



SPECIALTY EQUIPMENT MARKET ASSOCIATION

BOARD OF DIRECTORS POTENTIAL CANDIDACY QUESTIONNAIRE 2022 ELECTION YEAR

Brian Herron

Part 1 – Personal/Professional History

1. Please provide a history of your professional background and education (including professional development). Feel free to attach your résumé and/or bio. Describe the specifics of your current job responsibilities:

My résumé is attached. I am completing a University of Michigan Ross EMBA currently. I have a strong background in automotive calibration, performance, mechanical repair, diagnostics and collision. For the last 19 years I have led businesses that were all SEMA members with the title of general manager, president or CEO. I have taught training on vehicle diagnostics and repair classes at KC Vision, and I also have a background in computer science and software development.

2. Indicate your historic and/or current involvement with automotive industry initiatives specifically, as well as other professional and philanthropic associations, societies and organizations you have been actively involved in. Please be specific about other boards (if any) on which you have served or are currently serving:

Involvement with AutoCare for right-to-repair laws from 2013–present, some of the language that went into the law was written by me. I am involved with the Equipment and Tool Institute as a board member and then president. I am also involved with the SAE EE Diagnostic Committee that drives all automotive diagnostic and telematics standards since 2008. Involved with emissions standards activities with BAR since 2013 and EPA/IM Solutions.

3. Please highlight specific career accomplishments including, but not limited to, patents received, product innovations, awards and recognitions, publications, marketing or business programs, presentation to business and/or industry symposiums. Share any and all significant or notable accomplishments:

I was the primary inventor on more than 100 patents pending worldwide. I am a creator of products, services and long-term strategies to address changing vehicle technology. First product I brought to market was in 2004 for SCT, known as the XCAL for automotive reflashing. Since then, I've led the design, development, manufacturing, marketing, sales and support efforts for hundreds of products. I've written articles on the future of diagnostics, spoken at major events (including CES) on how the diagnostics landscape is changing and its impact on repairers and vehicle customization.

4. Please mark each of the skill categories where you believe you possess a level of expertise:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Manufacturing | <input checked="" type="checkbox"/> Motor Sports/Racing |
| <input checked="" type="checkbox"/> Distribution/Logistics | <input checked="" type="checkbox"/> Vehicle Shows/Auctions/Exhibitions |
| <input checked="" type="checkbox"/> Supply Chain | <input checked="" type="checkbox"/> Financial Planning/Management |
| <input checked="" type="checkbox"/> Engineering | <input checked="" type="checkbox"/> Accounting |
| <input checked="" type="checkbox"/> Vehicular/Product Design/Innovation | <input type="checkbox"/> Human Resources Management |
| <input checked="" type="checkbox"/> Product Management | <input checked="" type="checkbox"/> Business Management/ Development |
| <input checked="" type="checkbox"/> OEM Design/Technology | <input checked="" type="checkbox"/> Sales |
| <input checked="" type="checkbox"/> Brand Management | <input type="checkbox"/> Business Technology |
| <input checked="" type="checkbox"/> Advertising | <input checked="" type="checkbox"/> Data Management |
| <input checked="" type="checkbox"/> Marketing | <input checked="" type="checkbox"/> Internet Utilization |
| <input checked="" type="checkbox"/> Strategic Planning | <input type="checkbox"/> Other (specify): |
| <input type="checkbox"/> Public Relations | _____ |
| <input type="checkbox"/> Crisis Management | _____ |
| <input checked="" type="checkbox"/> Regulatory Compliance | _____ |
| <input checked="" type="checkbox"/> Legislative/Lobbying | _____ |

Part 2 – Personal/Professional Attributes

5. What are your specific areas of expertise? What unique skills or perspective do you think you could bring to the leadership of SEMA? What business or life experience do you have that prepares you to help shape the direction of the industry? What industry issues are you particularly passionate about?

Specific area is complex vehicle technology and helping the aftermarket adapt and thrive. I can help SEMA grow and shift strategy to position member companies for an EV future where modifications to vehicles require OEM access, must take into account function of key safety systems and shift the way we think about customization. I have OE and lobbying relationships that can be used as right-to-repair and the Biden transportation bill take shape over the next three years and there are mandates of vehicle-crash avoidance systems. In addition to my industry experience, I have managed and led companies to growth as a president or CEO and have strong experience across all disciplines.

6. What would you say is/are your most notable achievement(s) to this point in your career? What are you most proud of?

- My involvement with both mass right-to-repair legislations.
- Landmark patent infringement case I led defense against.
- Growth of the company I run to 400 people and my mentorship of young leaders.
- My role with a high-profile OEM recall campaign getting life-saving software updates to 14M cars.
- My relationships in the industry.

Part 3 – Industry Perspective

7. What do you consider to be the top opportunities or threats facing the specialty parts aftermarket over the next five years? Try to be specific to industry trends. You may comment on macroeconomic issues (inflation, unemployment, health care, etc.) but only if they are relevant to your perspective on industry issues.

Specific industry trends that I feel are both threats and opportunities:

Vehicle technology changes will disrupt the way our industry modifies cars. IBISWorld Reports show significant parts and manufacturing trends towards autonomous and high-tech vehicle focus. The Biden transportation bill also brings even more mandated technology into vehicles.

- Specific to ADAS, equipment that requires calibration and often positioning on the vehicle can't be moved and has tight tolerances (i.e., lifted vehicles, exterior body parts, sensors integrated in bumpers with specific paint thickness).
- Autonomous level-3-and-up systems that will make life-critical safety decisions based on expected OEM vehicle performance through factory calibrations and machine learning across the fleet via telematics.
- Increased vehicle security, including RSA encryption on ECUs, coded parts that cannot be replaced (headlights), and secure vehicle gateways that restrict access at local (OBD2), and remote (telematics) entry points based on user-level authentication.
- Similar to how the EPA and CARB have come after SEMA members for vehicle tuning and calibration, NHTSA, BAR and other agencies will be regulating vehicle safety systems and regular safety inspections for owners. SEMA missed the opportunity with the tuner and calibration market to build a bridge between their members and regulators, and likewise these safety systems will be the next challenge and have an even wider impact on SEMA members because they affect everything from wheels and tires to exterior modifications and electronics.

Electric Vehicles (EVs). McKinze projects that EVs will have a negative aftermarket growth of 11% by 2025. While I mentioned vehicle technology changing as a threat and opportunity, EVs represent an even bigger opportunity and a chance for the SEMA and hot-rod industry to thrive again through EV customization of hot rods and classic cars. Never has there been a better, more saleable opportunity for SEMA members to be entrepreneurial in a world where internal combustion engines (ICE) motors are increasingly

complex and decreasingly viewed as the future of motorsports by our younger generations.

Trends in industry employment. While the number of technicians has increased at a Compound annual growth rate (CAGR) of 0.8% (Autocare 2020 report), the demand has increased by a higher number (1.2% CAGR) meaning that we aren't able to sustain the necessary talent in our industry. We need to recruit more young people into the industry not only as enthusiasts but also those looking toward professional careers. We have to recognize that there is a segment of some young people that are more drawn to clean EVs than big-block V8s.

8. Of the issues you identify above, which ONE concerns you the most as to how it will impact the industry's future? What would you do to initiate change to either expedite a positive outcome or prevent a potential disaster?

Vehicle technology changes are the biggest. I have relationships with OEMs and SEMA-member companies and never have I seen a bigger gap in understanding between the two. We need to begin working on regulatory initiatives and education programs that help SEMA members become aware of the challenges and encourage flexibility in vehicle design to support modifications. I understand SEMA has a Garage in Detroit, and I have spent a lot of time talking with John Waraniak about this (I co-presented a SEMA/SAE session at CES in 2020). This is a great step for SEMA, but further investment should happen here, and the knowledge and action plan need to be broken down by segments of SEMA members (i.e., tuners, exterior, lighting, collision, wheels/tire, etc., so each segment understands specific impacts and challenges they need to adapt to. If this doesn't happen FAST we run the risk of the industry getting on the wrong side of technology and inadvertently causing safety systems, such as automatic braking systems and lane-keeping systems (which are expected to be mandated in 2025 under the Biden transportation bill), to fail. California BAR and NHTSA are already considering how they are going to ensure these systems function properly during regular intervals, and SEMA members run the risk of having their parts made illegal for use on vehicles that have safety systems and being detected during periodic mandated inspections.

Part 4 – Association Specific Observations

9. Do you feel that the Board of Directors and SEMA are currently pursuing the initiatives that are critical to our business segment? What would you place more emphasis on? What would you discontinue? What would you add?

I have a lot of respect for the current SEMA Board of Directors, and they were uniquely challenged with supporting an industry through the COVID-19 pandemic, which required short-term urgent attention. SEMA has no doubt had eyes on many of the issues I addressed, but must place greater priority and focus on bringing SEMA members, OEMs and regulators together on technology issues and movement towards making SEMA more appealing for our next generation (our future customers and members).

10. As a SEMA Board member how do you feel you would be uniquely qualified to help address the issues you identified above?

- I have a technical background well suited to help guide the SEMA Board through these changes (I'm the inventor on nearly 80 patents, and sit on the SAE EE Diagnostics committee that defines motor-vehicle standards related to diagnostics).
- I have a background with legislation and was personally involved in both right-to-repair initiatives.
- I have relationships with most OEMs at the diagnostics and service level where SEMA could interface for the greatest impact.
- I have been active with other organizations facing similar technical challenges, such as ETI (etools.org) where I served as a board member for many years and then president for the prescribed term.
- Deep down, I am a car enthusiast and racer. I love technology, but I also build and drive my own race cars and performance street cars.

11. What do you see as SEMA's weaknesses?

- The perception of what SEMA is, from enthusiasts and SEMA members is dated.
- SEMA has a wide member base, but activation of the network could be much larger and more impactful.
- SEMA has the opportunity to be in front of the disruptions in the industry, but instead is way behind (more than five years, in my opinion).
- OEM engagement is not at the level that SEMA-member companies will require into the future.
- SEMA's position and communication on government issues (such as the EPA/CARB tuners litigation) was not well executed and did not help the industry as it could have.

12. How about its strengths?

The member base of SEMA is very powerful and loyal. SEMA has made several moves, such as the technology Garage and OEM initiatives, to prepare for the future, albeit years late. The SEMA acquisition of PRI was brilliant.

13. If you were chosen to chair the Long-Range Planning Committee, which topics or issues would you want your committee to be deliberating on?

The Long-Range Committee needs to be thinking about V2V and changes in mobility, telematics and data. Just as there are movements for consumer privacy and data protection, SEMA needs to position its members in the long term for access, based on vehicle-owner-delegated permission, to the same things.

Also, much more thought needs to be put into motosports and an entirely new segment that's building of manned aerial vehicles (manned flying ATVs, etc). This space is in its infancy but will be very active in the next five to 10 years. To that extent, SEMA should be modeling a "future" section that is more like CES.

Part 5 – About You

14. Questionnaires can be very limiting. In the space below, share with us anything we didn't ask that you believe will help the Nominating Committee develop a better understanding of you as a candidate:

I am a very driven, motivated and self-starting and have a relentless personality. I am an enthusiast of all things performance. I am a pilot, drive race cars and love to go fast. I love cars and car people and would find purpose in helping SEMA on its mission. I have spent my professional life with cars and have driven a supercharged, turbocharged or highly modified car since I was 17 years old. I will bring enthusiasm and a drive to make change to SEMA Board meetings and the membership. I have been incredibly fortunate but also fearless in my career as general manager at age 23 of a performance electronics company (SCT) and then growing my current employer as president from a few people to nearly 400 on three continents. I am ready and waiting for the challenges, and I have a network of friends and colleagues from government, OEMs, Tier 1s and the aftermarket—all ready to be called on to support change.