



AD PUNCTUM

News Review -- 10th July to 16th July

News is arranged by company and topic. Stories that apply to more than one company or topic are duplicated.

Company-by-company rundown

BMW

- Announced June sales figures. The 232,620 vehicles sold by the group represented a 2.1% year-over-year increase. ([More...](#))
- BMW i Ventures has made an investment in Carobi, an online platform that uses independent repair garages to offer servicing in a variety of locations across Germany, Switzerland and Austria with haggle-free pricing. ([More...](#))
- Announced that it will become an official manufacturer in the Formula E racing series (open wheel, electric power only), partnered with the Andretti team. ([More...](#))
 - Whilst unclear whether or not Formula E has captured the public imagination, BMW joins a list of competitors including Audi, JLR and Renault and volume-hopefuls (such as NextEV) in trying to use the series to position their brand as an electrification leader.
- Reached agreement on pensions for UK staff, ending a series of strikes. Staff agreed (with 81.5% in favour) to the closure of the company's defined benefits scheme for existing contributors (new hires are already in a defined contribution scheme). The union has extracted higher transition payments (£22,000 over a series of years) than the company originally offered. The DC scheme has an employer contribution of 16%. ([More...](#))
 - Implication: Many other UK carmakers have moved to a DC scheme for new hires whilst keeping DB schemes open for existing members. BMW appear to have set a precedent for the terms required to end DB schemes entirely, HR teams will be watching closely...

Daimler

- Announced that it will build electric powertrain components, including batteries and axles, at its Untertürkheim plant. Employees have been carrying out work-to-rule industrial action due to their future employment concerns and the press release was careful to mention the 250 jobs to be created and say that it offered employees "good prospects in the coming era of electric mobility". In return, unions agreed to more flexible operating arrangements for the existing factories. ([More...](#))
 - Implication: Daimler has explicitly acknowledged that electric powertrain production will cause disruption to traditional factories and require fewer jobs. Unions may want to cement lead plant status now, in return for flexibility concessions, rather than face confirmed oblivion later.
- Came under fresh scrutiny in Germany amid reports that 1 million vehicles had excessively high emissions ([More...](#))
- Reached agreement with Chery over their clashing EQ / eQ brands. Daimler owned international rights whereas Chery held trademarks in China. The two companies have now agreed that they will market their products with these similar brands, although no product cooperation is implied. ([More...](#))
- Announced an investment in and cooperation with CleverShuttle, a company that creates software which lets public transport operators optimise routes depending on point in time passenger demand. ([More...](#))
- Said that it will make an electric version of the Sprinter van at its Düsseldorf factory. ([More...](#))

FCA

- Resumed the production of diesel-engined Ram pick-up trucks even though the EPA has not given approval to their sale, indicating that FCA are confident that the matter will soon be resolved. ([More...](#))
- Saw Serbia's prime minister attempt to intervene to end a strike at Fiat's factory in the country. The government owns a 33% share in the facility which makes 500L vehicles. ([More...](#))
- Announced June European sales of 106,700 vehicles, an increase of 7.9% on a year-over-year basis. ([More...](#))
- Announced a recall of 1.3 million vehicles due to two separate problems, one with the wiring harness and one for problems with the alternator. ([More...](#))

Ford

- Announced June European sales of 128,400 vehicles, a decline of (1)% on a year-over-year basis. Ford was keen to stress the performance of CVs and SUVs and that sales were up in EU20 markets. On a vehicle line level, Fiesta (on run out ahead of the next generation model) more than accounted for the drop. ([More...](#))
- Issued a recall notice for around 6,000 2017 model year vehicles in the US to fix problems with the transmission. ([More...](#))

Geely (includes Volvo)

- London Taxi Company re-launched itself as London Electric Vehicle Company (LEVC) and displayed its initial product. As with (Geely owned) Volvo, the company has chosen to make much play on the use of electrified branding in its powertrain although the vehicles are PHEVs rather than pure BEVs. It remains to be seen whether or not this blurring of technology and perception will be sustainable in the long term. The car will cost about £50,000 -- an uplift of some £8,000 on the outgoing diesel model. This is more of an increase in price than is found on many PHEVs compared to diesel powered siblings. ([More...](#))

General Motors (includes Opel / Vauxhall)

- Vauxhall has launched fixed price urea top ups for SCR equipped diesel vehicles. ([More...](#))
 - Implication: OEMs have already recognised urea refills as a major source of consumer frustration. GM's actions are an attempt to make the experience mundane and predictable and, crucially, disconnect refills from service intervals (something others may have to follow if their calibrations are found wanting by regulators).

Hyundai / Kia

- Hyundai workers in South Korea have voted to go on strike, demanding a 7.13% pay rise. ([More...](#))

Nissan (includes Mitsubishi)

- Said that it expects 20% of European sales to be fully electric by 2020 "where the market conditions are right". ([More...](#))
- Announced a second shift at its St Petersburg, Russia plant. 450 employees will be recruited as a consequence. ([More...](#))

PSA (excludes Opel/Vauxhall)

- Announced June and first half sales figures. The group sold 1,580,000 units in the first half, an increase of 2.3% on a year-on-year basis. Sales fell in Europe but performance of 3008 was particularly strong, with PSA reporting an order backlog of almost 100,000 units (memo: PSA keeps announcing production increases for this vehicle). ([More...](#))
- PSA's union leaders reflected on the year that has passed since new employment conditions were agreed. They praised the tele-working arrangements for salaried staff but criticised the impact of volatile production planning on assembly workers. ([More...](#))

- Launched a website named [cardayz.fr](#) that is a platform for used vehicle sales. The complete offering will include physical sites and will also enable people to sell their used cars to PSA in a no-haggle transaction. ([More...](#))
 - Implication: having taken a broader interpretation of mobility than most of its competitors, PSA is trying to encourage online transactions in a way that could lead to changes in new vehicle sales. It isn't clear whether PSA sees its efforts as a way of helping dealers deal with transition or it is actively trying to supplant them.
- Reportedly struggling to recruit enough temporary staff to increase production of 3008 in Sochaux to meet demand. Apparently only 600 people have so far been hired for a 1,500 member weekend shift. ([More...](#))
- Said it was working with VINCI on communications between vehicles and infrastructure. The project appears similar to, but smaller than, the SCOOP initiative that Renault is involved in. ([More...](#))

Renault

- Said that it is on course to spend more on French digital media advertising than television in 2017, the first year that this will be the case. ([More...](#))
- Gave an overview of its work on driverless technologies. Renault said that by 2020 it will have single lane control in production vehicles (later than some other OEMs, including Nissan). Amongst other things, Renault highlighted the importance of autonomy and said that its current sensor set included 3 LIDAR devices (2 front, 1 rear) -- a departure from the device at each corner approach of many competitors. Timing was given as "after 2020". Memo: Renault are also involved in partnerships such as Vedecom. This blog post covered only their in-house efforts. ([More...](#))
 - Implication: OEMs are feeling under more pressure to trumpet their research into driverless technologies and revealing divides in sensor approach, market and timing. Renault's application appears targeted at highway driving rather than robo-taxi fleets.
- Announced it will contribute a 1,000 vehicle test fleet for a project to test vehicle-to-vehicle and vehicle-to-infrastructure communication (e.g. with toll booths). The Scoop V2V project will include other partners and should not to be confused with start-up of the same name that BMW invested in. ([More...](#)). The wider cooperation includes Sanef / Abertis ([More...](#))

Tata (includes JLR)

- Said that it would build the E-Pace in two factories -- neither of which are JLR owned. For international markets, Magna will produce the E-Pace in Graz, Austria. For China only, Chery will make the vehicle at its Changshu factory. ([More...](#))
 - Implication: E-Pace is the second vehicle (after I-Pace) that JLR has announced will not be produced in the UK. With the model line-up for its new Slovakia plant still unconfirmed, the company is positioning itself to be less reliant on the UK, and possibly sending a message to the workforce and government.
- Reported Tata Motors Group sales, including JLR, of 90,966 units in June 2017, a drop of (2)% on a year-over-year basis, mainly due to declines in commercial vehicle sales. ([More...](#))
- Managing Director of Tata's truck making business said that performance of the CV business was "worrisome" and that the company's focus must change from "transformation journey to a turnaround" in a memo to employees. ([More...](#))

Tesla

- Said that it would expand its servicing infrastructure. Tesla will open 100 new physical servicing sites and add 350 mobile servicing vans. Tesla believes that the two measures will increase servicing capacity threefold. In total, 1,400 technicians will be hired. ([More...](#))
 - Implication: With Tesla's total vehicle production to date hovering around the 250,000 unit mark, this implies a network capable of servicing an additional 500,000 vehicles, a single year of Model 3 production (Tesla hopes). Several more expansions will be required to satisfy Tesla's target ownership levels.

Toyota

- Announced that it has formed an in-house VC operation called Toyota AI Ventures with \$100 million of funding. This builds on the earlier creation of the Toyota Research Institute (TRI), based in Silicon Valley. The three investments discussed in the press release have already been made and previously announced by TRI. ([More...](#))
 - Implication: Toyota's specific concentration on areas where it believes it needs help, AI and mapping, belies those areas it feels confident in (the development of the self-driving vehicle itself). It also shows a separation between investment types (this VC fund does not hold Toyota's small stake in Uber and is instead technology focused) where other OEMs make no distinction.
- Received assurances from the UK government around Brexit ahead of a March 2017 announcement that a future product would be built at its UK plant. As in the case of prior discussions with Nissan, the UK government confirmed that a letter had been sent to Toyota but refused to divulge its contents. The government did indicate that the same assurances would be available to other companies. ([More...](#))

VW Group

- Audi unveiled the feature-packed next generation A8. The vehicle will include a traffic jam pilot that will control the vehicle at speeds up to 60 km/h on suitable highways. Audi indicate that the vehicle is capable of driving itself without human attention but stress that local laws may forbid this. Audi's system uses a single LIDAR unit positioned below the front number plate ([see image](#)). The overall sensor set contains a mix of cameras, radar, ultrasonic and LIDAR ([see image](#)). ([More...](#))
 - Implication: As the first commercially available Level 3 system, Audi has guaranteed it will boost sales figures and yet preserve residual values as desperate competitors buy vehicles for teardown. The operating performance of the system and the reaction of consumers and lawmakers will be closely watched. No doubt we will soon have hacked vehicles aiming to demonstrate how far above the 60 km/h operating window the self-driving software and hardware can be pushed.
- Saw media reports misattribute VW executives with having claimed that 40 factories the size of Tesla's Gigafactory battery making facility will be required by 2025. The 40 figure was derived by journalists taking VW's own capacity estimate and multiplying it out by VW's market share. VW have made a far higher assumption on 2025 industry mix than most other OEMs. ([More...](#))
- The head of the Audi works council criticised the company's product plan and production guarantees around electric products in an internal meeting. ([More...](#))
- VW has made an investment in AutoGravity, a product that allows online comparison of financing products -- Daimler already involved in the company. ([More...](#))
- Saw 41,000 people join a class action lawsuit in the UK over reduced performance experienced in VW vehicles that have undergone the company's emissions fix. The lawsuit says that whilst NOx performance has been improved, the vehicle driving experience, and running costs, have deteriorated. VW said that there was no systemic problem with the fix that they had applied. ([More...](#))
- Porsche installed its first 350 kW charging stations ahead of the Mission E launch. The units are developed by Porsche themselves. ([More...](#))
 - Implication: the performance of these chargers and the vehicles will be closely monitored. 350 kW is more than double the output of Tesla superchargers (135 kW) and promises a sub 10 minute charge time for more than 200km of range.

[And now for the other news...](#)

Economic / Political News

- **European Union** passenger car sales were announced. At around 1.5 million units, sales were up 2.1% on a year-over-year basis. ([More...](#))

- **European Union** sales figures for 2016 (EU15) showed that diesel share fell to 49.9%, from 52.1% in the prior year. Most of the share loss was to petrol powered vehicles. ([More...](#))
 - Implication: although the rate isn't clear, the long term direction of travel for diesel appears to be firmly downwards, with some EU markets experiencing drops of 10% on a year-over-year basis so far in 2017. It remains to be seen how this feeds into residual values.
- **China** passenger car sales as reported by CAAM were 2,172,000 units in June. This is a 4.5% increase on a year-over-year basis. ([More...](#)). Commercial vehicle sales of 340,000 units was up 18.4% on a year-over-year basis. ([More...](#))
- **German** June sales figures were reported for passenger cars. The 327,693 cars registered represented a (3.5)% decline on a year-over-year basis. Diesel share has declined almost 10% so far this year. ([More...](#))

Suppliers

- **Continental** unveiled a 48 volt system aimed at electrically assisted bicycles. ([More...](#))
 - Implication: whereas for cars, a 48V system can only provide assistance, in smaller applications, such as bicycles, it can be sufficient to provide more substantive range. Now that automotive systems have brought cost down, Continental are exploring new markets that previously would have had cost or reliability problems that can now be fixed.
- **Valeo** announced that it was exploring a sale of its passive hydraulics business to **Raicam** in order to gain approval from the European Commission for Valeo's acquisition of **FTE**. ([More...](#))
- **Linamar** is reportedly interested in a take over of troubled French supplier **Aveyron Sam Technologies**. ([More...](#))

Dealers

- **BMW i Ventures** has made an investment in **Caroobi**, an online platform that uses independent repair garages to offer servicing in a variety of locations across Germany, Switzerland and Austria with haggle-free pricing. ([More...](#))
- **PSA** launched a website named cardayz.fr that is a platform for used vehicle sales. The complete offering will include physical sites and will also enable people to sell their used cars to PSA in a no-haggle transaction. ([More...](#))

Ride-Hailing, Car Sharing & Rental

- **Grab** is in talks to raise \$2 billion from a range of investors including SoftBank and Didi. ([More...](#))
- **Uber** announced that it would merge its business in Russia, Azerbaijan, Belarus and Kazakhstan with Russian ride-hailing company **Yandex**, giving Uber a 36.6% stake. The new company will also cover Armenia and Georgia (where Uber currently has no presence). Uber will put \$225 million into the new venture, in addition to the \$170 million it says it has already invested in the region. The combined business will be about the same size as Lyft on a rides per day basis. ([More...](#))
 - Implication: It isn't clear whether this move, which is similar to the Didi deal in China, is a sign of strength or weakness from Uber. In both territories it has traded its local operations for a minority stake in a larger venture, somewhat at odds with its winner takes all approach in other markets. Perhaps the real strategy is to try to create local monopolies once a market has been fought to duopolistic stalemate? If so, keep an eye on India...
- **Uber** has bought **Swipe Labs**, seemingly on the basis of the engineering talent rather than the product. The new team is expected to add user interface expertise to Uber's existing capabilities. ([More...](#))
- **Lyft** announced that it had integrated several expense management platforms into its app for business customers. This change allows business users to automatically add the receipts for trips to their company's system. ([More...](#))
 - Implication: Lyft is recognising the value of business-friendly features -- airlines and hotels have shown that preferred supplier status is not simply a factor of price and market share.
- **Daimler** announced an investment in and cooperation with **CleverShuttle**, a company that creates software which lets public transport operators optimise routes depending on point in time passenger demand. ([More...](#))
- Freight-matching start-up **Transfix** has raised an additional \$42 million ([More...](#))

Driverless / Autonomy

- A report by **AlixPartners** said that 50 creditable companies are trying to develop an autonomous vehicle system, as well as a “plethora” of smaller players. The survey including consumer research that finds traditional OEMs such as Ford and GM are viewed as less attractive than Tesla and Google in terms of autonomous vehicles. Note: prior research implies that this is debatable with other studies both for and against traditional OEMs versus technology companies in terms of reputation. ([More...](#))
 - Implication: As indicated in previous news reviews, there are a huge number of start-ups and adjacent companies proffering driverless technology. Less well publicised than the demonstration vehicles themselves is that several white-label autonomous image-processing and controls companies now exist. If someone wants help in launching a new vapourware self-driving start-up with a plausible-looking demonstration quickly and on the cheap, please give me a call -- I know how to do it!
- As if to illustrate the point above, Indian software services giant **Infosys** showed off an autonomous vehicle produced by its engineering team. ([More...](#))
- The CEO of **nuTonomy** gave an interview around some of the practicalities of autonomous vehicle development. Highlights include: he currently sees autonomous driving software as having to be developed on a region by region basis and isn't sure how that will change; and he sees multiple competitors across regions rather than a winner takes all market. ([More...](#))
- **Continental** gave greater details on its Cruising Chauffeur system, confirming its Level 3 to Level 4 credentials. The press release describes a system where the vehicle can drive itself on highways (regulations permitting) and will execute an emergency stop (including pulling over to the side of the road) if the driver fails to take over. The company also highlighted its work on redundancy: it has two separate decision-making systems, one for normal operation and one for emergencies. Continental say that the system will be available in 2020. ([More...](#))

Electrification

- **Faraday Future** said that it is abandoning its plan for a \$1 billion Las Vegas car factory and will instead choose a new (as yet unnamed) site. The company still appears to be planning an early 2018 release. ([More...](#))
- **Daimler** said that it will make an electric version of the Sprinter van at its Düsseldorf factory. ([More...](#))
- Saw media reports misattribute **VW** executives with having claimed that 40 factories the size of Tesla's Gigafactory battery making facility will be required by 2025. The 40 figure was derived by journalists taking VW's own capacity estimate and multiplying it out by VW's market share. VW have made a far higher assumption on 2025 industry mix than most other OEMs. ([More...](#))
- German start-up **Sonomotors** is promising to launch an electric vehicle by 2019. The design includes integrated solar panels that allow top-up charging for around an additional 30km per day of range. ([More...](#))
- **Nissan** said that it expects 20% of European sales to be fully electric by 2020 “where the market conditions are right”. ([More...](#))
- **eMotorWerks** announced a scheme that lets private owners of charging points rent time (and electricity) to others via a smartphone app that uses blockchain technology to complete the transaction. ([More...](#))
 - Implication: if schemes like this catch on then they could be a part solution to the electrification infrastructure conundrum. The chance of rental could persuade people to buy high-powered chargers and the cost of renting the space could prevent people hogging chargers for longer than needed

Other

- **LexisNexis** and **Modus** announced an alliance to provide insurance companies with off-the-shelf hardware and data processing that will enable them to sell user-based insurance. ([More...](#))
- **Octo Telematics** launched a new insurance data platform that it claims can take data from any type of sensor and perform usage analysis to derive insights useful for creating insurance policies. ([More...](#))