Uber and Lyft to turn the wheels on car ownership: experts

Ride-hailing apps like those of Uber Technologies and Lyft Inc are expected to alter the state of car ownership towards subscription-based services and shared ownership, auto industry experts said at a conference.

At the annual Collision Conference, speakers said ride-hailing apps are also set to play a role in testing automation for safety.

"Your phone will be your car," said Andre Haddad, CEO of Turo, a peer-to-peer car-sharing company that enables users to rent their cars out to others.

Haddad said that while car sales have never been higher globally, people are realizing that owning a vehicle is increasingly becoming unaffordable due to car payments, insurance, and parking.

"Many more are realizing they can share their car when they're not using it or rent it out to recover the big costs of ownership," he added.

Uber said it is the largest ride-hailing firm in the world with 91 million users globally and a 65 percent market share in North America.

Both Uber and Lyft went public this year, but are trading well below their offer prices.

Haddad said that car ownership among young adults was on the decline, with fewer adults under the age of 25 purchasing cars.

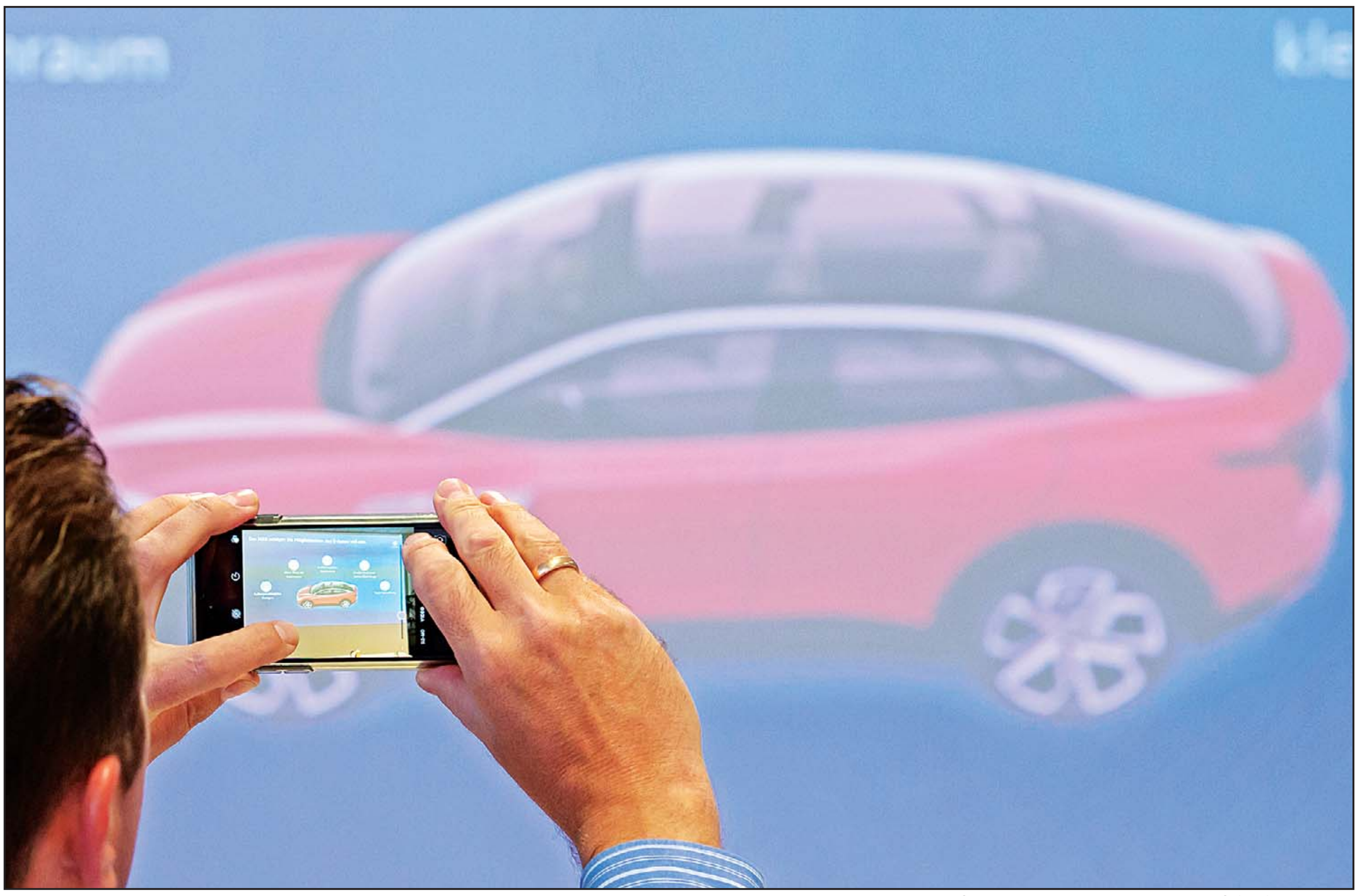
At the same time, he said the demographics would stabilize and demand for cars for events like weekend trips or vacations would maintain their interest. (RTRS)

In this file photo, a ride share car displays Lyft and Uber stickers on its front windshield in downtown Los Angeles. (AP)

Business Plus

Big carmakers focused on mainstream electric models, emissions

In quest for electric supercars, engineers head to start-ups



In this file photo, a journalist shoots photos during a presentation of details to the new electric 'ID.3' car at a press tour of the plant of the German manufacturer Volkswagen AG (VW) in Zwickau, Germany. Volkswagen will total shift into electric cars at the plant in Zwickau and the first vehicles are to roll off the assembly line at the end of 2019. (AP)

By Edward Taylor

Rene-Christopher Wollmann, head of Mercedes-AMG's 2.75 million euros Project One supercar programme, has moved to a job at Automobili Pininfarina in a sign that innovation in high end electric sportscars is shifting toward small start-ups.

Wollman's move, which has not been made public, comes at a time when big carmakers, like Volkswagen and Mercedes , have been blindsided by stricter and costly emissions tests, forcing them to focus resources on mainstream electric models and on cleaning up their combustion engines.

Meanwhile, advances in virtual engineering allow even small teams of engineers to develop roadworthy vehicles using software to design, engineer and test prototypes. This dynamic has already helped Tesla and China's Nio steal a march on much larger rivals in the premium electric sports car segment.

> 'It is not because the Germans are stupid. It is because they are not 'all-in''

"Large companies take time to transform. And I am good at hypercars. I just did Project One, and now this opportunity came," 37-year-old Wollmann told Reuters about his reason for joining Automobili Pininfarina, a Munich-based electric carmaker that launched last year.

Project One, which has a modified Formula One engine, was due to go on sale this year but has been delayed by problems getting road worthiness certification following the introduction of WLTP emissions test standards, according to sources familiar with the matter.

Premium or high-performance electric sports cars are equivalent to the Ferraris and Lamborghinis of the conventional auto world. These so-called super cars can cost anything from about $100,000 up into the millions of dollars and include Tesla's upcoming Roadster Founder Series, which will sell for over $200,000 and the Rimac Concept Two, priced in the region of $2 million.

The emerging role of start-ups in the development of the premium electric market harks back to an era over a century ago when talented engineers like Gottlieb Daimler and Ferdinand Porsche were able to launch sports car brands on modest budgets.

Players leading the way include the likes of Automobili Pininfarina, Croatia's Rimac, China's Nio and Italian engineering shop Italy's Maniffatura Automobili Torino (MAT).

But because of the high initial investment needed, with no guarantee of success in a niche market, boutique supercar manufacturers face significant risks if they try to develop more than one vehicle or shift to becoming mainstream carmakers.

Wollmann was hired because he also helped develop an electric version of the AMG SLS for AMG Mercedes, a skill that will help Automobili Pininfarina, owned by India's Mahindra & Mahindra Ltd, develop its own zero-emissions vehicle.

"I did the first electric hypercar for AMG so this was the perfect fit," he said. Since its 2018 launch, Automobili Pininfarina has hired a raft of top-flight German engineers. Christian Jung, Porsche's chief engineer of E-Mobility systems, and Peter Tutzer, a former technical director at supercar brand Bugatti, are part of the team.

They are designing the "Battista", an electric supercar with a top speed of at least 300 km an hour (186 mph) and acceleration from 0 to 100 in under two seconds. Around 150 will be built, costing 2 million pounds each, the company said.

"Rene Wollmann came to us because he said it was difficult to realise projects like these at a large company," Michael Perschke, Automobili Pininfarina's Chief Executive told Reuters.

Another start-up electric carmaker, Rimac, will provide the Battista's electric motor and battery pack.

Rimac has built up expertise in high-performance electric vehicle powertrain and battery systems. It already has 500 developers in Croatia and made an electric sportscar capable of speeds of 400 km an hour.

Its expertise led Porsche to take a 10 percent stake in the carmaker last year.

"Powertrains with 700 kilowatts of capacity are a niche product. Porsche focuses on the high volume stuff. They don't have the capacity to deal with every niche," 31-year-old company founder Mate Rimac told Reuters.

There are two ways to make battery-driven vehicles: to use a clean-sheet design like Tesla, or to take a conventional vehicle platform that can also accommodate an electric version.

For now, Daimler and VW have taken the latter approach, building electric cars on the same assembly line as their conventional vehicles, allowing them to scale up production without having to build dedicated electric car factories.

VW has however started development of a fully dedicated electric car, the ID, which is due to hit showrooms next year.

Daimler engineers say the trend towards multi-powertrain platforms is likely to persist thanks to improvements in battery technology which allow even multi-powertrain designs to spawn electric cars with an operating range of over 400 km.

But critics counter that combustion-engined cars have less space for large batteries, resulting in vehicles with a compromised design that have a shorter operating range than cars designed as electric cars from the ground up.

"Eight years later and Tesla still has the better car than the Audi E-Tron, or the Mercedes EQC," Rimac said. "It is not because the Germans are stupid. It is because they are not 'all-in'. They work from the basis of the combustion engine toward electrification. I started electric only."

Start-up carmakers are better able to compete with large established players thanks to advances in virtual engineering and the prevalence of consulting firms that specialise in software and IT systems, like Germany's Ferchau Engineering and Italy's Danisi Engineering.

Automobili Pininfarina is testing the effectiveness of its advanced driver assistance systems (ADAS) virtually, using a driving simulator programme provided by Modena-based Danisi, drastically cutting down development and fine-tuning costs.

"You do 80 percent of chassis development this way and reduce development time by six to eight months. The rest is validation and fine tuning," Automobili Pininfarina's chief product officer Paolo Dellacha said.

Before joining the start-up carmaker, Dellacha held various testing and engineering roles at Ferrari, Maserati and Alfa Romeo.

Meanwhile, Daimler's AMG Project One, launched in September 2017, with 1,000 horsepower and a top speed exceeding 350 km an hour, will not reach customers until next year. "There are some details we need to sort out with the vehicles," AMG spokesman Jochen Uebler said, when asked about the certification problems. (RTRS)

Any closures may face political and labour opposition

Fiat's Italian headaches show challenges of global tie-up

> 'Every three to four years we are hoping that a new model will help us turn the corner ... but then after a boom we are back in furloughs or on solidarity contracts and our salary goes down by a third'

TURIN, Italy/LONDON, May 27, (RTRS): Fiat Chrysler has been angling for a combination with another automaker for years, and its latest attempt – for a global tie-up with France's Renault – could address some of the main weaknesses of both companies, sources say.

But its vast Mirafiori plant in Turin, Fiat's former hometown, illustrates a major reason why no deal has happened before, and the challenges for a tie-up that could face Italian political and labour opposition to any factory closures.

Like most of Fiat Chrysler's European plants, Mirafiori is running below 50 percent capacity. Workers have been working seven days a month on average since January, union representatives told Reuters, after sales of the Maserati Levante slumped.

The luxury SUV is the only model built at Mirafiori, and it was intended to power the plant's rebirth, bringing back thousands of assembly line workers who had been on temporary layoffs for years.

But three years after Levante's launch, those workers spoke of long waits between calls to do an extra day's work to top up their net pay of around 1,100 euros ($1,230) a month, having to put family holidays on hold and having mortgages refused.

"Every three to four years we are hoping that a new model will help us turn the corner ... but then after a boom we are back in furloughs or on solidarity contracts and our salary goes down by a third," said Giovanna Treccalli, a 54-year-old assembly line worker who has been with Fiat since 1987.

Fiat logo mounted on a 2019 500 L.

Furloughs are temporary leave with reduced pay, while solidarity contracts allow employers to reduce the hours of some staff.

Fiat Chrysler has highly profitable businesses in North America, with its RAM trucks and Jeep brand, but has been losing money in Europe where it may also struggle to keep pace with looming carbon dioxide emissions curbs.

Renault, by contrast, is an electric-car pioneer with relatively fuel-efficient engine technologies and a strong presence in emerging markets, but no US business. Two sources with knowledge of the discussions told Reuters on Saturday the talks between the two carmakers were at an advanced stage. The Financial Times earlier reported the companies were discussing a deal.

Like its rivals, Fiat Chrysler faces huge costs to develop cleaner, more electric vehicles to comply with tighter global emissions rules. To help shoulder those costs, it has said it could be open to a merger or alliance.

The company has previously been approached by at least one European suitor, France's PSA Group, it came to light earlier this year, but the talks came to nothing, according to two banking sources. A combination with a European rival and eliminating duplicate products and plants could generate - in the case of PSA – annual savings of between 3 billion and 6.6 billion euros ($3.4 to $7.4 billion), UBS analysts estimate.

"Savings could be derived from the combination of platforms and plants, general R&D, overhead and procurement," they said, leaving open the specific question of Italian plant closures.

Any tie-up is however likely to face political and workforce hurdles, particularly in Italy, with layoffs and closures potentially required to boost European operating profit margins from last year's slender 1.8%.

The Rome government is resisting layoffs even at Alitalia, the loss-making airline that has been burning through government loans for the past two years.

Instead Fiat Chrysler, which has 58,000 workers in Italy, is using state-subsidised furloughs and solidarity contracts to cut costs and avoid the high political and social price to the company's controlling Agnelli family of shutting a factory.

Marco Bentivogli, head of the metal mechanic branch of the CISL trade union, told Reuters his organisation was in favour, in principle, of a strategic alliance to strengthen the carmaker.

But he called for discussions with Fiat Chrysler to rule out the possibility of plant closures and job losses.

Chairman John Elkann, the grandson of Gianni Agnelli who built Fiat into a global company, has said his family is open to accepting a smaller stake in a larger entity if that made the company stronger. But he does not want to shut down Italian plants and has been reluctant to embark on a collision course with Rome, according to three people familiar with his thinking.

A deal with an Asian buyer would not pose overlaps in Europe, but Washington is likely to vet any attempt to put Jeep or US-based Chrysler in Chinese hands. Fiat Chrysler Automobiles combined Italy's national automotive champion with the Detroit-based owner of the most distinctively American vehicle brand, Jeep.

When the company was formed in a deal brokered during the 2008-2009 financial crisis, the American side was bankrupt and the new company's leader was Sergio Marchionne, the long-time chief executive of Fiat.

The centre of gravity for the world's seventh-largest carmaker has now shifted across the Atlantic. Fiat Chrysler's North American operations, which include the Jeep SUV brand and the Ram truck, accounted for 85 percent of profits last year. Italy is now a central challenge for the company and its new CEO Mike Manley. Morgan Stanley values Jeep at 16.6 euros per share and RAM trucks at 6.6 euros per share, out of a price target for the whole group of 21 euros per share. That compares with a zero value for the Fiat brand and a negative one for Alfa Romeo.

Manley pledged Europe would hit 3% operating margins by the last quarter of this year, driven by ending costly retail practices and "a series of restructuring actions".