

# From Niche to Necessity: The Rise of ADAS Calibration in the U.S.

The Advanced Driver Assistance Systems (ADAS) calibration industry is witnessing a notable increase in merger and acquisition (M&A) activity, driven by factors that make these businesses highly appealing to investors. The widespread integration of ADAS technology in new vehicles, coupled with the growing complexity of calibration processes, is fueling a substantial and expanding market opportunity. This document provides an overview of the key players in the sector, outlines the primary investment drivers, highlights potential challenges for stakeholders, and examines the M&A momentum shaping the market.



## ADAS by the Numbers

**\$1.2 B**

Approximate size of the ADAS calibration services market in North America as of 2024.

**12.8%**

Expected global growth rate per year (2025-2033) for ADAS calibration services.

**\$3.0 B**

Estimated annual U.S. ADAS calibration services revenue by 2030 (assuming widespread adoption in aftermarket).

Source: datahorizonresearch, proprietary KPMG research

KPMG Corporate Finance LLC

KPMG LLP

### M&A Advisory

- Private company sales and majority recapitalizations
- Corporate divestitures / spin-offs
- Private equity sell-side and buy-side advisory

### Capital Advisory

- Debt private placements
- Capital structure analysis and debt issuance advice
- Equity private placements

### Special Situations

- Distressed M&A
- Debt modifications and amendments
- Debt capacity analysis

### Other Transaction Services

- Financial due diligence
- Strategic advisory services
- Economic and valuation services
- M&A tax services



# Types of Companies in the ADAS Calibration Sector

The ADAS calibration sector comprises diverse players, each with a unique role:

## Service Providers

These businesses offer calibration services for vehicles, either in-shop or on-site using specialized equipment and trained technicians. This ranges from multi-shop collision repair operators (MSOs) integrating in-house calibration (e.g. Caliber's "Protech" mobile calibration unit) to auto glass chains (e.g. Safelite and Driven Brands' Auto Glass Now) and specialist independent calibration centers (often mobile van services). These firms generate revenue on a per-calibration service basis, typically charging a few hundred dollars per session.

## Equipment Providers

Traditional suppliers of ADAS calibration hardware and software sold to repair shops. These firms produce the digital calibration equipment, alignment rigs, and scan tools needed to recalibrate sensors. Major players include Bosch, Hunter Engineering, Autel, Mahle, TEXA, and others. Equipment sales (and related software licensing) to shops form a distinct revenue stream in the market.

## Technology Providers

This includes remote diagnostic firms that provide calibration services using connected technologies to access vehicle systems and perform diagnostics virtually. Examples are AirPro Diagnostics and Repairify's asTech, which provide shops with OEM-compliant scan tools and on-demand calibration assistance. Some tech providers also operate service centers or mobile units, blurring lines with the service segment.

## Dealerships & OEMs

While not strictly part of the aftermarket, dealerships and OEMs are significant players, providing calibration services primarily for vehicles under warranty.



# Why is the ADAS Market Expanding?

## 1 Widespread ADAS Adoption

The share of cars equipped with ADAS features is soaring – from ~11% of vehicles in 2020 to an expected 50% by 2025 and 75% by 2030. More ADAS-equipped cars on the road means more demand for calibration after repairs or part replacements.

## 2 Repair & Safety Imperative

ADAS sensors (cameras, radar, LiDAR) must be precisely calibrated to function correctly. After events like collisions, windshield replacements, suspension changes, or even alignment, recalibration is essential to restore safety systems. This necessity is fueling a specialized service niche.

## 3 Regulatory Push

Regulators are mandating advanced safety systems on new vehicles. For example, NHTSA has proposed requiring all new passenger cars to include Automatic Emergency Braking (AEB) that can prevent collisions at certain speeds. Such rules accelerate ADAS adoption and ensure calibration demand remains strong to keep these systems effective.

## 4 Aftermarket Demand Gap

Independent repair shops are largely outsourcing ADAS work today - over 90% of mechanical shops and 70% of collision shops lack in-house calibration capability. This gap creates a growing aftermarket opportunity as vehicles out of warranty still need calibrations that dealerships can't fully cover.

Source: caradas, proprietary KPMG research



## Rationale for M&A Activity

### Fragmented Market

The ADAS calibration sector is highly fragmented, presenting ample opportunities for consolidation. Larger players can achieve economies of scale by acquiring smaller, independent operators and integrating their operations.

### Increasing Demand

As ADAS-equipped vehicles become more common and safety regulations become increasingly strict, the demand for calibration services grows. This recurring need makes calibration services a predictable revenue source for acquirers.

### Strategic Synergies

Companies already in automotive services, such as collision repair centers or auto glass installers, see calibration as complementary to their existing offerings, utilizing M&A to enhance their service capabilities and market penetration.

### High Margin, Recurring Revenue Streams

The necessity for ADAS calibration after various repairs, such as windshield replacements and collision damage, generates consistent recurring income for service providers. This reliable cash flow appeals greatly to investors, with the added advantage that specialized services can command premium prices.

### Potential Challenges for M&A Investors



#### High Capital Expenditures

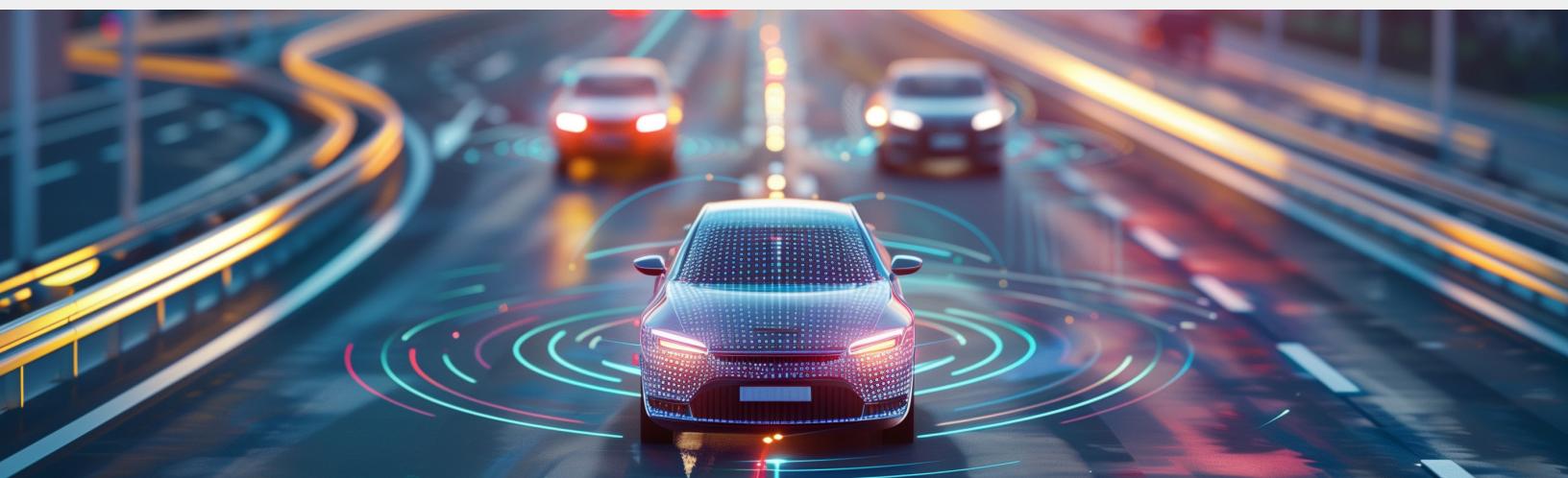
Significant capital investment is required for calibration equipment and facilities, representing a barrier to entry.

#### Scarce Skilled Labor

Technicians trained in ADAS calibration are limited, necessitating continuous training and recruitment efforts.

#### Rapid and Continuous Technological Evolution

Rapid technological advancements require constant adaptation, posing a risk to sustaining long-term competitive advantage.





## Key M&A Events in the ADAS Calibration Space

01

### Elitek's Expansion

LKQ Corporation strengthened its presence by acquiring mobile diagnostics and calibration providers Elite Electronics in 2019 and Greenlight Automotive in 2021, forming a robust national service network.

02

### Safelite's Strategic Acquisition

Through its acquisition of TruRoad Holdings in 2019, Safelite integrated ADAS recalibration with auto glass replacement services, expanding the breadth of its offerings.

03

### Repairify's Growth

Backed by Kinderhook Industries, Repairify has expanded through multiple acquisitions (15+), strengthening its remote diagnostics and calibration capabilities.

04

### Caliber's Strategic Expansion

By developing its Protech Automotive Solutions division, Caliber Collision, backed by Hellman & Friedman, has integrated diagnostic scanning and calibration services into its collision repair services, significantly broadening its capabilities and enhancing its service offerings.

05

### Rotunda Capital Partners' Acquisition

Rotunda acquired AirPro Diagnostics, an Illinois-based producer of the AUGGIE™ calibration system and remote scanning services, in February 2025. The acquisition aligns with Rotunda's plans to accelerate product innovation and potentially consolidate smaller competitors.

# Conclusion

The ADAS calibration sector is set for significant growth, driven by technological advancements in vehicles and safety regulations mandating ADAS features. Strategic and financial buyers alike find the market attractive due to its high growth potential and recurring demand. As M&A activity continues, we can expect a consolidation of players, shaping the competitive landscape and fostering innovation in calibration services.

For stakeholders ready to navigate the challenges and capitalize on the opportunities, the ADAS calibration sector offers a promising investment thesis, poised for expansion alongside the accelerating adoption of advanced vehicle technologies.



## Our Expertise

Our team's broad experience within the automotive aftermarket industry enables us to provide valuable guidance in the planning and execution of M&A processes, as well as structuring optimal transaction terms. We have a proven track record of success in this niche market and are confident in our ability to help you capitalize on the opportunities presented by this dynamic sector. Please contact us to discuss your specific objectives and explore potential M&A opportunities.

## Our Aftermarket Products & Services Investment Banking Team



**Ford Phillips**

Managing Director

T: +1 312-665-1537

[frphillips@kpmg.com](mailto:frphillips@kpmg.com)



**David Lake**

Vice President

T: +1 312-665-2715

[davidlake@kpmg.com](mailto:davidlake@kpmg.com)



**Lauren Holly**

Senior Associate

T: +1 312-665-4636

[lholly@kpmg.com](mailto:lholly@kpmg.com)



**Sabin Bhattarai**

Associate

T: +1 312-665-3700

[sbhattarai@kpmg.com](mailto:sbhattarai@kpmg.com)

### Important Disclosures

**Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.**

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

The information contained in this newsletter is of a general nature and is not intended to address the circumstances of any particular individual or entity, including their investment objectives or financial needs. In preparing this newsletter, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act or rely on the information in this newsletter without appropriate professional advice after a thorough examination of the particular situation. The information contained in this newsletter does not constitute a recommendation, offer, or solicitation to buy, sell or hold any security of any issuer. Past performance does not guarantee future results.

©2025 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.