J.D. Power Poised to Set New Vision for Automotive Forecasting After Completing ALG Acquisition

Integration of Residual Value Forecasting Technology Increases Strength and Precision of J.D. Power Data & Analytics Portfolio

TROY, Mich.: 30 Nov. 2020 — Completing its purchase today of ALG from TrueCar, Inc., J.D. Power will dramatically broaden its vision of automotive residual value forecasting, especially important as the industry prepares to launch a wave of new electric vehicle (EV) models and pushes toward increased vehicle automation and other emerging technologies.

J.D. Power is the global leader in data analytics and consumer intelligence, while ALG is the industry authority on automotive residual value projections in both the United States and Canada. ALG is being integrated into the data & analytics division of J.D. Power.

“As the automotive industry continues to face several technological, environmental and economic factors, the significance of what ALG brings to J.D. Power data and analytics capabilities provides additive value to our clients,” said Dave Habiger, president and CEO, J.D. Power. “The industry is about to experience a product shift unlike anything it’s ever seen before with new EV models and other new technologies quickly gaining adoption over the next several years and beyond. Having ALG’s expertise in forward-looking residual value forecasting will enable us to provide dynamic new product offerings that focus on new vehicle technologies and retail channels.”

Determining an accurate residual value—the value of a vehicle at the end of a lease term—is the foundation of auto leasing, because it allows dealers and manufacturers to set the most competitive lease terms today, while securing their bottom lines tomorrow. Approximately one-third of new vehicles sold each year are leased, typically for a three-year term. At any point in time, the value of vehicles in outstanding lease portfolios is estimated at $500 billion. Looking to the future, the combination of ALG’s expertise in residual values with J.D. Power’s wide range of data and analytics on market performance values and individual vehicle configurations will become increasingly valuable as the electric vehicle segment continues to grow.

“The large number of new and redesigned EVs entering the market coupled with evolving customer attitudes to transportation and EV ownership mean the auto industry must be prepared because their financial lives depend on it,” said Thomas King, president of data and analytics and chief product officer at J.D. Power. “Navigating this new landscape requires data, science and deep industry and consumer expertise. Manufacturers can rely upon our experts for reliable, transparent analysis and forecasting so critical contenting, pricing and incentive decisions can be made with confidence.”

Countless variables affect the actual residual value of a vehicle over a multi-year lease term. Examples include new vehicle sales tactics (incentives), used supply, quality/reliability, options and packages, and the macroeconomic environment. Accurate forecasting has become particularly important in the current marketplace, where vehicle valuations have been affected by a combination of macroeconomic volatility and the rapid-fire introduction of new models, including EVs, which have unique depreciation schedules and continue to influence traditional vehicle sales. Since these factors need to be taken into account in order to accurately forecast residual values, the more granularity and greater the understanding of the effect of each variable, the better equipped manufacturers and lenders are able to maximize profitability.
“Pairing ALG’s proven residual value forecasting algorithms and expertise with our existing automotive data, analytics and vehicle valuation capabilities, will enable us to deliver a truly end-to-end solution for understanding vehicle price performance and optimizing pricing decisions in all facets of the vehicle sales process,” said Jonathan Banks, vice president and general manager, vehicle valuations, at J.D. Power. “There has never been a more critical time to focus on precision valuation forecasting. With the basics of automotive supply-and-demand disrupted by the pandemic and a long recovery still ahead, our new capabilities will be central to navigating the ‘new normal.’”

“J.D. Power has proven itself over the last half-century as a pioneer and leader in delivering the trusted insights the auto industry can rely on to optimize business decisions,” said Eric Lyman, senior vice president at ALG. “I look forward to working with this amazing team to continue to drive new innovations that help the industry keep growing, particularly in the face of current challenges and for what the future brings.”

The ALG acquisition follows closely on the heels of J.D. Power’s recent merger with Autodata Solutions to create an industry-leading provider of new and pre-owned automobile transactional data, valuation tools, vehicle feature information and consumer analytics to the automotive industry.

**J.D. Power** is a global leader in consumer insights, advisory services and data and analytics. A pioneer in the use of big data, artificial intelligence (AI) and algorithmic modeling capabilities to understand consumer behavior, J.D. Power has been delivering incisive industry intelligence on customer interactions with brands and products for more than 50 years. The world's leading businesses across major industries rely on J.D. Power to guide their customer-facing strategies.

J.D. Power is headquartered in Troy, Mich., and has offices in North America, Europe and Asia Pacific. To learn more about the company’s business offerings, visit [JDPower.com/business](http://JDPower.com/business). The J.D. Power auto shopping tool can be found at [JDPower.com](http://JDPower.com).

**Media Relations Contacts**
Geno Effler, J.D. Power; West Coast; 714-621-6224; [media.relations@jdpa.com](mailto:media.relations@jdpa.com)
Shane Smith; East Coast; 424-903-3665; [ssmith@pacificcommunicationsgroup.com](mailto:ssmith@pacificcommunicationsgroup.com)


# # #