



Whitepaper:

Automotive Suppliers Outlook for 2025

Key Trends and Challenges

Forward

As we stand on the brink of 2025, the automotive industry is poised for transformative changes that will redefine our landscape. The insights gathered in this "2025 Supplier Outlook" report reflect the resilience and adaptability that have characterized our sector during these challenging times.

In 2024, we faced unprecedented challenges, from supply chain disruptions to economic volatility and the rapid evolution of consumer preferences. Yet, these challenges have also sparked innovation and collaboration across the industry. Companies are increasingly embracing advanced technologies, sustainability initiatives, and strategic partnerships to navigate this complex environment.

This report highlights the key challenges and opportunities that lie ahead. As we look towards 2025, it is clear that the automotive industry must prioritize innovation, quality, and sustainability to thrive. The emergence of new market players, particularly from Asia, is reshaping competition and driving established manufacturers to rethink their strategies.

Furthermore, the shift towards electric vehicles (EVs) and hybrid technologies presents both opportunities and challenges. As we transition from internal combustion engines to more sustainable alternatives, the demand for innovative materials and solutions will intensify. It is imperative that we remain agile and responsive to these market dynamics to ensure our continued success.

The insights contained within this document will serve as a valuable resource for industry stakeholders, providing a roadmap for navigating the complexities of the automotive landscape. I encourage all readers to leverage these insights to foster collaboration, drive innovation, and ultimately contribute to a more sustainable future for our industry.

Together, we can harness the opportunities that 2025 presents, ensuring that we not only meet the challenges head-on but also emerge stronger and more united as a sector.

—Matteo Fini, Vice President, Research and Analysis, Mobility Global

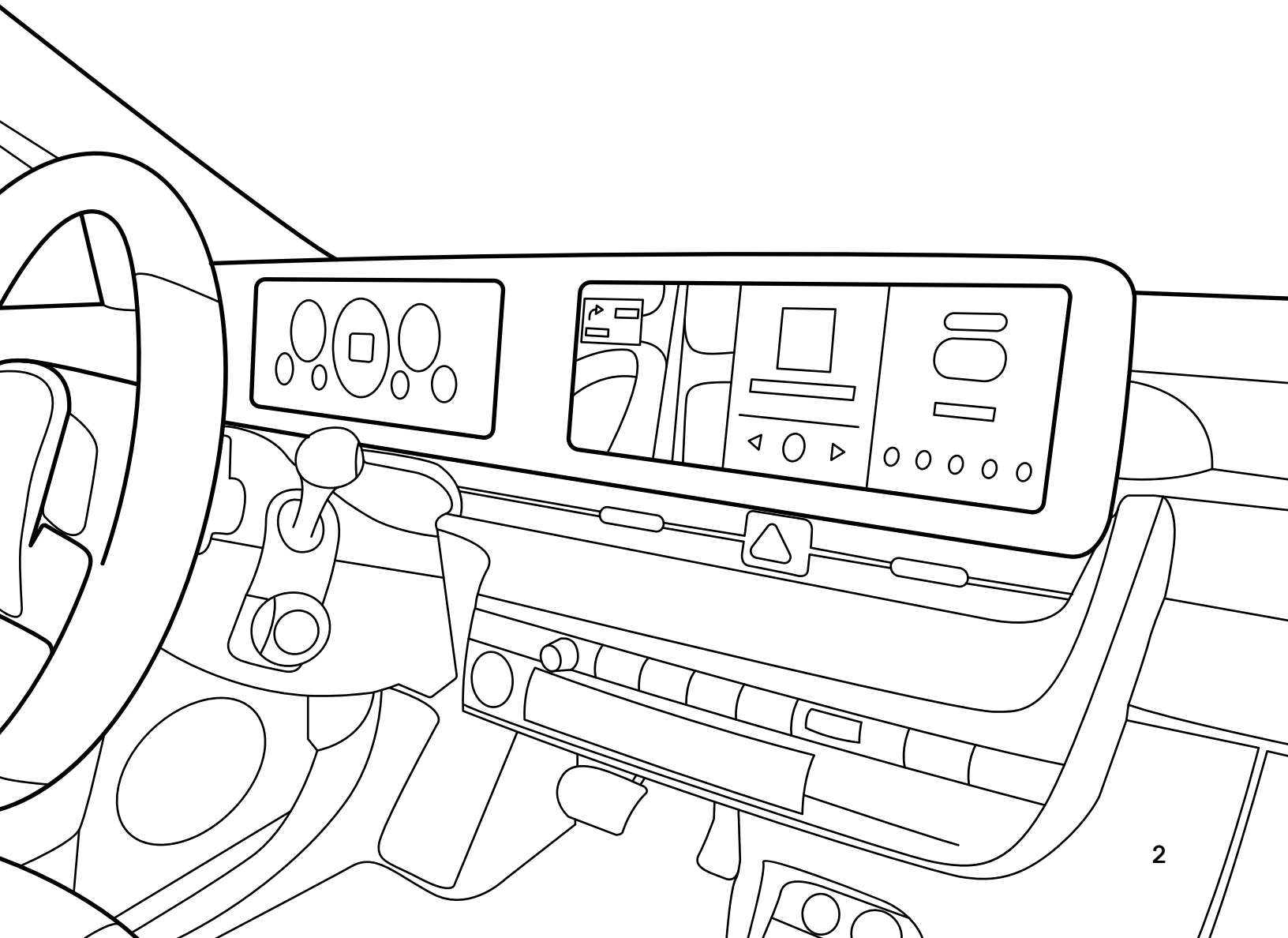
Introduction

As the automotive industry enters 2025, one thing is clear: agility is the key to survival in the years and decades to come.

Recent interviews with 42 senior executives across the supply chain, conducted by Mobility Global, uncovered three critical challenges that suppliers anticipate in the new year: supply chain disruptions, labor shortages, and regulatory challenges.

However, new technology trends and revenue opportunities are also providing some positive momentum. With electric vehicles (EVs), connectivity, and sustainability driving the future, suppliers will need to recalibrate their strategies to thrive in a dynamic and competitive market.

Featured here are key takeaways and quotes from our executive interviews, which are [available in full on our AutoTechInsight platform](#).



Top Challenges Automotive Suppliers Faced in 2024

What were the most significant challenges your business encountered



“Many companies invested heavily in establishing a software-first capability and efficient software factory process but have struggled to determine how to effectively achieve all of this while simultaneously managing the electric vehicle (EV) and autonomous driving race to market share.”



—Francis Chow, Vice President and General Manager, In-Vehicle Operating System and Edge, Red Hat



“The automotive market slowdown, along with cost pressures, is causing OEMs to reassess or delay development of ADAS [advanced driver assistance system], and particularly autonomous systems above Level 2+.”



—Senya Pertsel, Automotive Senior Director, Ambarella

The automotive supply chain faced several pressing challenges in 2024, many of which are expected to persist into 2025. Chief among these are ongoing supply chain disruptions, rising raw material costs, and regulatory compliance issues.

Geopolitical tensions, economic instability, and the lingering effects of the COVID-19 pandemic have created a volatile environment, forcing suppliers to rethink their strategies to ensure resilience. This includes reassessing logistics and sourcing practices to mitigate risks and enhance supply chain flexibility.

Labor shortages have also been a significant issue, with the automotive sector's reliance on skilled labor becoming even more pronounced. The talent gap, particularly in areas like software engineering and data analytics, has prompted suppliers to invest heavily in training and attract skilled workers by raising wages and offering more competitive benefits.

In addition to workforce challenges, stricter environmental regulations have created additional pressure, requiring suppliers to invest in new technologies and processes to stay compliant.

The transition to electric vehicles (EVs) has further complicated matters. Suppliers are tasked with adopting new manufacturing processes, integrating advanced technologies, and investing in infrastructure — all of which require substantial financial commitment and organizational adaptation.

Key Developments in the Automotive Sector

What was the most positive development you witnessed in your sector in 2024?



“A heightened focus on innovation, especially the evolution of the paint shop of the future, is one key area we have seen emerging in 2024. Companies are now embracing established technologies that were previously underutilized, and they are also exploring new innovations aimed at enhancing sustainability and productivity benefits.”



—Alisha Bellezza, Senior Vice President, Global Automotive OEM Coatings, PPG



“The continued race is to deliver aluminum and aluminum extrusions with the lowest possible environmental footprint. Despite the challenging extrusion demand situation, the industry continues to move in the right direction, which is very encouraging.”



—Paul Warton, Executive Vice President, Hydro Extrusions

Despite these challenges, the automotive sector has seen significant developments that are shaping the future of the industry. The momentum for EV adoption continues, driving demand for innovative products and solutions.

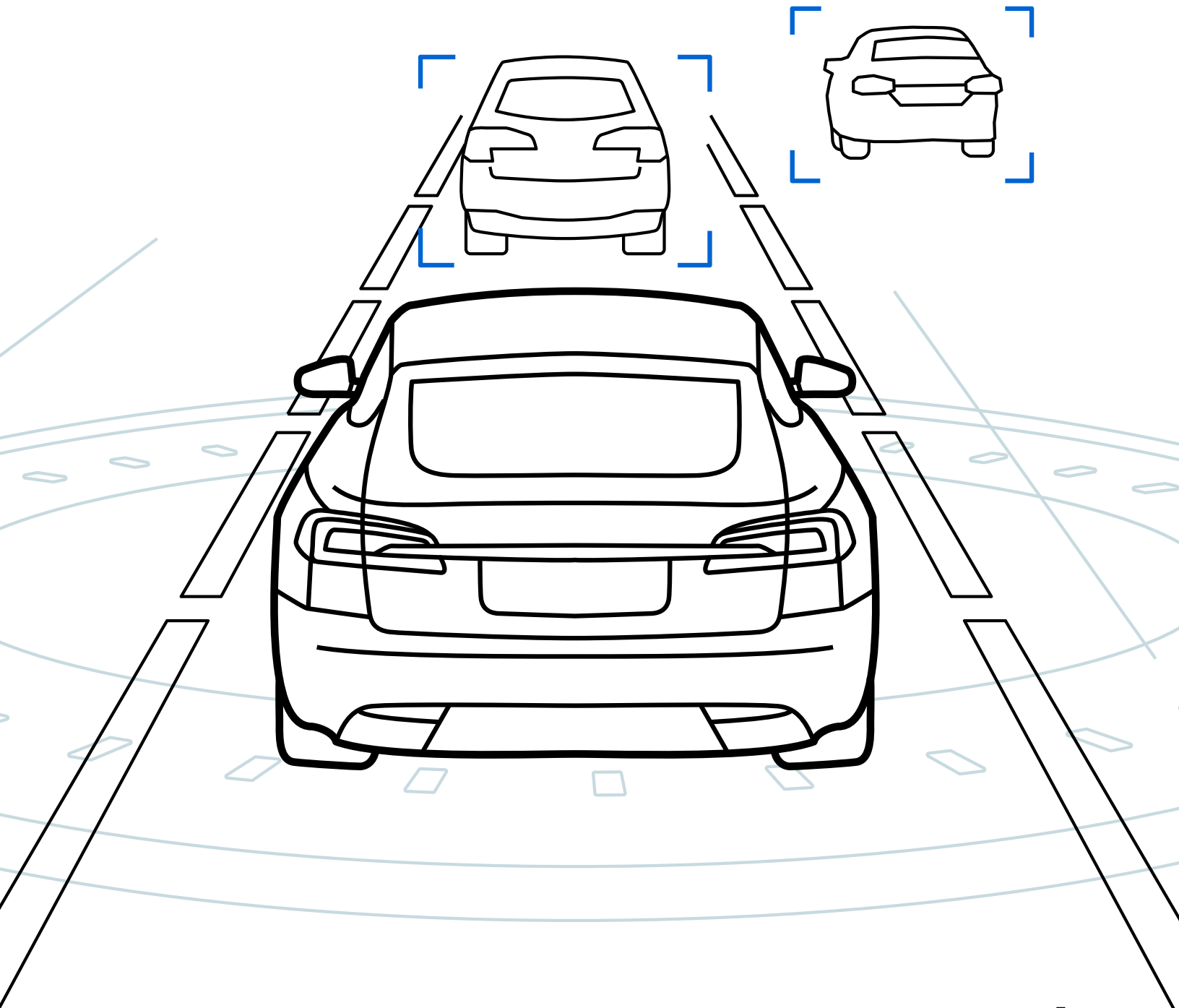
Suppliers are increasingly focused on advancing EV technology, with notable improvements in charging infrastructure and efforts to integrate renewable energy sources into manufacturing processes.

At the same time, advancements in Advanced Driver Assistance Systems (ADAS) are enhancing vehicle safety and performance, further emphasizing the industry's shift towards innovation.

Technology continues to play a crucial role in the evolution of the sector. Automation, artificial intelligence (AI), and data analytics are being increasingly adopted to improve operational efficiency and support the development of autonomous driving technologies. Companies like Lenovo, Nvidia, and Nano One are contributing to these advancements by providing AI-powered systems and high-performance computing platforms essential for the development of connected vehicles and autonomous systems.

Sustainability also remains a central focus, with suppliers exploring ways to incorporate eco-friendly initiatives into their operations. Efforts to recycle rare earth elements and implement environmentally friendly practices are driven not only by regulatory requirements but also by changing consumer preferences, as sustainability becomes a factor in purchasing decisions.

Notable companies are leading the charge in adapting to this new landscape. Phyrion, for example, has experienced revenue growth by developing innovative products tailored to the growing EV market. Similarly, Red Hat's solutions are helping automotive companies enhance their software capabilities, which are crucial for the development of electric and autonomous vehicles. Meanwhile, Seeing Machines is advancing driver monitoring technologies, which are increasingly important as the industry moves towards more automated driving solutions.



Outlook for 2025: Opportunities and Strategies

Looking ahead to 2025, how do you perceive your business prospects and the overall outlook?



“2025 will be a very challenging year due to limited market/ volume growth, limited consumer confidence in Europe, and many launches for Yanfeng, requiring all team members to stay dedicated and committed to the success of our OEM customers.”



—Francois Stouvenot, General Manager, Yanfeng EMEA



“SDVs will remain a hot topic as it is perceived as essential to retaining market share. However, the automotive industry’s economic situation — such as the dramatic decrease in sales of German vehicles in China — is making investment harder.”



—Moritz Neukirchner, Senior Director, Strategic Product Management, Software-Defined Vehicle, Elektrobit

Looking ahead to 2025, the outlook for automotive suppliers is cautiously optimistic. While the industry faces ongoing challenges, there are significant opportunities, particularly in the growing EV market. Many suppliers are preparing for moderate growth, driven by increased demand for electric vehicles and related technologies.

However, this optimism is tempered by the recognition that supply chain resilience, regulatory compliance, and workforce development remain top priorities.

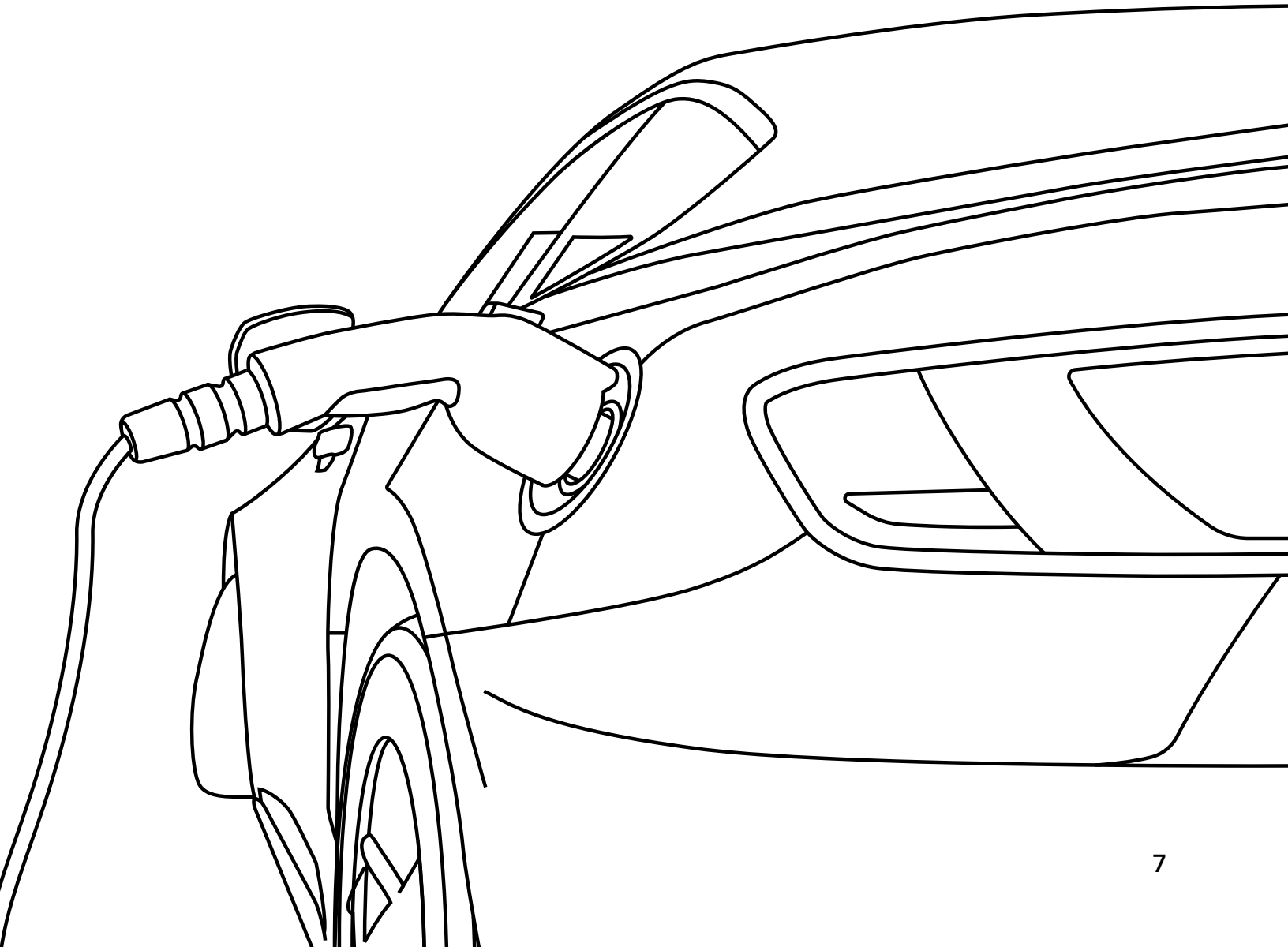
Suppliers that can adapt to changing market conditions and consumer preferences are well-positioned to lead in the industry. Agility and innovation will be key factors in navigating uncertainties, especially as the market continues to shift towards electric mobility and connected vehicle technologies. Strategic collaboration between suppliers, manufacturers, and technology partners will be essential to address common challenges and enhance overall industry resilience.

The competitive landscape within the EV market is expected to remain intense, requiring suppliers to stay agile to maintain their market positions. Companies such as Vontier, which specializes in mobility technology, will be crucial in supporting the transition to more sustainable transportation solutions.

Additionally, companies like Unico are working to enhance partnerships that facilitate the integration of new technologies into existing systems, ensuring that suppliers can meet evolving consumer demands for innovation.

Connected vehicle technology stands out as another key opportunity. Suppliers like Konect are expanding their offerings to meet the growing demand for enhanced in-car connectivity. Meanwhile, companies such as Nano One and Meech are investing in innovations that support the EV market's growth, from battery technology advancements to high-quality automotive components.

Workforce development further remains a critical issue in 2025. Companies like KleanDrive and Mobileye are seeking talent in software engineering and data analytics, reflecting the increasing importance of these fields as automotive technologies evolve. In response, suppliers will need to invest in training programs and build partnerships with educational institutions to ensure they have the talent necessary to support the transition to advanced automotive technologies.



Key Issues to Address in 2025

Is there any specific concern or emerging issue you would like to highlight?



“The transition to electric vehicles is a very turbulent time for automotive OEMs, who face strict legislative pressure to sell more electric vehicles on one hand and stiff competition from lower-cost Chinese EVs on the other. Our customers now face the dual challenge of reducing production costs to achieve price parity with Chinese EVs or differentiating their offerings through innovation.”



—Trevor Day, Director of Sales, Automotive and Engineering, Tata Steel



“One of the most significant concerns facing the automotive industry today is harnessing the full potential of AI to enhance user experience within vehicles. While we are already seeing AI being used for things like driver monitoring systems (DMS) and in-cabin monitoring, the possibilities for AI to revolutionize the in-cabin experience extend far beyond these initial applications.”



—Benjamin Lyon, Senior Vice President and Chief Technology Officer, Aptiv

To navigate the challenges ahead, automotive suppliers must prioritize several key issues. First, they need to remain agile and adaptable to the rapidly changing automotive landscape, particularly in response to trends related to electrification and sustainability. Companies like rFpro are focusing on developing simulation technologies that help manufacturers test and validate their EV designs efficiently.

Effective supply chain management strategies will also be essential to address the volatility in raw material availability and the ongoing labor shortages. Companies like Tual are working to optimize their operations in light of these challenges, ensuring they can adapt to disruptions without sacrificing efficiency.

Additionally, continuous investment in advanced technologies will be critical for suppliers to maintain a competitive edge and enhance their operational efficiency in a dynamic market environment. Companies like PPG are leading the way in innovative coatings and materials that support sustainability efforts in automotive manufacturing, highlighting the importance of staying ahead in technological advancements.

As regulatory pressures around emissions and safety continue to rise, proactive engagement with policymakers will be crucial for ensuring that suppliers can comply with new standards and avoid penalties.

Collaboration within the supply chain will also be critical, with companies like Novelis Europe and Nuro leading the way in addressing shared challenges.

Conclusion: A Resilient and Innovative Path Forward

The automotive industry's outlook for 2025 is shaped by a complex interplay of challenges and opportunities. While supply chain disruptions, labor shortages, and regulatory compliance issues remain key concerns, the continued push towards electric mobility, connected vehicles, and autonomous driving technologies offers significant growth prospects. Suppliers that prioritize resilience, agility, and innovation—while investing in workforce development and sustainability—are likely to emerge as leaders in the next phase of the automotive revolution.

By fostering strategic partnerships and embracing technological advancements, the automotive supply chain will be better positioned to thrive in an increasingly dynamic and competitive market. The road ahead may be uncertain, but for those who are agile and forward-thinking, the opportunities for growth and success are abundant.

AutoTechInsight (ATI) is a subscription-based platform that allows you to quickly gain intel on market developments and technology trends, dive into granular forecasts, and seamlessly drive analytics to support challenging decision making.

The interview reports are divided by alphabetical order. Click the links below to download each report.

The full reports are available to download on AutoTechInsight. They are divided by alphabetical order. Please click the links below to download each.

A - D

E - I

K - N

P - Y

If you would like to join us for our 2026 Supplier Outlook, please contact:

matthew.beecham@mobilityglobal.com

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Bo

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Dynisma

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Envalior

Factorial Energy

Falken Tyres

Geotab

Harman

Hydro Extrusions

IBM Technology

Integrals Power

Ionetic

KleanDrive

Konect

Lenovo Vehicle Computing

Loxo

Meech

Mobileye

Monolith

Nano One

Novelis Europe

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Nvidia

Phyron

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Seeing Machines

Tata Steel

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Vontier

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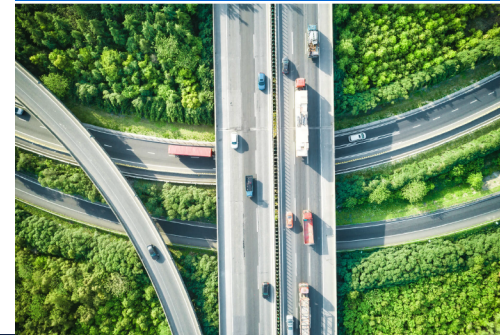
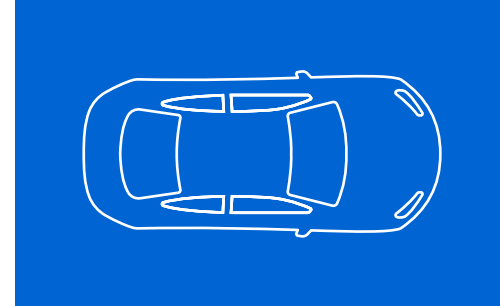
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- CARFAX gives millions of consumers the trusted information they need to buy, sell, and take care of their cars with confidence.

As mobility keeps evolving, we'll keep partnering with our customers to solve their most complex challenges so they can make decisions that move them, and the world, forward.

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