

# Snap-on - Building the Independent-Shop Diagnostics Proposition

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**Decision scope:** U.S. independent-shop diagnostics and repair information

**Case convention:** This is a hypothetical management decision exercise. The alternatives and decision process are author-created; they are not disclosed Snap-on proposals.

## The decision

On February 12, 2026, Snap-on filed its FY2025 Form 10-K. A hypothetical executive team is deciding how to prioritize the next two to three years of product, software, support, and channel resources for professional diagnostics used by U.S. independent repair shops.

One path is to build a broader integrated proposition: diagnostic hardware, vehicle-specific coverage, repair information, updates, workflow support, and training. The other is to focus on selected repair tasks, vehicle makes, or shop segments and rely more heavily on partners for data, information, or complementary services. Both paths could include staged commitments and review gates. They are not reported management plans.

The choice is difficult because a diagnostic tool's usefulness may depend on more than the device: access to vehicle data, software interpretation, repair information, technician skill, workflow, updates, and support can all matter. Snap-on describes products and capabilities across these layers, but its public filings do not report diagnostic-specific subscribers, renewal rates, customer outcomes, or product-level economics. What evidence should leaders require before committing more resources to breadth or partner-dependent focus?

## A broad business, with a narrow decision

Snap-on serves professional vehicle-repair technicians, shop owners and managers, and original-equipment manufacturers. The company describes Snap-on Tools as primarily serving technicians through its mobile franchise channel. Its Repair Systems & Information (RS&I) segment serves professional repair customers-particularly independent shops and OEM dealerships-through direct and distributor channels. Snap-on also sells diagnostic and information products through direct and independent sales forces, including national-account responsibilities. These routes overlap, but a van sale to a technician is not the same transaction as a shop-wide information subscription or an OEM/dealer contract. [S1, pp. 4-10]

Snap-on's "diagnostics, information and management systems" category includes handheld and computer diagnostics, repair information and software, parts catalogs, shop-management and point-of-sale systems, integrated systems, and dealership warranty-management and analytics. The company says finer product-line sales are not practicable. Accordingly, category revenue is not a measure of independent-shop scan-tool or subscription sales. [S1, pp. 5-6]

## Exhibit 1. Reported category and RS&I figures

USD millions. Company-reported figures; fiscal years ended January 3, 2026, December 28, 2024, and December 30, 2023. FY2025 contained 53 weeks; FY2024 and FY2023 contained 52 weeks.

| Measure                                                            | FY2023  | FY2024  | FY2025  |
|--------------------------------------------------------------------|---------|---------|---------|
| Consolidated diagnostics, information and management systems sales | 991.2   | 1,028.1 | 1,112.2 |
| RS&I external sales                                                | 1,495.8 | 1,530.6 | 1,592.6 |
| RS&I intersegment sales                                            | 285.4   | 267.3   | 284.5   |
| RS&I segment sales                                                 | 1,781.2 | 1,797.9 | 1,877.1 |
| RS&I gross profit                                                  | 797.2   | 830.8   | 874.6   |
| RS&I operating earnings                                            | 433.2   | 455.2   | 500.8   |
| RS&I capital expenditures                                          | 20.3    | 22.2    | 30.9    |

Sources: [S1], Item 1, pp. 5-6; Note 19, pp. 112-115; Item 7, p. 34. RS&I sales include intersegment activity and cover more than diagnostics. FY2025 RS&I operating earnings included a \$22.0 million legal-settlement benefit; the reported \$500.8 million is not recurring diagnostics earnings. The category and segment figures cannot be combined to isolate product sales or returns. No extra-week adjustment is made.

## What the offer contains-and what is not measured

A November 2025 Snap-on release said its latest software added updates for 14 OEMs, 70,000 systems, and 600 functional tests. It described guided component tests, information based on technician experience and engineer validation, and two major annual releases with interim updates. It also named secure-gateway access for specific OEMs. These are dated company claims about the stated release, not independent evidence of complete vehicle coverage, diagnostic accuracy, successful repair rates, or money saved. Feature access can depend on tool compatibility, current software, Wi-Fi, AutoAuth, or an OEM subscription; “no additional cost from Snap-on” does not establish zero total cost. [S2]

The product proposition can therefore encompass a physical tool, software and information, updates, technical support, and third-party access. Those elements may reinforce one another, but their customer and economic measures differ. A tool sale is not a paid software subscription; subscription revenue is not active use; reported repair-data problems are not proof of a Snap-on coverage failure; and successful access is not itself a completed repair.

Snap-on reported \$1,112.2 million of consolidated sales for the broad diagnostics, information and management-systems category in FY2025. Its filings do not break that amount into hardware, software, shop systems, dealer services, customer type, or geography. Approximately 90% of net sales were point-in-time product sales; the remainder was earned over time, primarily from software subscriptions, other subscription services, and extended warranties. The company did not disclose a software-only figure. A \$199.1 million long-term fixed-consideration contract balance reported for September 27, 2025 combined software, warranty, and other subscription contracts; it is not diagnostics annual recurring revenue or a

renewal base. [S1, pp. 5-6, 68-73; S3, pp. 14-15]

## **Customers and channels**

Snap-on reported about 4,700 mobile routes at FY2025 year-end, including 3,400 in the United States; company-owned routes were about 5% of the total. Franchisees sell tools and some diagnostics and information products, and can provide demonstrations and frequent technician contact. RS&I also uses direct and distributor channels, including direct sales forces with national-account responsibilities. The filing does not show which channel sourced a diagnostic customer, who controls the shop's subscription decision, or how a franchisee is compensated for renewals. Financing may facilitate a purchase but does not establish use, renewal, or customer return. [S1, pp. 7-10]

The channels could be complementary: a technician's trust in a van representative may ease trial of a new device, while a shop owner or chain may make separate decisions about software, data rights, and support. They could also create coordination costs if a tool, subscription, and shop-level contract pass through different teams. The public record does not report diagnostic-specific lead conversion, attach, renewals, or channel economics.

## **A perceived problem, with uncertain scope**

An Auto Care Association/Hanover Research memo reports a survey of 407 people working at independent repair shops, fielded February 1-14, 2024. It states that 84% viewed repair-data access as a top issue, 63% faced routine-repair difficulty daily or weekly, and 51% reported up to five monthly dealer sends because of data limits. The survey was sponsor-published and self-reported. It does not disclose the full sampling frame, response rate, complete wording for each headline, or verified lost sales. It does not identify Snap-on users or show that a particular tool resolves the reported difficulties. [S4]

Data access also varies by legal and technical route. Massachusetts enacted Chapter 386 of the Acts of 2020, requiring qualifying model-year-2022-and-later vehicles sold in Massachusetts that use telematics to have an interoperable standardized open-access platform, with owner-authorized access to defined mechanical data for repair or maintenance. The statute is state-specific and preserves a boundary for non-diagnostic repair information provided under franchise agreements. It does not create universal national access to all OEM information. [S5]

In *Alliance for Automotive Innovation v. Campbell*, a federal district court's February 11, 2025 decision dismissed the remaining federal preemption claims on associational-standing grounds and alternatively concluded preemption had not been proved. The court construed mechanical data as information for diagnosis, repair, or maintenance, and bounded owner-authorized access by repair purpose and duration. The decision did not establish nationwide access or determine Snap-on product coverage. AAI filed a First Circuit appeal in March 2025; the available public docket mirror had no entry later than August 21, 2025, so the appeal's status as of this case cutoff is unverified. [S6]

## Alternatives and competitors

Bosch, Autel, LAUNCH, and Matco publicly describe diagnostic devices with software updates, repair information, gateway access, or renewal mechanisms. Their dated documents show that these features are competitive offerings, but do not provide like-for-like tests of coverage, price, service, or repair outcomes. Toyota's Technical Information System provides an OEM service-information route for Toyota, Scion, and Lexus vehicles in North America, with individual accounts described on live pages. Those pages are undated; current prices and terms cannot be treated as the offer available on February 12, 2026. [S7, S8]

An integrated proposition could differentiate through trusted hardware, information, updates, workflow, and support. A narrower offer could focus on tasks or vehicle groups where Snap-on can verify coverage and customer value, while partnering for other capabilities. Either could fail: breadth may require substantial engineering, data-access, and support commitments before demand is proven; focus may leave important repair jobs uncovered or increase dependence on partners whose access terms can change.

### Exhibit 2. Questions the public record does not answer

- How many eligible shops or technicians use each diagnostic product, and how many have active paid subscriptions?
- What are attach, renewal, churn, realized price, discounting, and utilization by customer cohort and channel?
- Which makes, model years, and repair tasks create coverage gaps, including third-party/OEM access requirements and fees?
- Does a named offer change time-to-diagnosis, first-time fix, comeback rates, dealer referrals, technician productivity, or customer outcomes?
- What are attributable development, data-license, cloud, support, training, channel, and acquisition costs?
- Which partner contracts provide stable interfaces, update/service levels, portability, and continuity if access terms change?

## Decision assignment

Assume you are advising Snap-on's executive team on the next two to three years of resources for the U.S. independent-shop diagnostics proposition. Choose a path: build broader integrated capability, focus on selected tasks/segments with greater partner reliance, or stage both subject to explicit gates. Your recommendation must address the strongest argument against it and identify the evidence that would cause you to expand, partner, revise, or stop.

1. Which customer problem should Snap-on prioritize, and how would you distinguish perceived data-access pain from an unmet need that its product can solve?
2. What should be integrated in-house, and what capabilities could be sourced through partners? Explain the implications for coverage, reliability, support, customer experience, and control of critical complements.
3. How should the company evaluate direct/distributor, van, and OEM/dealer channels without treating them as interchangeable?

4. Define the evidence gates and measures you would require before the next investment stage. Separate tool sales, subscription attachment/renewal, access, usage, repair outcomes, and economics.

Use only information public by February 12, 2026. No student answer or later outcome is provided. Public reporting does not disclose diagnostic-product economics or task-level outcomes, so do not infer them from the broad category or RS&I segment totals.

## Sources

- S1.** Snap-on Incorporated, FY2025 Form 10-K, filed February 12, 2026. [SEC filing](#). Item 1, pp. 4-10; Item 7, pp. 31-35; Note 2, pp. 68-73; Note 19, pp. 112-115.
- S2.** Snap-on Diagnostics, “Latest Snap-on Software Release Puts the Power Inside Your Diagnostic Platform,” November 19, 2025, pp. 1-2. [Official release PDF](#).
- S3.** Snap-on Incorporated, FY2025 Q3 Form 10-Q, filed October 16, 2025, Note 2, pp. 14-15. [SEC filing](#).
- S4.** Auto Care Association/Hanover Research, “Repair restrictions regularly prevent independent repair shop owners and technicians from being able to repair and service modern cars,” April 10, 2024, pp. 1-2. [Survey memo PDF](#).
- S5.** Commonwealth of Massachusetts, Acts of 2020, ch. 386, §§1-5. [Official session law](#).
- S6.** *Alliance for Automotive Innovation v. Campbell*, No. 1:20-cv-12090-DJC, Dkt. 366 (D. Mass. Feb. 11, 2025), pp. 23, 30-31, 46-47. [Filed opinion PDF](#). First Circuit appeal No. 25-1262; public docket mirror last checked August 21, 2025, so status at cutoff is unverified.
- S7.** Official dated product materials: [Bosch ADS X release note](#) (July 21, 2025); [Autel MaxiSYS Selection Guide](#) (January 10, 2024); [LAUNCH X-431 Throttle V manual](#) (posted October 2025); [Matco Maximus 5.0/HD sell sheet](#) (©2023). These are vendor descriptions, not performance comparisons.
- S8.** Toyota Technical Information System, “What Is TIS” and FAQ, undated live pages. [TIS overview](#); [FAQ](#). Context for stated information scope and individual-account structure only; current prices and terms are not verified as of the case cutoff.