

Cox's Marianne Johnson: Don't get left behind in dealership tech transformation

Technology, especially artificial intelligence and agentic workflows, will reshape dealership operations and the customer experience in "orders of magnitude" greater than ever before, Cox Automotive's Marianne Johnson projects.

Every role in the dealership will be affected, causing some positions to evolve significantly and others to disappear entirely as automation and AI become more deeply embedded in daily operations, said Johnson, Cox executive vice president and chief product officer. But human involvement will remain essential — the creativity, oversight and higher-level thinking of employees will be critical to ensuring responsible and effective use of the new tools, she said.

Advancements are happening at "warp speed," said Johnson. She particularly noted the development of agentic AI, which goes beyond generative AI and promises to automate workflows with the AI function doing the planning and reasoning and then using tools and executing tasks. The approach is barely more than a year old.

"I don't know how we're all getting some sleep. If you've not started engaging, please engage," she said. "Leadership of the future is going to look different, and how you run

your business is going to look different."

Johnson spoke with Amy Wilson, director of publishing for The Presidio Group. Here are edited excerpts of their conversation:

How broadly is technology positioned to transform dealership operations and the customer experience?

It is orders of magnitude for every industry, automotive as well. It's a mixed bag across the industry, because you've got a lot of fragmentation. You have different companies at different levels of maturity. Forget AI for a minute. Just think about cloud readiness and being digital. But the exciting opportunity around that is, you don't have to be completely digital to be able to take advantage of what is possible now, with the advances in generative and agentic. It will be faster and easier if you have your data house in order and you already are cloud native.

You have deep experience in both tech and auto. How would you rate the transformation potential that exists now compared with your previous years in the business?

What is happening now is at a warp speed. We're seeing changes in model development and the abilities of large language models and agentic workflows every two weeks. A large language model can learn the equivalent of a human learning year in 30 minutes. That's not going to do anything but increase as compute [speed] increases and more data is made available. That then changes the game around how fast you can get a recommendation and outcome. We are definitely not at the max. We're seeing exponential innovation happening in front of our eyes.

And it's going to speed up. A model [will] solve a problem much faster and find multiple ways to solve a problem. Every role a human does today, you have to step back and



***"Life [is] changing around you.
Lean in, don't wait."***

— Marianne Johnson, chief product officer
at Cox Automotive

say, “How do the capabilities that are now available change that role?” There are jobs that used to exist 50 or 100 years ago that don’t exist anymore because technology does it for you. But then the human is innovative, and they create a different way to take it to next-level innovation.

How should dealers and auto retail tech companies be thinking about AI implementation?

It is really about what your end consumer is going to expect. The ease of use to research any opportunity or any problem is going to be in everybody’s daily [life]. I’m going to have an assistant doing that work for me and making recommendations based on my lifestyle, my personal preferences, where I live, what stage of life I’m in, what can I afford. That’s going to do the shopping for me. It might even make the appointment for me. Might send me the link to purchase. It’s going to change consumers’ digital footprint, and the industry needs to shift with that.

How should dealers adapt how they run their businesses?

Your ability to be more efficient is going to change your margin profile, allow you to invest differently, allow you to better assist your customers. [It will change] all aspects of it. If you think about things you can do now with a chat — a technician can be asking questions with a headset while fixing a vehicle, and maybe more accurately. Computer vision allows a virtual experience, whether utilizing it internally or exposing it to your end customer. All of these things will change how a job is done. It could be an F&I manager, a technician, the accountant in the back office. Everywhere you have repetitive tasks and you have information available, you can make the way in which you learn and execute that task much more effective and speedier. There will be activities that I think won’t be done in the dealership in the future because the step has happened automatically.

What is an example of something that might leave the dealership?

The first one that comes to mind is customer support and interactions — if you give me a virtual assistant that knows me and I can get information I need without ever talking to a human but the interaction feels personalized. The number of people providing personalized assistance for the customer, that’s going to change. BDC roles are going to change.

These models don’t sleep. If you need something done throughout the night, it can do that. Lead follow-up, sales follow-up? That’s going to change. The number of service advisors you might need? That’s going to change. The

TECH TRANSFORMATION

Dealerships continue to lean further into tech tools to improve efficiency and the customer and employee experience. Artificial intelligence is emerging as a critical differentiator.

- Number of dealerships offering every purchase step online has **doubled** in the last two years
- Buyers engaging with chatbots report a **57%** improvement in their dealership experience
- **78%** of dealers using an omnichannel approach say digital retailing tools improve their deal close rate vs. 51% of other dealers
- **67%** of dealers using an omnichannel approach say digital retailing tools help gross profit vs. 46% of other dealers



Source: 2024 Cox Automotive Digitization of Automotive Retail

number of software engineers they need? That’s going to change. Every single role in a dealership will change to some degree. Some will go away. Some will have time to do higher-value activity and be more productive.

How long of a runway do we have before such change?

Everything is literally right now. We’re putting things into production for our customers right now that are giving them the lift. We’re seeing significant change in communication protocols with large language models, with consumers engaging at a higher [level] and the sell-through rate being higher.

You need to be moving now. There’s a phrase, “If you’re not leaning into AI, you’ll be working for somebody who is or you will not be working.” A year from now when we talk, I think things will have moved farther than we ever thought [they could].

How does agentic AI work and how will dealerships use it?

Artificial intelligence is where any program can mimic a human solving a problem and learn. Agentic is where you have an artificial intelligence agent autonomously executing

complex tasks without step-by-step instruction. This agent is learning patterns and doing logic to say, “OK, based on this pattern, this is the next best action,” and it can take the action. You can inject things inside of that to say, “Stop here,” or have a human in the loop to review before you take the action.

What I’m recommending and where we’re going is a risk-based model. If you have tasks and activities that are no risk for the agent to take, let it take it. Send that consumer that information they asked for.

Where [agentic] gets super powerful is the amount of data you can feed it and the number of agents that you can have. An emerging thing we have in production now [is] an orchestrator agent. You have an orchestrator looking at the information and making sure all agents are doing the tasks. You could have each area of a dealership have its own agent engaging on the behalf of internal and external customers. It could be a service agent, a consumer interaction agent, a digital retailing agent. As many things as you can let the agent handle, you can, and then you can have a breakout loop. So when you need a human in the loop, you can engage.

How do you ensure these tools are reliable and what are the risks if they make a mistake?

We’re seeing improvements every week. The research models coming out are very, very powerful, and they’re sourcing their information. You could [have the agent] check to validate things for you so you can figure out what your trust level is. Human in the loop is a good step for a lot of things that we do, to retain creativity, to retain higher-level thinking and the value add. We’ve seen massive improvements on the models getting better and more accurate. The skill is going to be learning how to do proper prompting to get a good response back.

One thing about agentic thinking is [you can ask] an agent look at all five steps [in a process]. Maybe it redesigns the process [to] three steps. At Cox, we have an AI governance framework [that we continually] augment to add more discipline before putting agentic workflows into your systems. If you’re delivering value to your customer, you better make sure the outcomes are just as good, if not better — that you didn’t introduce security risk.

You have to have controls and governance around what you do. Much like anything else in life, you still have to

have structure and discipline around it, so that you’re responsible and that you deliver the right service with the right level of trust.

Dealers want more comprehensive tech stacks integrating the most advanced tools from fewer providers. How is the auto tech space evolving to give them this?

The automotive ecosystem is very fragmented with providers. Cox has a lot of services that are connected. You have point solutions in the market. You have some providers trying to provide one monolithic platform. The answer really is in the middle. If you start throwing in a bunch of individual agentic startups, you’re going to fragment further. If you go all in with one provider, you create the monolith of the past, even if digitally based, and you could miss opportunity.

I’m biased, but I think we’re in a good spot from a standpoint of having composed solutions at scale with differentiated data and being on the forefront of the cutting edge with [partner] companies. It goes back to, do you have the discipline and do you have the expertise?

We’ve talked for decades about the DMS being the heartbeat of the dealership. What does this change mean for the future of dealership management system and customer relationship management platforms?

If you look at the ecosystem of a dealership, from service to new car to used car to F&I to the BDC, they’ll still have a core financial system. How that work gets done and how you pull in the data and how you pull in agentic workflows is going to make that easier and more seamless — if it’s done well. For CRMs of the future, you’re always going to need to know who your customers are and manage the points of interaction, but the points of interaction are going to change. So the way it looks and feels is going to be very, very, very different. It might not be a person having that interaction with [customers]. The core fundamentals of what [the platforms] do have to be there. The work itself changes.

What else do you want to tell dealers about this transformation?

Life [is] changing around you. Lean in, don’t wait. Be intentional, be responsible. It’s amazing, [but] it also has risk involved, and we want to make sure human creativity is in it.

RECENT AUTO TECH TRANSACTIONS

Acquisitions, investment focus on AI, logistics, mobility, wholesale, DMS, service and payments



March 2025: FM Capital, a venture capital firm focused on transportation, raised **\$240 million** for its fourth venture capital fund to invest in startups focused on automotive retail and other auto sectors, including autonomous and connected vehicles. Cox Automotive and Holman were among the fund's 125 investors, along with 56 dealership groups representing 1,100-plus stores.



April 2025: Plug, an electric vehicle wholesale online auction platform, raised a **\$6.7 million** seed round to support company growth and software development. The round was led by AutoTech Ventures, Floodgate Fund and A* Capital. Other investors included Toba Capital; Simon Rothman, founder of eBay Motors; and Yossi Levi, founder of Car Dealership Guy.



May 2025: Vehlo, an auto repair industry technology provider, acquired **Dealer Pay**, a dealership payment processing software company, from the Beekman Group for an undisclosed amount. The acquisition expands Vehlo's reach into dealership service departments.



June 2025: Toma AI, an artificial intelligence platform automating phone calls for dealerships, raised **\$17 million** in a Series A round of funding to expand capacity and speed deployment of AI agents at client stores. Venture firm Andreessen Horowitz led the round, with participation from Y-Combinator, Flex Capital and angel investors such as Yossi Levi, founder of Car Dealership Guy.



June 2025: Fleetworthy, a fleet and logistics software company, acquired **Haul**, a provider of AI-powered compliance and safety automation technology for commercial fleets, for an undisclosed amount. The purchase expands Fleetworthy's offerings and supports its efforts to provide more capable and efficient compliance tools to the transportation industry.



June 2025: AutoAcquire AI, a used-vehicle acquisition and inventory management platform for dealers, raised **\$5 million**, including \$4 million from undisclosed angel investors to help accelerate growth of the AI-powered platform and expand its sales and customer onboarding.



July 2025: Vehlo, an auto repair industry technology provider, acquired **Total Customer Connect** a customer retention and service marketing software company, for an undisclosed amount. The purchase adds new service lane, retention, advanced marketing and customer relationship management software to Vehlo's expanding suite of dealership technology offerings.



SERVICE UP

July 2025: ServiceUp, a vehicle repair management software provider for fleets and insurance carriers, raised **\$55 million** in a Series B round of funding that will be used to expand employee count, enter new markets and accelerate software development. The round was led by PeakSpan Capital. Hearst Ventures, Trestle Partners, Capital Midwest and Liquidity Ventures also invested.



July 2025: Pinewood Technologies Group, a United Kingdom dealership technology provider, acquired **Lithia Motors'** 51% stake in the companies' North American joint venture for **\$76.5 million**. Pinewood now fully owns the venture and aims to accelerate adoption of its DMS software in the U.S. The deal includes a five-year DMS contract for Lithia's U.S. and Canadian dealerships.