



# AD PUNCTUM

## Autos & Mobility Industry Briefing -- 24<sup>th</sup> September to 30<sup>th</sup> September 2018

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

### Our Latest Research

Thomas chaired the AutoAI Berlin conference held on 24<sup>th</sup> - 25<sup>th</sup> September (having been chair for the same event last year -- [click here to see a detailed write-up](#)). This year the key takeaways were as follows:

- Although more work is required on object recognition, the industry shows continued improvement
- Rules based driving is back. The limitations of neural nets are becoming clearer and developers are seeking ways to build underpinning rules into the system
- Redundancy is being taken more seriously but teams are still not sure which systems to include, since none of them work flawlessly yet
- Validation is rising up the agenda and teams are struggling to understand how their neural networks make decisions
- Although everyone seems to want to use simulation tools, developers still appear sceptical that the simulations are robust enough to train and test autonomous vehicle decision making

A more detailed write up will follow in due course.

### News about the major automakers

#### **BMW** (history)

- Announced a profit warning, primarily blaming, extra incentives in Europe from competitors who were pushing cars into the marketplace ahead of the WLTP cut-off; volatile international trade tariffs; and adjustments to goodwill and warranty reserves. ([BMW](#))
- BMW's German dealers threatened to not sign revised five-year contracts with the brand, jeopardising sales in October as the situation could theoretically result in a sales stoppage. They relented at the last minute. ([Reuters](#))
- Upgraded the i3's battery, it now has 42.2 kWh capacity. ([Autocar](#))

#### **Daimler** (history)

- Announced that Ola Källenius will become CEO and head of Mercedes-Benz cars in 2019 with Dieter Zetsche taking a two year "cooling off" period and then returning as chairman in 2021. ([Daimler](#))
- Daimler's new CEO elect is not in the habit of hugging people. ([Handelsblatt](#))

#### **FCA** (history)

- Made a series of executive changes, including new leaders for Europe and Maserati. ([FCA](#))
- Executives said the impact of model mix shifting from cars to SUVs in the US was a "wake-up call" for officials setting fuel economy targets. ([Reuters](#))
- FCA's Michigan plants are suffering a worrying spate of vehicle thefts. ([Detroit Free Press](#))

## Ford (history)

- Admitted low customer interest (apart from users who would otherwise have opted for rental vehicles) in its Canvas subscription program meant a rethink was needed. ([CNET](#))
- Chairman Bill Ford likes salsa dancing (probably) but detests gyrations in trade negotiations. Although he called for certainty, he declined to say what Ford wants. ([Reuters](#))
- Argo AI's CEO said Ford's driverless car program will involve up to 100,000 vehicles. ([Bloomberg](#))
- Ford sources suggested the scope of collaboration with VW had been expanded to explore whether Ford vehicles should be manufactured at VW plants in South America and Europe, allowing Ford to trim capacity. ([Reuters](#))
- Agreed to pay more compensation to UK Ford owners who have experienced engine failures. ([BBC](#))
- Will stop making the Focus in Argentina from 2019 at the end of the current model cycle. ([Reuters](#))

## Geely (includes Volvo) (history)

- Lotus is overhauling its headquarters. ([Autocar](#))
- Unveiled the cross country version of the V60 estate car. ([Volvo](#))

## General Motors (history)

- Moving the Cadillac brand headquarters back to Michigan from New York. ([WJLA](#))
- Recalling over 3.3 million vehicles in China to correct suspension problems. ([Reuters](#))
- Reportedly in talks to sell its Pune, India plant to JSW Energy. ([Mint](#))

## Honda (history)

- Recalling about 255,000 vehicles globally because of problems rear camera's software. ([Times of India](#))

## Nissan (includes Mitsubishi) (history)

- Launched production of the all-new Altima at the Canton, USA plant. ([Nissan](#))
- Infiniti has now dropped all hybrid models from its US line-up. ([Green Car Reports](#))

## PSA (includes Opel/Vauxhall) (history)

- Will create a joint venture with Punch to manufacture electrified dual clutch gearboxes at PSA's plant in Metz. The 600,000 capacity line will use designs developed by Punch. Combined with a 48V system, PSA expect a 15% fuel economy saving in urban conditions. ([PSA](#))
- CEO Tavares said PSA was an "ardent supporter" of creating a European battery champion. ([France3](#))

## Renault (history)

- Carlos Ghosn said the Renault-Nissan-Mitsubishi alliance partners will clarify everything about the future state of the relationship within the first half of his term as Renault CEO (i.e. by 2020). ([Bloomberg](#))
- Building 60MWh of stationary storage in Europe by 2020. Located across three sites (two Renault factories and a former German coal mine), the project will require 2,000 vehicle batteries, a mix of used batteries and those ready for aftermarket sales will be employed. ([Renault](#))
- Launched the Moov'in Paris car share scheme with no subscription and rental charges of ~€23 per hour. ([Renault](#))

## Tesla (history)

- Elon Musk agreed to step down as Tesla's chairman for three years and pay a \$20 million fine, Tesla will pay a matching sum after the SEC claimed his statements about secured funding had been "false and misleading". The regulator had initially threatened to make Musk step down from all board roles at publicly traded companies. ([BBC](#))
- Reportedly has requested 100 company employees as volunteers for full self driving versions of the Autopilot software. The program will run until the end of 2019, suggesting no retail launch before then. ([The Verge](#))
- According to internal emails, profitability in Q3 is within reach, but it all depended on a really great performance on Sunday 30<sup>th</sup> September. ([Business Insider](#))
- CEO Musk said Tesla is building its own car carrying trailers because of an extreme shortage. ([Business Insider](#))

- Implication: After an earlier scheme to build its own servicing vehicles, Tesla strays ever deeper into non-core activities whilst struggling with problems executing its programs.

### Toyota (history)

- Said it would be impossible to hold more than one day's supply of inventory at its Burnaston plant. ([BBC](#))
- Reportedly preparing a shake-up of Japanese dealer operations that will replace the current four mass market channels with a single network by the mid-2020s. ([Japan Times](#))

### VW Group (history)

- Announced a productivity improvement plan, seeking 30% better utilisation by 2025. The firm says there is €2.6 billion in “efficiency potential”. Explaining the targets to senior production managers, VW said €1.5 billion could be cut through systemic standardisation. ([VW](#))
- VW will base its connected car data platform on Microsoft's Azure. The two companies will partner to build apps that VW's cars can use and VW will build a development centre near Microsoft in the USA. ([VW](#))
- The CEO of Traton, VW's truck division, said an IPO would not take place “at any cost”, citing international trade conditions as an issue that could scupper the plan. He also said that shared powertrain was the focus of sharing efforts since it is 60% of the vehicle's value (including ancillaries such as exhaust, axles and electronics). He also discussed the balance between sharing the dealerships used for VW vans (more like the truck division customers) and developing the vehicles (more like the car division activities). ([Handelsblatt](#))
- Off the record sources said VW would support retrofitting of older diesel vehicles in Germany. ([Reuters](#))
- Audi confirmed the E-tron GT will have 350kW charging capability. ([Inside EVs](#))
- Contracted Unipart to run the logistics for its UK parts operations. About 450 employees will transfer to Unipart as a result of the agreement. ([Motor Trader](#))
- Claimed to have developed a new prototype fuel cell that uses far less precious metals. ([VW](#))
- Lamborghini said India will be one of the top ten markets for luxury sports cars within five years. ([Times of India](#))
- Ending the Audi on demand service in San Francisco directing customers to Silvercar instead. ([Auto Rental News](#))
- Reportedly planning a Maybach fighting super Audi A8 under the Hoch sub-brand. ([Autocar](#))
- Audi will work with Valtech to create a design team that will develop products and services for autonomous vehicles. The team will contain over 200 people. ([Challenges](#))

### Other

- **McLaren's** CEO summed up the mood amongst automotive executives who are doing the minimum possible to plan for a no deal Brexit saying “what you don't want to do is go spend a fortune and then find it's actually a complete waste of time”. Unfortunately, that's what insurance often is.... ([Reuters](#))
- **Chery** launched a design and development centre in Frankfurt, Germany, aiming to hire around 50 staff. ([Autocar](#))
- **Ineos** is still undecided about a production location but has ruled out Scotland, following clashes with the national government over other business projects. ([The Times](#))
- **Elio Motors** signed a powertrain supply deal with an unnamed large OEM. The appointment of **Roush** to do the powertrain integration provides a possible clue. The firm says it saved a \$120 million R&D bill by not developing its own engines. ([Elio Motors](#))
- **Pininfarina** will base its car program in Munich, Germany and will use **Rimac's** powertrain. ([Pininfarina](#))
- **Strom Motors** said it has secured funding to start production of its electric mini car. ([Times of India](#))

## News about other companies and trends ...

### Economic / Political News

- **Germany's** government is confident it will soon have a way to improve emissions of older diesel vehicles and prevent city bans. ([Reuters](#))
- The **US** and **Canadian** governments reached an agreement over a revised trade pact. NAFTA will be reframed as USMC and sees content requirements for locally made vehicles increase. ([BBC](#))

## Suppliers

- **Continental** awarded their CEO a new five year contract. ([Handelsblatt](#))
- Castings supplier **Busche Performance Group** raised \$150 million in debt. ([BPG](#))
- Plastics supplier **Lanxess** is building a new plant in Germany. ([Autocar](#))
- **Denso** and **NRI** created a joint venture called NDIAS to offer cyber security products for cars. ([Denso](#))
- **Neue Halburg Guss** said already anticipated job losses will be brought forward. ([Manager Magazin](#))
- **Federal Mogul** and **Yura Tech** established a 51/49 joint venture for spark plugs aimed at supplying South Korean OEMs. ([Federal Mogul](#))

## Ride-Hailing, Car Sharing & Rental (history)

- **Careem** announced the acquisition of on-demand bus operator **Commut** and promptly offloaded the operations part of the business to **Shuttl**. ([Careem](#))
- **Didi** said it could no singlehandedly service the needs of the Chinese ride hailing market and that whilst it was dominant, it did not want to become a monopoly. ([Technode](#))
- **Uber** will pay \$148 million to US drivers who had their information stolen by hackers. ([Business Insider](#))
- **Uber** will spend \$10 million on lobbying for the “long-term public interest”, including congestion pricing. ([Uber](#))
- Bangladeshi ride hailing firm **Shohoz** raised \$15 million. ([TechCrunch](#))
- Grab may sell a stake in its Thai business. ([Reuters](#))
- **Renault** launched a Paris car share scheme with no subscription and rental charges of ~€23 per hour. ([Renault](#))

## Driverless / Autonomy (history)

- **Robosense** will offer its new low-cost 64 line lidar unit with an algorithm called “gaze” that focuses on objects detected after broad sweeps have taken place, in order to get a more detailed perception. ([Robosense](#))
- A **US** survey found owners overestimated the abilities of their driver assistance systems; 29% were confident enough with their adaptive cruise control to be distracted at the wheel. ([CNBC](#))
- Argo AI’s CEO said **Ford’s** driverless car program will involve up to 100,000 vehicles. ([Bloomberg](#))

## Electrification (history)

- **Volvo Trucks** said it will start selling electric trucks in California from 2020 onwards. ([Volvo Trucks](#))
- **Lucid** will use (VW-owned) **Electrify America’s** charging infrastructure. ([Lucid](#))
- **Lucid** believes that its competitive advantage lies in the ability to shrink the size of the powertrain and offer greater interior package than rivals. ([CNN](#))
- **eMotorWerks** is using 6,000 chargers installed in homes across California to provide a 30 MW virtual battery on the state’s energy markets. Charging station owners receive up to \$80 per year to participate. ([eMotorWerks](#))
- Battery developer **Lionano** raised \$22 million. ([Lionano](#))
- **ABB** doesn’t think battery swapping will work in India because the charging of the battery adds an extra layer of complexity. ([Economic Times of India](#))
- **VW** claimed to have developed a new prototype fuel cell that uses far less precious metals. ([VW](#))
- **Caetano** will use **Toyota’s** fuel cells for demonstrator vehicles it is making. ([Toyota](#))

## Connectivity

- **Denso** and **NRI** created a joint venture called NDIAS to offer cyber security products for cars. ([Denso](#))
- **Harman** launched an OBD II plug in dongle called Spark for US customers. ([Autocar](#))
- **TomTom** said that it might sell its telematics operations to concentrate on the core business of mapping as competition with **Google** escalates. ([Reuters](#))
- **Ford**, **Lyft** and **Uber** announced a scheme to share road traffic data with local governments. ([Auto Rental News](#))

## Other

- Rotary engine developer **Freedom Motors** started a crowdfunding campaign. ([Freedom Motors](#))
- In-car retailing platform **Cargo** raised \$22 million. ([FINSMES](#))