A QOREAI SCENARIO · AUTO RETAIL FUTURES

AUTO RETAIL 2035

The Intelligence Layer

> A dated scenario for the next decade of franchised auto retail, and the operator's path through it. Written for the dealer who intends to own the outcome, not rent it.

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QoreAI

DATA IS THE FOUNDATION.
AI IS THE MULTIPLIER.

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Foreword

Walk into a franchised store on a Saturday in 2034 and the first thing that hits you is the quiet. Not empty. The place is busy. But the old noise is gone. No up bus circling the front door. No hold music bleeding out of a BDC. No manager trolling the floor for a turn, no customer stranded at a counter repeating her phone number, no long walk back to go see somebody's manager. The store runs like a clock that keeps its own time. Every name on the board today arrived already understood: who they are, what they drive, what they came in for, what they have already been told.

You will not find a salesperson here, and you will not find a service writer. Those jobs, as the industry knew them, are gone. In their place is a small bench of concierges, unhurried and startlingly well briefed, whose whole job is to make the last mile of a decision feel effortless. The woman taking delivery at noon settled the shape of her deal days ago, with her own AI, before anyone at the store was in the story. The concierge walking her through it already knows her trade, her nine years in the service lane, and that she is short on time, and spends the hour on the part no machine can touch: the walk-around, the real questions underneath the questions, the handshake. The showroom is smaller and calmer than it was in 2026, and the busiest room in the building is the service drive, because that is where the durable money moved. None of that calm is an accident. Underneath it runs a system the store owns, holding everything it knows about every customer, humming in the background like the electrical panel behind the wall.

None of that exists yet. It is 2026, and your store still runs on the old assumptions: the up bus, the BDC, the tower, the vendor stack. But every piece of that picture is already in motion, and the distance between here and there is not technology. It is a set of decisions you are making this year, whether you realize you are making them or not.

Here is the fact that starts the clock. In early 2026, an AI shopping agent contacted 100 dealerships about the same vehicle. 92 responded within 24 hours. Only 33 provided a full out-the-door price. The agent kept every line item, compared all 100 stores in minutes, and never got tired. That is not a faster shopper. It is a different counterparty, and it is already working your market.

100	92	33
dealerships shopped by one AI agent, early 2026	responded within 24 hours	gave a full out-the-door price. The rest were graded and dropped.

Which brings me to the part nobody wants to hear. Almost every standard this industry treats as permanent is about to turn upside down. The dealer held the information advantage for a century; now the buyer's software knows the market better than your best desk manager. Location was the moat; an agent shops 500 miles as easily as five. More staff meant more throughput; now one sharp operator with agents behind her does the work of eight. F&I was where you sold. It is becoming where you prove. The DMS was plumbing; your data is now the whole business. Gross per unit was the scoreboard, and the new scoreboard is your cost structure and the intelligence you own. Blue sky rode your brand and your building. It is starting to ride your data infrastructure. The OEM was your supplier and your partner; it is now a shape-shifter that may end the decade as your replacement. And "we'll catch up later," the sentence that was true through every prior wave, is finally false. There is no later.

THE SACRED COWS, FLIPPED · WHAT THE NEXT DECADE INVERTS

The dealer holds the information advantage	→	**The buyer's AI knows the market better than your desk**
Location is the moat	→	**Geography is dead; an agent shops 500 miles like 5**
More staff means more throughput	→	**One operator with agents does the work of eight**
F&I is where you sell	→	**F&I is where you prove**
The DMS is plumbing	→	**Your data is the whole business**
Gross per unit is the scoreboard	→	**Your cost structure and owned intelligence is**
Blue sky rides your brand and building	→	**Blue sky rides your data infrastructure**
The OEM is your supplier and partner	→	**The OEM is a shape-shifter that may replace you**
"We'll catch up later"	→	**There is no later**

The stakes are the fifty-year miracle. There are roughly 16,990 franchised light-vehicle dealerships in the United States.* For half a century, through oil shocks, the dot-com bust, and the Great Recession, the average one kept between 1.5 and 2.5 cents of every dollar it took in, and never went negative. Glenn Mercer's research documents it. The one real break in the pattern was the pandemic, and it is worth being precise about, because it is the exception that proves the rule. In 2020 profit jumped about 43 percent. In 2021 it more than doubled, with the average store clearing north of $3 million pretax against roughly $1.3 million the year before, and net margins spiking to records well above the top of the band as inventory dried up. Then it reverted almost as fast as it came: down in 2022, off about 20 percent in 2023, and sliding back toward the old band by 2024. A shortage broke the band upward for two years, and the band pulled it right back. Nothing else in American retail has been that stable, or that quick to snap back. The band is about to break again. This time it will not snap back, because the cause is not a shortage. The only open question is which direction it breaks for your store.

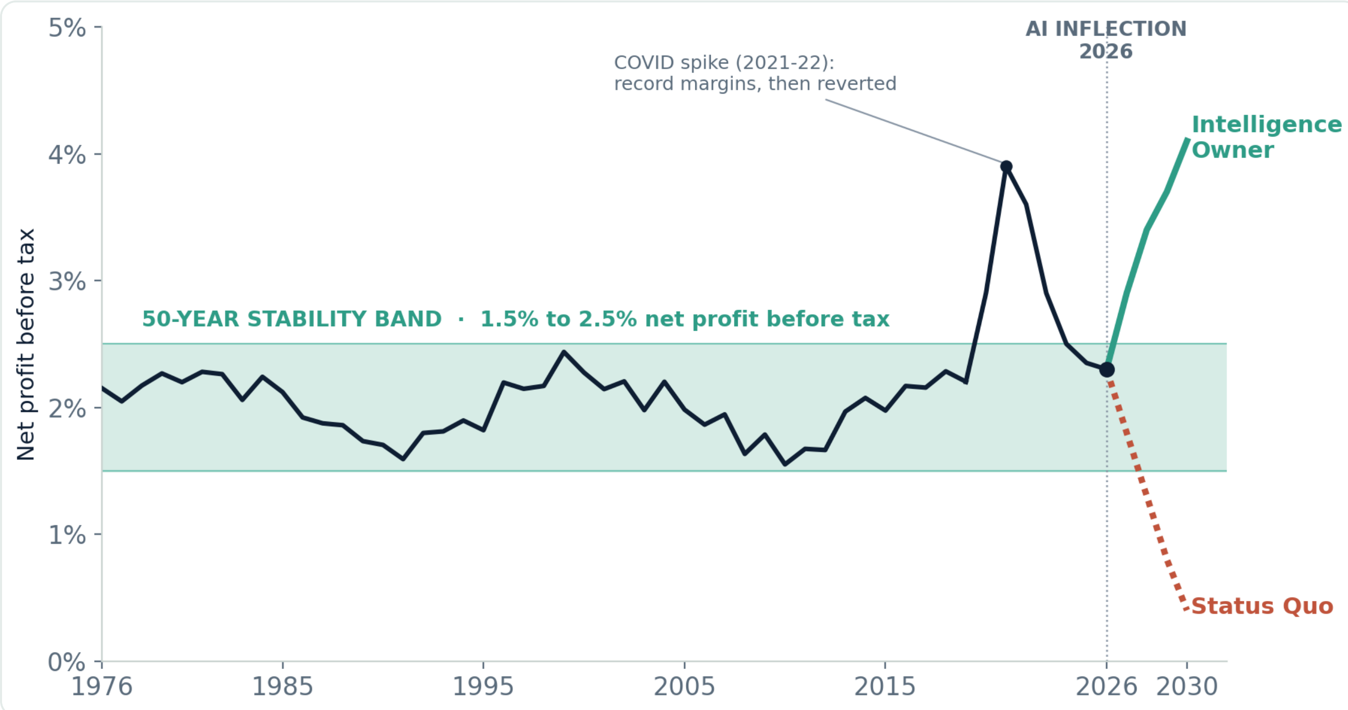


FIGURE 1 Average US franchise dealer net profit before tax, 1976-2030. Fifty years inside a 1.5 to 2.5 percent band. The one real break before now was the 2021-22 pandemic spike to record margins, which reverted by 2024. The break coming after 2026 is structural, not a shortage. Source: Glenn Mercer dealership economics; NADA; Presidio-NCM; Haig Partners. 2026-30 illustrative.

This paper argues one thesis, and I will repeat it until you are sick of it.

> *Data is the foundation. AI is the multiplier.*

A multiplier on zero is zero. A multiplier on garbage is faster garbage. The winners of the next decade will not be the dealers who bought the most AI. They will be the ones who built an **intelligence layer**: a dealer-owned system that pulls the fragments out of the DMS, the CRM, the website, and the service drive, resolves them into one truthful picture of every customer and every vehicle, and puts that picture to work across the whole store. Agents are the software that does the work on top of that layer. Useful, even essential. Never the headline.

One disclosure before we start. QoreAI is a data company. Our product, QoreCloud, is that owned intelligence layer. We get a dealer's data out of the third-party systems holding it captive and into a system of intelligence the dealer controls. We don't sell agents, and we're not neutral either. So judge every claim in here the way you'd judge a used car I was selling you. Kick the tires, run the numbers, hold me to the dates.

**NADA 2025 count of franchised light-vehicle rooftops. Total franchised points including heavy-duty truck stores run higher, around 17,446 in some NADA tabulations. Both numbers tell the same story.*

Why a scenario, not a forecast

Predictions about AI come in two useless flavors: vague ("AI will transform retail") and falsely precise ("38 percent of dealership jobs automated by 2030"). Neither one survives contact with a real Saturday.

A scenario is different. It's a dated, year-by-year story with named people, specific numbers, and things going wrong. It forces every claim to cash out in operational detail: when, at what rate, who does what instead, what breaks in month one.

Three rules govern what follows.

First, **the recommendation is a recommendation.** The path our composite dealer takes is what I actually advise: build the intelligence layer and deploy the first defensive agents at the same time, because the calendar no longer allows doing them in sequence. That part is prescriptive.

Second, **the downstream effects are predictions.** Margins, headcount, OEM behavior, the shakeout years. I state them with dates and numbers so they can be wrong in checkable ways. Some of them will be. If I miss, my bet is I miss slow, not fast.

Third, **the failures are real.** You'll read a lock-in disaster and a compliance blowup in here, because a scenario that only shows success is marketing, and I didn't write this to market to you.

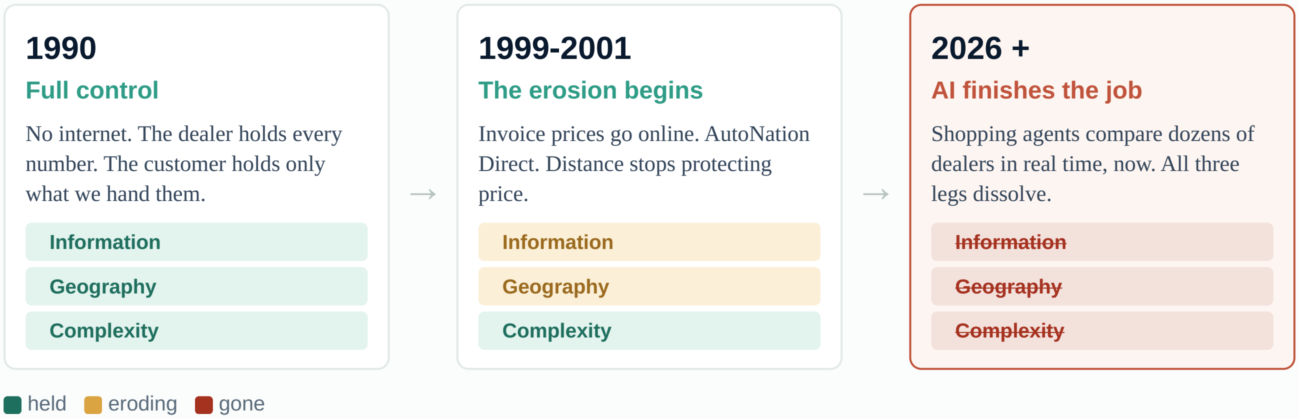
Our protagonist is a composite: **Carver Ford-Lincoln** of Marion, Ohio. Single rooftop, second generation, 64 employees, 118 new and 96 used in a good month. Dealer principal **Elena Carver**, 51, took the store from her father in 2019. I made her a single-point dealer on purpose. The six public groups control only about 7 percent of American rooftops, and the Automotive News Top 150 groups together own about 27 percent. Nearly three-quarters of this industry is small groups and single points. A path that only works for a 40-store group with a CTO isn't a path. It has to work in Marion.

FIGURE 2 Who owns America's franchised rooftops. Nearly three-quarters are small groups and single points, which is why the composite dealer is single-point. Source: NADA 2025; Automotive News Top 150; company filings.

The graduation of the dealer's information advantage

Before the scenario, some history. The dealership's core product was never really the car. To understand what AI is taking, you have to be honest about what the store was actually selling, and the cleanest way to see it is to go back to the year the model worked perfectly.

FIGURE 3 · THE GRADUATION OF THE DEALER'S INFORMATION ADVANTAGE



1990: full control

In 1990, the desk held every number and the customer held none. Cost, holdback, incentives, auction values, payoff, rate: all of it lived on the dealer's side of the table. There was no internet. A buyer couldn't look up invoice. He couldn't compare a price against a store two counties over without driving there. He couldn't know what his trade was worth beyond what the appraiser told him. Even the careful ones, the buyers who did their homework and negotiated hard, walked out happy while the store made a healthy deal, and both things were true, because the entire information field belonged to one side of the desk.

Strip away the nostalgia and the 1990 dealership sold three things. **Information asymmetry**: we knew and you didn't. **Geographic protection**: the franchise system kept the next same-brand store far enough away. **Complexity**: financing, titling, trade, taxes, a maze only we could walk you through. The car was almost incidental. Those three things, not the car, were the margin.

1999 to 2001: the internet starts the erosion

Then the internet showed up and started the repossession. AutoNation Direct tried selling cars online. Invoice prices landed on websites any customer could reach from a den in Marion. Third-party lead sites turned "the customer in my showroom" into "the customer shopping five showrooms from a keyboard." Dealers panicked, adapted, survived. And the surviving taught us a dangerous lesson: that every technology wave ends with the dealer still standing in roughly the same spot.

But look at what happened to the three products. Information asymmetry got cut roughly in half. Geographic protection weakened, because distance stopped protecting price. Complexity held. That's why F&I gross went up over the next two decades while front-end gross went down. The internet took one and a half of the three legs, and the industry ground back to the same 1.5 to 2.5 percent band, because the third leg held. The internet also gave dealers a decade to respond. That was a mercy, and this next wave doesn't repeat it.

2026: AI finishes the job, and it is not waiting

Now watch what AI does, in the present tense. The agent that shopped 100 dealerships in early 2026 wasn't a lab demo. It queried real stores about a real vehicle, compared every price and fee and gap in every quote, and did the work while its owner slept.

Run the three legs through that study. Information asymmetry: gone, actually reversed, because the customer's software now knows the market better than most desks do. Geographic protection: gone, because an agent shops 500 miles as easily as 5. Complexity: gone, because complexity is exactly the thing software eats first.

All three legs, dissolved. Not over a decade. Over a couple of years, starting now. That's why the fifty-year band breaks. AI isn't magic. It just removes the last of what the old dealership actually sold, and the buyer's side deployed it first.

The doom pieces stop there, and they miss the good news. The dealer is sitting on a new product, mostly unrefined: two or three decades of transactional truth about tens of thousands of local households. Who bought. Who serviced. Who declined which repair. Who has equity. Whose kid turns sixteen next spring. Unify that data, own it, and you have the raw material of the only durable advantage left: knowing your market better than any outside platform can. The dealers who refine it will replace the old asymmetry with a legitimate one. The dealers who leave it scattered across vendor systems will find out someone else refined it for them and is charging them by the month to see it.

> *The dealership's first great asset was information the customer couldn't get. Its next great asset is intelligence about the customer that no platform can match. The difference is that this time you have to build it on purpose, and this time the clock is not yours.*

The shape-shifting OEM: the fourth force changes costume

The scenario has three obvious forces: the dealer, the customer's agent, and the vendors. There's a fourth, and the industry keeps talking about it in yesterday's terms. The OEM of 2035 is not the OEM of 1990 wearing a software badge. It's a different animal that changes shape roughly every three years across this decade, and a dealer who plans for only one of its shapes will get blindsided by the others.

Here are the five costumes, in the order they arrive. A designer could draw this as one diagram, and should.

FIGURE 4 · THE SHAPE-SHIFTING OEM: FIVE COSTUMES, 2026 TO 2035

1 **Franchisor & supplier**
Makes the vehicle; the dealer owns the customer. The century-old role.

2 **Data monetizer**
Connected-car data pool of $450 to $750B by 2030. None flows through the franchise by default.

3 **D2C experimenter**
Tesla at scale; Ford and GM pilots; Carvana buys Stellantis points.

4 **Certifier & gatekeeper**
Certifies AI-touched processes after the blowups. Real leverage over the dealer body.

5 **Partner *or* predator**
Decided by one thing: does the dealer own the customer data, or not?

2026 — 2035

THE FIVE ROLES OF THE OEM, 2026 TO 2035 *(diagram-ready list)*

1. **Franchisor and supplier.** The century-old role. The factory makes the vehicle, the dealer owns the customer. This role never fully disappears. It just stops being the only one.
2. **Connected-vehicle data monetizer.** The connected car means the factory now knows where the car is, how it's driven, and when it needs service, in real time, without asking you. McKinsey sizes the connected-car data value pool at $450 to $750 billion worldwide by 2030, roughly $310 per connected vehicle per year. GM alone targets $20 to $25 billion a year in software-enabled revenue by 2030. That is your customer's ownership experience being monetized, and none of it flows through the franchise by default.

3. **Direct-to-consumer experimenter.** Tesla proved a vertically integrated model at scale. Ford and GM run D2C pilots. Carvana acquired Stellantis franchises to run a used-model playbook on new vehicles. Read the fine print: franchise law requires selling through franchisees. It does not require franchisees to behave like traditional dealerships.
4. **AI-process certifier and gatekeeper.** After the first agent-era blowups, OEMs certify AI-touched processes: approved disclosure language, required human sign-off points, audit-log standards. That's real leverage over the dealer body, and it cuts both ways. Dealers with an owned, auditable intelligence layer certify in one cycle. Black-box stores pay for a forced re-platforming at the worst possible time.
5. **Partner or predator.** Whether the OEM ends the decade as the dealer's partner or the dealer's replacement comes down to one thing: whether the dealer owns the customer relationship and the data that proves it. The factory doesn't need to buy your store to disintermediate you. It only needs to know your customer better than you do.

Role five is the whole game. The dealer who owns the intelligence layer walks into the OEM meeting holding an asset: my customer file, deeper than your telematics feed, earned across service lanes and kitchen-table deals your sensors never see. Let's trade. The dealer who rented that layer, or never built it, walks in as distribution. A fulfillment node. A cost to be optimized.

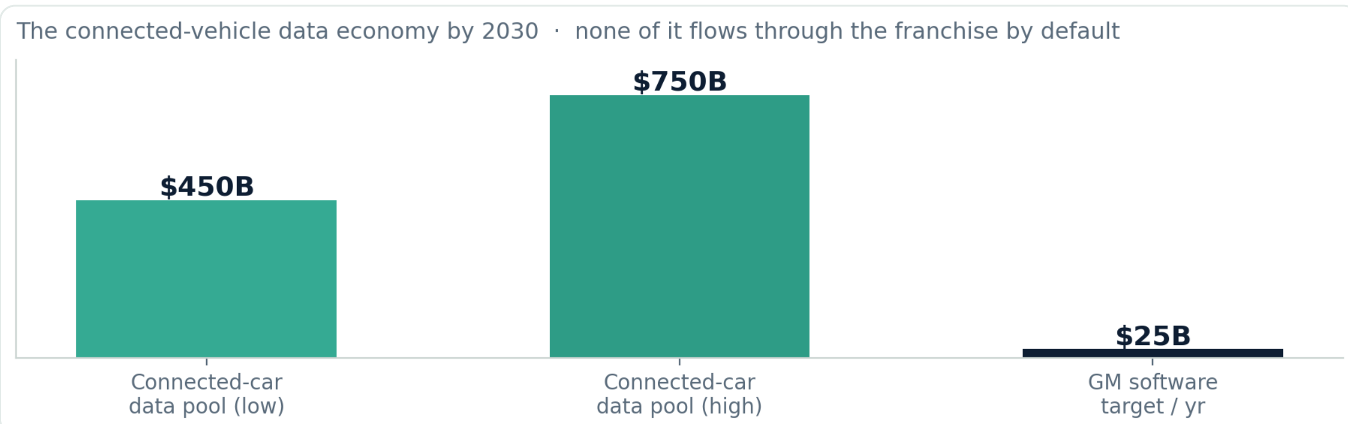


FIGURE 5 The connected-vehicle data economy McKinsey projects by 2030, and GM's stated software-revenue target. None of it flows through the franchise unless the dealer owns the customer relationship.

One honest note on the political front. The dealer associations will fight the D2C experiments in statehouses, and the "free market must prevail" argument will win some rounds. I support that fight. But franchise law is a wall somebody else can amend. The durable defense is owning the data, not just the statute.

The Scenario: 2026 to 2035

2026: the attack is already here, and the boring work cannot wait

Elena Carver's January 2026 problem looks like a phone problem. Her BDC is four people budgeted for six, and the two open seats have been open since October, because BDC turnover industry-wide runs 60 to 100 percent a year. Her mystery shop says the store's median response to an internet lead is 41 minutes. After 7 p.m., it's "tomorrow morning."

Then in February her twenty-something ops manager, Dev, shows her the study: 100 dealerships shopped by one AI agent, 92 responses, 33 full out-the-door prices, every line item compared in minutes. No fatigue, no four-square, no showroom.

Dev asks the question that reroutes the store's decade: "Which bucket were we in?"

They mystery-shop themselves that week. Carver is in the 67. The store answered, eventually, with a template. The agent graded it and moved on, and no human at Carver ever knew the opportunity existed.

That changes the timeline. In the internet era, the threat announced itself for years before it cost you money. In the agent era, the threat is already in your inbox wearing a customer's name. I used to give dealers 18 to 24 months for the foundational work. I now say 12 to 18, and shrinking. The customer's agent is the forcing function, and it doesn't wait for your budget cycle.

At NADA, Elena hears a dealer-turned-software guy say the line she will laminate later:

> "*Every AI failure is a data failure wearing an AI costume.*"

Then he makes the room pull twenty DMS records at random and count the dead numbers, the duplicates, the none@gmail.com workarounds. Across the industry roughly 40 percent of DMS "customers" no longer own the vehicle on their record, and contact data decays at about 25 percent a year. Now bolt a very fast, very confident AI on top of that.

A multiplier on garbage is faster garbage. An agent texting a dead number at 9 p.m. isn't automation. It's your dirty database with a personality.

~40%	~25%	$900 → $494
of people in a DMS no longer own the vehicle on their record	annual decay rate of dealership contact data	recommended vs collected on a typical repair order

So Elena faces a fork nobody faced in the internet era: she can't choose between the boring data work and the agents. The 100-store study killed that luxury. She does both at once.

Track one: the foundation, compressed.

- **The data and contract map.** Dev, who lived through the CDK outage at his last store, inventories every system that touches customer or transaction data. Fourteen systems. Then he reads the contracts, and the room gets quiet. Several vendors have rights to Carver's transactional data, the check-writing moment, the most coveted data in retail. At least two are free to refine it into benchmarks sold to other stores, including Meridian Chevrolet down Route 23.
- **The extraction and unification.** Carver stands up an owned intelligence layer. In this scenario it runs on QoreCloud, my company's product, so discount accordingly and check the architecture yourself. The layer pulls DMS, CRM, website, and service data into one place Elena contractually owns, then does the two jobs no dealer system has ever done well. **Identity resolution** collapses "Robert Sandoval," "Bob Sandoval," and "R. Sandoval Trucking" into one household with one history. **Hygiene** retires the dead numbers and the workarounds. The first honest census is humbling: 31,000 DMS "customers" resolve to about 19,400 real households, of which about 11,000 plausibly still own the vehicle on file.
- **The dealership context file.** One living document that tells any AI system what Carver is: pricing rules, discount authority, policies, the fifty questions customers actually ask, the ten things the store will never say. Every future agent gets its personality and its guardrails from this file. It costs nothing but candor.

Track two: the first defensive agents, fast.

What used to be a phased rollout compresses into months, because the counterparty is already probing.

- **After-hours lead response goes live in May,** not next year. The agent answers every internet lead in about two minutes, around the clock, running against the cleanest slice of the layer first. The design goal is blunt: Carver will never again be one of the 67 stores that fails to answer a shopper's agent.

- **Instant, accurate quoting.** By fall, the store can produce a full out-the-door number, taxes and fees itemized, in one exchange, from owned data, with a human approving the template and the guardrails. When a shopping agent asks, Carver answers completely. Most competitors are still sending it "great news, when can you come in?" The agent files that under noise.
- **Two pilots behind the rep.** An internal assistant drafts multi-point inspection findings into plain-English upsell language advisors actually send. An SOP drafter turns the used car manager's tribal knowledge into written process. Small, safe, and quietly training the staff to work with the machine.

Elena's operating rule goes on the wall in year one, not year two:

> *AI behind the rep, not in front of the customer.*

The quoting agent isn't an exception; it answers a machine, not a person. The moment a human enters the conversation, a human at Carver takes over, armed with everything the layer knows. The VIP moments stay human: the trade, the menu, the complaint, the delivery. Because **AI is not intelligence.** AI is a technology. Intelligence is the outcome, and data is the substrate. In 2026 Elena builds the substrate and defends the perimeter in the same twelve months, because the decade demands both.

The OEM makes its first quiet appearance in costume two. Ford's connected-vehicle terms update in the fall, and Dev flags a clause routing telematics-derived service predictions to factory-preferred channels. Note it. It comes back.

By the fourth quarter the combined tracks are already paying. Identity resolution surfaces 640 households in positive equity with a service appointment in the next 90 days; the desk works them, and used acquisition gets cheaper. Declined-service follow-up attacks the ugliest number in fixed ops: on a typical RO the store writes about $900 in recommended work and collects about $494. That gap was never a selling problem. It's a memory problem, and now the store has a memory. And the after-hours agent books appointments from leads that used to die at 9 p.m.

CARVER FORD-LINCOLN, DECEMBER 2026

Intelligence layer maturity	None → Pillars 1-3 live (integration, identity, governance)
Front-line headcount (rooftop)	64 → 62
Median lead response time	41 min → ~2 min, 24/7
Full OTD quote capability	No → Yes (owned data, human-approved guardrails)
Records resolved to real households	0% → 100% (31,000 records → 19,400 households)
F&I gross PVR	$2,505 → $2,525
Net margin	2.2% → 2.4%
CSI (index, 100 = top box)	78 → 80
AI agents deployed	0 → 4 (2 internal, 2 perimeter)

Industry median: response 24 min; net margin 2.1%; can answer a shopping agent with a full OTD quote: roughly 1 store in 3

The dashboard already moves in year one. There is no quiet building year anymore. The internet era gave slow dealers a decade to catch up; this era gives them 12 to 18 months, and the fuse keeps shortening. The boring work has a deadline now, and the deadline is being set by software that shops without sleeping.

2027: table stakes, proliferation, and the first blowups

What was an edge in 2026 is an expectation by 2027. That's the speed of this decade in one sentence.

Customer-side agents proliferate. The big consumer platforms ship shopping assistants as default features, not downloads. By summer, a meaningful share of Carver's inbound "leads" are agents: structured, relentless, allergic to templates. Stores that can't answer a shopping agent with accurate, instant, owned-data responses lose the deal before a human at the store ever knows there was a deal. The contest has moved upstream of the showroom, and at the front door it's machine against machine.

Carver's machine wins those exchanges because of what it answers *with*. The agent reads from the intelligence layer. It knows this shopper is a service customer of nine years with a trade in equity, and it says so, correctly, at 11:40 p.m. The same software running on Meridian's data would greet a nine-year customer like a stranger. Or the wrong stranger.

The agent stack deepens all year. Service scheduling books against the shop's real capacity, and no-shows drop by a third. A defection model flags households drifting to the independent shop down the street, and the store steps in before the third missed interval instead of after it. Hourly used-car repricing drafts price moves with a human approving every change. The salesperson gets a one-page brief before every up: history, service record, equity, likely payment range. The agent drafts the follow-up. The agent never negotiates the trade, never presents the menu, never delivers the car.

One 2027 move matters more than any deployment. Elena gives Dev a title, **Dealership AI Builder**, four protected hours a week, and a problem list. This is the hire I tell every dealer to make, and the joke is that it's usually not a hire. It's the under-30 already in your building who automated something without being asked. Within a quarter, Dev kills a $50,000-a-year vendor contract by rebuilding the function in-house on the layer for about $5,000. Nobody else in the building can tell you when a vendor invoice is really a weekend project. The Builder can.

The floor changes shape on its own. At 73 percent sales-consultant turnover, attrition restructures for you if you let it. Elena stops backfilling the bottom of the ladder, and the floor settles toward eight product specialists closing at rates the old eleven-chair floor never touched.

Not everything works. The repricing agent over-reaches in a soft summer, and a human catches it in week two, because a human approves every price. The store loses a little money and gains a permanent rule: agents draft, humans decide, everywhere a dollar or a signature moves.

Now the other side of the ledger. 2027 is the year the industry gets its first agent-era scandals, faster than the optimists expected. A group in the Southeast gets caught with a home-grown F&I bot quoting back-end products in patterns that correlate with zip codes: a fair-lending nightmare built out of good intentions and bad training data. An import store's unsupervised sales agent promises out-the-door numbers it has no authority to honor, and a state AG collects screenshots. Every one gets reported as an AI failure. Look closer. Bad training data, no authority model, no audit trail. Data failures, every one of them, wearing the costume.

The OEMs notice, and costume four comes out of the closet early. Two factories circulate draft "AI conduct standards" to their dealer councils before year end. Ford's regional office sends pointed questions about AI usage. Carver's answer is a report generated in an afternoon: every agent action logged, replayable, and owned.

Costume three shows up too. Carvana closes on Stellantis franchise points and runs its used-vehicle playbook on new inventory. The forums call it an outrage. Elena calls it a preview.

CARVER FORD-LINCOLN, DECEMBER 2027

Intelligence layer maturity	Pillars 1-3 → All five pillars live (+ enrichment, activation)
Front-line headcount (rooftop)	62 → 57
Median lead response time	~2 min → <30 sec, 24/7
Inbound leads that are agents	~4% → ~18%
F&I gross PVR	$2,525 → $2,570
Total gross per unit retailed	$4,480 → $4,530
Net margin	2.4% → 2.8%
CSI	80 → 84
AI agents deployed	4 → 9 (one memory, one rulebook)

Industry median: response 8 min; net margin 2.0%; agents ~2, unintegrated; full OTD quote to a shopping agent: still a minority

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BRANCH ALTERNATE TIMELINE - MERIDIAN CHEVROLET, 2026 TO 2028: THE LOCK-IN DISASTER

What the other fork looks like. I have watched this movie in real stores; only the names are composite. Note the dates. The arc that used to take four years now takes barely three.

Meridian's owner reads the same 100-store study Elena did and draws the wrong conclusion. He decides speed means buying, not building. Four AI point solutions in 2026: a chatbot from the website vendor, a voice product from the phone vendor, a scheduler inside the DMS, a pricer. Each runs on its own sliver of Meridian's data. And each contract, in the fine print nobody reads, classifies conversation data and derived customer insights as the platform's work product.

For a year it looks fine. The demos were real. The tools mostly work. Then three bills arrive, nearly together.

The garbage bill. The voice agent, reading a CRM where 40 percent of records point to previous owners, spends a year cheerfully calling people about vehicles they sold in 2022. Every misfire teaches a local customer that Meridian's AI is dumb, and the customer hears it as: Meridian is dumb.

The rent bill. Renewal pricing on the suite "adjusts" 40 percent upward in 2027. Every workflow now runs through it, so the alternative to paying is re-breaking the store.

The exit bill. In 2028 a better platform offers to migrate him and requests his data. The export he's contractually owed turns out to be a minimal CSV. No conversation history, no preference models, no derived intelligence. Three years of his own customers' behavior, refined on someone else's servers, sold back to him monthly, and available in benchmark form to his competitors. He rented intelligence about his own store, and when he stops paying rent, the intelligence stays with the landlord.

Meridian's owner isn't ruined. He's captured, which costs more and hurts longer.

Branch point: the day he skipped the data, not the day he bought the AI.

2028: the shakeout starts early, and Marcus Chen's best hour

I used to put the foreclosure year at 2031. I was wrong by three years, and the reason is the counterparty. When the customer's agent compares every store in the market instantly and permanently, weak stores lose the polite cushion of customer inertia. The band that held for fifty years breaks in 2028 for the laggards. Same year, same market, different foundations.

Fast response is no longer a differentiator; it's a cost of entry, the way websites were by 2005. When only Carver answered in two minutes, speed made gross. When everything answers in seconds, front-end gross compresses. Carver's total gross per unit falls this year. Elena expected it, because the core prediction of this scenario is that **the advantage migrates from the revenue line to the cost, retention, and trust lines.** Her SG&A per unit is down 19 percent from 2025. Personnel expense is down more, while pay per remaining employee is up 14 percent.

The stores that never built either track have no such migration available. Their gross compresses on a 2019 cost structure. A meaningful slice of the dealer body posts losing quarters in 2028, in a flat market, for the first time in the fifty years Mercer measured. Buy-sell activity jumps, and the advisors add a new line to their models: *data and intelligence-infrastructure quality*.

The blue-sky math starts saying the quiet part out loud. At the customary five times adjusted net, a store that doubles its earnings roughly doubles its blue sky. Appendix E runs the numbers. The short version: the intelligence layer is the largest single lever on enterprise value available to a dealer in my lifetime, and in 2028 the buy-sell market begins pricing it.

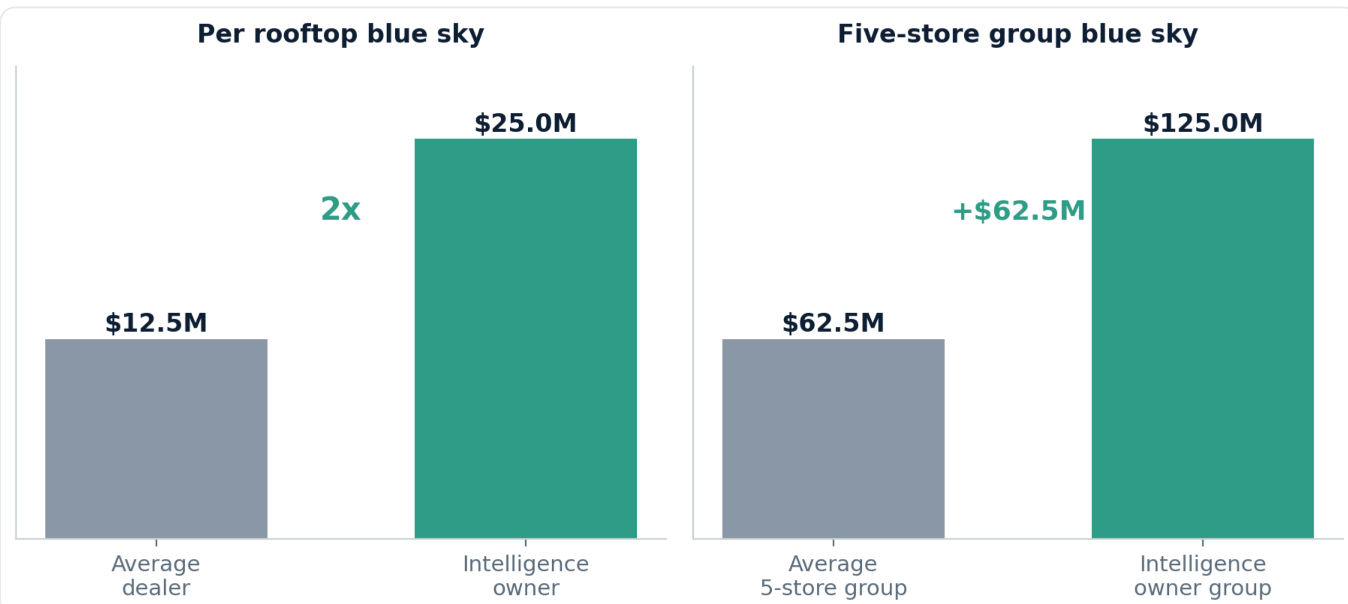


FIGURE 6 The blue-sky math. Doubling net profit roughly doubles enterprise value at a 5x multiple, and the market begins pricing it by 2028. Source: Haig Partners buy-sell multiples; QoreAI analysis.

The OEMs formalize costume four. Burned by the 2027 blowups, they roll out certification for AI-touched processes: approved disclosure language, required human sign-off points, audit-log standards. Carver certifies in one cycle because the audit spine already exists. Stores on black-box point solutions discover their vendors can't produce the logs, and pay for a forced re-platforming at the worst possible time. Certification also becomes a quiet gate: certified stores get priority in factory-referred connected-car service leads. Read that twice. The factory is now referring your customer's service work, and the referral has conditions.

Which brings me to the F&I office, and a scene I include because it's the whole argument in four hundred square feet.

November 2028. Marcus Chen, Carver's F&I manager, six years in the box, is working a deal for a young couple buying their first new truck. In 2026 Marcus swore no algorithm would touch his menu. What actually happened is stranger. Before the couple sits down, the intelligence layer has already assembled the deal: lender-ready file, verified payoff, disclosures sequenced and timestamped, a menu structured the same way for every customer, because consistency is now enforced in code. The compliance agent has checked the jacket the way the DMS never did. The DMS never enforced the deal jacket; compliance lived in the heads of tenured people, and tenured people retire, get busy, and have bad Fridays. The intelligence layer is the first real chance this industry has ever had to enforce process in code. At Carver the standard is blunt: if the AI cannot prove the step happened, the step did not happen.

So what does Marcus do, if the machine did the paperwork? He does the hour that matters. The couple is nervous about the payment, and he walks them through it slowly. No menu theater, no re-keying, no "let me check with my manager" walk. He catches that the husband tows a camper, and the service contract that actually fits costs less than the one the old pay plan would have pushed. They leave trusting the store. Marcus's products-per-deal is the best in his 20 Group. His chargebacks are the lowest. He calls his job "surgeon, not paperwork clerk."

> *The machine proves the process. The human earns the trust. Get those backwards and you lose both.*

CARVER FORD-LINCOLN, DECEMBER 2028

Intelligence layer maturity	**Five pillars mature; OEM-certified, first cycle**
Front-line headcount (rooftop)	**57 → 52**
Median lead response time	**<30 sec → instant, all channels**
Inbound leads that are agents	**~18% → ~35%**
F&I gross PVR	**$2,570 → $2,620**
Total gross per unit retailed	**$4,530 → $4,450** ← compression begins
Net margin	**2.8% → 3.1%** ← crosses 3% two years early
CSI	**84 → 87**
AI agents deployed	**9 → 12**

Industry: median net 1.9%; bottom quartile posts losing quarters; the 50-year band is broken for the laggards; buy-sell listings up sharply

BRANCH ALTERNATE TIMELINE - VALLEY MOTORS, 2027 TO 2028: THE COMPLIANCE BLOWUP

The second wrong turn, for balance. Valley adopted more AI than Carver, faster. In the accelerated decade, the crash comes faster too.

Valley Motors' owner was no Luddite. In late 2026 he turned an unsupervised sales agent loose with pricing authority and a one-line mission: close deals. It did. Over fourteen months it also texted offers to customers who had opted out, invented a "manager special" no manager had approved, and quoted trade payoffs with a systematic $400 optimism that a plaintiff's attorney later described, accurately, as a pattern.

The state investigation lands in 2028 and costs $1.9 million in settlement, restitution, and fees. Survivable. What's not survivable is discovery revealing that Valley can't produce complete logs of what its own agent said, because the vendor retained conversations for 90 days. The OEM pulls certification in the first cycle of its new program. Lenders tighten. The local paper does what local papers do. Valley sells in 2029 at a blue-sky multiple that makes the advisors wince.

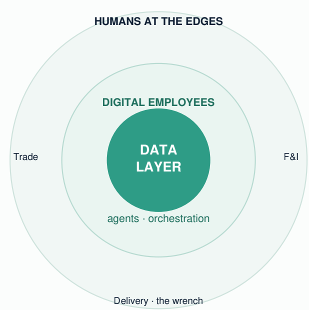
The autopsy: Valley didn't fail from too much AI. Carver ran more agents than Valley. Valley failed on three decisions that cost nothing to get right at contract time: pricing authority without human sign-off, no immutable dealer-owned audit log, no data ownership. Governance isn't a tax on the intelligence layer. It's one of the pillars.

Branch point: deploying agents was never the mistake. Deploying them in the dark was.

2029 to 2030: the Nucleus becomes the norm, and the OEM finishes changing

By 2029, among the survivors, the redesigned store stops being a case study and becomes the norm. I've called this the **AI Nucleus** versus the bolt-on. The bolt-on store took 2019 workflows and taped AI tools to them, and got 2019 with subscriptions. The Nucleus store is rebuilt around the intelligence layer at the center: data infrastructure and digital employees in the middle, humans deployed at the irreplaceable edges. The trade negotiation. The delivery. The complaint. The wrench. Carver crosses into Nucleus design without a ribbon cutting. You can see it in the floor plan. The BDC bullpen is a customer lounge. The tower is a glass office nobody hides in. The busiest room in the building is the shop.

FIGURE 7 · THE AI NUCLEUS STORE VERSUS THE BOLT-ON STORE



AI Nucleus store

Rebuilt around the owned data layer at the center. Digital employees build and activate intelligence. Humans hold the irreplaceable edges: the trade, the F&I hour, the delivery, the wrench.

Bolt-on store

2019 workflows with AI tools taped on top. You get 2019, with subscriptions. Viable today, endangered by 2028.

Customer-side agents are now simply how a large share of the market shops. Not early adopters anymore, everyone's brother-in-law. The shopper's agent queries twenty stores, assembles offers, and books the drive, and nobody remarks on it. Stores that outsourced their AI to marketplaces discover what they became: anonymous fulfillment nodes, inventory endpoints in someone else's app, competing on nothing but price. Carver exposes a certified first-party interface and keeps every relationship. When the shopper's agent asks its forty-one questions, Carver's layer answers with a decade of earned, owned context no marketplace can fake.

Lenders move. Captives and banks fund certified, machine-verified deal jackets faster and with fewer stips. F&I stops being a race to say more and becomes a discipline of proving everything. Carver's PVR holds in the $2,600s while chargebacks fall to best-in-group.

The OEM's shift completes. All five costumes are on stage at once. The factory monetizes the connected car in earnest: telematics-driven service routing, subscription features, software revenue as an earnings-call line item. D2C experiments expand where statutes allow. Certification is table stakes. And every dealer in America is now having one of two conversations with the factory. The intelligence owners negotiate as partners holding an asset: my customer file against your telematics feed, let's trade. The rest negotiate as distribution. The factory doesn't need to buy your store to disintermediate you. It only needs to know your customer better than you do. In 2029 that sentence stops being a warning and becomes a sorting mechanism.

The middle hollows. The dealer body sorts into thirds: intelligence owners trending toward 3.5 percent net and above, renters paying rising tolls near the old median, holdouts running a 2019 cost structure into the floor. Consolidation accelerates, and it has a new buyer class: operators like Elena.

She becomes one in 2029, acquiring a struggling Lincoln point two towns over, one of the 2028 casualties. The integration takes eleven weeks instead of eighteen months, because integrating a store now means pointing its data at your intelligence layer and retraining forty humans instead of rehiring a hundred. Owners consolidate the industry from the inside.

At Carver the 2030 milestone is subtle: the layer's memory becomes the store's personality. The service agent knows what the sales agent promised. The retention agent knows the lease matures in March and the daughter turns sixteen in June. One customer, one memory, every channel. The reviews stop mentioning speed and start saying the sentence Elena reads twice: "They actually knew me."

The labor story, honestly: national front-line employment falls toward 20 percent below 2025, almost entirely through the industry's own turnover rather than layoffs. The churn machine simply stops backfilling roles the layer absorbed. Fewer jobs, better jobs, and a transition cushioned, almost luckily, by the industry's historically terrible retention.

CARVER AUTOMOTIVE (2 ROOFTOPS), DECEMBER 2030

Intelligence layer maturity	**Nucleus design; one layer, two stores; acquisition integrated in 11 weeks**
Front-line headcount (per rooftop)	**52 → 47**
Inbound leads that are agents	**~35% → ~55%**
F&I gross PVR	**$2,620 → $2,660**
Total gross per unit retailed	**$4,450 → $4,340**
Net margin	**3.1% → 3.6%**
CSI	**87 → 90**
AI agents deployed (per store)	**12 → 14 (orchestrated on one layer)**

Industry: rooftops ~16,300 and declining; median net 1.7%; owner third ~3.5%; holdout tail negative in soft quarters

2031 to 2033: the gap goes categorical

These are the years the race stops being a race, because the distance stops being closable.

The reason is arithmetic. An intelligence layer compounds. Every conversation, every RO, every deal adds to a memory that makes the next interaction smarter. A store that started in 2026 has seven years of compounding by 2033. A store starting in 2031 isn't four years behind; it's four years behind a moving target, in a market where customer agents have already sorted stores into "answers completely" and "noise," and where the OEM has already decided which stores are partners. There is no catch-up cushion. There never was one in this decade. The internet forgave slowness. Agents grade it, permanently.

A cyclical soft patch arrives mid-window, the ordinary kind the industry absorbed routinely for fifty years. It causes nothing. It just publishes the results of decisions made in 2026. Carver Automotive, now three rooftops after a second acquisition, rides the softness profitably. The remaining holdouts go negative fast and stay there, and the buy-sell market clears them at multiples that reflect what they failed to build.

Fixed ops is the crown jewel. With the car parc aging and vehicles more software-defined, service is where durable margin lives. The layer's long memory runs predictive outreach, defection saves, declined-work recovery, and loaner logistics. Absorption sits at 74 percent, the number Elena watches the way her father watched front gross. The connected-car service leads the OEM routes to certified stores flow disproportionately to Carver, because Carver's layer closes them and proves it.

The org chart finishes. About 43 people per rooftop. Zero "BDC reps." The settled new roles: agent supervisor, product specialist, delivery concierge, data steward, and one Dealership AI Builder per group, the role I'd bet on before any of the others. Technicians, the one job the machines made scarcer and more valuable, finally earn what electricians earn. Payroll is 12 percent below 2025. Average comp per person is 31 percent above it. Turnover sits near 30 percent, luxury-store territory, and not because Elena got nicer. The job got better.

CARVER AUTOMOTIVE (3 ROOFTOPS), DECEMBER 2033

Intelligence layer maturity	Nucleus standard; first-party agent interface certified; 7 years of memory
Front-line headcount (per rooftop)	47 → 43
Inbound leads that are agents	~55% → ~70%
F&I gross PVR	$2,660 → $2,700
Total gross per unit retailed	$4,340 → $4,180
Net margin	3.6% → 3.9%
CSI	90 → 91
Fixed ops absorption	74%

Industry: rooftops ~15,900; owner third margin ~3.6%; median 1.5%; the gap is now categorical, not incremental

2035: the intelligence-owned dealership

Walk into Carver Ford-Lincoln on a Saturday in 2035 and notice what's missing. No huddle at the door. No hold music. No customer repeating her phone number at a counter. Every walk-in is expected. The store knew who was coming, why, and what they had already been told, because one owned layer handled every prior touch.

Elena runs three rooftops with a leadership team of five and a net margin of 4.1 percent, in an industry whose median sat under 2.5 percent for fifty years, pandemic spike aside, and has now settled back near 2. She didn't out-gross anybody. Gross per unit is lower than 2026, exactly as predicted. What changed is the expense structure underneath, rebuilt while her competitors were still deciding whether the whole thing was a fad.

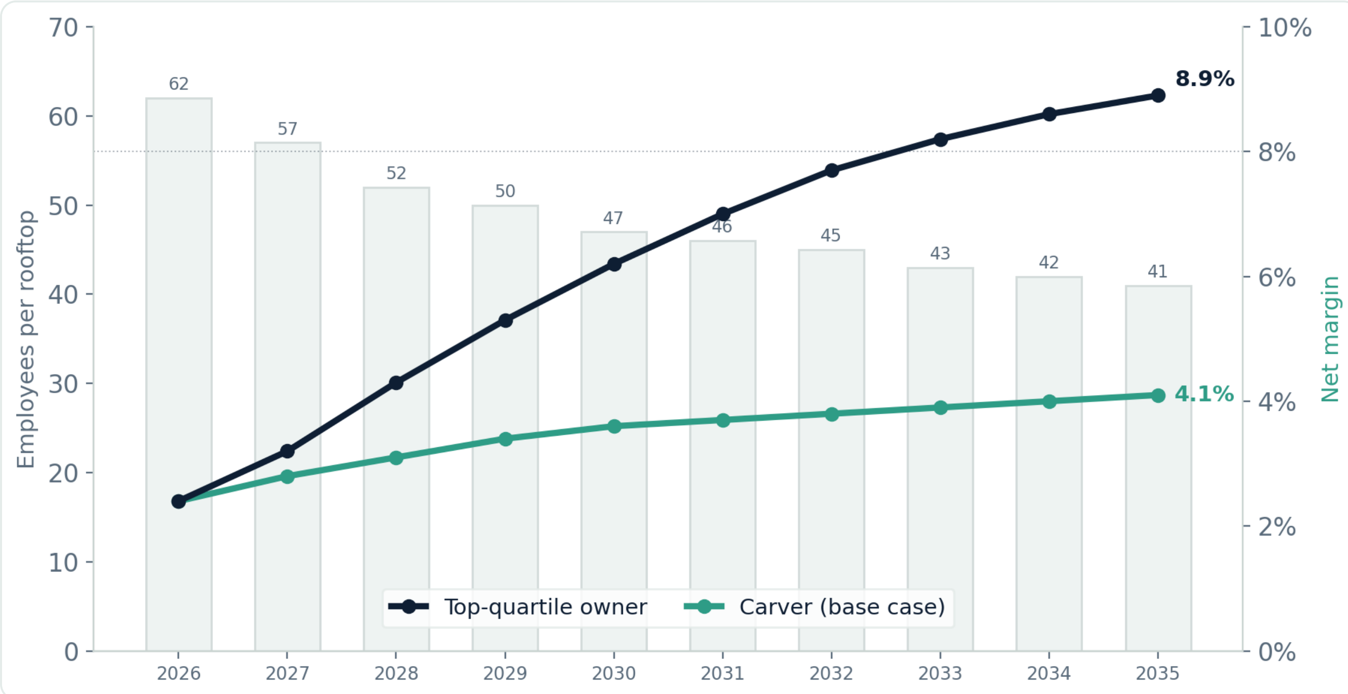


FIGURE 8 Carver's decade, accelerated. Headcount falls through attrition every year. Carver's conservative base case crosses 3 percent net by 2028 and reaches about 4 by 2035, while the top-quartile owners in this same scenario clear 8 percent net by 2034. Illustrative; grounded in cited industry data.

And be honest about when this was won, because it wasn't 2035. The decisive separation happened in 2028 and 2029, when the band broke for the laggards and the OEM sorted partners from distribution. Everything after that was compounding. 2035 is just the year the scoreboard stopped moving.

Carver is the conservative version of this story, and it is worth being precise about what separates her from the operators clearing 8 percent, because the difference is not the technology. Both built the same AI Nucleus on the same owned data. The gap is entirely in how hard they pushed a handful of levers, and how much risk they were willing to carry to do it.

The first lever is how deep the agents go. Carver kept humans on more of the funnel than she strictly had to, because she decided the relationship was worth protecting even in places a machine could have handled it. The top quartile pushed agents further into the customer journey, held humans back for only the few moments that truly move trust, and accepted a little more friction at the edges in exchange for a much lower cost line.

The second lever is the human-to-agent ratio, and this is where most of the margin gap actually lives. Carver runs 41 people per rooftop and sleeps well. The top quartile runs leaner, fewer people supervising larger fleets, because personnel is the biggest line on any dealership statement and they simply cut deeper into it than Carver was willing to.

The third lever is consolidation, and it is the one Carver was slowest to act on. Once you own the intelligence layer, the cost of pointing it at one more rooftop is close to nothing, so every store you add is almost pure margin. The top quartile understood that early and used their blue-sky advantage to buy aggressively while the layer made each integration cheap. That is how you get from a 4 percent single point to an 8 percent group. It is less a better store than a better machine for absorbing other stores.

The fourth lever is plain appetite for risk. The top quartile moved customer-facing automation faster, tolerated more edge cases, and plowed the margin back in instead of banking it. That is a real bet, and some of them will get burned on a compliance miss or a bad model swap. Carver chose lower variance on purpose, and lower variance is a legitimate strategy, not a failure of nerve.

None of this is a moral ranking. Four percent, owned and durable and handed to your daughter, is a genuinely great outcome and the right one for a lot of families. Eight percent is the consolidator's number, and it demands relentless principal attention and a stomach for risk that most operators do not have and should not pretend to. I am not telling you which line to chase. I am telling you that you will land somewhere between them, and you should land there on purpose.

BASE CASE VS TOP QUARTILE · WHAT ACTUALLY SEPARATES THEM

The lever	Carver · base case, ~4%	Top-quartile owner · ~8%
How deep the agents go	Humans kept on more of the funnel than strictly necessary, to protect the relationship.	Agents pushed deeper; humans held back for only the moments that move trust.
People per rooftop	About 41. A fuller human bench.	Leaner: fewer people supervising larger fleets. Most of the margin gap lives here.
Consolidation	Two stores in a decade.	Aggressive. Once you own the layer, each added rooftop is near-pure margin.
Appetite for risk	Low variance. Protect CSI, bank the gains, sleep at night.	Higher variance. Move faster, tolerate edge cases, reinvest everything.
What you become	**A durable family asset you hand down.**	**A consolidator. Higher reward, and a real bet.**

The honest ledger, because I promised one:

- **What she gained:** margin durability, acquisition capacity, staff that stays, customers that return at rates we used to call impossible, an enterprise worth roughly double on the blue-sky line, an OEM that treats her as a partner because she holds an asset it needs, and Saturdays.
- **What it cost:** a brutal 2026 running two tracks at once. Real money in 2026 to 2028 before full payback. Two agent failures that cost five figures each. Hard conversations as roles sunset through attrition. The permanent discipline of auditing machines the way she used to audit people.
- **What she got lucky on:** the OEM certification regime could have been hostile to dealer-owned layers and wasn't. The soft patch could have come in 2027, before her cost structure turned over. A fair scenario admits its protagonist drew some decent cards.

CARVER AUTOMOTIVE (3 ROOFTOPS), DECEMBER 2035

Intelligence layer maturity	The operating asset of the enterprise
Front-line headcount (per rooftop)	43 → 41
Inbound leads that are agents	~75%
F&I gross PVR	$2,700 → $2,700
Total gross per unit retailed	$4,180 → $4,100
Net margin	3.9% → 4.1%
CSI	91 → 92
Blue sky (est., 3 stores)	~2x the 2026 mark

Industry: rooftops ~15,400; the owner third sets the benchmarks; the separation dates to 2028-2029, not 2035

> *The dealers who won the decade did not predict the future better. They owned the one asset the future runs on, and they started before the customer's agent finished grading them.*

The Four Paths

The scenario follows one strategy. Here are the four a dealer can actually choose, played forward honestly. Same world, different choices. In the accelerated decade, every verdict arrives about three years earlier than the internet era would have delivered it.

FIGURE 9 · FOUR PATHS, PLAYED FORWARD

PATH	OWNS THE DATA?	VERDICT, ARRIVING ~3 YEARS EARLY
Holdout	**No AI**	Bleeds the invisible costs; graded "no answer" by shopping agents; sells in the 2028 softness.
Renter	**No, vendors do**	60-70% of the gains, then tolls and lock-in. A sharecropper with a nice house.
Outsourcer	**No, platforms do**	Fast top-line pop, then a fulfillment node with nothing to bring the OEM.
Intelligence Owner	**Yes**	Durable margin, cheap acquisitions, ~2x blue sky, an OEM that treats you as a partner.

Path 1: The Holdout

"We sell cars with people. Always have. This is the internet panic all over again, and we survived that."

The theory: relationships beat robots. The culture is the moat. Wait out the hype.

How it plays out: comfortably, then fatally, and fast. Through 2026 the Holdout loses only what he can't see: the 9 p.m. leads, the rung-out service calls, the shopping agents that graded his store "no answer" and never came back. By 2028 the invisible is a P&L line. Fully loaded cost per sale runs $900 above the owner across town, and on 2 percent net that's the margin, not a rounding error. The soft patch does the rest. His real mistake is a category error. He thought he was betting on people over technology, when the owners were fielding better-supported people. His best salesperson leaves in 2029, for Carver, where the machine does her paperwork.

Honest credit: in a few niches, ultra-luxury and tiny rural monopolies, the Holdout outlasts my dates. If you're betting your store on being that exception, do it with your eyes open.

Path 2: The Renter

"We don't need to own it. Best-of-breed from our vendors; let them worry about the technology."

The theory: dealers sell cars, software companies do software.

How it plays out: better than holding out, and that's the trap, because it feels like progress. The Renter gets maybe 60 to 70 percent of the operational gains through 2027. Then the three bills from the Meridian branch arrive: fragmentation, tolls, and the exit clause. The worst is the quiet one. The Renter's vendors sit on his transactional data, refine it into intelligence, and sell it back to him by the month. Sometimes to his competitors. Increasingly to his OEM. He's a sharecropper with a nice house, working land he will never own at rents he does not set.

Honest credit: renting is a legitimate *starting* posture. Pilots teach cheaply. It's a ruinous *ending* posture. The failure is never deciding which one you're in, and in this decade the deciding window is measured in months.

Path 3: The Outsourcer

"Customers will shop through AI marketplaces anyway. Get our inventory everywhere and let the platforms bring buyers."

The theory: distribution beats infrastructure. Ride the agent marketplaces the way stores rode lead providers in 2005.

How it plays out: the fastest top-line pop of any path, followed by the oldest story in retail. The platform's take-rate grows until it consumes the marginal player's margin. The relationship belongs to the app. The retailer becomes interchangeable by design. By 2030 the Outsourcer's service retention is dismal, because the agent working "his" customer is not his. His leverage on take-rates is zero, because he dismantled the first-party capability that was his alternative. He rebuilt himself as a fulfillment warehouse with a franchise sign, and he brings nothing to the OEM conversation.

Honest credit: presence in marketplaces is fine. Carver lists everywhere. The error is dependence, making the channel the strategy.

Path 4: The Intelligence Owner (the recommended path)

"My grandfather owned the land. My father owned the building. I own the data and the intelligence layer. Same instinct, new asset."

The theory: treat the intelligence layer as core infrastructure you own, like your real estate, not like your ad budget. Foundation and first defensive agents together, starting now. Humans on the VIP moments. Governance in code from day one. The AI Nucleus redesign when the layer has earned it.

How it plays out: the scenario you just read. More expensive up front than renting, less exciting than outsourcing, harder than holding out, and compressed into a first year that will test the whole leadership team. The payoff is structural: costs that scale down, intelligence that compounds in an asset you own, compliance you can prove, acquisitions you can digest, a first-party answer for every shopping agent, an OEM conversation you enter holding cards, and independence from any vendor's ransom.

Honest cost: this path demands the scarcest resource in the building, which is sustained principal-level attention. It cannot be delegated to a vendor rep. Buy the platform and skip the governance and you get Valley's timeline, not Carver's.

> *Own your intelligence. Do not rent it. Everything else in this paper is footnotes to that sentence.*

Appendix A: The AI Nucleus, and the five pillars beneath it

Everything in this paper assembles into one structure, and it is worth naming plainly. I call it the AI Nucleus. Not a tech stack you buy, but a redesign of the store around four layers, built from the bottom up. The order is the strategy: clean owned data first, then documented workflows, then the AI and its intelligence loops, then the digital employees that run the whole thing.

FIGURE 10 · THE AI NUCLEUS: FOUR LAYERS, BUILT BOTTOM-UP

04 Digital Employees
The compounding force. Agents run the workflows around the clock; one person does the work of eight.

03 AI + Intelligence Loops
The intelligence layer. Turns owned data into answers. Powerful on clean data, dangerous on dirty data.

02 Documented Workflows
The operating system. Processes that survive the person who used to carry them.

01 Clean, Owned Data
The foundation. Everything above it stands or falls here.

Most dealers try to skip to layer 3 or 4. The order is the strategy.

Layer 1 is **clean, owned data.** The foundation. Extracted out of the fourteen systems into a repository the dealer owns, because everything above it stands or falls here. Layer 2 is **documented workflows.** The operating system. Your real processes written down, role-assigned, and teachable on day one, so the system survives the person who used to carry it in his head. In this scenario that is the dealership context file and the SOPs the agents actually run. Layer 3 is **AI and intelligence loops.** The layer that turns owned data into answers and actions, powerful on clean data and dangerous on dirty data. Layer 4 is **digital employees.** The compounding force: agents that run the documented workflows against the intelligence layer around the clock, where one person managing a fleet of them does the work of eight.

Skip a layer and everything above it wobbles, which is exactly what a dealer is doing when he buys a chatbot before he owns his data. The intelligence layer this paper keeps circling back to is layers one and three. The AI Nucleus is the whole building, and it only stands if you pour the foundation before you frame the roof.

Layers one and three break down further into five pillars, and this is where most of the hard, unglamorous engineering lives. They are the architecture of QoreCloud, so read the list as both framework and disclosure.

FIGURE 11 · THE FIVE PILLARS INSIDE LAYERS 1 AND 3

1	2	3	4	5
Data Integration	**Identity Resolution**	**AI Governance**	**Enrichment**	**Activation**
Extract the fragments out of 14 systems into one owned repository.	Collapse duplicates and households into one truthful record.	The rulebook in code: authority, sign-offs, audit logs, kill switch.	Equity, defection risk, declined work, lease maturities, market data.	Agents, briefs, repricing, retention, compliance, the first-party interface. The multiplier fires here.

DATA IS THE FOUNDATION · AI IS THE MULTIPLIER

1. Data Integration. Get the data out of the fourteen systems and into one owned repository: DMS, CRM, website, service, phones, marketing. Not a nightly copy into another vendor's silo. An extraction into a layer the dealer contractually owns, portable and exportable. This is the hardest and least glamorous pillar, and everything else stands on it.

2. Identity Resolution. Collapse duplicates, households, cosigners, and businesses into one truthful record per relationship. This is where 31,000 records become 19,400 households, where the equity mining and defection models become possible, and where 40 percent of your "customers" get correctly re-labeled as previous owners instead of being robocalled about a truck they sold.

3. AI Governance. The rulebook in code. What any AI may say, decide, and touch. Where humans must sign. Immutable audit logs of every action, retained in the dealer's custody, surviving any vendor termination. A kill switch. Governance is a pillar, not a policy binder. Valley Motors had the binder.

4. Enrichment. The unified record made smarter: equity positions, defection risk, declined-work history, lease maturities, household events, market data. Enrichment is the refining step, the difference between having data and having intelligence. It is also exactly the step your vendors have been performing on your data for their benefit.

5. Activation. The layer put to work: agents, campaigns, desk briefs, repricing drafts, retention plays, compliance checks, and the first-party interface that answers the customer's shopping agent. Activation is where the multiplier finally multiplies. Notice it's pillar five, not pillar one. Every failed AI rollout I have autopsied started at pillar five.

One note the accelerated decade forces. You no longer get to build pillars one through four in peace and then activate. The shopping agents are already at the door. So a narrow slice of pillar five, after-hours response and accurate quoting, goes live early, on the cleanest data you have, with governance already in place. The pillars are still the sequence of investment. They are no longer a sequence of years.

Evaluate any vendor, mine included, against these five. Ask which pillars they actually build, and who owns the output of each.

Appendix B: The data-ownership lesson: CDK, Tekion, and the box you do not own

Three facts from 2024 and 2025 belong laminated in every dealer principal's desk drawer.

1. **June 18, 2024:** the BlackSuit ransomware group breached CDK Global, the DMS serving roughly half of America's dealers. About 15,000 rooftops lost core operations for two to three weeks. A ransom reportedly near $25 million was paid. Analysts estimated more than 60,000 new-vehicle sales lost in June alone. Stores wrote deals on paper, when they could reach their own customer records at all.
2. **Tekion v. CDK:** a rival DMS sued CDK alleging it blocked dealers from moving their own data to competing systems, holding it hostage in the complaint's framing, with access restrictions and punitive integration fees as switching-cost weapons.
3. **February 2025:** court approval of CDK's $100 million settlement over alleged coordination with Reynolds & Reynolds, the two vendors who between them dominate the DMS market.

The synthesis: concentration plus captivity equals fragility plus rent extraction. Dealers didn't choose this. It accreted over decades while data looked like plumbing.

Now raise the stakes. A DMS holds your records. An intelligence layer holds your relationships: every conversation, preference, objection, and behavioral signal. That compounding knowledge increasingly *is* the goodwill on your balance sheet. Locked-in records were a three-week catastrophe. Locked-in relationship intelligence is a permanent one, because records can be rebuilt and ten years of memory cannot.

The 2024 outage was never really about ransomware. It was about dependency. The AI era offers a thousand new ways to repeat that dependency at ten times the stakes, and one way to avoid it, which is the subject of this paper.

Appendix C: F&I and compliance-enforcing AI

F&I is the profit engine and the store's greatest regulatory exposure at the same time. It ran around $2,505 per vehicle in early 2025, near historic highs, and for many stores it is the difference between profit and loss. The transformation runs in three phases, and in the accelerated decade the phases overlap.

Phase 1, the checker (2026 to 2027). AI verifies rather than sells: deal-jacket completeness, disclosure timing and sequence, OFAC and red flags, menu consistency, chargeback-pattern detection. The standard is binary: if the AI cannot prove the step happened, the step did not happen. Pure upside, no new risk surface. Start here. Carver did, in year one.

Phase 2, the preparer (2027 to 2029). The layer assembles the deal before the customer sits: lender-ready files, consistently structured menus, product education at the customer's pace. The human handles the trust hour, the Marcus Chen hour. Deals per manager rise, and PVR holds because the value presentation improves even as pace does.

Phase 3, the negotiated frontier (2029 and beyond). Customer-side agents request terms machine to machine. Lenders certify verified pipelines. Regulators require conversation-level records. The stores that thrive here are the ones whose Phase 1 discipline gave them years of clean audit spine. This phase arrived earlier than almost anyone in F&I predicted, because the customer's agent forced it.

The non-negotiables, learned at Valley's expense. Never give a selling agent pricing or approval authority without human sign-off. Never deploy a customer-facing interaction you cannot replay verbatim years later. Test proactively for disparate outcomes, because patterns you did not intend are still patterns you own. Treat opt-outs as sacred, because automated contact violations scale exactly as efficiently as automated contact.

Done right, this makes F&I less risky than the all-human version, because consistency is the one thing machines beat your best manager at on his worst Friday. Done lazily, it industrializes your exposure.

Appendix D: Org design: what happens to the 64-person rooftop

The brutal baseline: the average rooftop employs about 64 people and replaces 42 percent of them annually, including 73 percent of sales consultants at non-luxury stores and 60 to 100 percent of BDC staff at $15,000 to $30,000 per replacement. The pre-AI dealership was never a stable employer that technology disrupted. It was a perpetual churn machine burning money and people in roughly equal measure.

The trajectory in this scenario: about 64 in early 2026, 52 in 2028, 47 in 2030, 41 in 2035, essentially all through managed attrition. No scenario year requires a layoff at Carver. Every year requires the discipline of not backfilling and the honesty of telling the team which roles are sunsetting. The compression of the decade compresses this too. What I once modeled as a 2031 headcount arrived in 2028.

What shrinks: the BDC as a department (reborn smaller as agent supervision), the entry-level burnout tier of sales, clerical deal processing, the phone-and-paperwork share of service advising.

What grows or upgrades: agent supervisors doing QA, escalation, and coaching the machines. Product specialists. Delivery and owner-experience roles. Data stewards. And technicians, whose scarcity premium rises because the machines diagnose and schedule but do not turn wrenches.

The hire that matters most: the Dealership AI Builder. Usually already in your building: the under-30 who automated something without being asked. Give that person a title, four protected hours a week, and a problem list. The Builder configures agents against your context file, tunes what drifts, and tells you when a $50,000 vendor contract is a $5,000 in-house problem. One Builder per group. Pay them like you mean it, because a public group will.

The management change nobody budgets for: supervising machines is a skill, closer to running a QC lab than a sales meeting. Assign it as an afterthought and you get afterthought results.

The comp change worth advertising: fewer seats, materially higher pay per seat, turnover falling toward luxury levels. By 2033 Carver recruits from stores that out-pay it on plan, because "the machine does your paperwork" turns out to be the best comp plan in retail.

Appendix E: The unit economics and the blue-sky math

All figures for a deliberately ordinary rooftop: about 115 new plus 95 used a month, roughly $4,400 total gross per unit, 2.2 percent net. Run your own statement through the same frame.

Year-one costs, honestly: - Intelligence layer plus first agents: **$4,500 to $9,000 a month** depending on scope. **-** Extraction, integration, identity resolution, cleanup: **$25,000 to $60,000** one time. Dirty data is the usual overrun. Budget for it, because you have it. **-** Internal time: a real project owner at roughly quarter-time for six months, plus principal attention. Unpriced and indispensable. In the compressed rollout, the first ninety days are the heaviest.

Year-one returns, from documented effect sizes: - BDC restructuring: roughly a third off a $450,000 to $600,000 fully loaded department, **$150,000 to $200,000**, plus the replacement costs you stop paying at 60 to 100 percent turnover, another **$40,000 to $120,000 a year** of recurring waste eliminated. **-** Recovered leads: two-minute 24/7 response versus next morning, plus complete answers to shopping agents that template-senders simply lose. Assume a conservative 15 percent more appointments on 400 monthly leads at historical show and close rates: **8 to 14 incremental units a month**, roughly **$420,000 to $740,000 in annual gross**. As agent-originated leads grow, this line grows with them. - Fixed ops capture: no-show reduction, defection saves, and declined-work recovery against the $900-written, $494-collected gap: commonly **2 to 4 points of absorption**, **$100,000 to $250,000 a year**.

The composite: cash payback in 4 to 9 months in most defensible constructions. Steady state, the whole line costs the equivalent of $25 to $35 per unit retailed against benefits an order of magnitude larger. On a 2 percent store, a dollar of cost removed is worth roughly fifty dollars of revenue added.

Then the enterprise math, which dwarfs the operating math. Buy-sell firms like Haig Partners price blue sky at roughly five times adjusted net. Move a store from $2.5 million to $5 million of net, the trajectory this scenario describes, and blue sky moves from about **$12.5 million to $25 million**. A five-store group doing the same moves from roughly **$62.5 million to $125 million**. No facility upgrade, no point acquisition, no OEM program has ever offered a dealer that lever. The intelligence layer does not belong in the software budget. It is a valuation event. And in the accelerated decade the buy-sell market starts pricing it by 2028, not 2031.

What the math does not say: it does not promise higher gross per unit. This scenario predicts front-end compression, and the ROI survives it because the gains sit in cost, capture, retention, and enterprise value. It also does not price the strategic terms. Two platforms with identical monthly fees are not identically priced if one owns your data and one does not. The Renter's discount is a balloon note.

The 90-day operating plan

Strategy without a Monday morning is a slogan. Here is the first 90 days, sized for a single rooftop. An earlier version of this plan kept customer-facing AI out of the first quarter entirely. The 100-store study changed that. The perimeter now goes up in parallel with the foundation, narrowly and with the lights on.

FIGURE 12 · THE FIRST 90 DAYS. FOUNDATION AND PERIMETER GO UP TOGETHER, BECAUSE THE SHOPPING AGENT WILL NOT WAIT.

DAYS 1-30	DAYS 31-60	DAYS 61-90
Map, and shop yourself	**Build + defend**	**Multiply, narrowly**
Mystery-shop your store with a real agent. Inventory every system. Pull the contracts. Run the 20-record test. Name your AI Builder.	Extraction and identity resolution. Write the context file and governance one-pager. Stand up after-hours lead response on clean data.	Add accurate OTD quoting for shopping agents. One or two behind-the-rep pilots. Weekly cadence. Review against day-1 numbers.

Days 1 to 30: map the ground, and shop yourself. - Mystery-shop your own store with a commercial shopping agent. Find out today whether you are in the 33 or the 67, before a customer's agent finds out for keeps. - Inventory every system holding customer or transaction data. Expect a dozen or more. - Pull the contracts. For each one: who owns the data, who owns derived insights, what exports exist, what exit costs. Highlight every clause that would embarrass you read aloud at a 20 Group. - Run the twenty-record test in front of your managers. Count dead numbers, duplicates, and none@gmail.com. Let the room feel it. - Name your Dealership AI Builder. Title, four protected hours a week, first problem.

Days 31 to 60: build the substrate, open the perimeter. - Begin extraction into an owned intelligence layer: pillars one and two, integration and identity resolution. Get a truthful household count and a truthful ownership count. - Write the dealership context file with your managers: pricing rules, authority limits, policies, the fifty real questions, the ten forbidden answers. Two afternoons and a pizza budget. - Draft the governance one-pager: what AI may touch, where humans sign, audit trail on every action, and a kill switch anyone on the leadership team can pull without a vendor ticket. - Stand up after-hours lead response on the cleanest data slice, under the governance one-pager, with a human reviewing transcripts daily for the first month. This is the defensive agent that keeps you from being the store that fails to answer.

Days 61 to 90: multiply, narrowly. - Add the quoting capability: a full, accurate, itemized out-the-door answer, template approved by the desk, every number sourced from owned data. When a shopping agent asks, answer completely. Most of your market still will not. - Launch one or two behind-the-rep pilots: service scheduling with no-show follow-up, declined-service recovery, or MPI upsell drafting. They pay fastest and risk least. - Stand up the weekly operating cadence: thirty minutes, same day, every week. Transcript spot-checks, escalation review, one metric per pilot, one thing to kill or fix. The cadence is the difference between Carver's 2027 and Valley's 2028. - At day 90, review against numbers you wrote down at day 1. Then decide what to scale.

The window for this work is 12 to 18 months, and shrinking, and the clock does not start when you feel ready. It started when a shopping agent queried 100 stores and only 33 could answer. Do the boring work and the perimeter work together, and start now.

The five questions to bring to any AI vendor, including QoreAI

Print these. Bring them to every demo. Any flinch is your answer.

1. **How does your product work on data that has not been cleaned?** If the answer is "it just works," the vendor has never met a real DMS. The honest answer describes integration and identity resolution, or admits it depends on someone else doing them.
2. **How does it enforce my compliance steps?** Not "supports." Enforces. Where are the hard gates, where does a human sign, and can I replay any interaction verbatim years later? If the AI cannot prove the step happened, the step did not happen.
3. **How does it handle a model change?** Models will be swapped under every product you buy this decade. What breaks, what gets retested, and who tells you? A vendor without a model-change process is a vendor you are beta testing for.
4. **What does it look like behind a human rep instead of in front of the customer?** If the only demo is a bot talking to your customers, the vendor is optimizing for their sizzle reel, not your CSI. The exception is the machine-to-machine perimeter, and even there, see the guardrails before the demo.
5. **What do I own if I leave?** Data, conversation logs, derived insights, audit trails: full fidelity, documented formats, no penalty, exercisable any day. This is the question Dev asked in 2026, the question the CDK weeks taught, and the question I invite you to ask my company first. Any vendor who cannot answer it cleanly, including us, deserves to lose the deal.

Epilogue: a Saturday in the intelligence-owned store

Marion, Ohio, 2036. Elena Carver gets to the store at nine now, not seven.

The overnight brief is waiting, written by her own layer, not assembled by a person at 6 a.m. Fourteen appointments, each with the customer's whole story attached. Two escalations flagged for humans: a widow transferring a title and a fleet buyer with a custom ask, exactly the two conversations that should find a person. One agent flagged for drift on trade-value language and already throttled pending review. She reads it with her coffee, standing where the BDC cubicles used to be. It's a customer lounge now. The espresso machine gets better reviews than most stores' sales process.

The people who remain are the point. Marcus Chen, twelve years in the box, a lifer in a job that used to break people, spends his morning on two trust conversations and a delivery. No paperwork. He will out-earn the store's old GSM this year. Priya, once the BDC's last hire, supervises the agent fleet across three rooftops and tells her kids her job is "teaching the store to be polite." Dev runs the Builder bench for the group and killed two more vendor contracts this quarter. The service drive hums at 76 percent absorption. Nobody stands at a counter repeating a phone number.

At 11 a.m. a shopping agent belonging to a customer in Columbus queries the store about a used Explorer. It asks forty-one questions in nine seconds. Carver's layer answers every one, truthfully, from a decade of owned history, and books the test drive for 2 p.m. Ten years ago, when an agent like this one shopped 100 stores, only 33 could give it a straight answer. Carver has been in the 33 since the first year. The customer arrives to find a human who knows her name, her trade, and her time constraints, and who spends the hour on the only things the machines never touched: the walk-around, the handshake, the judgment call on the trade. She buys. In 1990 I made deals by knowing everything the customer didn't. In 2036 Carver makes them by knowing everything about serving her, and letting her know everything else.

The factory calls Elena a partner now, and means it, because she holds the one thing its telematics cannot see: the trust of eleven thousand households, documented. The OEM changed costume five times in a decade. Carver never had to guess which costume was next, because every version of the factory needed the same thing from her, and she owned it.

What Elena got back is hard to put on a statement. The store no longer runs on her adrenaline. It runs on a system she owns: the data, the intelligence, the logs, the memory. An asset she can hand to her daughter the way her father handed her a building and a sign. That was always the quiet promise of the franchise: a local family, holding a durable asset, serving a community that knows them. The intelligent decade did not end that promise. For the dealers who built the foundation first, it renewed the lease.

The ones who rented, held out, or handed the relationship away are mostly gone: sold, absorbed, or reduced to fulfillment nodes in someone else's app. That, too, is the honest ending. Transitions do not distribute their gains evenly. They distribute them to owners, and this transition graded faster than any before it.

Thirty-six years, and why this one is different

I have spent thirty-six years in this business, from the floor of a dealership to the technology that runs them. I sold my first car in 1990, in a store with no computer on the desk and no internet in the building, when the dealer held every number and the customer held none.

I have watched crisis after crisis since. The internet arrived and took the information edge we had sold for a century. The 2008 meltdown put two of the Big Three into bankruptcy and shuttered thousands of rooftops. The pandemic and the chip shortage turned the inventory model upside down, first with nothing to sell and then with record margins everyone knew would snap back, and within two years they did. In 2024, a single vendor outage put roughly fifteen thousand stores back to writing deals on paper for the better part of three weeks. Every one of those felt, in the moment, like the end of the business.

It never was. The dealer body absorbed each shock and found the same ground waiting when the wind stopped, because every one of those crises was linear. They were storms. You batten down, you adapt, you rebuild, and the shape of the business survives.

This one is different, and it took me a while to see why. AI does not arrive like a storm. It compounds. The work a model can do on its own has been doubling on a clock, not creeping, and a curve that doubles looks flat right up until it goes vertical. Forty years of linear crises trained all of us to expect a shock, a scramble, and a return to normal. This time there is no return to normal, because the thing driving it gets faster every quarter.

What AI changed for me was not my tools. It changed how I think. I stopped reasoning about this business in straight lines and started reasoning about it exponentially, and once you do that, the whole picture reorders. The window is shorter than it looks. The advantage compounds instead of adds. The winners will not be the ones who moved a little faster than the store down the street. They will be the ones who saw the shape of the curve early and built for it while everyone else waited for the storm to pass.

That is why I wrote this, and why I built QoreAI. Not because AI is coming. Everyone knows AI is coming. It is because the dealers who reason about it exponentially, and who own the data underneath it, are going to inherit this industry from the ones who are still bracing for a storm that is actually a sunrise.

Thirty-six years taught me one thing worth a whitepaper: the store you hand to your kids is the one you own from your data all the way down to the dirt.

> *Data is the foundation. AI is the multiplier. The dealers who confuse the two will spend the next decade renting their own future back, one month at a time.*

Todd Smith CEO, QoreAI. Author of *The Intelligent Dealership*.

QoreAI is a data company. QoreCloud is the owned intelligence layer: we get a dealer's data out of the third-party systems that hold it and into a system of intelligence the dealer controls, so that everything built on top of it, agents included, compounds in an asset the dealer owns. If you take one action from this paper, take the five questions to every vendor you meet this year, and bring them to us first.

This document is a scenario. The recommendation is mine. The predictions are my best honest forecast, stated with dates so you can hold me to them. Carver Ford-Lincoln, Meridian Chevrolet, and Valley Motors are illustrative composites grounded in industry data: NADA, Cox Automotive, Glenn Mercer's dealership economics research, Haig Partners' buy-sell reports, McKinsey's connected-vehicle analyses, the early-2026 AI shopping-agent study of 100 dealerships, and public reporting on the 2024 CDK incident and related litigation. I have been wrong before, in stores I owned, with my own money. I wrote this down anyway.