thereby decrease lenders' costs of originating loans or leases. Before we entered the market with our online credit application product, dealers and lenders traditionally relied upon fax and mail delivery methods for processing their offerings. This method produced lengthy processing times, resulted in errors and omissions, and increased the cost of assisting the consumer to obtain financing. The cumbersome nature of this process limited the range of options available to consumers and delayed the availability of financing.

The lack of integrated electronic workflows within a dealer's various technology solutions have also created inefficiencies. For example, dealers have made significant investments in DMS software to streamline their back office functions, such as accounting, inventory, parts and service, as well as communications with manufacturers. They have also deployed customer relationship management (CRM) software to track consumer behavior and maintain active post-sale relationships with consumers to increase aftermarket sales and future automobile sales. These DMS and CRM software systems typically reside within the physical dealership and have not historically been fully integrated, resulting in additional inefficiencies. These inefficiencies slow the sales and customer management process, as different and sometimes contradictory information is recorded on separate systems.

In addition, our contract processing services provide lenders with automotive retail contracts and related documents in an electronic format. We also integrate the products and services of third-party service and information providers, such as credit reporting agencies and aftermarket providers.

## **Our Acquisition History**

Since our inception in 2001, we have completed more than 20 strategic acquisitions which have helped to expand and improve our breadth of services and offerings to better address the ever-changing automotive retailing marketplace. In 2013, we closed four acquisitions:

Casey & Casey NPS, Inc. (Casey & Casey) expands our registration, titling and electronic lien businesses in ·Louisiana, and further strengthens our relationships with dealers and lenders. Casey & Casey is now part of our Registration & Titling solutions.

Customer Focused Marketing, Inc. (CFM) offers a number of services and technology tools to help automotive dealerships better manage every aspect of the customer relationship, including managing prospects, sales, services, database marketing and communications. CFM is now part of our Sales and F&I solutions.

VINtek, Inc. (Vintek) expands our automotive collateral management, electronic lien and title (ELT) and consumer automotive finance processing services. Vintek is now part of our Collateral Management solutions, with a collective base of over 6,300 automotive finance lenders using our ELT and collateral management services.

the acquisition of certain assets of Nexteppe Business Solutions, Inc. (Nexteppe) expands our dealer website offerings and is now part of our Interactive solutions.

In addition, in December 2013, we announced that we entered into a definitive agreement to acquire Dealer Dot Com, Inc. (Dealer.com), a leading provider of marketing and operations software and services for the retail automotive industry. The pending acquisition is expected to close in the first quarter of 2014. See Note 20 in the accompanying notes to the consolidated financial statements for further detail.

#### **Our Customers**

While our primary customers are automotive dealers and lenders, our customers also include aftermarket providers, OEMs, and other service and information providers to the automotive retail industry. We primarily generate revenue on either a transaction or subscription basis, depending on the customer and the product or service provided.

We use a Software-as-a-Service (SaaS) model, which we believe is a superior method for delivering products and services to our customers. Our high-value web-based solutions are open and flexible. Our customers can access our highly specialized applications on-demand, avoiding the expense and difficulty of installing and maintaining them independently.

#### **Dealers**

We offer franchised and independent dealers a suite of integrated technologies, including our DMS, Inventory, Sales and F&I, and Interactive solutions that significantly shorten financing processing times, increase efficiencies across the dealership, and allow dealers to spend more time selling automobiles, all of which are expected to increase dealer profitability. We give each dealership the ability to select the specific tools they need to reduce costs, increase profits and sell more vehicles. The subscription agreements with our dealers typically run for one to three years, with one-year or month-to-month automatic extensions. The trend in the industry is towards shorter initial term contracts, including in certain cases, month-to-month contracts.

Our Sales and F&I solutions include our web-based credit application processing product that allows automotive dealers to originate and route their consumers' credit application information. Once a dealer enters a consumer's information into our system, the dealer can distribute the credit application data electronically to one or multiple lenders and obtain credit decisions quickly, efficiently and at no charge to the dealer, as transaction fees are payable by the lenders. Our solutions also streamline the vehicle and aftermarket sales processes, including allowing dealers and consumers to complete finance contracts electronically. With contracts completed electronically, dealers can transmit them to participating lenders for funding, further streamlining the financing process and reducing transaction costs for both dealers and lenders.

We offer a comprehensive DMS to help dealers manage functions across their entire business, and a complete suite of other subscription solutions that complement our credit application processing product, allowing dealers to integrate and better manage their business processes. Additionally, Dealertrack Inventory solutions help dealers with inventory management, merchandising, vehicle appraising, as well as vehicle shipping and transportation.

Our Interactive solutions deliver website offerings in desktop and mobile designs, as well as digital marketing tools including search engine optimization (SEO), search engine marketing (SEM), and social media and reputation management tools. In addition, Dealertrack Digital Retailing offers a number of tools that can be integrated into a dealer's website to deliver pricing, payment, and other options to website visitors. These tools help dealerships expand their online presence to attract more shoppers and achieve higher quality leads and conversion rates.

Dealertrack also provides electronic and paper solutions to dealers for registering vehicles, eliminating the need for the dealers to interact or visit a State's Department of Motor Vehicle office. Our Registration & Titling solutions are currently being used in 15 of 27 states that allow for electronic vehicle registration. We also support cross-state vehicle registration in all 50 states through the use of our web-based RegUSA tool.

#### Lenders

Our network of lenders includes national and regional lenders, prime, near prime and non-prime lenders, local banks, captive lenders and credit unions. Our agreements with our lender customers are typically transactional-based and run for one to three years, with one-year automatic extensions.

Our on-demand credit application processing and electronic contracting products eliminate expensive and time-consuming inefficiencies in legacy paper systems, and thereby decrease lenders' costs of originating loans or leases. We also offer a digital contract processing solution, which can provide lenders with automotive retail contracts and related documents in a digital format. We believe our solutions significantly streamline the financing process and improve the efficiency and profitability of each financing transaction. We electronically transmit credit application and contract data, reducing costs and errors, while improving efficiency for both prime and non-prime lenders. We also believe that our credit application processing product enables our lender customers to increase credit originations. Our network is configured to enable our lender customers to connect easily with dealers with whom they can establish new business relations. We believe that lenders who utilize our solutions experience a significant competitive advantage over lenders who rely on the legacy paper and facsimile processes. We currently have more than 1,400 lenders who utilize our U.S. credit application processing network.

Additionally, Dealertrack solutions and services allow lenders to outsource manual and physically intensive automotive financing tasks, helping create greater workflow and cost efficiencies for these financial institutions. More than 6,300 banks, automotive finance companies and credit unions in the United States leverage our collateral management solutions to help with the administrative and management of electronic liens in each of the 19 currently eligible states.

## **OEMs**

Our Dealertrack DMS streamlines manufacturer interactions by integrating the system with vehicle manufacturers for warranty claims, part orders and returns, financial statement submission and other information. We also offer other comprehensive technology and consulting solutions to vehicle manufacturers in order to improve online interactions and awareness, increase vehicle sales, and improve the efficiency of interactions with franchised dealerships. Our dealer websites are often endorsed by OEMs as part of their digital marketing initiatives.

#### Aftermarket Providers

The Dealertrack Aftermarket Network gives dealers access to real-time contract rating information and quote generation, and provides digital contracting for aftermarket products and services. The aftermarket sales and contracting process was previously executed through individual aftermarket providers' websites or through a paper-based process which was prone to frequent delays and errors. Our on-demand connection between dealers and aftermarket providers creates a faster process, improves accuracy, and eliminates duplicate data entry for both dealers and aftermarket providers. We believe this more efficient process, combined with the use of our on-demand electronic menu product, makes it possible for dealers to more effectively sell aftermarket products and services.

## Other Service and Information Providers

Our web-based solutions enable third-party service and information providers to deliver their products and services more broadly and efficiently, which increases the value of our integrated solutions to our dealer customers. We believe we offer our third-party service and information providers a secure and efficient means of delivering their data to our dealer and lender customers. For example, credit reporting agencies can provide dealers with consumer credit reports electronically and integrate the delivery of the consumers' credit reports with our credit application processing and other products. Additionally, our Inventory solutions integrate real time pricing data and wholesale auction data to give dealers access to available market information and provide a network for dealer, brokers and transportation carriers to arrange transportation services.

#### **Our Vision**

Our vision is to deliver the market leading suite of integrated technologies capable of transforming automotive retailing.

#### **Our Growth Strategy**

Our growth strategy includes leveraging our position as a leading provider of technology solutions to the automotive retail industry in North America. Key elements of our growth strategy are:

#### **Expand Our Customer Base**

We intend to increase our market penetration by expanding our automotive dealer and lender customer base through the efforts of our direct sales force. As of December 31, 2013, we had more than 1,400 active lender customers in the United States on our credit application processing network. Our focus is on adding additional select regional banks, credit unions, financing companies and the captive financing affiliates of automotive manufacturers to our network. For example, in February 2013, we announced a long-term strategic partnership with American Honda Finance Corporation.

We also intend to increase the number of other service and information providers in our networks by adding, among others, insurance and other aftermarket service providers. During 2013, we have expanded our current and potential customer base through the acquisitions of Casey & Casey, CFM, Vintek, and certain assets of Nexteppe.

#### Sell Additional Products and Services to Our Existing Customers

We believe that a significant market opportunity exists for us to cross-sell additional products and services to the more than 20,000 dealer customers who utilize our credit application processing product or purchase one or more of our subscription-based products or services. Similarly, the more than 1,400 lenders who utilize our U.S. credit application processing network and the more than 6,300 lenders who leverage our collateral management solutions represent market opportunities for us to sell our electronic and digital contracting solutions, as well as our other lender solutions.

#### **Expand Our Offerings**

We plan to further expand our suite of products and services to address the evolving needs of our dealers and other customers. We are focused on making our products accessible and easy to use on mobile devices. For example, in 2013, we expanded our mobile offerings for dealers with the introduction of eMenu for the iPad. We also established a market for our digital retailing tools that dealers can use to enhance their websites and improve the online/in-store sales process for customers. In addition, we continue to identify a number of opportunities to leverage our network of relationships and our core competencies to benefit dealers, lenders and other service and information providers. An important current focus is to develop significant new workflow integrations between our solutions and graphical interfaces that will lead to greater productivity and efficiency for our customers. We are also focused on maximizing the number of transactions in which we are involved in on each car sold in the U.S. and Canada. We continue to expand our offerings by adding more states in which electronic processing of registrations is offered.

## Pursue Acquisitions, Strategic Alliances and Partnerships

We have supplemented the organic growth of our business through the completion of four acquisitions in 2013. In executing our acquisition strategy, we have and will continue to focus on identifying businesses that we believe will increase our market share or that have products, services, and technology that are complementary to our product and service offerings. We believe that our success in completing acquisitions and integrating them into our business has allowed us to maintain our leadership position in the industry, enhance our network of relationships, and accelerate our growth. We intend to continue to grow and advance our business through acquisitions, strategic alliances, and partnerships with state and industry associations. We believe that acquisitions and strategic alliances will allow us to enhance our product and service offerings, sell new products using our networks, strengthen our technology offerings,

reduce operating costs and/or increase our market share, while our state and industry partnerships will allow us to expose the breadth of our offerings to more dealers and lenders.

## **Solutions**

Dealertrack offers a comprehensive portfolio of intuitive Dealertrack-branded tools and services. Our solutions address most aspects of the end-to-end car buying process, including vehicle research, locating vehicles with a dealership or retail portal, trade-ins, deal structure, financing, registering and final vehicle delivery as well as the management and storage of related collateral documents, liens, and titles. Each of the solutions may offer products in various aspects of the dealer-facing and lender-facing processes, both online and in the showroom.

Dealer Solutions - Products and Services	Revenue Type Subscription	Transaction	Other
	1		
Dealer Management solutions:			
Dealertrack DMS for Franchise Dealers	S	-	O
Dealertrack DMS for Independent Dealers	S	-	O
Sales and F&I solutions:			
Dealertrack Credit Application Network (free to dealers)	-	-	-
Credit Bureau Access Platform	-	T	-
BookOut	S	-	-
Dealertrack Compliance	S	T	-
Dealertrack eContracting	S	T	-
DealTransfer®	S	-	-
CreditOnline®	S	-	-
SalesMaker <sup>TM</sup>	S	-	-
Dealertrack eMenu	S	-	-
Dealertrack Aftermarket Network	-	T	-
AutoAccelerator CRM	S	-	-
Dealertrack Marketing Services	S	-	-
Inventory solutions:			
Dealertrack eCarList®	S	T	O
Dealertrack AAX®	S	T	O
Dealertrack MarketPlace	_	T	_
Dealertrack SmartChat®	S	_	_
TrueTarget®	S	_	_
TrueTarget® Mobile	S	_	_
CentralDispatch®	S	_	_
iTracker®	S	_	_
MoveCars	S	_	_
TrueScore	S	_	_
AutoInk and eBay Listing and Merchandising Tools	-	T	-
Interactive solutions:			
Dealer Websites	S	_	_
Mobile Websites	S	_	_
Search - SEO and SEM	S	_	_
Social & Reputation Management	S	_	_
Digital Retailing - SmartFind <sup>TM</sup>	S	_	_
Digital Retailing - PaymentDriver®	S	_	_
Digital Retailing - FinanceDriver®	S	_	_
Digital Retailing - TradeDriver®	S	_	_
Digital Relating - HadeDilver®	J	_	-
Registration & Titling solutions:			
Dealertrack OLRS®	-	T	-
Dealertrack RegUSA®	-	T	-

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Lender Solutions - Products and Services	Revenue Type Subscription		Other
Sales and F&I solutions:			
Dealertrack Credit Application Network	-	T	-
Credit Bureau Access Platform	-	T	-
Dealertrack eContracting	S	T	-
BookOut	S	-	-
Collateral Management solutions:			
Dealertrack Electronic Lien & Title (ELT)	-	T	-
Dealertrack Vehicle Title and Collateral Administration	-	T	O
Dealertrack eDocs	-	T	O

## **Dealer Management solutions:**

Dealertrack's DMS provides dealers with easy-to-use tools and real-time data access to enhance their efficiency and control their business across every department and for multiple locations. The SaaS-based system provides an open and secure platform that allows dealers to integrate and manage all of the primary functions of their store operations including: vehicle sales, portfolio management, showroom management, service department, general ledger, automated dispatching, parts inventory and invoicing, electronic repair order, service price guides, vehicle inventory, contact management, payroll, and personnel management.

The product offerings in this solution include Dealertrack DMS for Franchised Dealers and Dealertrack DMS for Independent Dealers. These products differ in that certain functionality that a franchise may require, such as integration with its OEM, is not relevant to an independent dealer. In addition, Dealertrack's DMS Opentrack platform allows dealers to securely integrate their Dealertrack DMS with certified third-party software used within the dealership. Our Opentrack platform embraces a broad range of certified third-party software providers, including providers of CRM, Inventory, Desking, Menu, Multichannel Marketing and Service Applications.

#### Sales and F&I solutions:

Dealertrack's Sales and F&I solutions allow dealers to streamline the entire sales process as they structure deals from a single integrated platform, including our Compliance offering which helps dealers meet legal and regulatory requirements, and protect their assets. Product offerings in this solution include:

Dealertrack Credit Application Network — The Dealertrack Credit Application Network facilitates the online credit application process by enabling dealers to pull credit bureau data and transmit consumers' credit application information to one or multiple lenders and obtain credit decisions quickly and efficiently. Generally, our dealer customers maintain active relationships with numerous lenders. We offer each lender customer the option to provide other value-added services to dealers that facilitate the financing process, including dealer reserve statements, payoff quotes, prospect reports for consumers nearing the end of their current loan or lease, and reports of current financing rates and programs. Dealertrack offers mobile accessibility to its Dealertrack Credit Application Network via both Android-based and iOS devices, including iPhones and iPads. One feature of our mobile application is the function allowing dealer and lender users to check credit application and contract statuses for individual dealers.

*Credit Bureau Access Platform* – The Credit Bureau Access Platform allows dealers and lenders to connect to the leading credit bureau providers to access credit reports, helping to streamline and simplify the credit and financing decision process for preferred lenders.

BookOut — BookOut allows a dealer to quickly and easily look up used automobile values by year/make/model or vehicle identification number for use in the credit application process. We currently offer separate BookOut subscriptions for data provided by Black Book, Kelley Blue Book and NADA. These products facilitate the financing process by providing dealers with reliable valuation information about the relevant automobile. BookOut is also a product offering in Inventory solutions.

Dealertrack Compliance — Dealertrack's Compliance solution provides dealers with a safe and reliable method to sign, store and protect customer and financing activity at the dealership. It also provides safeguards, such as limited access to sensitive information based on a user's role and permission, as well as Red Flags and U.S. Treasury's Office of Foreign Assets Control (OFAC) compliance checks, to help reduce compliance risk by handling every customer financing deal consistently.

Dealertrack eContracting — Our Dealertrack eContracting product allows dealers to obtain electronic signatures and transmit contracts and contract information electronically to lenders that participate in eContracting. eContracting increases the speed of the automotive financing process by replacing the cumbersome paper contracting process with an efficient electronic process.

DealTransfer ® — DealTransfer permits dealers to transfer transaction information directly between select dealer management systems and our Dealertrack credit application network. This allows dealers to avoid reentering transaction information once the information is on their system.

*CreditOnline* <sup>®</sup> — CreditOnline allows visitors to a dealership's website to securely submit personal and confidential credit application data online, which the dealer can then access by logging onto the Dealertrack credit application network. All credit application data completed online by the customer appears along with the information the dealer has entered, eliminating the need to re-enter personal information into the system when a customer arrives at the dealership.

SalesMaker ™— SalesMaker is a desking system, which enables dealers to search hundreds of current lender programs in our database, and find the financing or lease program that is best for a consumer and the most profitable for the dealership. SalesMaker also assists dealers in finding financing for consumers with low credit scores, while maximizing dealership profitability. In addition, dealers can quickly pre-qualify prospective consumers and then match the best lender programs against their available inventory.

Dealertrack eMenu — Dealertrack eMenu allows dealers to consistently present consumers with the full array of insurance and other aftermarket product options they offer in a menu format. The product also creates an auditable record of the disclosures to consumers during the aftermarket sales process, helping to reduce dealers' potential legal risks. Dealertrack eMenu is also utilized as part of the Dealertrack Compliance offering. Dealertrack also offers

eMenu for iPad on which dealers can present content to consumers in the dealership's showroom and F&I department. The mobile application includes a consumer-facing survey tool, dealer messaging, presentation of F&I product videos, product descriptions and pictures. Dealers can use the iPad application to build and present product options with pricing and customer signature capture capabilities.

Dealertrack Aftermarket Network — The Dealertrack Aftermarket Network provides real-time aftermarket contract rating and quote generation from participating providers of aftermarket products. Categories of aftermarket products represented on the network include extended service contracts, Guaranteed Auto Protection (GAP), etch, credit, life and disability insurance, and vehicle recovery systems. Since the Dealertrack Aftermarket Network is fully integrated into the Dealertrack credit application network, both dealers and aftermarket providers benefit from improved accuracy and elimination of duplicate data entry.

*AutoAccelerator CRM* – AutoAccelerator is a CRM system encompassing automotive customer relationship management and prospect follow-up in one platform, including Internet Leads Management. The solution includes a mobile application-based solution for iPads and iPhones as well as a desktop solution.

Dealertrack Marketing Services – Dealertrack Marketing Services offerings include a number of services and technology tools that help automotive dealerships better manage database marketing and customer communications, including prospects, sales, and services.

## **Inventory solutions:**

Dealertrack's Inventory solution offerings provide vehicle inventory management, merchandising and transportation solutions to help dealers drive higher in-store and online traffic with real-time listings designed to accelerate used-vehicle turn rates and increase dealer profits. Product offerings in this solution include:

Dealertrack eCarList ® — Dealertrack eCarList is an inventory management and distribution platform for the automotive retail market, enabling dealers to appraise, price and merchandise vehicle inventory online in real-time. The Dealertrack eCarList platform combines inventory management tools and services to enrich access to, and presentation of, inventory data and vehicle descriptions across marketing mediums in a complete and uniform fashion. In addition, the suite of Dealertrack eCarList tools and solutions deliver comprehensive vehicle retail pricing directly to a dealership's desktop or mobile device, helps dealers improve SEO and SEM results, and enhances dealer's websites by delivering rich and robust inventory and market data.

Dealertrack AAX ® — Dealertrack AAX is a full-featured inventory optimization and analytics system. Dealers can identify high-profit, fast turning vehicles quickly, and easily adjust prices to be more competitive. The robust optimization and analytics reporting is designed for multi-store inventory optimization. Daily performance tracking is enabled by real time reporting and custom built inventory modeling. The solution also includes functionality to help a dealer appraise vehicles, source vehicles and access vehicle pricing recommendations, vehicle performance scores, as well as dealership transactional history. Consulting services optimize inventory management and enhance product performance.

During January 2014, we launched a comprehensive suite of inventory management tools called Inventory+, which integrates features of Dealertrack eCarList and Dealertrack AAX.

Dealertrack MarketPlace — Dealertrack MarketPlace is a full-featured destination where dealers come together to buy and sell vehicles through the Dealertrack network. MarketPlace reduces the amount of time and expense that dealers expend to acquire a vehicle by providing market-driven analytics to match buyers and sellers while helping dealers locate vehicles.

*Dealertrack SmartChat* <sup>®</sup> — Fully integrated with Dealertrack's Inventory suite, the web-enabled Dealertrack SmartChat allows dealers to send retail and wholesale data straight to a smartphone or mobile device.

*TrueTarget* ® — Dealertrack TrueTarget is an advanced vehicle analytics web service that delivers real time vehicle-related data from industry sites, including AutoTrader, Cars.com, eBay Motors, and Carfax.

*TrueTarget*® *Mobile* — Dealertrack's mobile solution provides dealers with accurate and timely vehicle pricing, metrics and wholesale data from industry-leading websites straight to any smartphone or tablet.

CentralDispatch <sup>®</sup> — Dealertrack's complete turn-key web-based automobile transport network that connects more than 6,000 automobile carriers in North America with dealers and other industry retailers to ship vehicles both nationally and internationally.

*jTracker* ® — jTracker is a web-based CRM solution for managing automobile transportation projects and assignments for industry brokers.

*MoveCars* — Dealertrack MoveCars is an online directory of vehicle shippers and automotive transportation companies and resources.

*TrueScore* — Dealertrack TrueScore delivers an instant real-time snapshot of vehicle market demand, a dealership's history, group needs and real transactional sales data. This advanced vehicle web tool provides unprecedented insight into a vehicle's potential performance.

AutoInk and eBay Listing and Merchandising Tools — Dealertrack's robust merchandising tools save dealers time and money by delivering instantaneous sync to certain third party sites, via desktop or mobile, These tools help deliver enriched advertising messages with robust descriptions and powerful photographs with premier distribution to leading websites.

## Interactive solutions:

Dealertrack's Interactive solutions deliver digital marketing tools and solutions, such as award-winning desktop and mobile website design, SEO, SEM, digital retailing, social media and reputation management tools. These web-based solutions help dealerships expand their online presence to attract and convert more shoppers and achieve higher quality leads and conversion rates. The Interactive solution offerings include:

Dealer Websites — Customizable and scalable websites, which are feature rich and search engine optimized.

*Mobile Websites* — An intuitive, responsive, easy-to-use mobile website platform that provides robust capabilities allowing dealers to connect with customers anytime, anywhere on any mobile device.

Search – SEO and SEM — Dealertrack's SEO and SEM afford dealers with tracking, campaign management, keyword generation, geo targeting, and other tools to drive improved rankings and organic search results, leading to increased website visibility, leads and sales.