

“The perfect storm: From Car manufactures to Mobility Services providers “.

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"Mobility is freedom". It is the ability to choose how and when to move and the means of transport you use. It reflects the fundamental right to free movement of both people and goods, and provides us with a framework for how to make our daily lives easier.

The new concept of mobility is bringing about one of the most important social, technological and economic changes in history. New markets and new value chains will emerge from the ecosystem being created. Automobile manufacturers, telecoms, energy and technology players, and even start ups will be competing in this new scenario. Regulators, operators, industries and civil society are already staking their claims.

Among all the agents involved in this new concept of mobility, I would like to focus on the novel role of the automotive industry, especially if we consider that over the last few decades, It has been one of the most important engines of economic development and wealth creation in Europe. The turnover generated by the automotive sector represents 6.8% of EU GDP. More than 13.3 million people (or 6.1% of the EU workforce) are employed in the sector. This industry accounts for €413 billion in tax contributions in the EU-15 countries. It is a global player, delivering quality 'Made in Europe' products all over the world, and bringing in a €90.3 billion trade surplus.

The automotive sector is facing a profound transformation process that will completely redefine this industry. It has not only had to respond to changing transport needs, but has also had to address an increasingly complex environment arising from the new vision of mobility.

The new mobility involves understanding changes taking place in the demand for vehicles. These are focused on four key trends:

- Electromobility: the changes in powertrain technologies towards more sustainable vehicles powered by alternative energies, especially the electric car.
- Connected car: the emergence of new technologies that allows us to extend our hyper-connected lifestyle to our vehicle.
- Autonomous car: the development of self-driving vehicles made possible by new technologies.
- Mobility- as-a-service (MaaS): the evolution of diverse services revolving around the use of the car, such as car sharing .

Traditionally, the automotive industry has been based on a linear value chain, where industrial dynamics were determined by car manufactures. However, this configuration is changing, as are the rules of competition in the new ecosystem.

To meet the challenges presented by integral new modes of mobility, the sector must re-invent itself and generate new business models anchored in the collaborative, interdependent ecosystem arising from the interplay among manufacturers, suppliers and collateral sectors (finance, insurance, energy, IT, etc).

From sectors which provided support to the car industry, they are all converging towards playing a central role in the value chain itself.

As such, they seek to enjoy the benefits derived from new concepts of mobility.

One of the questions we will be facing in the near future pertains to who will benefit from these new business opportunities, both upstream (from raw materials to the finished vehicle) and downstream (services and developments around the electric, connected, autonomous car). How will manufactures position themselves in these new value chains?

The role of the regulator is also important in the transformation brought about by the new mobility ecosystem. The regulator should be proactive in setting up measures that promote the new scenario, for it will help position Europe as a global player

Moreover, three major challenges must be met to successfully adapt to the new mobility; the sector must be both flexible and resilient to adapt to all of them.

The first one involves environmental factors requiring increased momentum in the reduction of emission. The second is the huge infrastructure demanded by the vehicles of the future. And the third revolves around smart regulation of the needs arising from the new mobility.

The automotive industry is undoubtedly going through its own "perfect storm". It is facing complex challenges that are forcing it to incorporate new capabilities from outside its traditional competencies, to be able to respond to the new services required by increasingly demanding consumers. Simultaneously, the car sector will have to define its role in the new mobility value chains so that it can continue moving toward a prosperous future.

The effort is definitely worthwhile because one of Europe's central industrial pillars is at stake. Successfully weathering this perfect storm will not be an easy task, but the automotive industry is a very experienced player which will surely be up to the job.