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Uber RIDES

Ride Hailing Strategic Report

Strategy & Value Creation

Groups 5 and 8

Cláudia Estadão • Dora Cerqueira • José Miguel Vaz • Nuno Lopes Filipe • Sérgio Silva
Bruno Marques • Daniel Rodrigues • Mikael Crine • Paula Pereira da Silva • Ricardo Vitorino

EMBA 2019.21

December 6th, 2020

Católica Lisbon School of Business & Economics · Nova School of Business & Economics · In collaboration with MIT Management Sloan School
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1. Executive Summary

Uber Technologies Inc. is a global ride-hailing technology company that operates in more than 10 000 cities in 69 countries. The company's market capitalization has reached $78 billion on November 6th 2020, surpassing the $75 billion valuation when the company went public in May 2019, according to PitchBook data. On a different perspective, Uber lost $8.5 billion in 2019 — a sign of just how steep Uber's path to profitability needs to be. That said, before COVID-19 outbreak kicked in, the company expected to finally take out a profit on an adjusted base at the end of 2020.

The rise of smartphones, the advent of app stores, and the desire for on-demand work supercharged Uber's growth and created an entirely new standard of consumer convenience. What began as "Tap a button, get a ride" has become something much more profound: ridesharing and carpooling; meal delivery and freight; electric bikes and scooters; and self-driving cars and urban aviation.

Uber operates in 5 segments: Rides, Eats, Freight, Other Bets, and Advanced Technologies Group ("ATG"), as described in the table below:

Table 1 - Uber Technologies operations segments

Rides	Uber App: connecting consumers with drivers. Uber for Business (U4B), Financial Partnerships, and Vehicle Solutions.
Eats	Uber Eats App: connecting consumers with Uber partners for delivery of food orders from restaurants. Orders and Tracking.
Freight	Matches carriers with shippers. No fees; Faster payments; Pick and load; Easy booking.
Other Bets	New mobility solutions: e-bikes; e-scooters. Transit, UberWorks. Platform incubator group.
Advanced Technologies Group (ATG)	Development of autonomous vehicle technologies and the deployment of autonomous vehicles.

Rides was the first segment where Uber launched its operations. As can be seen below, Rides is still Ubers' main segment in terms of financial results. We focused this report in the analysis of the Ride-Hailing industry and considering that the other segments were part of the company diversification strategy.

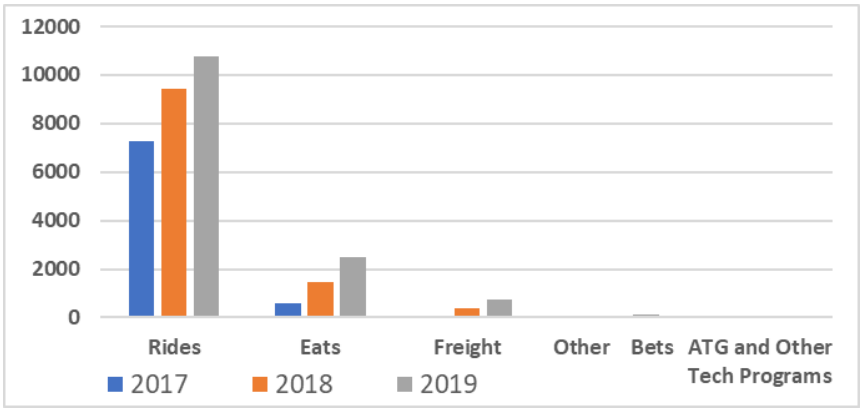


***Figure 1* - Uber Technologies Financial Performance (mUSD)**

The global ride-sharing market is expected to grow by more than 50 percent between 2020 and 2021. The market value is expected to amount to around 117 billion U.S. dollars in 2021. DiDi, Uber, and Lyft are among the key players in this industry. Costs, congestion, and comfort are key market drivers The ride-sharing market`s rapid growth is being fueled by several key factors such as consumers seeking to avoid the large overhead costs of car ownership and the widespread smartphone use and mobility apps increasing popularity in India and China, making mobility services likely to see large revenue streams in regions such as China.

Uber, the largest taxi company in the world has no cars of its own. Drivers are independent contractors for the company and they use their own or rented cars to drive with Uber using the Uber app. Uber vision includes taxis that will ultimately be autonomous, as its self-driving transportation project that aims to bring a safe and reliable self-driving transportation to everyone, everywhere. Innovation, adaptation of its offer and fairness of its prices enabled Uber to build a strong brand image. The company acquired notoriety in a short time. The Uber brand and model led to the term "uberize". From a simple idea to one of the largest platforms in the world that aims to be the Amazon of transport, Uber seeks worldwide domination. In the future, Uber's expansion will be continued, bringing its services to new cities, and having in mind the takeover of the cab industry by being the cheapest, easy ride around the world.

For Uber, it is clear that, the strategic activities rely on the strong link between Technology (support activity) and Operations (primary activity). In Uber, every operation is automated. When it comes to vertical integration, Uber is definitely one of the companies that would not do well by implementing this strategy. Applying vertical integration theory to Uber's

business model, it's easy to understand that Uber makes more money by limiting the part of the value chain that it controls. If we look at the whole ride-hailing value chain, Uber only occupies a small part of it, the link and deal between the drivers and customers.

Although Uber is not active in terms of vertical integration, the company does outsource some activities, namely through strategic partnerships. The need for strategic outsourcing came alongside Uber's fast growth throughout the years. Main activities outsourced are cloud services (allowed the company to grow throughout the years) and customer support (allowed the company to cut costs).

Also, while 75% of Uber's revenues comes from the rides business, Uber aims to increase the revenues by diversifiing to other business up until they represents a 50-50 split with the rides business. One of the main risks of Uber's diversification strategy is the great need for intensive investments to support its growth strategy, not only for internal research and development activities, but also merge and acquisition moves.

A major risk to Uber business model is regulations. Uber was set up to escape regulations and now this bring high uncertainty to its business model, leading to delays in entering markets, not being able to effectively compete in some of the markets (e.g., China) and finally can even jeopardize the overall business model (e.g., if ridesharing drivers become employees).

In summary, Uber possesses considerable strengths such as the first mover advantage, global market leadership and a market cap of USD 84 billion as of today. At the same time, the company has serious weaknesses such as a damaged brand image due to numerous scandals and litigation, regulatory risks and persistent financial losses.

2. Company Overview

Figure 2 - Uber Technologies, Inc. logo

Uber was born in 2009 of a watershed moment in technology. The rise of smartphones, the advent of app stores, and the desire for on-demand work supercharged Uber's growth and created an entirely new standard of consumer convenience. What began as "Tap a button, get a ride" has become something much more profound: ridesharing and carpooling; meal delivery and freight; electric bikes and scooters; and self-driving cars and urban aviation.

Uber Technologies Inc. is a global ride-hailing technology company that operates in more than 10000 cities in 69 countries. Uber lost $8.5 billion in 2019 — a sign of just how steep Uber's path to profitability needs to be. That said, before COVID-19 outbreak kicked in, the company expected to finally take out a profit on an adjusted base at the end of 2020. The largest taxi company in the world has no cars of its own. Drivers are independent contractors for the company and they use their own or rented cars to drive with Uber using the Uber app.

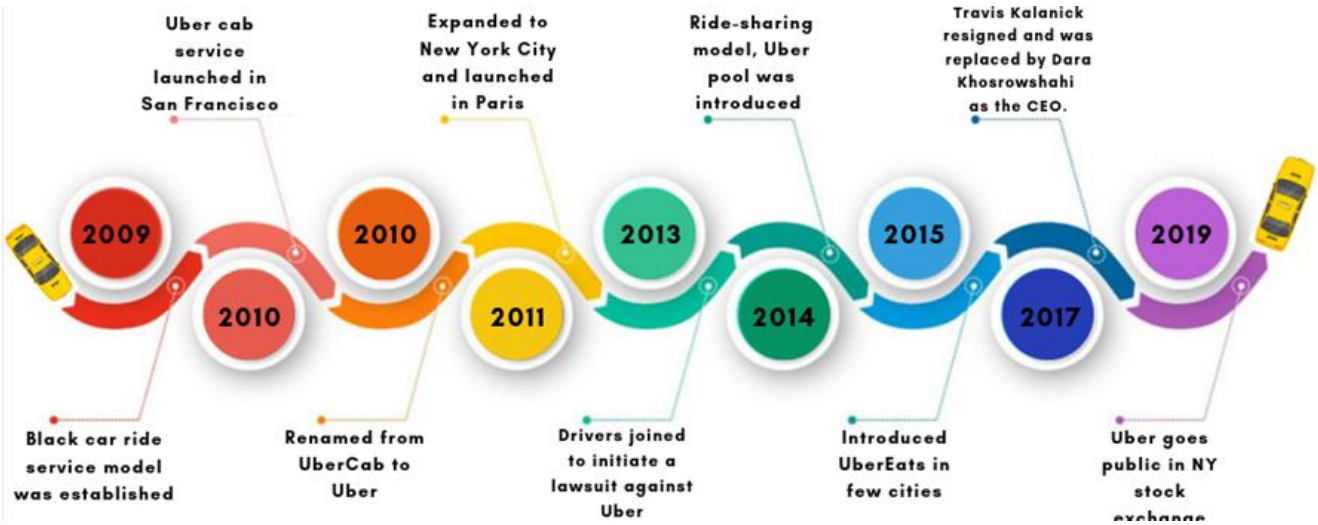


Figure 3 - Uber timeline

The company has effectively disrupted the taxi industry in a global scale. Uber business strategy involves increasing service range to cater for the needs of a great number of customers and focusing on high levels of user convenience. Moreover, cost-saving through technological innovation is placed at the core of Uber business strategy.

Uber technology platform uses a massive network, leading technology, operational excellence and product expertise to power movements from point A to point B. It develops and operates proprietary technology applications supporting a variety of offerings on their platform ("platform(s)" or "Platform(s)"). They connect consumers ("Rider(s)") with independent providers of ride services ("Rides Driver(s)") for ridesharing services. Riders are collectively referred to as "end-user(s)" or "consumer(s)." Rides Drivers are collectively referred to as "Driver(s)".

Uber's technology is available around the world, principally in the United States ("U.S.") and Canada, Latin America, Europe, the Middle East, Africa, and Asia (excluding China and Southeast Asia).

Uber Technologies Inc has five operating and reportable segments: Rides, Eats, Freight, Other Bets, and Advanced Technologies Group ("ATG") and Other Technology Programs. Rides, Eats, Freight and Other Bets platform offerings each address large, fragmented markets. ATG and Other Technology Programs is focused on the development and commercialization of autonomous vehicle and ridesharing technologies, as well as Uber Elevate.

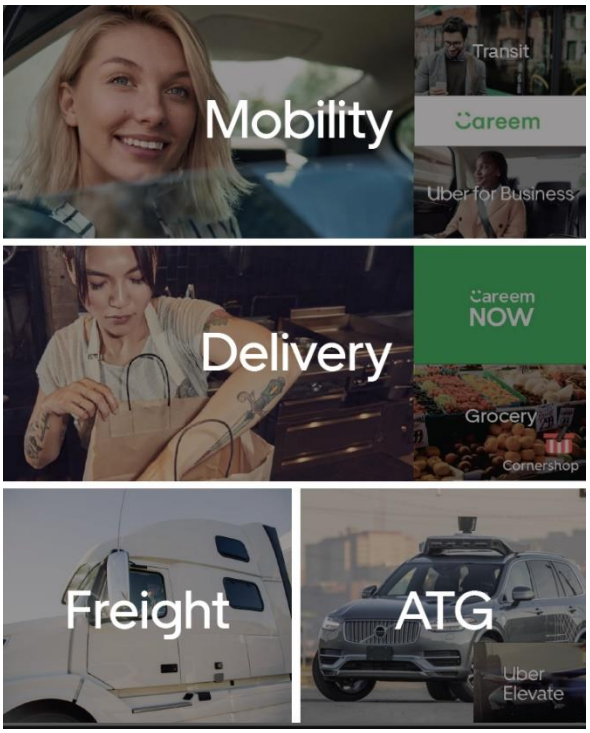


Figure 4 - Uber's main operations

The ride-hailing giant had a leadership crisis some time ago. Lack of leadership skills of co-founder and the first CEO Travis Kalanick caused the formation of a poor corporate culture. As a result the company has suffered from a range of serious scandals involving discrimination, sexual arassment and even mobbing. Uber's CEO was even caught on video rudely arguing with a driver about declining fares. Mr. Kalanick had to step down from the leadership role as demanded by investors and Expedia' CEO Dara Khosrowshani became the new CEO for Uber.

3. Environmental Analysis

3.2. Macro Environment

3.2.3. PESTEL Analysis

The sharing economy is where technology is used to match private owners of a product or service directly with consumers. This differs from traditional arrangements as the company who offers the product or service does not own it, they only facilitate an interaction between individuals. The segments currently most associated to the sharing economy include ridesharing services and private residential space renting to travelers.

The Ride-Hailing Industry plays an important role in current urban transportation systems, both in economic and mobility terms. With the advent of e-hailing taxi applications, taxi services have been one of the game-changing innovations of the transportation sector. DiDi, Uber, and Lyft are among the key players.

The Ride-Hailing Industry is expected to grow to by more than 50 percent between 2020 and 2021, adjusting to the impact of COVID-19. The market value is expected to amount to around 117 billion U.S. dollars in 2021.

Reduced taxi fare and ease of booking through mobile apps are the major factors that has driven the online booking segment type to capture a major share of more than 40% of the taxi market globally. Passengers' preferences for utilizing taxi services and ride-sharing services has increased. This has led to companies enhancing the options and expanding their operations to be provided in mobile applications to retain their respective market share in a highly competitive market.

The analysis of the Political, Economic, Social, Technological, Environmental and Legal factors can help understanding the potential impact of these external factors on the performance of the ride-hailing market and its long-term prospects.

Table 2 - PESTEL analysis applied to the ride-sharing industry

Political Factors		
Trends	**Demand**	**Supply**
No clear legislation and regulations	- delayed entries in markets	- increased risk for drivers
Pressure on politicians to scrutinize	- delayed growth in markets	- increased risk for drivers
Labour law risks (drivers as employees, minimum wage)	no change	- limitation in drivers due to profitability concerns

Economic Factors		
Trends	**Demand**	**Supply**
Cheaper than taxis and easier to use	+ due to better value proposition to customer	+ profit prospect to drivers
New opportunities but for lower pay to drivers	+ due to better value proposition to customer	- unfair pay perception to drivers leading to ride selection
Dynamic pricing	no change but customer dissatisfaction	- unfair pay perception to drivers leading to ride selection
Shared mobility hit hard by the pandemic	- limited mobility by law	+ available drivers
Recording losses for some time	no change	no change
Additional competition targeting profitability outlook	- increased competition due to low entry barriers	+ supply capacity in place

Social Factors		
Trends	**Demand**	**Supply**
Part of a community (ratings, post experience in social media)	+ due to better value proposition to customer	+ due to better value proposition to drivers
Exponential growth since initial lunch	+ being part of a shared economy network	+ due to increased prospect profits to drivers
Surge pricing in times of crisis, under fire	- due to customer dissatisfaction	- due to drivers' dissatisfaction and feeling of unfairness
COVID-19 pandemic	- limited mobility by law	+ available vehicles
Multinational operations with reasonable fare and trustworthy	+ due to better value proposition to customer	+ due to better value proposition to drivers
Remote work is becoming increasingly popular	- reduced mobility needs	- remote work more demanding

Technology Factors		
Trends	**Demand**	**Supply**
Platform is critical for the shared economy	+ due to better value proposition to customer	+ due to better value proposition to drivers
Increasing internet and smartphone usage	+ more geographies able to use platform	+ more geographies able to use platform
Building customer relationship through social media channels	+ due to better value proposition to customer	+ due to better value proposition to drivers
Self-driving cars and autonomous cars in near future	+ due to expansion to short length travel	+ drivers solving labour law risks
Employing digital transformation in logistics	+ due to expansion to freight	+ integration and efficiencies in management
Malware and phishing attacks harm reputation	- increased risk for customers	- increased risk for drivers

Environmental Factors		
Trends	**Demand**	**Supply**
Traffic congestion and fuel usage increase	- reduced due to sustainability perception	- due to lower profitability
Carpooling as an eco-friendly initiative	- less demand for cars due to shared transportation	- less need for drivers due to shared transportation
Electrification plans and customer option for electric car	- increased due to sustainability perception	+ due to segment better value proposition to drivers

Legal Factors		
Trends	**Demand**	**Supply**
Attempted bans in countries/cities	- delayed entries in markets	- increased risk for drivers
Labour law risks (drivers as employees, minimum wage)	no change	- limitation in drivers due to profitability concerns
Liabilities exposure (car accidents)	no change	- limitation in drivers due to profitability concerns
Lawsuits impacting the brands	- reduced value proposition	- limitation in drivers due to profitability concerns

3.2.4. Key conclusions from PESTEL analysis

Ride sharing companies have ignited charged political debates globally. Several governments are concerned over the regulation of the sharing economy. While the sharing economy and ride sharing have their pros, they also have their cons. Ride sharing companies rise has had a disruptive effect on the business of other traditional taxi services. This has given rise to opposition which even turned political at several stages.

Authorities are concerned if they need to bring new laws for companies like these. The increasing regulation of these services brings high uncertainty to the industry, as the companies were often set up specifically to escape regulation. This has led to delays in entering markets, being able to effectively compete in some of the markets where it is present and finally can even jeopardize the overall business model (e.g., New York City implemented regulations requiring all ridesharing drivers to be paid a minimum wage).

The ride sharing company’s business model is based on the sharing economy, a concept that may change the state of economies, especially in developed countries. The economic impacts of the global transportation technology company are controversial. Ride sharing companies have created additional income opportunities for many people, while have taken away jobs from local taxi drivers. Ride sharing companies have had other benefits too, it has reduced the costs of searching for taxis too and not just that, the traditional taxi services were forced to cut down prices not to be thrown out of competition.

The ride-sharing market's rapid growth is being fueled by several key factors: Consumers, particularly younger adults, seek to avoid the large overhead costs of car ownership. It is expected that ridesharing will be most popular in cities where vehicle ownership is not only costly but also less practical due to traffic congestion and limited parking. The industry may struggle to take over the market in areas where public transportation is well-funded and attractive to use and hence, Europe is the region where the market for urban mobility platforms that combine individual and shared mobility options has the greatest potential.

The social aspect of businesses is just as important as the others. It is because societies and businesses need to have a mutually beneficial relationship to strive. So, for ride sharing companies too, it is important that it manages a socially acceptable and respectable image. They have gained fast acceptance and popularity based on two things: first, the prices and second, its quality of customer service. These are the points of differentiation. Ride sharing company's growth has been both rapid and easy as they have found popularity in the society while working as a marketplace with social media dimensions imbedded (ratings, post experience in social media). In these cases, growth can be exponential as it was seen by key ride sharing companies.

Technology is at the root of everything big in the 21st century and to imagine growth without technology is impossible. Ridesharing's reach has been enabled by widespread smartphone use and mobility apps are particularly popular in India and China, making mobility services likely to see large revenue streams in such regions. Ride sharing companies were able to grab a large piece of the ride sharing market based on excellent technology that provided both smooth access and great experience for drivers and the riders. They have integrated several special features into the app to provide an extraordinary experience. From geolocation to direction, push notifications and payment all is integrated into a single app. So, technology is one of the particularly important factors driving ride sharing company's fast growth.

Sustainability has been a concern for most of the businesses thus ride sharing companies has also given importance to it. It has been important to tackle the wrong beliefs that traffic congestion and fuel consumption have increased: It has also need to present riding options more in line with the green trends that have emerged in societies with electric vehicles and car-pooling options to become increasingly available.

Legal compliance has been an important challenge and being unable to comply may result in large fines for businesses. The rise of ride sharing companies have come as a challenge for legal authorities, which are in a fix over whether the laws applying to traditional services must apply to it or not. Ride sharing companies have been facing legal problems related to taxes, operations, and human resources issues. All these legal setbacks have the potential to distract the

organizations from its core business and damage the brand image even if resolved by settlements.

3.3. Microenvironment

3.3.3. Customers

The general usage of the internet with the rise of social, mobile, analytics and cloud computing has made access to information quicker than ever before. Transactions are shifting to real time and the trust in ecommerce is solidifying.

Happiness studies show that experiences increase contentment far more than purchases do, and young people's intrinsic understanding of this is fuelling an experience economy. Consumers who use sharing economy business models are often more comfortable with transactions that involve deeper social interactions than traditional methods of exchange.

Ride sharing services depend on users being comfortable trusting strangers to complete their journey safely. Consumers like automotive sharing economies because of the better pricing, variety of choice and convenient access.

Mobility Services can be used on different occasions, be it holidays or everyday mobility (see Figure 5).

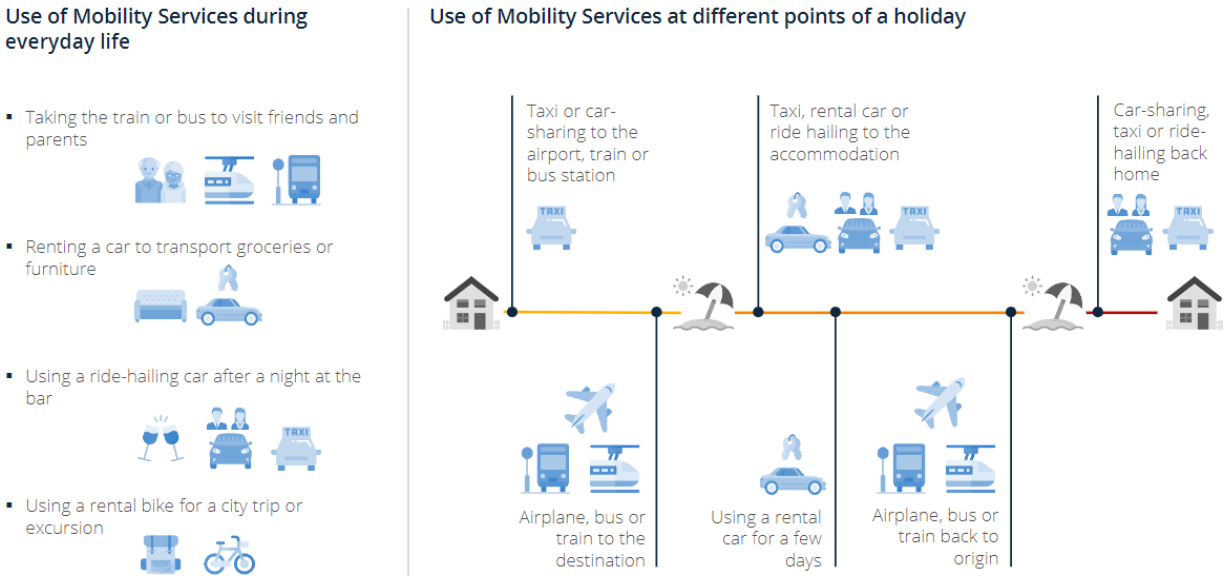


Figure 5 - Use of Mobility Services; source: Statista Mobility Market Outlook2020

Nevertheless, as shown in the results of a survey conducted by CivicScience among US rideshare users, between the 15th of June and the 6th of July 2020 (see Figure 6 below), the Covid19 situation has made consumers reduce drastically the use of Ride-hailing services not only

because of the Lockdowns all over the world, but also due to security concerns. This impacted negatively across all age groups (Figure 7).

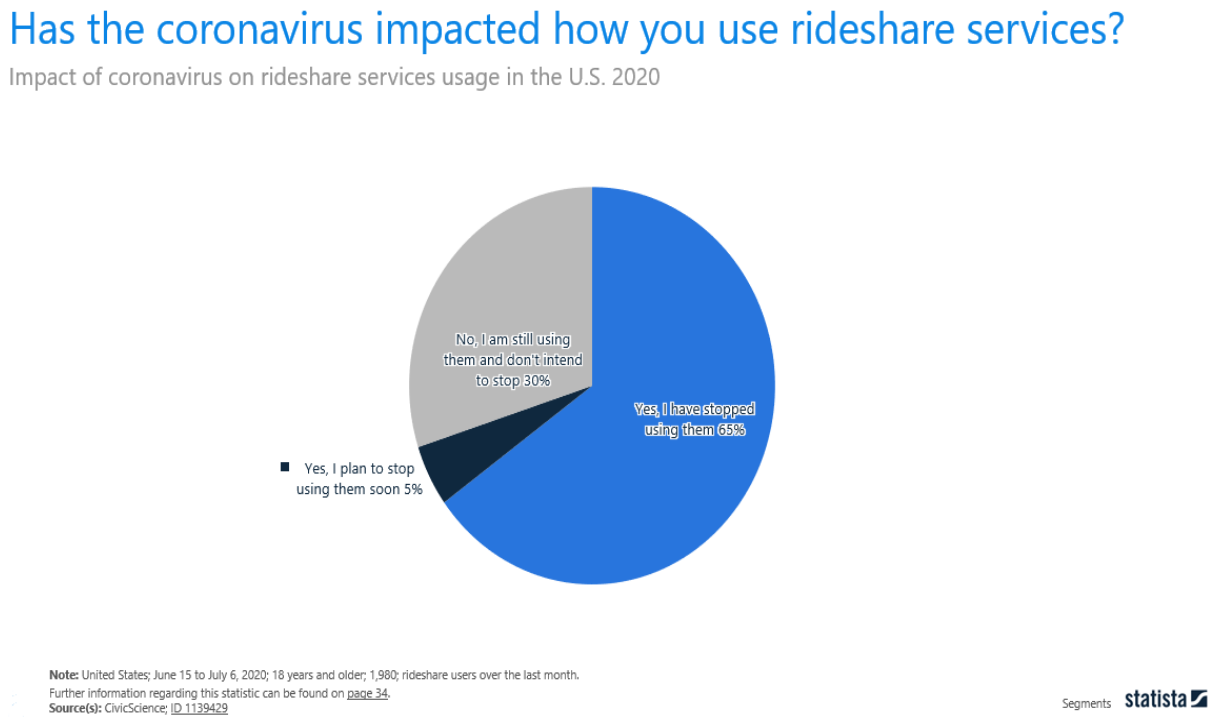


Figure 6 – Impact of coronavirus on rideshare services usage in the US – Overall

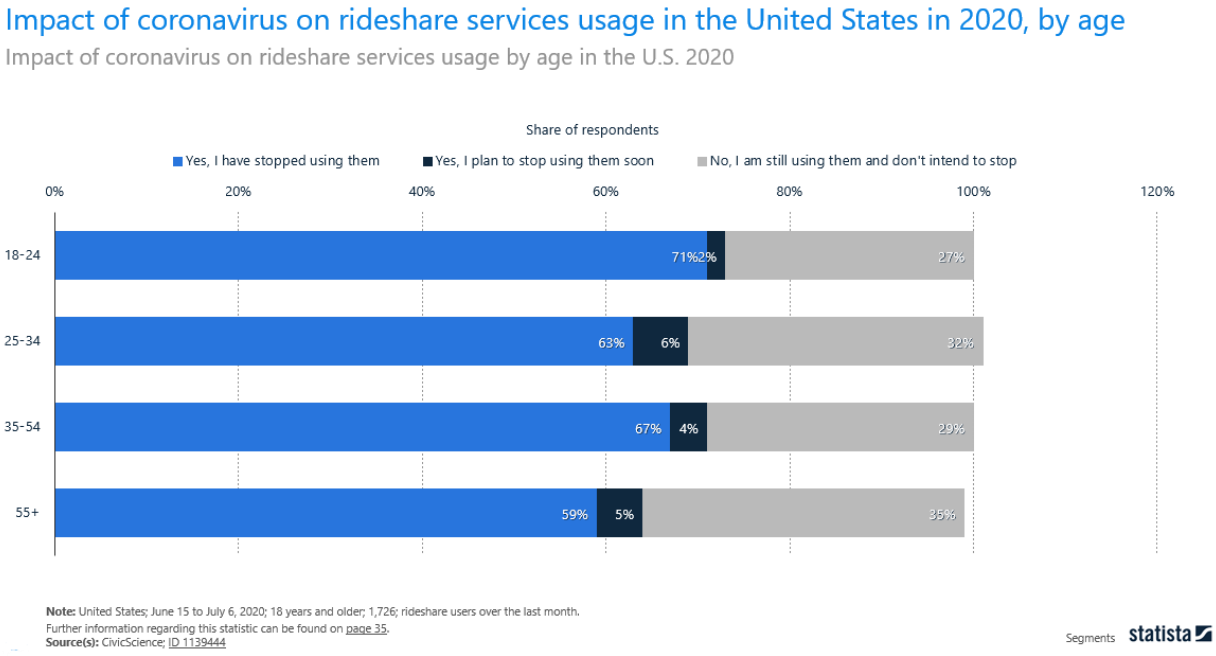


Figure 7 - Impact of coronavirus on rideshare services usage in the US - per customer's age

Considering the Drivers as another type of Client for Ride sharing Apps, there is a Supply Constraint in most geographic markets. This might mean that the incentives for potential drivers to use the platform might have to be increased. Factors like Pay and Flexibility are at the core of their concerns (Figure 8).

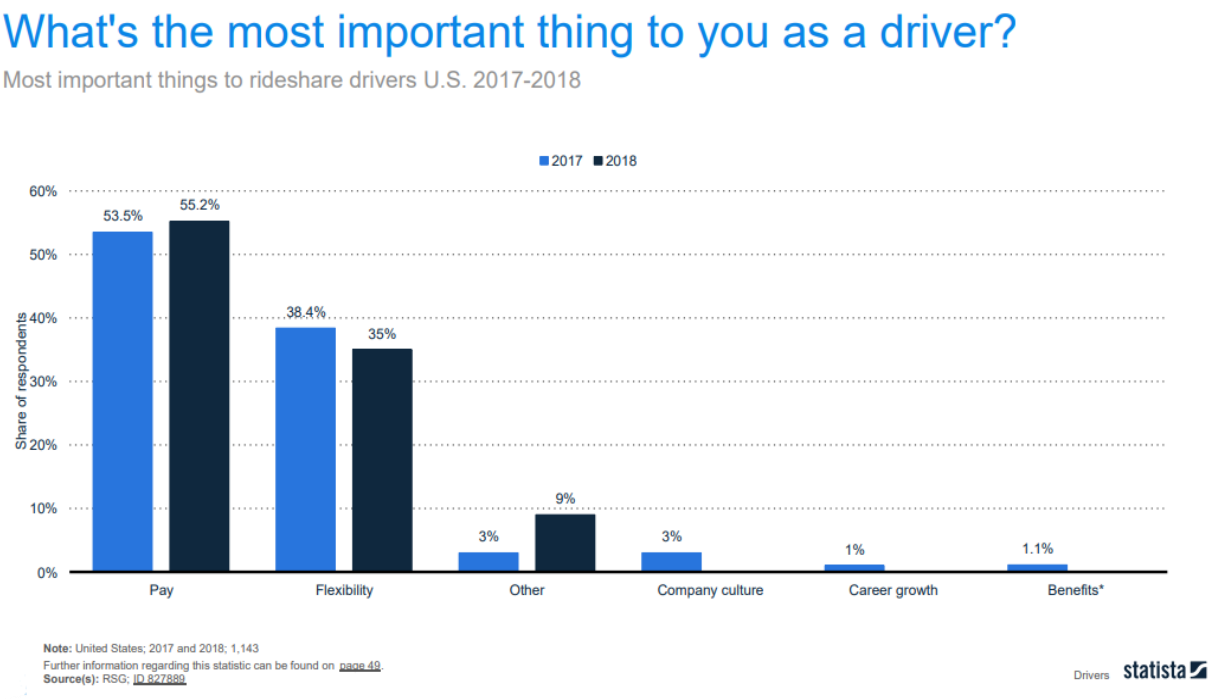


Figure 8 - Most important things to rideshare drivers in the US

Drivers distribution by age (Figure 9) show that Ride-hailing drivers are skewed older. This means that they are working to support either children or a parent living at home. This job is therefore a much-needed source of income and provides flexibility and a better work-life balance much appreciated by this age group.

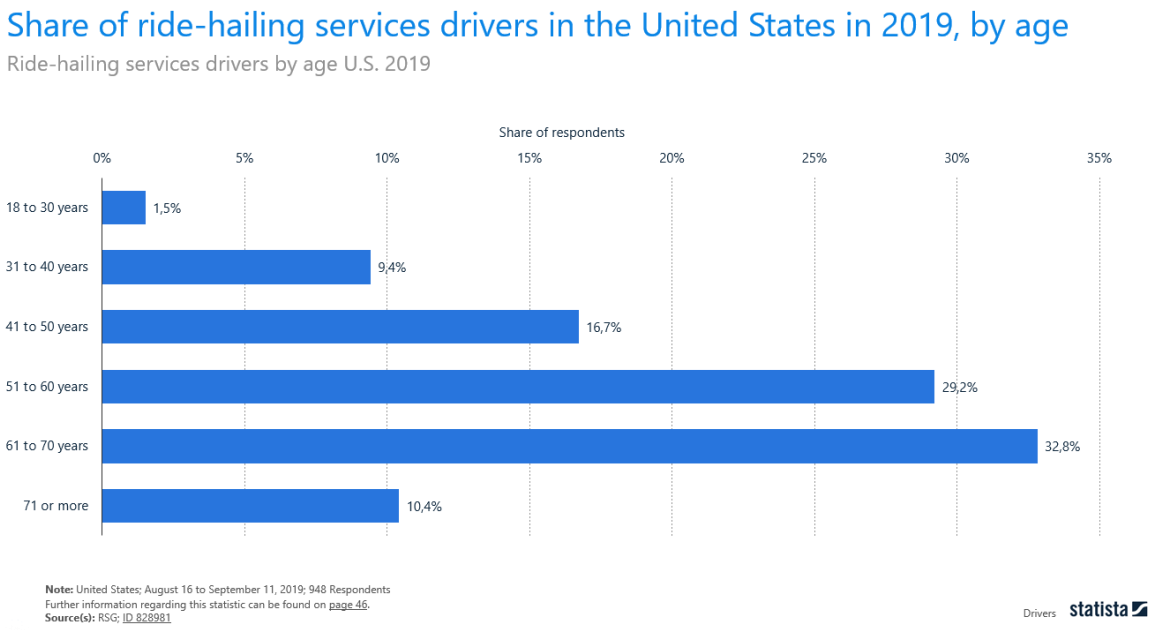


Figure 9 - US Ride-hailing drivers by age groups

3.3.3.1. Client Segmentation

Characterisation of clients and Drivers in the Rides-Hailing Industry, by segmentation variables:

Table 3 - Segmentation Variables for clients and drivers in the rides-hailing industry

Criterion			Definition - Clients	Definition - Riders
Purchase Process	**Who**	**Gender**	Both women and men;	Mainly male
		Age	Generation X+ Millennials / Generation Z	Above 40 years old
		Geographic	Mainly Urbans / Living in cities close to airports	Mainly Urbans or who lives close to urban areas
		Income	Medium and High Income / Low income	Low / Medium income
	What		Rides / Shared rides	Rides
	How much		Low price	
Motivation for Purchase	**For Whom**		For themselves; For family members	For themselves
	Why		Sharing economy enthusiasts: ride sharing's consumers motivation goes beyond cost efficiency; it is the general positive attitude towards the sharing economy that matters the most. Tech savvies. High social network usage as well as high e-commerce activity.	Entrepreneurial - set up own company with a pool of cars. Flexibility; autonomy; work life balance. In need of some extra money;
Setting of the Purchase	**When**		Occasionally, Frequently;	Any time
	Where		Any where	Any where
	How		Online	Online

Looking into the variables that matter the most from the table above, we can evolve into a segmentation by behavior and purchasing habits, which are very conditioned by age and geography as well.

Behavioural segmentation of ride-hailing services:

Occasional user – Across all generations, but, mainly from generation X and Baby Boomers. Use ride hailing app services, a few times a year. Usually have their own vehicle. Can use a ride for the sake of convenience in a daily work trip, for a very short drive, to get to a place quicker, to save time in parking, or others; Not a regular. Occasional post party users, typically Millennials can also fit in this segment: people who do not want to drive home when going out. This segment can be conquered to increase the repetition of purchase.

Regular User – Spread across all generations, no different use in what comes to gender. Use ride hailing app services between once a week and a couple of times per month. Might have or not their own vehicle, but are fond of using public transports, either to save money or for suitability reasons. Value convenience. Post party generation Z users can also fit in this segment, going out regularly, might find it difficult to get a taxi home, or want to share a ride home with their friends to make it more affordable and fun (Can also get an Uber called by their parents who don't want them to drive when going out for safety reasons).

Heavy user - Millennials and Generation Z. More male than female. Consumers that do not have their own car or prefer not to drive. Medium to high income, value convenience, want to save time in traffic and parking. Can also be strong believers in the sharing economy. Believe in cities with less cars and want to contribute for lower traffic cities and for a better environment. Tech savvies and heavy users of mobile apps also fall in this segment. The big challenge is to conquer generation Z users for this behavioural segment

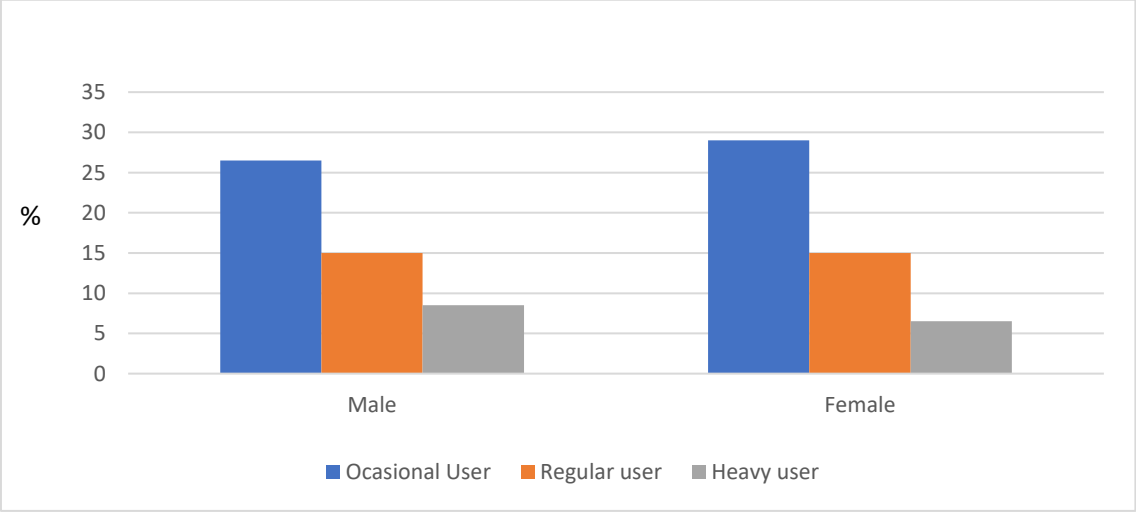


Figure 10 - Frequency of ride-hailing apps usage in the US by gender; source: Morning Consult; Data: September 2018, US

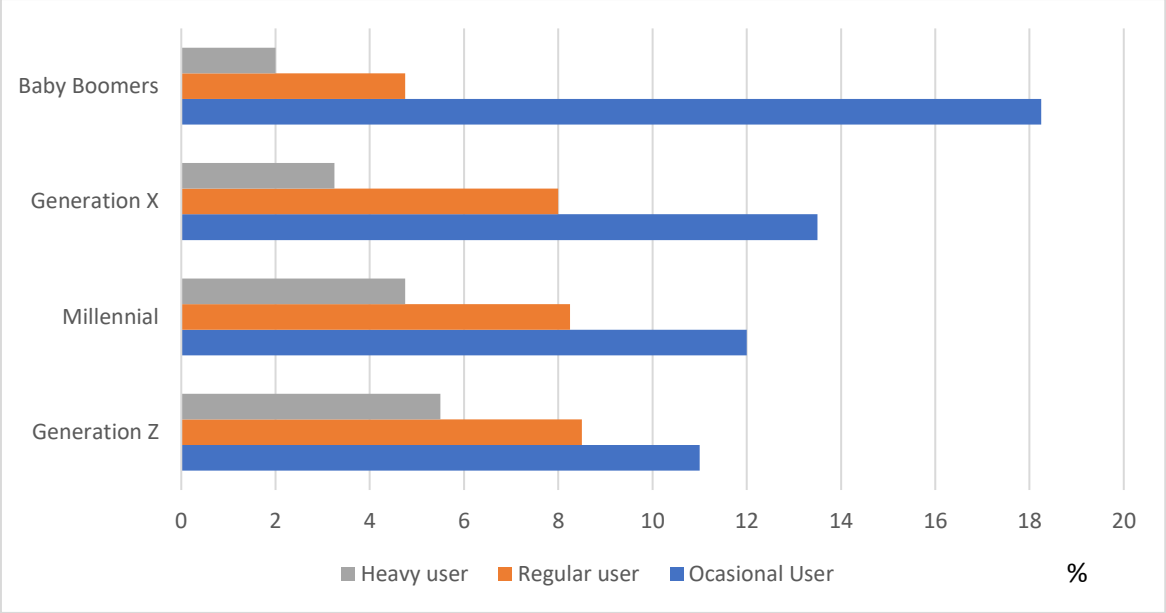


Figure 11 - Frequency of ride-hailing apps usage in the United States as of September 2018, by generation Source: Morning Consult; Data: September 2018, US

3.3.3.2. General attitude towards the sharing economy

Consumers all over the world are showing a growing appetite for a sharing-based economy, where underused assets are shared as services (Example: Renting a car or an apartment when it is not in use). Trust, convenience, and a sense of community are all factors pushing the adoption of the sharing economy further.

With no doubt the spread of internet usage allows people to catch this concept and use it as an opportunity at the same time as they feel that they are contributing to a more sustainable world. Applicable in several industries like Hospitality, Consumer Goods or Media and Entertainment, it is on the Automotive and Transportation that this concept can most leverage on environmental sustainability.

Most of the US Adult population, across all ages, is familiar to the concept of the sharing economy and see themselves as being a consumer in a shared economy or have already engaged in a transaction. The perceived benefits are that it makes life more affordable, convenient, and efficient and it is better for the environment, building a stronger community based on trust between providers and users.

The sharing economy is here to stay. The more familiar people get with these services, the more excited they feel. Collectively, these business models are changing the way consumers think

about value—assessing the impact of goods and services not only on their wallet and on their time but also on the planet.

On the Automotive and Transportation sharing economy, Car-sharing and Ridesharing represent parts of a wider aspect of the Automotive and Transportation industry, shared economy. Either vehicles or mobility services are shared between consumers on an on-demand basis. It might happen that due to the Covid-19 pandemic, Car-sharing will gain in revenue and market share compared to Ride-sharing as Car-sharing provides consumers more privacy and less contact with strangers than Ridesharing.

3.3.3.3. Margin Assessment

It is possible to analyse the Industry's Attractiveness by using Michael Porter's 5 Forces model. We will focus this analysis on the Mobility Services Worldwide comparing the following segments: Ride-hailing & Taxi segments and Car rentals.

Ride Hailing & Taxi

- Platforms that let users book rides offered by drivers using their private cars.
- Taxi services that offer their service through an app.
- Platforms that offer shared rides with other passengers.
- Taxi rides booked offline with taxi companies.

Car Rentals

- Vehicle rentals for private use.
- Services such as SIXT, Hertz, and Budget.
- All online and offline conducted car rental hires, regardless of the sales channel.

3.3.3.3.1. Five Force Model:

- Threat of new entrants – **HIGH**

Mobility Services allow customers to choose their travel experience from a wide range of deals and different providers. While booking habits have changed in the last two decades since booking

over the internet has already become the norm for many mobility services, the increasing internet, and smartphone usage worldwide made it possible for companies to provide innovative mobility solutions. Thanks to consumer willingness to try mobile apps, there are low barriers to entry when it comes to building brands and scaling up quickly. Combining this with the very low product differentiation and customer loyalty, there is a constant very high threat of new entrants to this market. This threat of new entrants is slightly less in the Car rental segment because of economies of scale, the power of incumbents and consequently retaliation expectations.

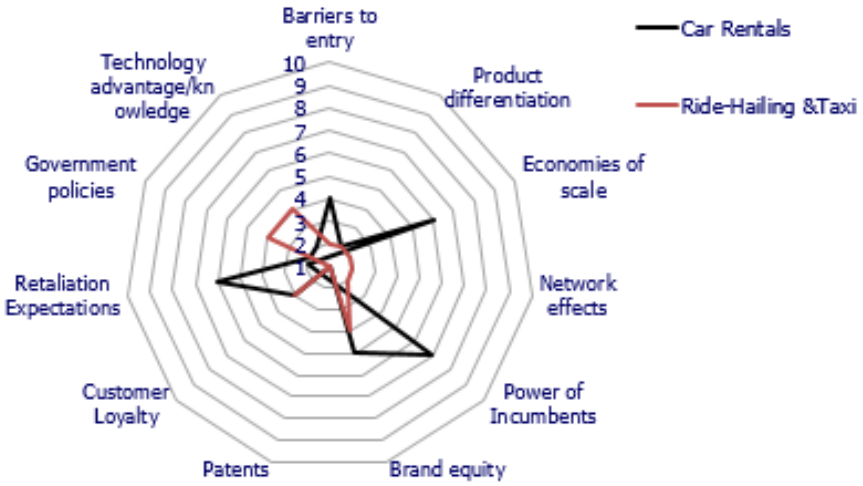


Figure 12 - Threat of New Entrants – Estimated Factors

- Threat of substitute products – **MEDIUM / HIGH**

Substitutes on the Mobility services are public transports like trains, buses or even the consumer's own car. So, the cost for consumers to switch between products is very low. They can choose to use whatever suits them best. They will tend to consider the price-performance trade-off, answering to questions like how much time does driving to work save you compared to using public transport, or how much does it save to rent a car when needed instead of owning a vehicle or how much are you paying more per trip and per month/year. Convenience is also a factor to be taken into consideration. In what regards car rentals, the fixed costs are higher since the cars being rented belong to the company, while in ride-hailing apps, the car can belong to the driver. These higher costs also mean higher entry barriers.

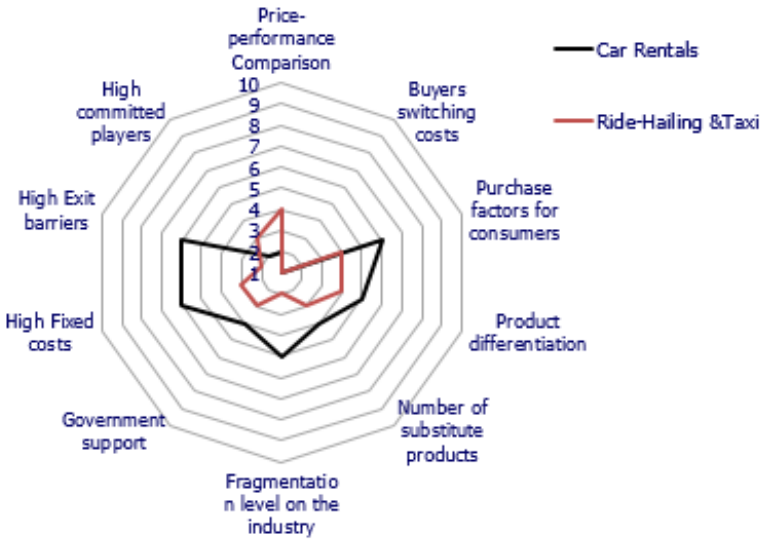


Figure 13 - Threat of substitutes – Estimated Factors

Bargaining power of suppliers – **LOW TO NONE**

Suppliers might influence the price and differentiation of the product but in the mobilities services, we are talking about vehicles and Oil and Gas companies. A very fragmented and competitive industry with significant over-capacities on the suppliers' side; They concentrate bargaining power through providing comparisons in prices, which are very transparent to all, which gives the suppliers very low or even no bargaining power. For the car renting segment, the power of suppliers is not as low as the other segments, since the companies operating in this segment tend to reach agreements with suppliers to optimize their costs.

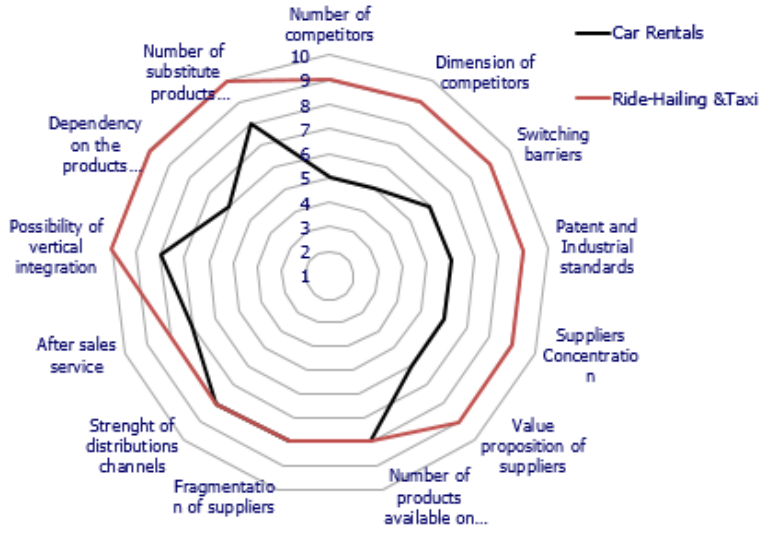


Figure 14 - Bargaining power of suppliers – Estimated Factors

- Bargaining power of Clients – **LOW**

The bargaining power of the mobility service consumers is enormous, not only due to the fact that consumers can use their own car, but especially due to the fierce competition of car rentals and of ride-hailing apps, with very little differentiation between themselves. On the ride-hailing segment, the existence of alternative means of transport like Buses and Taxis is also a factor.

Buyers switching costs are low, as the transactions are of small value and it is quite easy to switch. Competing apps can be easily installed and the information flows freely.

For Ride-hailing, the value proposition for customers are compelling in comparison to other means of transport: Lower transaction and search costs, convenience of pick-up and drop-off points and shorter waiting times. Price plays a big role in the decision.

Using an app as a distribution channel, also gives customers a wide variety of choice as any competing app can be easily installed. Car rentals is slightly different since there is the need to physically pick up the rented car.

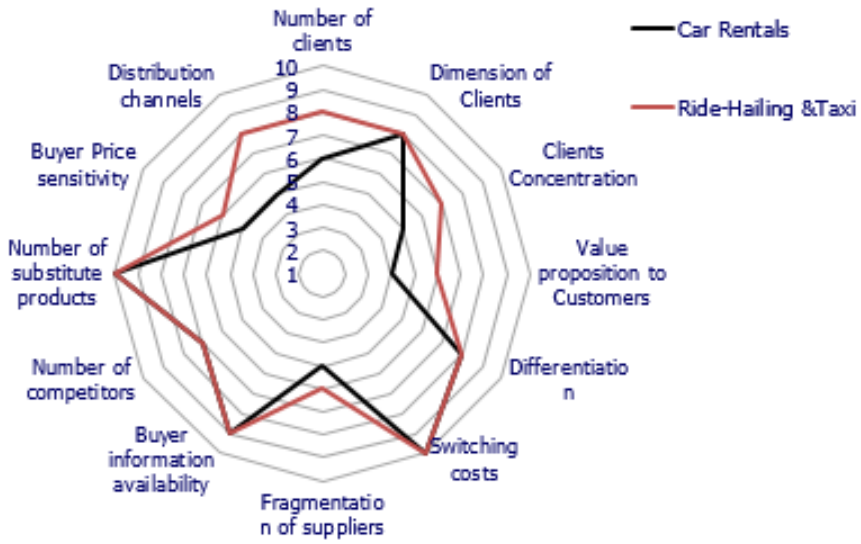


Figure 15 - Bargaining power of consumers – Estimated Factor

- Rivalry among existing competitors – **HIGH**

A highly lucrative industry for sure attracts many firms to compete against each other to maximize profit share. Rivalry is very high in general in both segments due to very low barriers to entry and to exit. A slight difference for the car rental that have higher fixed costs and therefore higher

barriers to exit. A big number of competitors and the fact that consumers have no switching costs are also factors that matter. Differentiation is needed to make a difference.

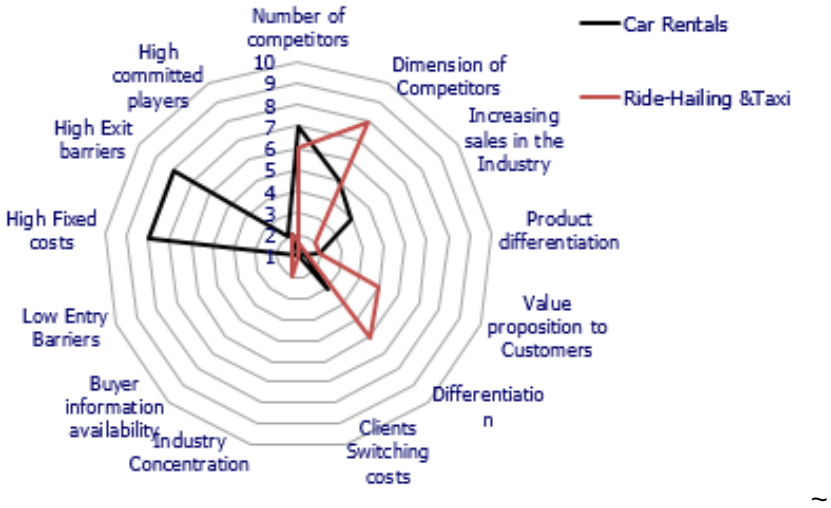


Figure 16 - Bargaining power of consumers - Estimated Factor

As a conclusion on the 5 forces model, we can say that we are in the presence of a moderate combination. Although there are high threats to new entries and a medium to high threat of substitute products, it is also true that neither suppliers nor clients have a relevant bargaining power and the rivalry among existing competitors is quite relevant. These factors make this an industry that is very tough to be in, whatever the segment being considered. This analysis must be complemented with other factors, like growth, risk, and sustainability.

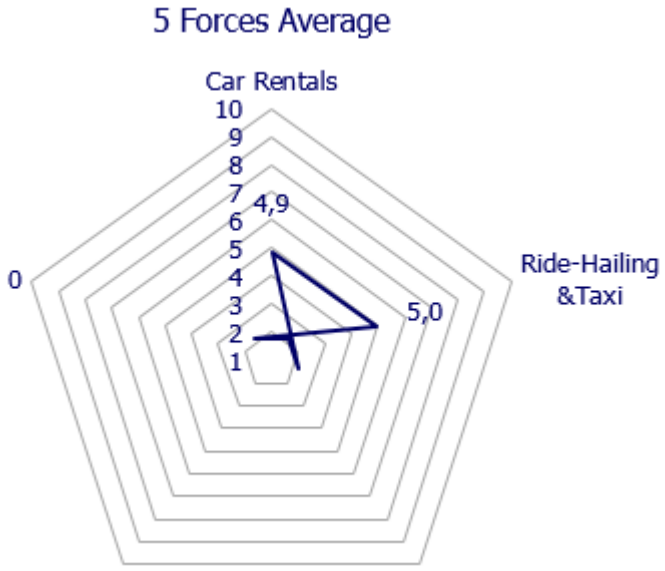


Figure 17 - Five Forces – Estimated Average

3.3.3.3.2. Growth and Revenue of the selected segments

Revenues had been growing steadily in the pre-Covid19 years, reaching over $350B in 2019, but lock downs all over the world and movement restrictions had a dramatic impact on the market. Providers reported extreme revenue losses or even ceased their operations in the lockdown period. It is certain that the losses will be substantial in 2020: current forecasts show a decrease of 55% on revenues, as can be seen in Figure 18. The most important factors for Mobility Services revenue for each country to pick up again will be the overall restrictions on public life and the impact of COVID-19 pandemic on household budgets as well as changes in Government subsidy policies to the Industry.

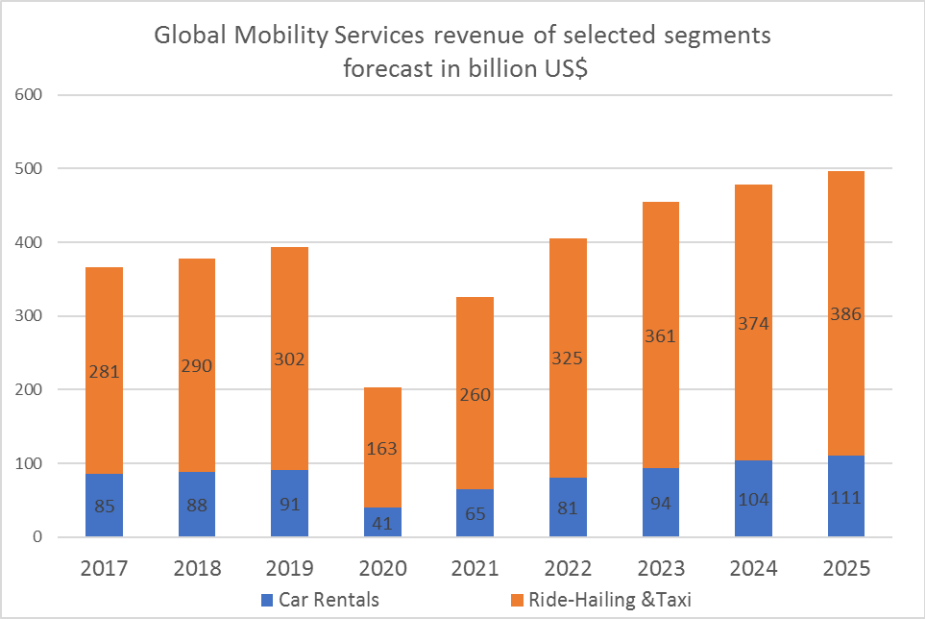


Figure 18 - Global Mobility Services revenue of selected segments forecast (B$); Source: Statista Mobility Market Outlook2020

Taking this into consideration, we have calculated the margin rate by segment

Table 4 - Margin rate by segment

Mobility services workdwide ($M)	SL (2019)	G (2019-25)
Car Rentals	91.159	3,32%
Ride-Hailing &Taxi	302.226	4,16%

5 Forces Average	Margin after 5 Forces	Margin Index	Average Margin Rate	Margin Rate by Segment
4,9	5,1	1,01	50,0%	50,4%
5,0	5,0	0,99	65,0%	64,5%

3.3.3.3.3. Sustainable Value of the selected segments

Taking the margin rate by segment already calculated, we can now access the risk factor for each segment.

Table 5 - Risk by segment

Mobility services workdwide ($M)	Margin Rate by Segment	Net Income by Segment ($M)							Risk by Segment
		2019	2020	2021	2022	2023	2024	2025	
Car Rentals	50,4%	45.946	20.487	32.701	40.758	47.176	52.656	55.893	0,290
Ride-Hailing &Taxi	64,5%	194.866	104.983	167.742	209.487	232.459	241.168	248.843	0,253

Finally, we made a qualitative analysis of the environmental, social, and governing sustainability of each segment to finally reach the sustainability value of each segment.

Table 6 - Sustainability index by segment

Mobility services workdwide ($M)	Environmental Sustainability		Social Sustainability		Governance Sustainability		Sustain-ability by Segment	Sustain-ability Index by Segment
	Energy Savings	Recycling	Life Qual employees	Community develpment	Bribery	Employee diversity		
Car Rentals	3	7	5	4	5	5	4,8	0,83
Ride-Hailing &Taxi	7	7	6	8	5	8	6,8	1,17

Table 7 - Sustainable Value

Mobility services workdwide ($M)	SL	G	M	R	SU	Sustainable Value
Car Rentals	91.159	3,3%	50,4%	0,290	0,83	165.049
Ride-Hailing &Taxi	302.226	4,2%	64,5%	0,253	1,17	1.201.404

As can be seen from the tables above, the most attractive segment is the Ride-Hailing & Taxi Segment. It is by far the segment with a higher expected return, which combined with the other factors like expected growth and sustainability index, leads to this conclusion.

3.3.4. Competitors

As previously mentioned, Uber is present in many different countries around the world. As such it faces different competition for all its different segments in different markets – we will focus on the 'ride-hailing' segment for our competitor analysis. It is fair to say Uber is the only competitor with a truly global presence and then there are local / smaller players with different strengths as shown in Figure 19 - Ride-Hailing Worldwide Market Share at the end of 2019.

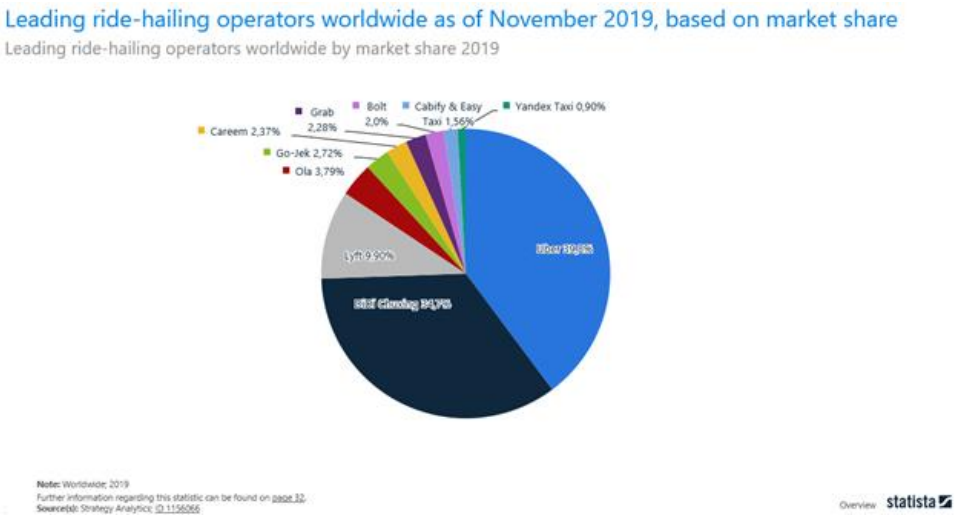


Figure 19 - Ride-Hailing Worldwide Market Share at the end of 2019

As can be seen from the chart, Uber is the worldwide leader but interestingly this leadership position comes from a strong presence worldwide. On the other hand, its nearest competitor, Didi Chuxing, operates in only seven countries and is only 5.1 percentage points from Uber's leadership position – this is mainly driven by the fact that Didi is the market leader in China, the world's biggest ride-hailing market and one where Uber was barred from operating. The third biggest operator, Lyft is present in the USA and Canada only, markets where it is Uber's main competitor. All other players have a minor share of the overall market.

In terms of markets, as the USA is Uber's major market, we will have a closer look at its competitiveness and emerging trends. The EMEA market appears very consolidated, where Uber is the market leader in Europe and Careem is the main player in the Middle East. The APAC market is suffering some interesting developments which we will also analyse below.

USA market

Uber's market share has remained consistent at circa 70% and Lyft has the remainder of the market; all other players are very much negligible in the market.

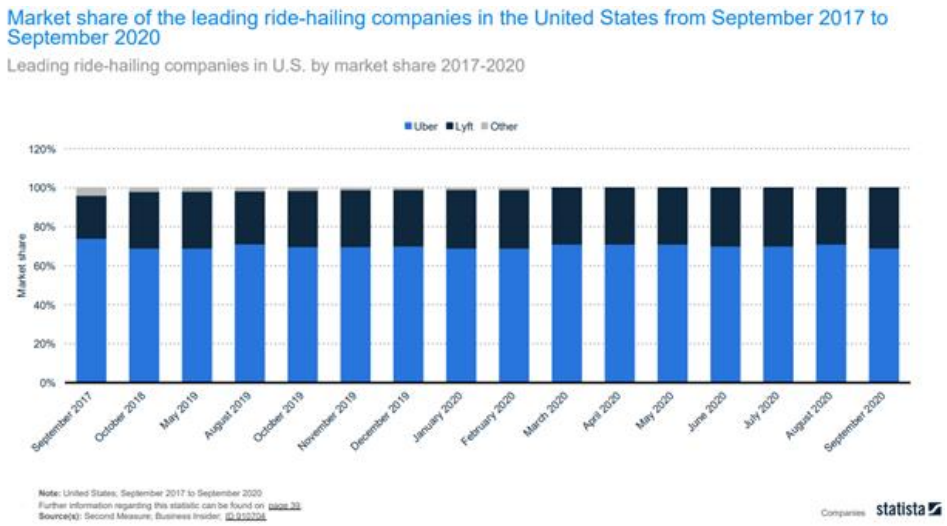


Figure 20 - US Ride-Hailing Market Share Evolution

In terms of drivers' satisfaction both Uber and Lyft have decreased from 2018 to 2019 but Lyft has increased its share of very satisfied drivers. This may be an indicator: if Lyft can get the Drivers more satisfied, the same can happen in other countries with other competitors.

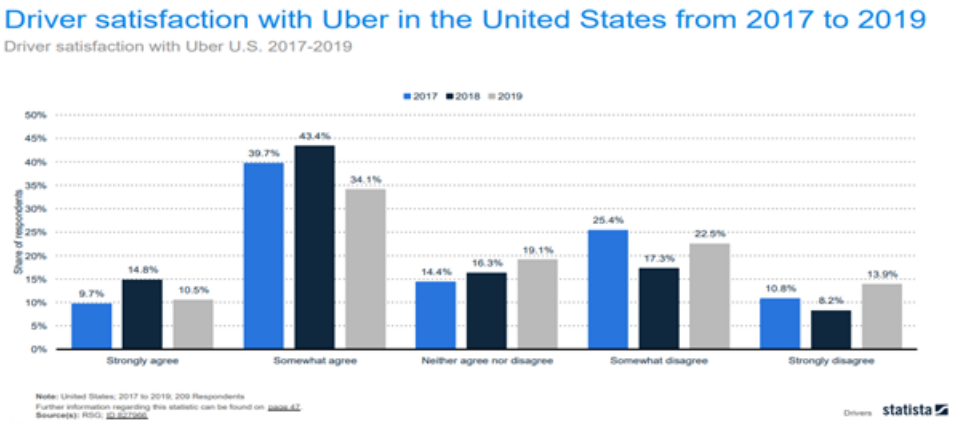


Figure 21 - US Uber Driver Satisfaction for the last 3 years

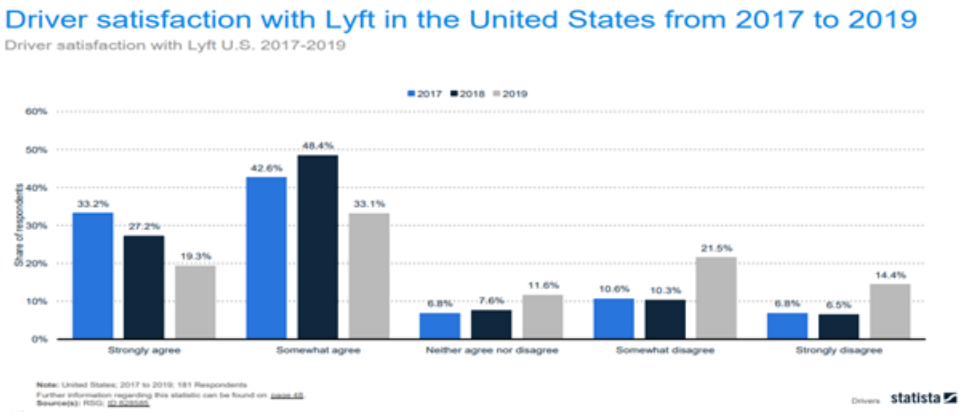


Figure 22 - US Lyft Driver Satisfaction for the last 3 years

APAC market

Ola is the main ride-hailing company in India and has a very strong market penetration being the market leader. It has been expanding within the country but also expanding its offering to capture different aspects of technology. This has strengthened its position with customers but also with local authorities / government.

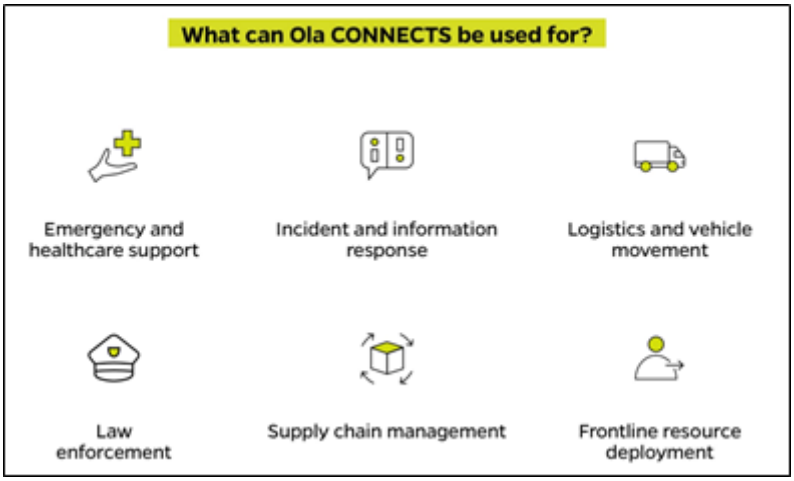


Figure 23 - Ola technology developments in India (source: TechCrunch)

Gojek was founded in Indonesia in 2010 by Nadiem Makarin, as a call centre to connect consumers to its 20 motorbike taxis and after only 10 years, is currently Asia's main multi-service platform and digital payment app, proving over 20 services with more than one million registered drivers and with operations in five countries in Southeast Asia.

Figure 24 - Anatomy of Gojek (source: Financial Times)

3.3.4.1. Strategic groups

Having described the top five competitors in the ride-hailing market we will analyse different strategic groups for the main competitors and how comparable the different market players are according to different variables.

Product Range vs. Global Presence:

When analysing the market participants by their product range (types of ride-hailing services offered) we can see that Uber's competitive advantage comes from their worldwide presence as there are other competitors that offer more products but cannot compete with Uber's presence:

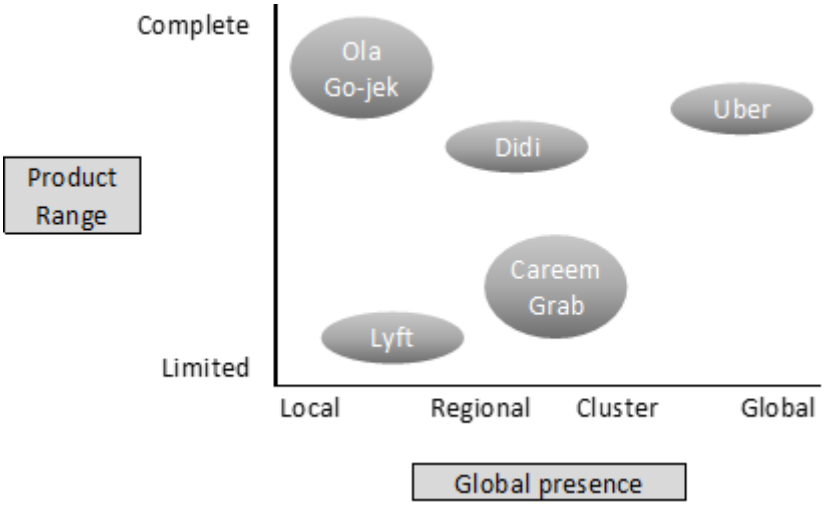


Figure 25 - Ride-Hailing Strategic Groups: Product range vs. Global presence

Number of rides vs. Global Presence:

Still using the competitors' presence but now comparing it to the number of rides per year we can see that Uber is not the leader and is very much impacted by not being the market leader in some of the bigger markets (such as China and India):

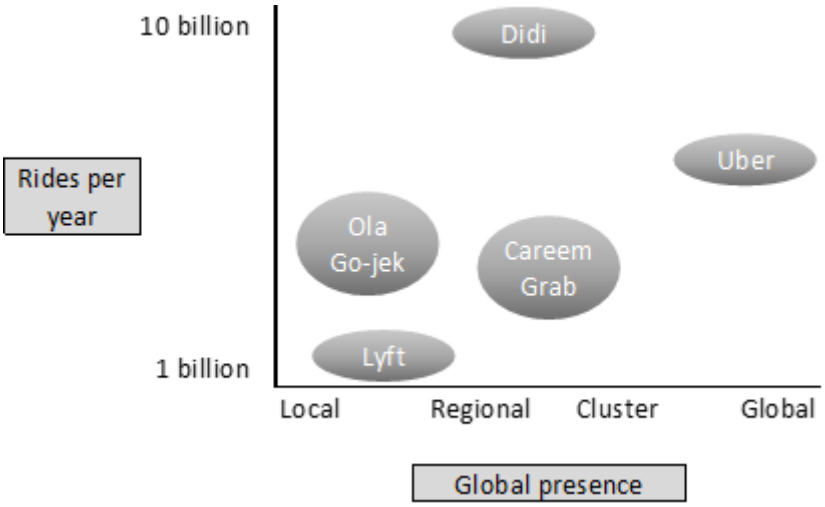


Figure 26 - Ride-Hailing Strategic Groups: Rides per year vs. Global presence

3.3.4.2. Competitive Analysis

By analysing the competitors' information above we can assess their performance on the main areas as follows:

- **Assumptions**: Uber clearly see itself as the worldwide market leader, the ones setting the standard for what ride-hailing is and how they make the industry robust and sustainable. The company wants to grow their market share by continuing their expansion and making it profitable. Didi is trying to take their success in China into other countries and is now starting its internationalisation process; others such as Lyft and Grab are trying to grow organically in the market they operate (gaining market share).
- **Capabilities**: Uber's skills fundamentally lie with their ability to establish themselves in new cities / countries and develop a growth path but their inability to penetrate certain markets directly (i.e. India, Russia) or even have access to them (i.e. China) hampers their long term growth; Didi on the other hand is already the market leader in the biggest market and have a good opportunity to grow and eventually become the market leader (market share) should their internationalisation process prove successful. All other players can be described as having good solid local skills but will have limited scope to grow much beyond their current areas of operation.
- **Goals**: Uber wants to be the market leader, to continue its growth strategy and to become operationally profitable on a sustainable basis – they have not yet been successful on profitability, but their growth is evident, and their market leadership seems sustained; Didi's objectives are to succeed in their internationalisation process and to become the overall market leader – they are in the initial stages of the former and have not yet achieved the latter. Most of the smaller players' objectives is to grow and diversify, which they have been achieving with varying degrees of success.
- **Strategy**: competition in the market tends to be done by offering discounts / promotions to the users to create penetration and hopefully loyalty. They all aim to have a solid customer review basis to generate perception of value and quality. There is also competition in terms of diversification of their offering but not a lot of innovation or novelty.

3.3.4.3. Key Success Factors

After reviewing the competitive positioning of the market players, we arrive at the key set of activities that they all perform very well to be able to compete and have ambitions in the market. These are traits that are fundamental for their own success and address the customers' needs to

generate not only usage but to try and create loyalty. We have selected to look at these success factors for each of the main segments each competitor has in their product range.

Table 8 - Key Success Factors for Ride-Hailing segments

Segments	Key Purchasing Factors (value to customers)	Competition Factors (competition variables)	Key Success Factors
Luxury rides	Quality of the cars used Comfort of the ride Status associated with the cars	Higher margins Brand loyalty	Quality of rides Margins
Standard rides	Fair price for the service Cleanliness of the car Number of rides available	Volume of bookings Promotions Drivers available	Availability of rides Good price / service Consistent communication
Cheap rides	Cheap price for the ride Option to share	Access to market segment Flexibility	Flexibility Extended range of products Mass communication

The most common type of ride is the standard ride (i.e., equivalent to Uber X) but ride-hailing competitors explore other segments to cater for different market needs. The key factors in the table above are fundamental for operators to be able to extract value in a sustainable way.

3.3.5. Industry

To understand the ride sharing industry, we will first analyse its structure in terms of lifecycle and concentration levels; then the focus will be put on the value chain and key success factors.

3.3.5.1. Industry Structure: Life cycle and concentration level

The ride sharing market is projected to grow at a CAGR of 19.87% from 2018 to 2025, to reach a market size of USD 218.0 billion by 2025 from USD 61.3 billion in 2018. As is possible to see from Figure 27, this growth happens across different geographies, with North America and Asia/Oceania leading in market share, with the last in first position due to high population, increasing urbanization, and less vehicle ownership among people. Looking at the possible four phases of every industry's lifecycle, the ride sharing industry, as an emerging one, is clearly in the growth phase and is not expected to slow down, at least in the next decade. But maintaining a proper sustainability and profitability model is one of the critical challenges experienced by ride sharing service providers.

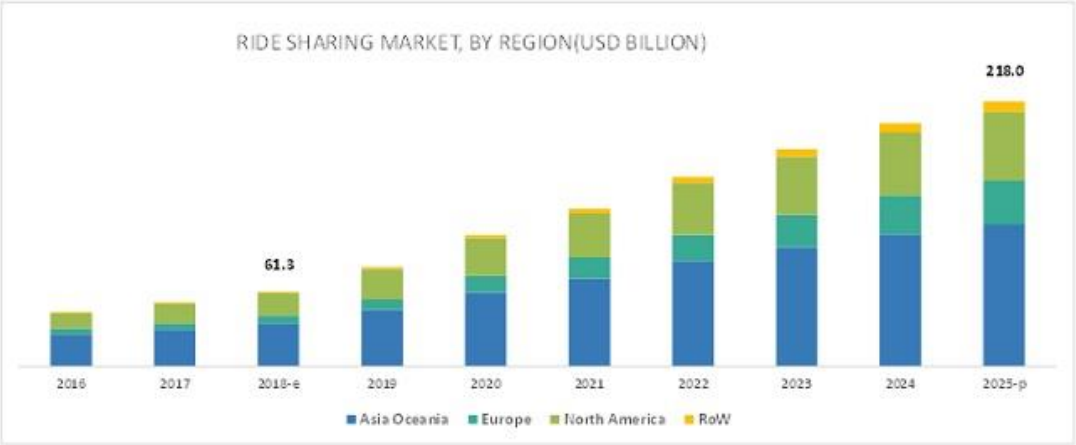


Figure 27 - Ride Sharing market, by region (USD Billion) [73]

The major drivers of this market include the growing need for personal mobility in wake of rising urbanization, fall in car ownership, growing internet and smartphone penetration and stringent CO2 reduction targets.

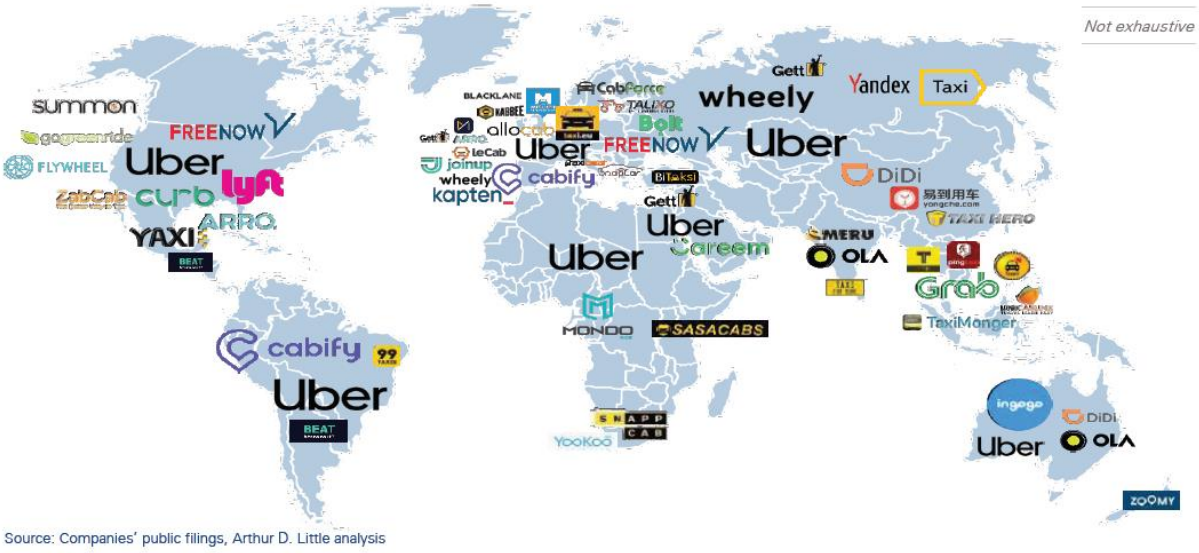
Being an emerging industry, and with the main players putting all their efforts on expanding internationally, there is often a clash with the nature of traditional on-demand ecosystems and the complexity of local regulations, which makes this a fragmented market for most regions, with industry giants often competing with regional heavyweights and local niche players. But every region has its own specificities:

- The **North American** market is where it all started with the first successful ride sharing companies, and the most innovative business models being founded. Typically, the new application features are usually introduced in this market before they are deployed in other markets. Uber and Lyft, both located in San Francisco, have an effective duopoly, with a market share of over 90 percent, being the rest reserved for other players, like Bolt and Gett.
- **South America** is a fragmented market, with many local players operating in one city or a limited number of them. Apart from those, also the big names are present, like Uber, Didi, Free Now and Cabify. This market is also considered to have a considerable growth potential.
- **Europe,** home of the most active cities for the ride sharing market, London, Paris and Berlin, is a crowded market made up not only of international players, but also of a large number of start-ups that entered the market in recent years. However, variations in the regulatory framework between cities – and regular “changes of gears” in terms of regulation – have made it difficult for the big players to expand quickly. This factor also

partly explains why “taxi ride sharing platforms” are more abundant here than in most other regions of the world.

- **Africa**, being an emergent market, shows good opportunities for the major ride sharing companies due to strong economic and demographic growth, as well as relatively low penetration of personal cars and increasing digitalization. But, at the same time, it is the most fragmented region, with little penetration of large ride-hailing platforms in, for example, Sub-Saharan Africa, having a long way to go in terms of local stability.
- The **Asian** region contains some markets with huge potential, such as: China, Russia, India, and Indonesia. In China, DiDi Chuxing is number one after the acquisition of Uber’s local operations. In Russia, the same happened with Yandex.Taxi acquiring Uber’s operations and now enjoying market leadership. In India, Uber and local giant Ola are in a duopoly, with over 90 percent of the market altogether. In Southeast Asia, Uber has sold its operations to local heavyweight Grab. The Singapore-based ride sharing platform is active in eight countries and 170 cities, and thus a key player in the region. Only one other player, Go-Jek has a significant position in the region.

Figure 28 provides an overview of the ride sharing companies by region.



Source: Companies’ public filings, Arthur D. Little analysis

Figure 28 - Overview of ride sharing companies by region

3.3.5.2. Industry Value Chain

The industry value chain analysis helps to understand the sequence of different phases/stages in an industry, from the production of a product or creation of a service to final consumption. Figure 29 depicts the value chain for the ride sharing industry.

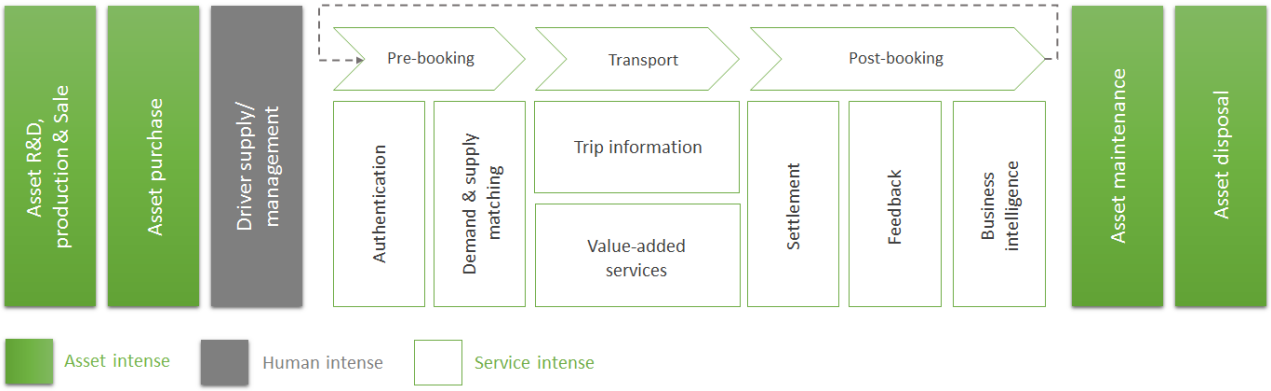


Figure 29 – Ride-sharing Industry value chain

All the relevant activities for the industry are contained in its value chain:

Asset R&D, production & sale is a big activity, that comprises by itself a whole supplier value chain responsible for the production and provision of vehicles (namely cars, motorbikes, …) that could be sold to companies that hire the drivers or directly to the last. This phase is on the supplier side and is capital intensive. The **asset purchase**, also on the supplier side, represents the act of buying the vehicle, carried out by the drivers or companies that manage the drivers. The vehicles could also be rented.

The **Driver supply/management** represents the pool of drivers available to be contracted by the ride-sharing companies. They are not employees, but service providers and responsible for the trip's execution.

Service provision composed by three main phases:

- **Pre-booking:** when the user wants to book a trip, all starts by its **authentication** on the application, which also applies for the driver. Then, after the trip request, the app finds the driver responsible for the service execution, and the **demand & supply matching** occurs.
- **Transport**, which corresponds to the trip execution, having available on the app the relevant **trip information** (distance, time, location, …). In addition, there are **value-added services** provided by the drivers, e.g., music selection, water, sweets, …
- **Post-booking**, after the trip conclusion, there is the **settlement** activity with the corresponding payment to the driver, with payment in app through a credit card. The app also has associated **business intelligence**, e.g., the rating system, which acts like a control mechanism, ensuring the quality of service provided.

Asset maintenance is responsibility of the driver or the company that owns the vehicles and ensures that the vehicle operates correctly and without problems to guarantee a high-quality service to the final consumer.

The ride-sharing companies demand a fleet of vehicles with a maximum of X years, the driver or company that owns the vehicles are responsible for the **asset disposal**, after that period.

3.3.5.3. Key Success Factors

Within the industry, there are certain variables that can strongly impact the overall competitive position of key players in the market, and the concentration of the market. These variables create the most value to the customer and can be referred as key success factors and are critical to ensure a company's success in its field. Based on the analysis performed above, the critical mission of ride sharing companies is to grow and attract customers.

Table 9 – Key Success factors

Costumer	Competitor	Key Success Factors
Convenience of service	Local availability of drivers	Allocative efficiencies decrease waiting time
Availability of offer	Drivers available	Ride-sharing platform can attract more drivers
Price	Price	Cost and Price efficiencies allow reduced prices
Convenience of payment	Payment system	Reliable and convenient payment system
Quality of service	Quality	Rating system to ensure quality
Safety and dispute settlement	Safety of the service provided	Improved security for passengers and dispute settlement

Allocative efficiencies decrease waiting time: the ride sharing platforms brought a revolution to the ride booking by introducing advance systems that replaced the traditional methods, such as radio dispatch and street hailing. Efficiency gains come from dispatching the optimal vehicle for the customer's location and trip request. Ride-sharing platforms allow for immediate, fully automated collection of data points from drivers' smartphones, which reduced the overall waiting time. Also due to the tracking and time estimation, customers have the facility to get the estimated arrival time of vehicles.

Ride-sharing platform can attract more drivers: compared to the traditional taxi-drivers there were many simplifications: firstly, they do not have to acquire a medallion, which is very expensive in many cities; secondly, they do not have to drive a taxi but can drive any car—their own or a leased one; thirdly, the drivers are independent contractors, deciding themselves when they want to work.

Cost and Price efficiencies allow reduced prices: ride sharing companies are boosting cost efficiencies by replacing non-digital dispatch centres and analogue in-car equipment (i.e., radio communication units and credit card machines for payment) with more digital and less costly and user-friendly smartphone- and/or web-based applications. Moreover, the traditional dispatch has limitation and most of the times did not match the customer with the most efficient transportation provider, increasing the cost and time of arrival. The digital options lower these costs by finding the most suitable transaction counterparts via matching algorithms. Price efficiencies are created for both sides, drivers and riders, due to real-time information on external market conditions and dynamic pricing models, that allow ride sharing platforms to dynamically adapt the prices as the market equilibrium between supply and demand evolves. In times of peak demand, higher prices motivate drivers to join the platform, thereby creating a bigger fleet. On the other hand, flexible passengers might shift trips to times with lower demand and benefit from decreased prices (known as “peak shaving”).

Reliable and convenient payment system: the ride sharing companies also introduced a revolution in terms of payment options, leaving the need of keeping hard cash or credit card in the past. Now those payment methods are merely options. Customers mostly use the in-app wallet which allows filling balance ahead of ride or paying later, or just having a credit card already inserted. Like other features, this facility saves time and ensures improved overall experience.

Rating system to ensure quality: most rideshare apps enable ratings for both passengers and drivers. This dual-rating and feedback facility improves user experience. This facility develops a sense of understanding among the two stakeholders. Any effective ride sharing app would act on ratings and feedback. Drivers with poor ratings either face permanent or temporary termination. Those with decent ratings get bonuses. Similarly, the apps also penalize passengers with low ratings. Usually, the regulators lower the number of promotional offers to such customers. In extreme cases, customers may also face closure of their account.

Improved security for passengers: ride sharing platforms brought security for customer by allowing the monitoring staff to track rides for surveillance and store data of customers and drivers, which is not possible in taxi rides. Admins can access this data for accountability purposes. Furthermore, those platforms enable the dispute resolution in an effective way by using the data available.

The above key success factors are not just critical to a company’s success in the ride sharing industry, they also create value for the costumers, that are the ones with the final word. Strong positioning in each of these areas, provides a competitive advantage and is crucial to retain current and get new costumers.

4. Uber

4.1. Vision

The vision of a company translates in a wide perspective a set of intentions, particular goals, and aspirations for the future, without specifying how they should be achieved. Thus, the vision has an essentially motivating role, seeking to provide inspiration for the organization's employees to take the best part of their capabilities and achieve higher levels of performance.

In most companies the vision is not written down, it only reflects the ideals of their leaders. On the opposite, when the vision exists in a formal statement, it tends to be written in vague terms to not restrict the scope of the organization.

Since its creation in 2009, Uber has been developing several ways of moving customers from point A to B and make the trips affordable for them. In fact, Uber does not have a written formal statement about its vision. Uber wants its name to be synonymous with transport of all sorts, and becoming a top urban mobility platform and one-stop for all the urban transportation is part of Uber's ultimate vision as pointed out by Uber chief executive Dara Khosrowshahi during an interview:

"*We see the Uber app as moving from just being about car sharing and car hailing to really helping the consumer get from A to B in the most affordable, most dependable, most convenient way,*

When acquiring a bike-sharing company called Jump, Uber specified:

"Our ultimate goal is one we share with cities around the world: making it easier to live without owning a personal car. Achieving that goal ultimately means improving urban life by reducing congestion, pollution and the need for parking spaces."

At the end, Uber aims to turn the process of owning a car the more irrational choice of the future. For that, Uber wants to price trips so low, turning illogical driving a car on customers daily routine.

Recently, Dara Khosrowshahi commented that "*We want Uber to be the operating system for your everyday life: however, you want to move around your city, and whatever you need, we want Uber to be your go-to app, the Amazon of transports*".

Uber foresees a world where cities are filled with greenery and pedestrian walkways instead of streets for cars. Its vision includes air taxis that will ultimately be autonomous, as its self-driving

transportation project, that aims to bring safe safety and a reliable self-driving transportation to everyone, everywhere.

4.2. Mission

The implicit or explicit vision often gives rise to the company's mission, an official statement that outlines the strategic approaches, global ideas, and guidelines that a management team exploits to take the company towards the set goals for the future. It can provide the ability to focus the efforts of every employee in the company if and only if it is designed well and is implemented with a singular focus.

Since its creation in 2009, Uber's mission suffered some updates considering all the improvements and new features that it implemented.

The first Uber's mission statement was making "***Transportation as reliable as running water, everywhere for everyone***."

This mission statement highlights the experiences and limitless services that the company's strategic model has on the customers it serves. With this mission, Uber also points out the inseparable link between its accomplishments and the core values that define the organization.

In a meticulous way, the mission raises awareness to what the company is all about – treating its customers to unforgettable services. From it, we can extract and highlight the following components:

Improvement of lives. Uber recognizes the unprecedented challenges faced by the contemporary communities as enshrined in this component of its mission statement. To leave an impact while addressing these issues, the company strives to promote the right application of technology alongside good partnership to create an environment that promotes both individual and communal thriving. For instance, this is what Uber has been implementing with its global citizenship programs, something that has shown to have enough potential to aspire change in the lives of people not only economically, but also socially. Moreover, the company also continues with this concept through its support for cities, and this has drastically changed communities. We can also conclude that Uber wants to reach out places where transportation network has problems, allowing people to go where they need to satisfy their needs.

Exceeding expectations. While transport is the primary objective of this company, Uber has gone beyond this mandate to link other convenience services and care for its customers. For instance, the company has incorporated delivery components such as helping people order and

deliver foods more quickly at attractive rates. And that is just the tip of the iceberg – Uber has special health care rides dubbed 'Uber health' to offer its customers the safest and fasted support to acquiring the healthcare they need. Through these services, the company has shown that it is much more than what most expect it to be. It is a reliable and dependable partner for all.

Everywhere for everyone. Uber has been vibrant in ensuring that it satisfies this aspect of its mission statement. The diversification of the services of the company to include road and air travels among other unique customer-tailored services has made Uber a company of choice for all. The rise beyond regional limitation to have its presence felt at the global scale is another commendable effort Uber has made to satisfy this component, making it an international company. No matter where we are, we can expect to be getting a ride when we want.

To help the brand to stand out from its competitors, recently Uber updated its mission Statement to "***We ignite opportunity by setting the world in motion***"

The mission statement of Uber clearly shows the growing desire to conquer convenience and comfort-based transportation, pointing out the change that this company is set to inject in the sector.

Uber's mission statement shows us the level of influence that this company want to have not only related with the transportation niche but also in other life processes that can depend on what Uber does. We can highlight some outputs from the analysis of the Uber's vision statement by splitting the sentence:

Ignite opportunities. Uber is a company whose activities connect people with others and places. Farther, the services provided by this company associated with convenience has diverse benefits namely making sure that people arrive at their destination on time to catch opportunities that await them. And that is not the only point, Uber also provides its customers a chance to easily manage and set the rides of its employees from the comfort of their offices. Uber is more than a ridesharing company, it is an opportunity for self-employment, committed to create more opportunities around the world.

For example, Uber allows clients to manage and use a team app through which they can control expenses related with transportation costs.

Setting the world in motion. Reliability is the trademark that Uber identifies itself with. Since its establishment in 2009, Uber has never failed with its clients. Its objective is getting things right to the maximum satisfaction of its customers, by providing a transportation system more accessible,

effective, and fuel-efficient. The wide range of services provided by Uber, including air rides, show the will of this company to suit the diverse needs that satisfy the capability of the company to set the world in motion. Uber provides mobility across the world, offering its services in 65 countries, but always seeking for more. Where Uber operates, there are no limits and destination beyond the reach of this company. Essentially, all the customer must do is make a request, hop, and enjoy the ride at budget-friendly rates.

4.3. Purpose and values

Recently, due to increased sensitivity to environmental, social and governance, several companies have been defining their purposes, in which companies indicate why they exist, what they do and who they are in addition to their economic value.

Uber's Purpose is defined by answering to these 3 questions:

- **Why Uber exists:** to reimagine the way the world moves for the better.
- **What Uber does:** makes real life easier to navigate for everyone.
- **Who Uber is:** fearless optimist: crazy enough to believe, tenacious enough to make it happen.

Based on these answers, it is possible to outline that Uber's purpose is essentially to create a better world in which moving from point A to B will be easier for every single customer, in the most efficient and effective way.

Coupled with its purpose, Uber's values – a set of fundamental principles and behaviors that must be followed in daily activities – are guidelines to keep leaders and collaborators in line with the goals and objectives of the company. The combination of its values and mission makes Uber one of the most reliable, dynamic, and progressive ridesharing company in the market.

As stated on the Uber ESG Report 2020, the following 8 values presented below reflect what Uber is and where it is going. These values are applied as guides for its decision-making, they unite and define its culture, and tell a story to the world about Uber's corporate purpose.

Uber's values are:

- "**We do the right thing.** Period."
- "**We build globally, we live locally.** We harness the power and scale of our global operations to deeply connect with the cities, communities, drivers, and riders that we serve every day."

- “**We are customer obsessed**. We work tirelessly to earn our customers’ trust and business by solving their problems, maximizing their earnings, or lowering their costs. We surprise and delight them. We make short-term sacrifices for a lifetime of loyalty.”
- “**We celebrate differences.** We stand apart from the average. We ensure people of diverse backgrounds feel welcome. We encourage different opinions and approaches to be heard, and then we come together and build.”
- “**We act like owners.** We seek out problems, and we solve them. We help each other and those who matter to us. We have a bias for action and accountability. We finish what we start, and we build Uber to last. And when we make mistakes, we’ll own up to them.”
- “**We persevere.** We believe in the power of grit. We do not seek the easy path. We look for the toughest challenges, and we push. Our collective resilience is our secret weapon.”
- “**We value ideas over hierarchy.** We believe that the best ideas can come from anywhere, both inside and outside our company. Our job is to seek out those ideas, to shape and improve them through candid debate, and to take them from concept to action.”
- “**We make big bold bets.** Sometimes we fail, but failure makes us smarter. We get back up, we make the next bet, and we go!”

The Uber’s presence worldwide makes travel feel normal and local. The way Uber is paying attention to its customers, meeting their needs, customizing services and experiences, providing a run, in exchange of their money, catapulted Uber to the top. Uber never stops thinking about new ideas and diversification of its business, making it a priority, like its customer, an irreplaceable place of its business.

4.4. Employee Alignment

The data presented below shows that a focused mission statement and cohesive core company values are vital to maintaining employee alignment.

Only 5% of employees are not proud to be a part of Uber company. Uber's mission, vision & values motivate 60% of Uber employees.

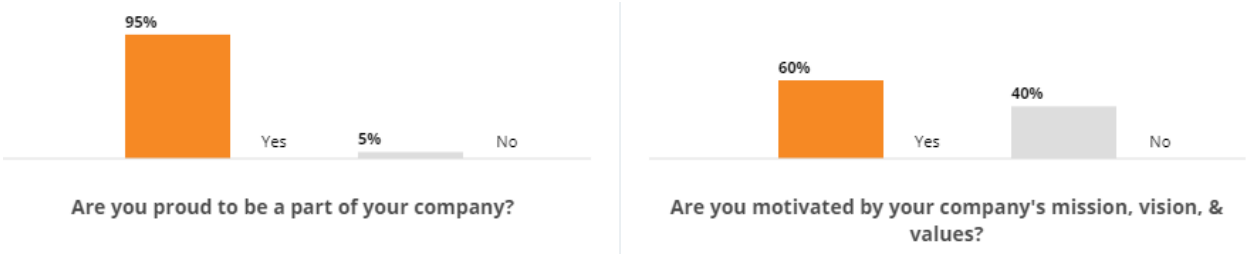


Figure 30 - Uber's employee survey

For 90% of employees the company's goal are clear and they are committed to invest in them.

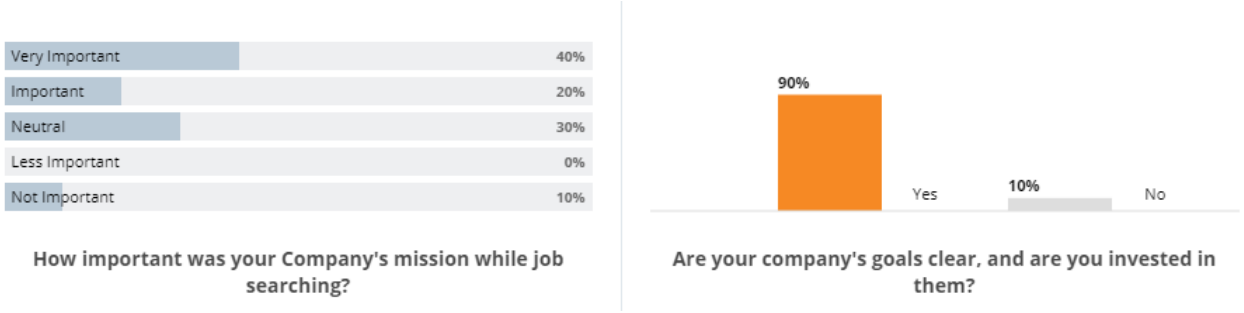


Figure 31 - Uber's employee survey on company goals awareness

Besides getting paid, the "company mission" is the most important thing about their work for 10% of employees at Uber.

Figure 32 - Uber's employee survey

27% of employees say that the main reason they stay at Uber is because of the Uber company mission. When asked to whom they feel the most loyal at work, 7% of employees said Uber's mission and vision.

Figure 33 - Uber's employee survey

5. Organisational Analysis

Uber has developed globally resources and competencies in which it relies on to develop new markets. We will first explain the innovative business model developed by Uber, enumerate the various skills and competencies it acquired, and we will then conclude this section with the identification of the company's core competencies.

"*The strategic capability of a given organization can be defined as the resources and capabilities that contribute to its sustainability and to its advantage competitive*" (Johnson et al., 2017).

5.1. Resources

- Uberization and Collaborative Economy

Uberization refers to the use of digital platforms and mobile apps to facilitate peer-to-peer transactions between customers and providers of a service. As its name implies, Uber pioneered this model through their dedicated digital application which allowed to connect automobile drivers and customers, which led to the transformation of the urban automobile transport services. The technological innovations that allowed the development of uberization were the development of broadband technology, increased access to internet, smartphones and geolocalisation.

"Uber pioneered and popularised a new way of assembling a workforce: drivers can log on and off when they want, but they are tightly managed and deployed by algorithms without being employed by anyone. That means no minimum wage, no worker protections, such as sick pay, and no employment taxes payable to the state."[1]

Uberization falls within the framework of the collaborative economy. This concept is in fact opposed to that known for generations which traditionally would rely on fixed and regulated workforce. Thanks to this concept, Uber relies on a workforce that is mainly outsourced as the drivers are not employed by the company. This model presents significant advantages for both customers and service providers.

Advantages for customers:

- Less expensive services than in traditional economies or better quality at the same price.
- Simplicity and speed as the platform connect the customer to a large pool of independent drivers.
- Security through the Uber platform:

[1] O'Connor, Sarah The gig economy is a symptom of bigger problems, FT.com, 2020, available at https://www.ft.com/content/a90d9ba8-4d2e-4ec4-b971-24ebebd5822d

- Secured payment.
- Integrated insurance.
- Evaluation of providers by users.

Advantages for service providers:

- Easier and greater access to customers
- Opportunities for additional income and diversification of activity
- Autonomy and flexibility.

On the other hand, for professional service providers who only practice this type of activity, the status of self-employed worker leads to greater precariousness than traditional employment and minimal social coverage. Also, the level of income is conditioned by changes in the pricing policies of the platforms.

5.1.3. Human Resources

Dara Khosrowshahi was appointed Chief Executive Officer of the company in 2017 as a replacement of Travis Kalanick. Travis Kalanick was known to have “burn the village” approach whereas Dara implemented new values for the company including the “we do the right thing” (1).

Dara took the responsibility of relaunching the company, which was going through a crisis that had already lasted nearly a year. In particular, he had the challenge of restoring the tarnished image of Uber with both users and investors and of restoring the confidence of employees shaken by the multiplication of controversies surrounding the company.

Through the many obstacles Uber had to overcome to penetrate a monopolistic market, Uber's culture was made of aggressiveness, daring, and imperialist ambition. This culture was fundamental in Uber’s growth. Following many scandals such as intellectual property lawsuits, political and legal failures, and accusations of sexual harassment dozens of leaders have been fired or left on their own, including Travis Kalanick. Uber transformed its macho and aggressive culture to make it more ethical, more transparent, and more inclusive.

As Uber got ready for its IPO, Dara did a major shuffle of the board of directors which led to the departure of 14 executives who had reported to himself or Travis Kalanick over a period of 18 months. This new team of senior executives would then facilitate the adoption of the new values defined by them and required by investors, customers, and employees.

By putting his own team in place, Mr. Khosrowshahi improved his chances of reshaping Uber by, for example, getting its finances in shape.

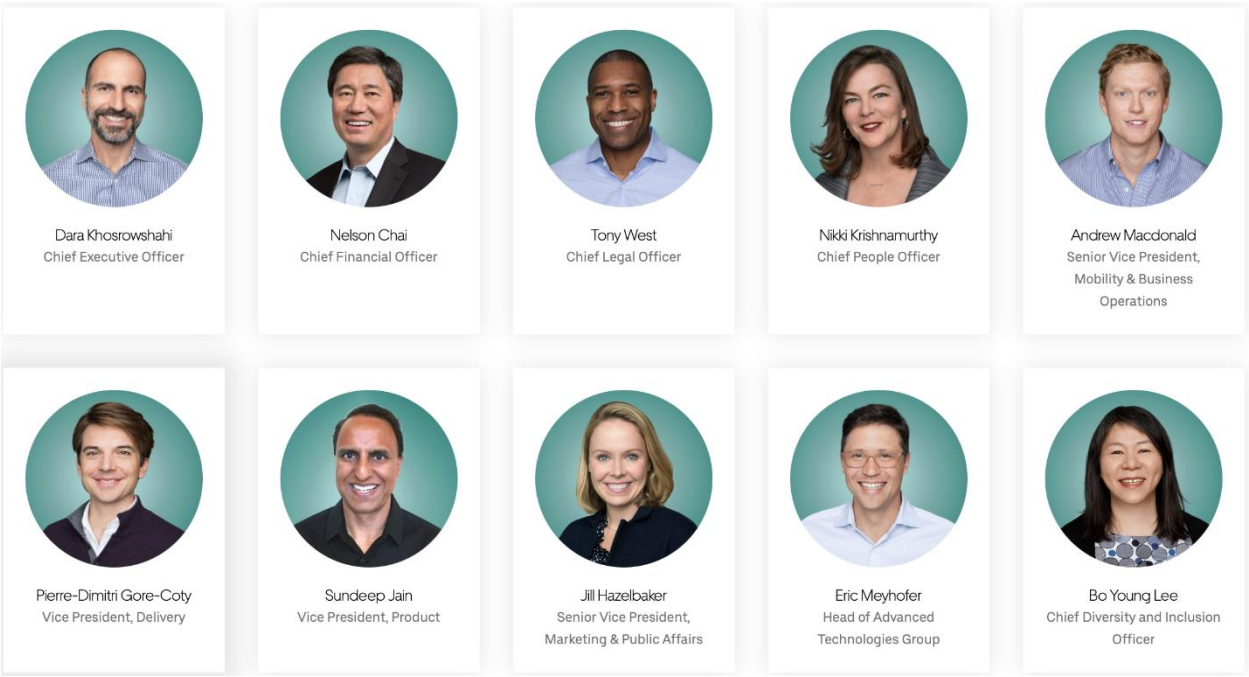


Figure 34- Uber's Executive Team

The Uber workforce is composed of approximately 20 000 located in over 65 countries. We notice from the pie chart from Figure 35 below that more than half of its personnel is part of the operations and customer service departments. This demonstrates the importance Uber gives to the customer satisfaction.

The other important figure that is interesting to share is the number of drivers that are registered as Uber suppliers: 5 million! This figure compared with the Uber workforce (approx. 20 000) is a clear demonstration of the external resources that are put at the disposal of Uber's riders.

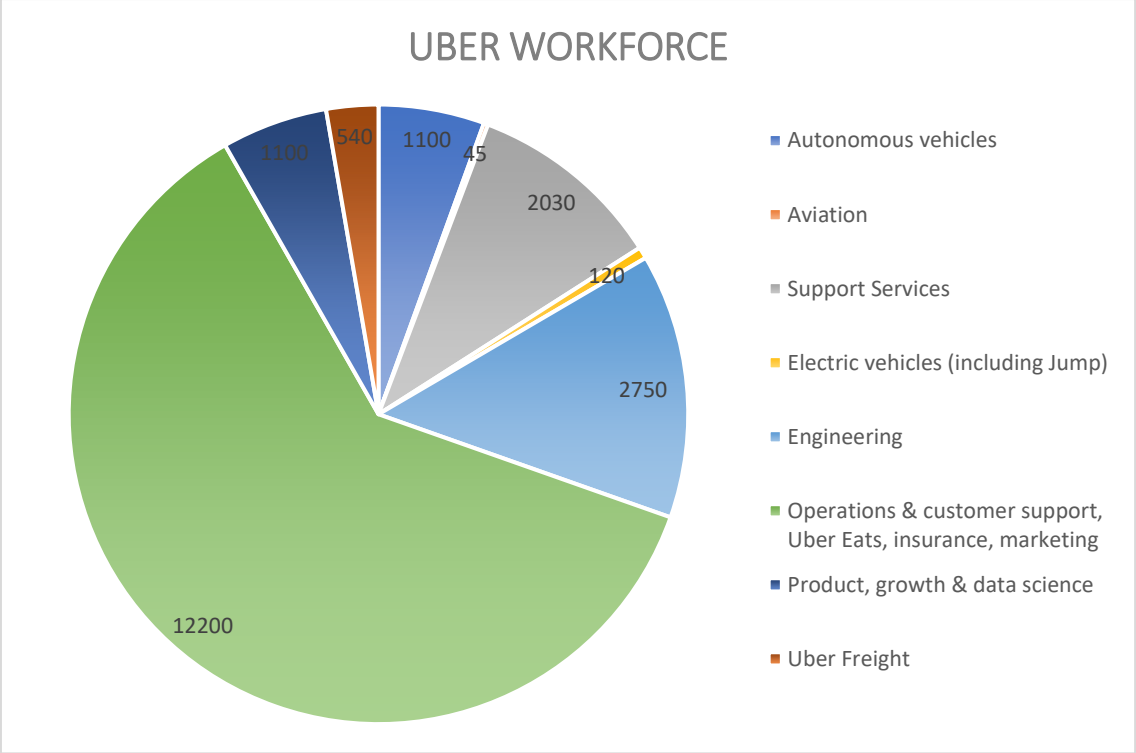


Figure 35 – Uber Work Force Distribution by Department

5.1.4. Financial Resources

The funds invested by investors generate value by supporting deliver Uber's services to customers. These resources are also rare: it is not common to survive mainly on investments over a long period while having a deficit. However, competitors can transpose this model when looking for investors, which does not make this resource inimitable.

Thanks to its innovative application, Uber developed the capacity to raise funds repeatedly that allow important capitalization. These funds allowed Uber to aggressively expand internationally and quickly reach critical mass.

The major 2019's year-end financial resources accounted for the following:

- $65B in gross bookings; +35% growth YoY
- 50% of CAGR since 2016

Uber has raised a total of $25.2B in funding over 27 rounds. Their latest funding was raised on Sep 14, 2020 from a Post-IPO Debt round. These corporate milestones described the impressive corporate development milestones already achieved:

June 2010: UberCab launches in San Francisco. At the time, its rides costed about 1.5 times as much as a cab, but ordering a car was as simple as sending a text or pressing a button. It quickly became a hit among Bay Area techies.

May 2011: Uber launches in New York City, which is today one of its biggest markets.

December 2011: Uber begins its **internationalization** expansion process, starting with Paris, France. It also closed a $32 million Series B funding round led by Menlo Ventures, Amazon CEO Jeff Bezos, and Goldman Sachs.

August 2013: Uber goes into India and Africa, and it closes a Series C funding round that sees an enormous $258 million investment from Google Ventures, now known as GV. This round values Uber at $3.76 billion.

April 2014: Uber begins its UberRush service, which brings a bicycle delivery service to Manhattan. The service starts at $7 — a $3 base fare and $4 per mile. Uber shut down Rush in March 2018.

July 2014: Uber enters China after raising a $1.2 billion funding round at a $17 billion valuation a month previous. At the time, China looked like it was set to become Uber's biggest market.

December 2014: Uber raises $600 million from Chinese search powerhouse Baidu. Baidu's mobile-search and maps apps begin to integrate with Uber, and it seemed that Uber was gearing up for a fight with other prominent Chinese tech companies.

February 2015: Uber announces a **partnership** with Carnegie Mellon University to create a new facility in Pittsburgh for testing self-driving cars. The first test vehicles out of Uber's Advanced Technologies (ATG) Center are seen on the streets of Pittsburgh a few months later.

March 2015: Uber begins the process of buying mapping startup deCarta — **its first acquisition** — to work towards decreasing the company's reliance on Google Maps.

April 2015: Uber launches **UberEats**, an on-demand food-delivery service that brings meals to your location in minutes. The service starts in four pilot cities — LA, Barcelona, Chicago, and New York City — and expands nationally.

May 2016: Uber and Toyota sign a "memorandum of understanding" to explore how the two companies could work together.

July 2016: The Chinese government legalizes ride-hailing. Uber was hoping to beat out its main Chinese competitor, Didi Chuxing, and put a reported $2 billion into its business in China. Didi eventually emerged victorious, and later merged with Uber China in a $35 billion deal.

January 2018: Uber officially closes a deal for Japanese investor SoftBank to take a 15% stake in the ride-hailing company, becoming its largest shareholder. The deal severely limits Kalanick's influence and voting power on the board — and gives SoftBank a considerable discount on shares of Uber.

August 2018: Toyota invests an additional $500 million into Uber, valuing the company at $72 billion.

April 2019: Uber officially files its S-1 paperwork to go public on the New York Stock Exchange, under the ticker symbol UBER. The IPO is set to be one of the biggest in years — especially with that $120 billion figure floating in the air.

Nevertheless, regardless of the impressive fundraising results, it is important to underline the fact that Uber has never generated profits since its creation. The graph from Figure 36 below, taken from the Uber Investors presentation of the second quarter 2020, clearly shows a negative EBITDA but also shows an increasing trend. The objective set prior to the pandemic was to reach profitability in the third quarter of 2020 and the 2019 results seemed to confirm that the objective might have been reached. As mentioned by Mr. Chai, Uber's CFO, the new target to gain quarterly EBITDA profitability is before the end of 2021.

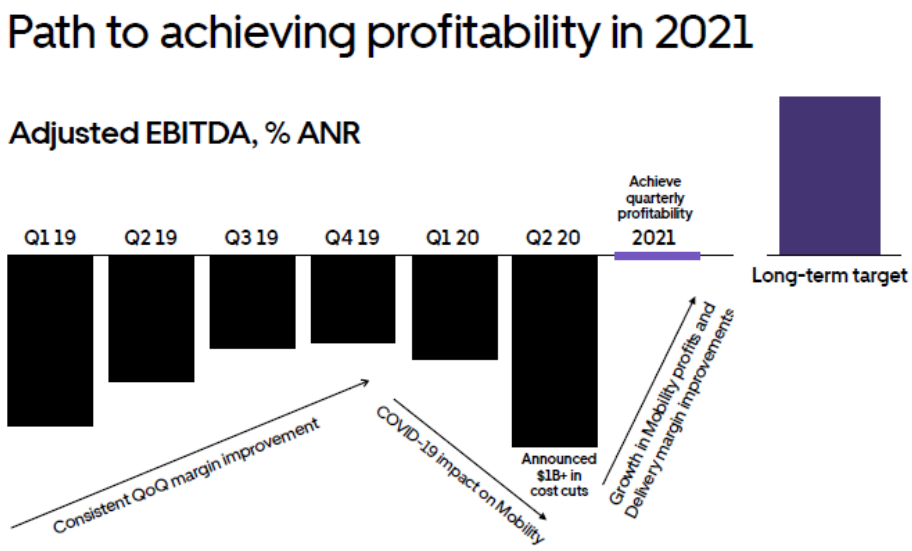


Figure 36 – 2019-20 Quarterly Financial Results

The latest financial results published for Q3 of 2020 again show losses of 1,1 B$, partly due to a 18% decrease in revenues, but this still represents a 6% improvement from the 2019 results, year-on-year. Unsurprisingly, the decrease of gross revenues is mainly due to its mobility division 53% drop compared to the same period in 2019. As shown in the graph below, the financial results

are correlated to the confinement measures imposed by local authorities. As noted by Dara Khosrowshahi, "*when a city starts to move again, the gross bookings start again*".

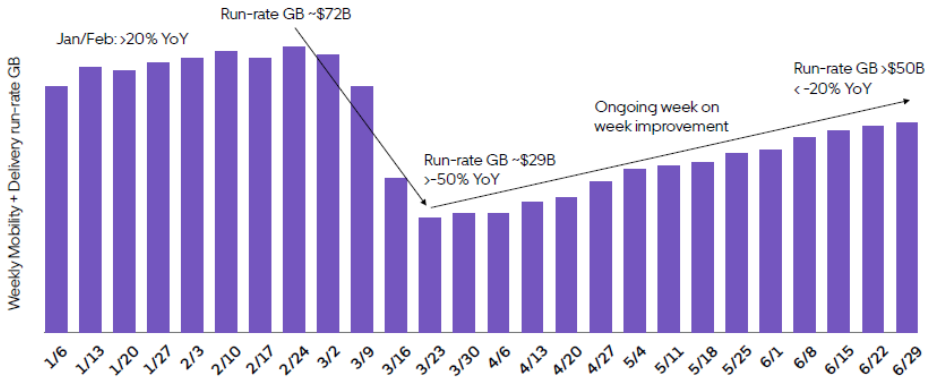


Figure 37 - Uber Monthly Revenues during 2020

5.1.5. Brand Recognition

Innovation, adaptation of its offer and fairness of its prices enabled Uber to build a strong brand image. The company acquired a strong notoriety in a short time. The Uber brand and model led to the terms "uberize" and "uberization".

The Uber brand clearly represents a value in the quality of the service it represents and the benefits it conveys for drivers. Uber being unique, this resource is rare (few other start-ups can boast of having such an impactful brand image) and inimitable. Finally, it is very difficult to substitute another brand for that of Uber, the latter having a virtual monopoly on passenger transport via application.

5.2. Capabilities

Uber created strong competitive advantages and equally strong skills to innovate in an area that was in many countries a monopolistic market: taxis.

5.2.3. Brand Loyalty

- 7B trips in 2019; +32% YoY growth
- 111 M Monthly Active Platform Consumers

5.2.4. Leading Technology

The use of technological tools is a resource that creates value because it allows drivers to connect with riders. For the moment, it is also rare, there are not many other start-ups that use this technique in their business. However, it is not inimitable. Anyone can create their start-up based on the same use of technology.

The main disruptive features of the smartphone application are:

- Connection between drivers and clients
- Geolocalisation of the drivers and customers
- Estimated approach time
- No billing for approach time
- Immediate ordering of the vehicle: no need to look for a taxi in the street
- Dematerialization of the payment: the payment information being recorded, no payment exchange between the customer and driver
- Reciprocal evaluation of drivers and customers
- Price adjustment according to customer requests
- Price significantly lower than taxis

Also, the costs of ATG (Advanced Technologies Group), the division dedicated to autonomous cars, and Uber Elevate, the unit developing flying taxis, and other related technologies accounted for a third of Uber's total spending in R&D in 2018. In total, the R&D costs of the American firm reached more than 1.5 B$ last year.

5.2.5. Human Resources Management

An important internal competence of the start-up lies in the management of human resources. This management is intricately linked to technological development and algorithms. If it is humans who have developed this technology, in fine, it is the algorithms that control drivers, in several ways.

This management significantly contributed to the technological development and algorithms that are an important part of Uber’s competencies.

Therefore, human resources management is a resource that creates value because it allows to control the drivers thanks to the algorithms hence, maximising profit. It is also rare because this practice is little developed in the sector... Nevertheless, this does not make it inimitable. Just like

the use of the technological tools anyone can set up a start-up with similar human resources management.

5.2.6. Uberization

Working only with independent drivers represents a resource that creates value. As we mentioned, this allows significant cost reductions. This resource is also rare: it is not present in the taxi industry in the same way as Uber developed it. However, this type of relationship is not inimitable and can be taken up by other start-ups.

5.2.7. Superior User Experience

The way in which the personalisation of the service is implemented clearly creates value for the customer enabled through the smartphone app. Riders order a taxi and pay effortlessly through the app. With simple slick on the Uber icon from the smartphone, riders benefit from a high quality and standardised service that will bring them to their destination making every ride a simple and powerful experience. The quality of service is evaluated by the rider after every experience thus enabling an innovative quality assurance programme that was clearly missing in regular taxi services.

Few companies can boast of offering this quality of customer service and relationship. However, while these innovations were a significant breakthrough in the industry, they nevertheless are not immune to imitability.

5.2.8. First Mover Advantage

Uber's pioneering creates value for the start-up because it has been able to benefit from an environment without disruptive competition. This primacy also creates the value, inimitability, and non-substitutability advantages.

5.2.9. Marketing Innovation

Uber is aware that it must develop competitive advantages to remain a leader which is why they offer a constant number of new services:

- UberEats: home meal delivery
- Transport of packages
- Eco

Uber also developed a customer differentiation strategy by offering adapted marketing services:

- UberX, Uber Berline, Uber Van, UberPool

Please refer to diversification section for the complete services developed by Uber that demonstrate their marketing innovation.

5.2.10. Adaptability to new environments

Uber's rapid development in its constant adaptation to different environments is a strategic competence that creates value, because it allows Uber to develop its monopoly, which is rare: no other start-up in the transport sector is as developed. However, this strategic competency is not immune to imitability: eventually a competitor could develop by equally adapting to different environments.

5.3. Core Competencies

Table *10* – VRIO Analysis

RESOURCES & CAPABILITIES	VALUE	RARITY	INIMITABILITY	ORGANISATION	STRATEGIC CONSEQUENCES
Strong Financing Capability	YES	YES	NO	-	TEMPORARY
Leading Technology	YES	YES	YES	YES	SUSTAINABLE
Human Resources Management	YES	YES	NO	-	TEMPORARY
Uberization	YES	YES	NO	-	TEMPORARY
Superior User Experience	YES	YES	NO	-	TEMPORARY
First Mover's Advantage/Network	YES	YES	YES	YES	SUSTAINABLE
Brand Recognition	YES	YES	YES	YES	SUSTAINABLE
Adaptability to New Environments	YES	YES	NO	-	TEMPORARY

According to the VRIO analysis performed, we notice that all resources or capabilities are imitable except for three: the leading technology, the network, and the brand recognition.

Uber is clearly a leader in its field by invest in product and technology innovation to continuously improve user experience and operational efficiency. Not only have their innovative strategy allowed them to create their ride sharing platform and application but the company is also investing substantially in the autonomous car industry. They are already well positioned in a

market that also comprises big names such as Tesla and Google. It would be exceedingly difficult for a competitor to enter the market and reach similar level of technological breakthroughs without significant investment and time.

Access to a significant number of drivers is essential if you want to guarantee a vehicle for the “ride-hailer” in a very short time. Reciprocally, drivers will not be interested to register with your platform if you’re not able to guarantee that as soon as they decide to go online, they will optimise their time and effort by minimising the down time between two rides. Uber’s growth and capacity to attract drivers to their eco system today ensures a sustainable competency that will take a long of time of duplicate. Building a network that will reach critical mass is costly and long and therefore makes this an important barrier for all potential newcomers in the ride-hailing business.

The second important competitive advantage of Uber is its brand. The Uber brand and reputation are globally very well established and in many cities around the world, “to take an Uber” became a familiar expression and is considered synonym to ride-hailing, as well as a superior alternative to “catching a cab”. Uber being market leader in all markets where it operates is a clear demonstration of the notoriety associated with the brand. The figures of their latest quarterly report are a soundproof of this market penetration:

Region	**Market Shares**
US & CA	> 65%
LatAM	> 65%
Europe	> 65%
ANZ	> 65%
MEA	> 65%
India	> 50%

Nevertheless, the very low price-elasticity of the consumers of these services most probably means that the Uber brand alone would not allow them to increase their margin and this can be seen in the negative margins the company is having difficulty improving.

Strategic Fit by Segment

Table *11* – Strategic Fit by Segment

CORE CAPABILITY	COMPETITIVENESS	MEET COSTUMER NEEDS	GAIN CUSTOMER TRUST

Leading Technology	4,5	5	4
First Mover Advantage	4,5	4,5	4
Brand Recognition	4	4	4,5
AVERAGE	**4,3**	**4,5**	**4,2**

The strategic fit between Uber's core competencies and the industry's key success factors is very good. This is not surprising, as Uber was the pioneer in this industry and has ambitious R&D objectives to make sure that it keeps innovating its services and fulfils the customer requirements. Their strategy clearly contributes to reinforcing its core competencies to ensure Uber maintains its dominant position in the market. This strategic positioning comes at the cost that the company still has not generated profit. If this strategy is proven successful, Uber's strategic positioning using their core competencies should allow them to generate profit before the end of 2021.

5.4. SWOT Analysis

Table *12* – New SWOT Analysis

	Opportunities and Time	
	Short-Medium Term Opportunities	**Medium-Long Term Opportunities**
	• Diversification of online service offers • Connected objects are gaining an increasing place • Revolution in the transport market at competitive prices • Growing dissatisfaction of conventional taxi services • Flexibility of working time for drivers	• Development of autonomous cars • Pursued internationalisation • Pursue products diversification leveraging vast user's database (both riders and drivers)
Strengths • First mover advantage • Global market leadership • Brand image: prestige, efficiency and reliability • Customer satisfaction at the heart of the strategy • Reduced structural costs • Exponential increase in demand since its creation	**Suggestions** The diversification has proven extremely useful during the pandemic as loss of revenues from the mobility sector is partly compensated by growing revenues coming from food delivery services. This must be maintained as diversified revenues is always an asset. Uber's vast user database is an asset that Uber can leverage while	**Suggestions** The R&D that is leading Uber innovative strategy is a key factor to enhance their chances of being the pioneer of autonomous driving. This type of vehicle will revolutionise the transportation industry and Uber need to prioritise this project. Invest in product and technology to continuously improve user experience and operational efficiency.

• Incredibly attractive price positioning • Flexibility and ease of setting up the business model in any country	expanding its product base, similar to its Asian competitors (called super apps).	
Weaknesses • No profitability • Damaged brand image due to series of scandal • More difficult to create company culture because of highly dependent on the self-employed drivers: quality of services, ethics, friendliness, behaviour • Targets a young and dynamic clientele used to using connected objects and Internet apps • Multiple legal problems encountered in recent years: status of drivers (employees or self-employed?) • Business model easy to imitate, no patent protection for this type of service	**Suggestions** Needs to discipline itself in lower their fixed costs. Develop projects in partnership with municipalities to ensure their adherence to the project from the very beginning and avoid the multiple legal issues. Should invest in projects that would improve their image that is tainted with the many discussion of the driver's working conditions. For example, in this age of concerns about the impact of the transportation industry on the environment, the Uber Pool should be widely promoted.	**Suggestions** By developing the autonomous cars, Uber would cancel the most important cost (driver) and would therefore generate important profits. The transportation industry is evolving very quickly, and Uber should pursue the development and experimentation of multiple solutions to increase the source of revenues and increase their client portfolio.

5.5. EGOS Organisational Culture

Dara Khosrowshahi, 51-year-old American of Iranian descent, was chosen by the board of directors of Uber as the company's new CEO in August 2017.

Khosrowshahi already has a long experience working among American technological multinationals. Since 2005 he has been CEO of Expedia. In 12 years, he has made it a market leader, taking its revenues from 2 to over 8 billion dollars (2016) per year.

He turned the page after the Travis Kalanick era, who resigned under the pressure of some shareholders for a series of episodes that damaged the image of the company because of scandals – from sexual harassment to fraud accusations and corporate espionage.

Khosrowshahi's arrival represented the beginning of a second life for Uber. His major goal was to transform the ambitious start-up willing to do anything to grow and achieve success into a more

“politically correct” company with a stronger governance. Major goal of the internal reorganisation was the focus on social issues (users), while strategy focus on identify major markets (Europe and America) while diversifying potential activities.

From this point of view, it is interesting to evaluate Uber’s radical change of direction with the EGOS model. From an aggressive and unscrupulous management style, competitive and extremely goal oriented, to a more analytical and rigorous management style without forgetting the attention to staff.

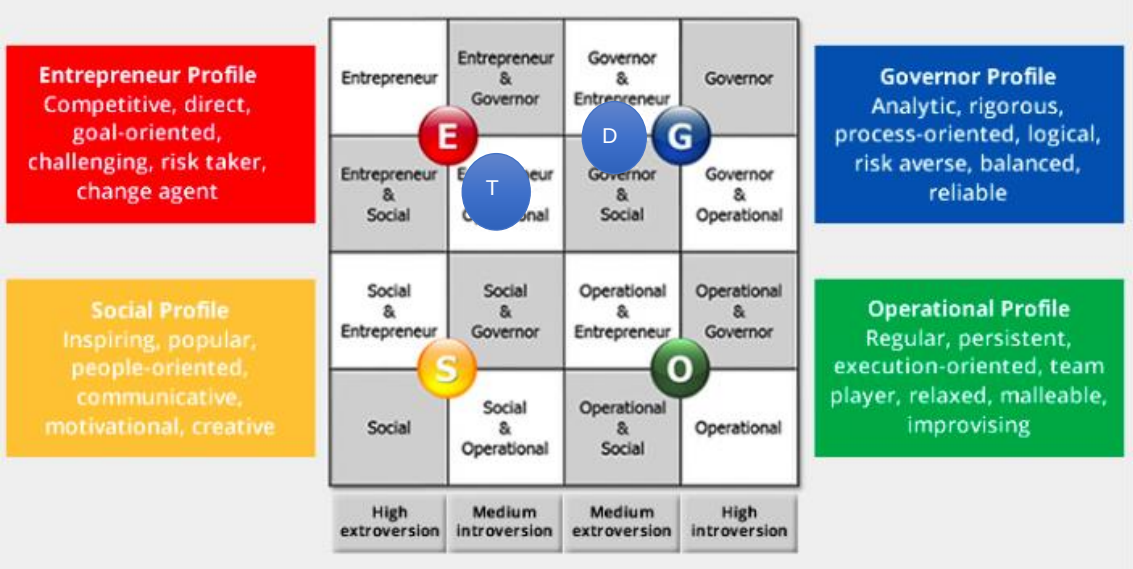


Figure 38 – EGOS Mapping of Khosrowshahi (D) and Kalanick (T)

The EGOS mapping clearly demonstrates the significant differences in the management style of both CEOs. To accomplish such an ambitious and drastic transformation, it is not surprising to see diametral opposites evidenced in the EGOS chart. From an aggressive and unscrupulous management, a competitive and goal-oriented personality, to a more analytical and rigorous management style without forgetting the attention to staff.

Once the company had demonstrated that Uber’s new business model was sustainable regardless of the regulatory challenges associated to the resistance from the taxi lobbies, it was time to move on to a more diplomatic and social approach that would be compatible with the requirements of a stock-market introduction.

Kalanick initiated a revolution that decimated the licensed-taxi business and transformed the urban transportation industry. This required a specific skill set that is more compatible with the Entrepreneur profile of the EGOS characterisation: competitive, direct, goal-oriented, challenging

risk-taker, change agent. According to the reading done for this analysis, it seems as though these traits beautifully fit with Travis Kalanick's personality.

It was specifically with this transformation strategy that Dara Khosrowshahi was brought on board. Khosrowshahi steered a change from the "Always be hustling'" attitude to a "We do the right thing, period" one.

Youssef Squali, a Wall Street analyst, summarised well the era change: "*I think Dara brought much-needed adult supervision. It really brought that diplomat that was much needed to navigate the company through all the PR and all the regulatory landmines that it was finding itself in.*" These skills were clearly required to lead Uber to more peaceful grounds, but one might wonder whether Khosrowshahi's lack of innovative mindset may not slow down the company diversification.[2]

[2] Available at https://www.ft.com/content/1bf57b48-0af5-4386-af4c-c2005a4dc3e6

6. Objectives and strategy

6.1. Objectives

From a simple idea to one of the largest platforms in world, it is clear that Uber seeks a worldwide domination aiming to be the Amazon of transport. From a simple tap button to book a ride to autonomous vehicles, the list of objectives is extensive. The ambition demonstrated by its objectives clearly show the road and ride that Uber is taking. Uber's main objectives for the future include the following:

Table 13 – Uber objectives

		Specific	Measurable	Attainable	Relevant	Timely
Classification	**Objectives**	**S**	**M**	**A**	**R**	**T**
Employee engagement	Increasing driver engagement	X	X	-	X	-
	Take bold bets on our mission and our people. Increase employee engagement and diversity in both leadership and overall, and decrease voluntary employee attrition	X	-	-	X	-
Growth	Increasing Ridesharing penetration in existing markets	X	X	-	X	-
	Expanding Personal Mobility into new markets	X	X	-	X	-
	Leveraging the platform to launch new products	X	-	-	X	-
	Continuing to invest in and expand Uber Freight	X	-	-	X	-
	Continuing to innovate and transform Uber's products to meet plataform user needs	-	X	-	X	-
	Expand ridership by gaining new users through lowcost products and sustainable shared rides, unlock new countries and products, and identify additional opportunities for strategic transactions	X	X	-	X	-
Margin	Continuing to invest in and expand Uber Eats	-	X	-	X	-
	Invest in user growth, cross-selling, and deepen our customer engagement. Key measures: MAPCs, percentage of cross-selling, trip growth, and average billings per Rides consumer ("Rider") and Eats consumer ("Eater")	X	X	-	X	-
	Investing in advanced technologies, including autonomous vehicle technologies	X	X	-	X	-
	Increasing the Gross booking	X	X	-	X	-
	Improve unit economics and Adjusted EBITDA	X	X	X	X	-
	Increase usage of premium product Gross Bookings, improve unit economics, and improve cost base leverage by reducing costs as a % of Gross Bookings	X	X	X	X	-
Safety	Reduce safety incidents, and increase transparency and trust in Uber's commitment to safety	X	X	-	X	-
Sustainability	Pursuing targeted investments and acquisitions	X	-	-	X	-
	Expanding Uber Green to make it easier for riders to choose to travel in hybrids or EVs.	X	X	-	X	-
	Committing $800 million in resources to help hundreds of thousands of drivers transition to EVs by 2025	X	X	X	X	X
	Investing in its multimodal network to promote sustainable alternatives to personal cars.	-	-	-	-	-
	Having 100% of rides take place in electric vehicles (EVs) in US, Canadian, and European cities by 2030	X	X	X	X	X

All the objectives listed in Table 13 came from Uber's public reports. Most of them are described in a broad, qualitative way rather than quantified goals, turning the analysis of SMART objectives quite difficult.

From the Annual Report of 2019, it was possible to extract some information about the achievement of some objectives presented above:

- Total Gross Bookings ("GB") of $65B, representing 35% growth YoY*, with Q4 Rides and Eats growing 20% and 73% YoY*, respectively.
- Total Revenue of $14.1B, representing 28% growth YoY*.
- Total Adjusted Net Revenue ("ANR") of $12.9B, representing 28% growth YoY*. Take rates in Q4 expanded over 200 bps and 300 bps YoY for Rides and Eats, respectively.
- Q4 Rides Segment Adjusted EBITDA of $742M covered Corporate G&A and Platform R&D by $98M.

** Growth percentages for Gross Bookings, Revenue, and Adjusted Net Revenue reflected on a constant currency basis*

Regarding the user growth and engagement, Uber crossed the 100 million Monthly Active Platform Consumers ("MAPCs") mark, reaching 111 million in the fourth quarter, representing 22% growth year-over-year (YoY) and 6.9 billion trips in 2019, representing 32% growth YoY. Uber also improved its incremental billings per Rider and per Eater.

Uber recognizes that every time a customer opens the Uber app, they are putting their trust in Uber technology. Uber is driven by that trust and it is continuously raising the bar, building new safety features, setting guidelines for respectful and positive experiences, and more. For that and to increase transparency and trust in Uber's commitment to safety, Uber release a publication of a first-of-its-kind U.S. Safety Report. It also implemented several new safety features to its ridesharing app (e.g., In-App Emergency Button, rider's ability to report incidents before the ride is over, and RideCheck - Uber's ability to check in with Riders and Drivers). 73% of Riders and 81% of Drivers in Uber top five markets agree that "Uber is committed to Safety".

In 2019, Uber expanded operations to more than 10,000 cities. It had 159% YoY GB growth in its high priority markets (Argentina, Germany, Italy, Japan, South Korea, and Spain). During the same year, Uber acquired Careem, which will substantially expand its geographic footprint in the Middle East and announced an agreement to acquire a majority ownership stake in Cornershop, which will increase its prominence in Latin America and in the grocery delivery space.

The last objective presented in the table above and accordingly with the Annual Report of 2019, Uber exited 2019 with 54% YoY growth in premium Gross Bookings in Q4 2019. Uber also achieved its internal plan to improve its cost-based leverage by reducing select fixed costs as a % of GB and improved its unit economics by reducing select variable costs as a % of GB.

In 2019 and as measured through its company-wide Pulse Survey, Uber Increased employee engagement to 69%, and reduced voluntary employee attrition to 13%. Regarding diversity in both leadership and overall, Uber increased percentage of women in leadership roles to 26% globally, and increased the percentage of employees with diverse backgrounds to 10% in the U.S.

Also, in 2019, Uber received multiple awards recognizing its diversity and inclusion efforts including a Best Place to Work by the Disability Equality Index, recognition as a best practices company by the Bloomberg Gender Equality Index, and a Best Place to Work for LGBTQ by the Human Rights Campaign.

Objectives must be measurable and timely defined to be evaluated and verified if they were achieved. Some objectives presented on the table are defined in a qualitative way, rather than quantitative. Below, we suggest some improvements regarding some objectives that are less well defined and could help Uber to monitor its activity in a more efficient way:

- **Increasing driver engagement:** using the review system that Uber App has, this objective should have an average score, for example 4,8 out of 5, and the driver would be able to receive a compensation for his/her loyalty to provide a good service.
- **Increasing Ridesharing penetration in existing markets:** this objective clearly needs to be defined by a specific % of penetration in the existing markets, jointly with a well-defined time frame. For example: Uber needs to increase by 3% its penetration in the Portuguese market until the end of December 2021.
- **Increasing the Gross booking:** this is a key objective for Uber, but as presented on the table without any quantitative and deadline defined. Considering the results achieved by Uber in 2019, this objective could have been defined as “Increasing the Gross booking of 35% YoY until 31st December 2019.

Despite these results presented, it is still possible to outline some objectives that define what will be the future of Uber. The Uber’s expansion will be continued, bringing its services to new cities, and having in mind the takeover of the cab industry by being the most cheap, easy ride around the world.

Uber's near-term serviceable addressable market (SAM) consists of 4.7 trillion miles per year, representing an estimated $3.0 trillion market opportunity in 63 countries. Uber believes that it is just getting started: consumers only traveled approximately 26 billion miles on its platform in 2018, implying a less than 1% penetration rate of our near-term SAM.

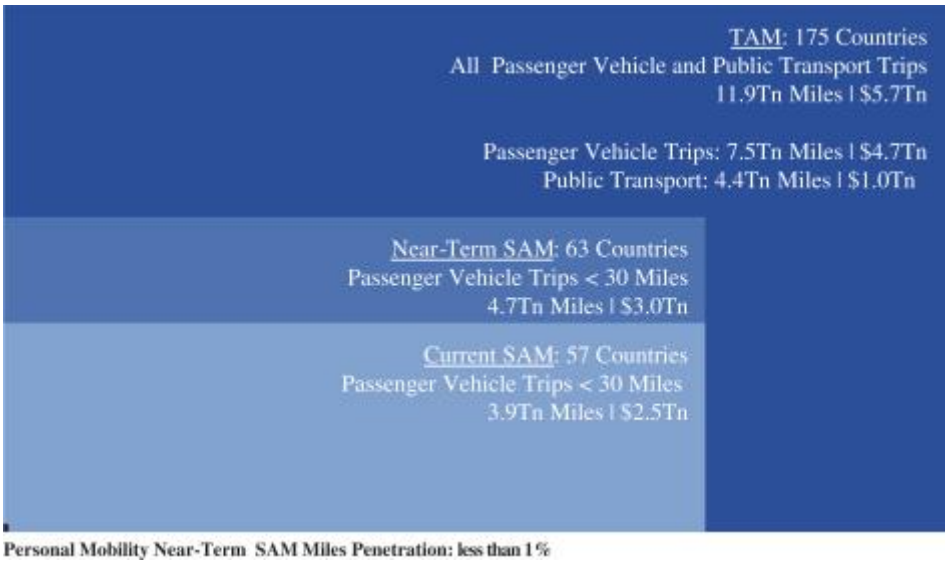


Figure 39 – Personal Mobility Near-Term

There will be a huge focus on the future technology. Uber continues to invest in new solutions to improve its platform and in new services like autonomous vehicles and Uber air/Uber Elevate, which is working toward transforming the world through aerial ridesharing at scale.

At the end of this travel, Uber will try to eliminate private car ownership turning our planet in a more efficient one, optimizing spaces and leaving cities filled with greenery and pedestrian walkways.

Through its platform, Uber aims to make real life easier to navigate for everyone. Uber's objectives prove that the company is focused on providing the best solutions to its customers and drivers, not only by diversifying its solutions, but also by contributing positively to prevent climate change and social impact. All these objectives and their combinations will provide opportunity of growth for the Uber platform and help it to be align with its vision and mission.

6.2. Strategy

Having in mind its objectives, Uber defined its strategy in 3 phases.

The **phase one**, already completed, consists in creating the world's biggest taxi network that connects the rider in a reliable, convenient, and safe way, at a different price depending on

demand and supply, across the world in different cities. This strategy allows Uber to have a greatest liquidity network effect, leading to a margin advantage.

When Uber starts its ridesharing products in a city, it starts to add drivers onboard creating awareness among consumers. With the increasing number of drivers, it will lead to a better coverage reducing average wait times, consequently attracting more consumers. More consumers result in an increased volume of trips and higher driver utilization, which attracts more drivers and enables Uber to reduce fares for consumers, in some cases, through the effects of dynamic pricing. Nowadays Uber is active in 60 countries and more than 10000 cities worldwide, serving multiple multi-trillion-dollar markets with products leveraging its core technology and infrastructure.

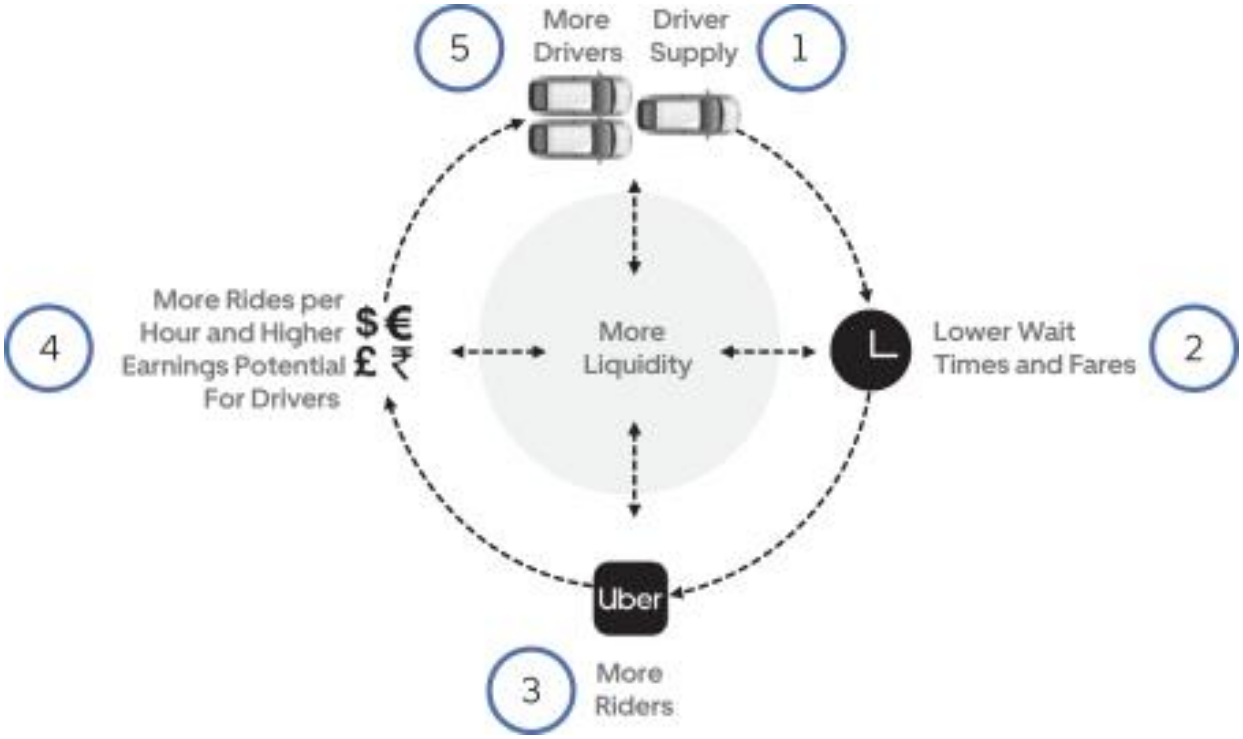


Figure 40 - Uber's dynamic pricing scheme

The **second phase,** still in progress, is the creation of the biggest peer to peer logistics platform enabling any person to provide or even request delivery of services and goods physically. The leverage of Uber's platform to launch new products will allow the company to continue to innovate in solving complex challenges in powering movement. Its massive network, know-how, leading technology, operational excellence, and product expertise allow Uber to introduce new features.

One of the principal key issues for Uber is to find a path to profitability and explore new features that will allow the company, hopefully, to start generating a positive contribution margin. One of

the strategic objectives is to increase the capacity to reduce costs via economies of scale and it is difficult to have high margins until Uber operates close to a new optimal scale of efficiency.

UberEats is doing its work and showing a possible way to start reaching profitability. The goal is to develop four or five multibillion-dollar revenue streams to keep Uber growing beyond the next three to five years. Uber points its Uber Eats business as the model. The five-year-old unit is on track to exceed $25m in annual gross bookings and it does not stop growing. The path for Uber will revolve around delivery. As rivals are doing, Uber is seeking to ramp up services that will deliver groceries and other items to customers in less than 30 minutes. Uber CEO said during an interview that “Eventually, you know, I can see a world where if you want to take cash out from the bank, someone will come and deliver cash to you, right? It will be anything that you want delivered to your home”. Clearly, we can understand that Dara Khosrowshahi is slowly approximating Uber with Amazon and turning his vision even more clear, turning Uber in the “Amazon of transports”, and why not the total takes over the public transportation system.

The last but not the least phase, the **third one**, which seems to be the most difficult to achieve is shifting logistics from machine-driven to human-driven totally, allowing Uber to increase its profits.

Investing in advanced technologies, including autonomous vehicle technologies, Uber believes that autonomous vehicle technologies will enable a product that competes with the cost of personal vehicle ownership and usage, and represents the future of transportation. We cannot forget that shifting to a fleet of automated vehicles would require a dramatic shift to an asset-heavy model where Uber would suddenly have all these considerable costs. A continuous investment on this technology cannot guarantee that Uber can achieve profitability with its own automated-vehicle fleet.

With consumers now disinclined toward using shared mobility modes, the projected market is significantly smaller than what was being forecast in prior years. Autonomous vehicle technologies are also going to be more expensive to operate than goods delivery vehicles and still require a lot of occupant safety equipment such as seat belts and airbags. Another challenging point for engineers will be regarding the comfort that these vehicles will be able to provide to riders and meet their expectation for a smooth and safety ride.

6.3. Business Model

The business model is the way in which a company is structured to create sustainable value for its customers. Due to the digital economy, business models have become particularly varied.

Looking into Uber’s business model we can conclude that its intervenient model is the digital community, in which the revenue model is total, meaning that the customer pays a total price for the product/service acquired.

To facilitate the overall understanding of its strategy, we created the Uber's business model canvas.

Considering the business model presented in Figure 41, we can conclude that Uber is a customer-centric company with a 100% digital model. This business model allows Uber to offer low prices in accordance with the supply & demand for the service in a specific area.

A key factor in Uber’s ability to reach its consumers is the convenience of its App, available for IOS and Android operative systems, through which customers with a simple tap button can book a ride, pay without cash, and receive a bill instantly after the service have been provided. The safety and security of the service is also an important feature extremely valuable for its customers.

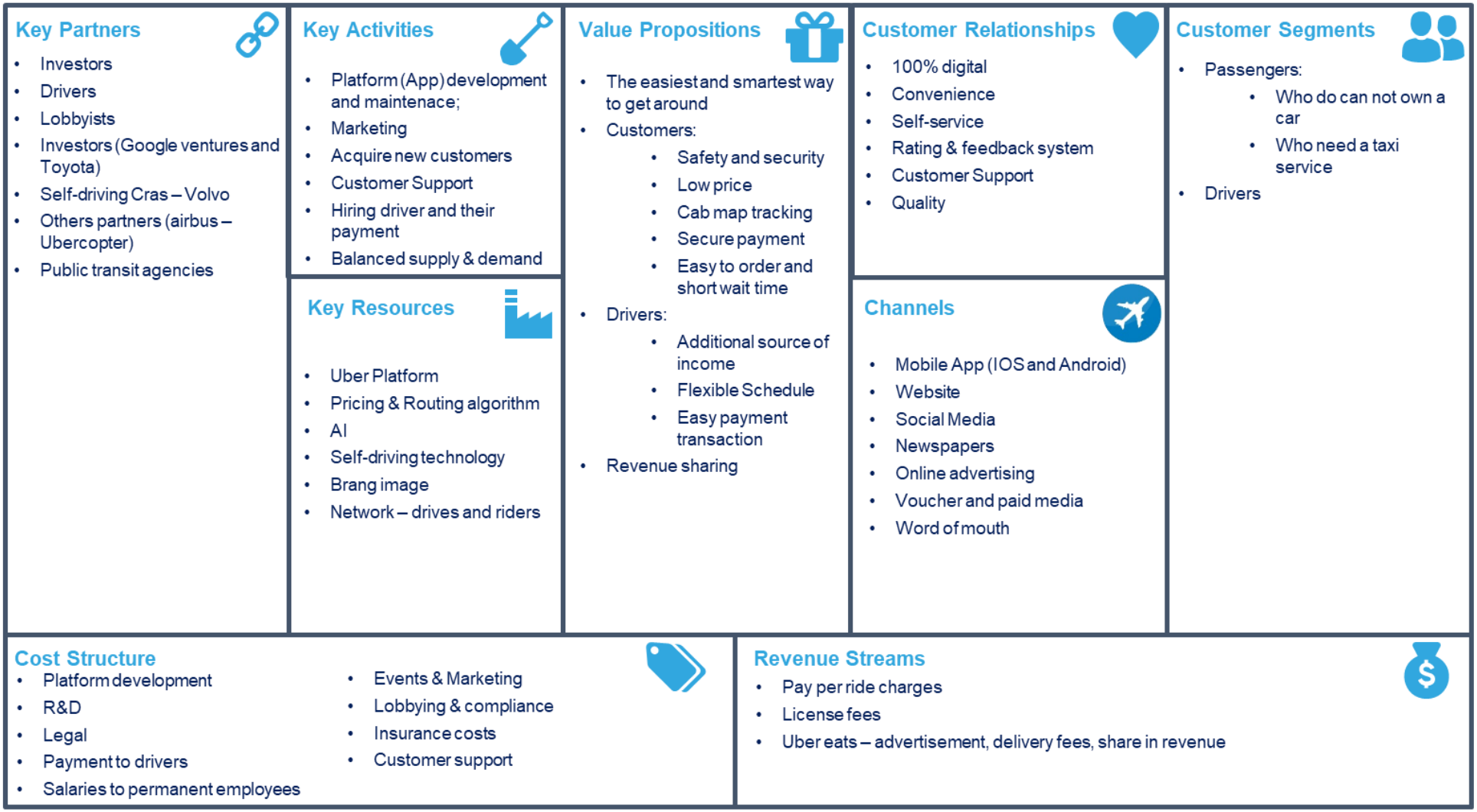


Figure 41 - Uber's Business Model Canvas

7. **Business** Strategy – Products – Markets

7.1. Sustainable Value in Products-Markets

7.1.3. Value creation in Product-Markets

The Uber's value creation starts in the sale of services to customers in the market. The commercial dimension is crucial to formulate the business strategy and impacts all the sustainable value creation components – **Growth**, **Margin**, **Risk** and **Sustainability** (please see Table 14).

Table 14 - Components of Value Creation

Growth	▪ Uber launched an innovative service (a tech platform to connect private drivers to customers beholding for a ride) ▪ Uber created different segments, with different prices, according to diverse user experiences (cars types and service provided by drivers): Uber Black, Uber X, Uber Pool and Uber Comfort ▪ Price algorithm, responding to the demand for the service and cars availability (lower prices were attractive, supporting customer loyalty strategy) ▪ Uber revolutionized personal mobility with ridesharing ▪ Levered its platform by redefining the massive meal delivery and logistics industries ▪ Uber also connects consumers with public transportation networks, e-bikes, e-scooters and other personal mobility options ▪ The company uses its same network, technology, operational excellence and product expertise to connect shippers with carriers in the freight industry ▪ Uber is also developing technologies that will provide autonomous driving vehicle solutions to consumers ▪ Uber is now a global tech platform at massive scale
Margin	▪ To remain competitive in certain markets, Uber have in the past lowered, are currently lowering, and may continue to lower, fares or service fees ▪ Uber have offered, and might continue to offer, significant Driver incentives and consumer discounts and promotions ▪ These strategies have adversely affected and may continue to adversely affect Uber's financial performance
Risk	▪ The personal mobility, as well as meal delivery, and logistics industries are highly competitive, with well-established and low-cost alternatives, small barriers to entry, low switching costs, and well-capitalized competitors in almost every main geographic region ▪ The regulatory authorities may subject Uber to new rules or restrictions in response to its innovations that could increase Uber's expenses or prevent

	them from successfully commercializing new products, offerings or technologies ▪ Uber must be able to attract or maintain a critical mass of Drivers, consumers, restaurants, shippers, and carriers, to keep its platform appealing to platform users ▪ The international Uber's business, particularly in countries in which the company has limited experience, exposes Uber to risks that are not face in the same degree in the United States ▪ The launch of new services, for different market segments, regions and customers was a strategic way to control the risk exposure (Uber eats, for example) ▪ Uber has also some seasonality, having different product allows to minimize the risk (typically rides generate higher revenue in the fourth quarter; lower revenue in the third quarter due to peak vacation. Eats experience seasonal increases in revenues in the first and fourth quarters) ▪ Uber keeps making substantial investments in new offerings and technologies and the new ventures are inherently risky
Sustainability	▪ Uber positioning considered the reduction of vehicles circulation in city centres and urban areas ▪ Then Uber invited customers to carsharing ▪ Uber started to offer riders more ways to ride green, helping drivers go electric – Uber Green ▪ Uber is committing to becoming a fully electric, zero-emission platform by 2040

The value created by Uber allowed the company to have a platform with a "massive network, leading technology, operational excellence and product expertise". Uber describes its business, among other areas, by having "Product Expertise – Set the standard for powering on-demand movement, and provide users with a safe, intuitive, and continuously improving experience." [*Source: Uber Annual Report 2019 and Uber 2020 Investor Presentation*]

7.1.4. Products-Markets Matrix

Uber develops and operate proprietary technology applications supporting a variety of offerings on its platform. The company connects consumers with independent providers of ride services, for ridesharing services and connect consumers with restaurants and food delivery service providers for meal preparation and delivery services.

More recently, Uber also connects consumers with public transportation networks, e-bikes, e-scooters and other personal mobility options.

Using the same strategy, Uber uses its network, technology, operational excellence and product expertise to connect shippers with carriers in the freight industry. The company is also developing

technologies that will provide autonomous driving vehicle solutions to consumers, networks of vertical take-off and landing vehicles and new solutions to solve everyday problems.

Uber's business is significantly dependent on operations outside the United States, including those in markets in which the company has limited experience, and if the company is able to manage the risks presented by its business model internationally, the financial results and future prospects will be positively impacted.

At the end of 2019, Uber was running 21 million trips a day, with over 111 million active platform users on a monthly basis in 69 countries. As it is presented below, this number has been going up steadily, although it had a crunch in the second quarter of 2020 due to the COVID-19 19 outbreak and consequent lockdowns all over the world.

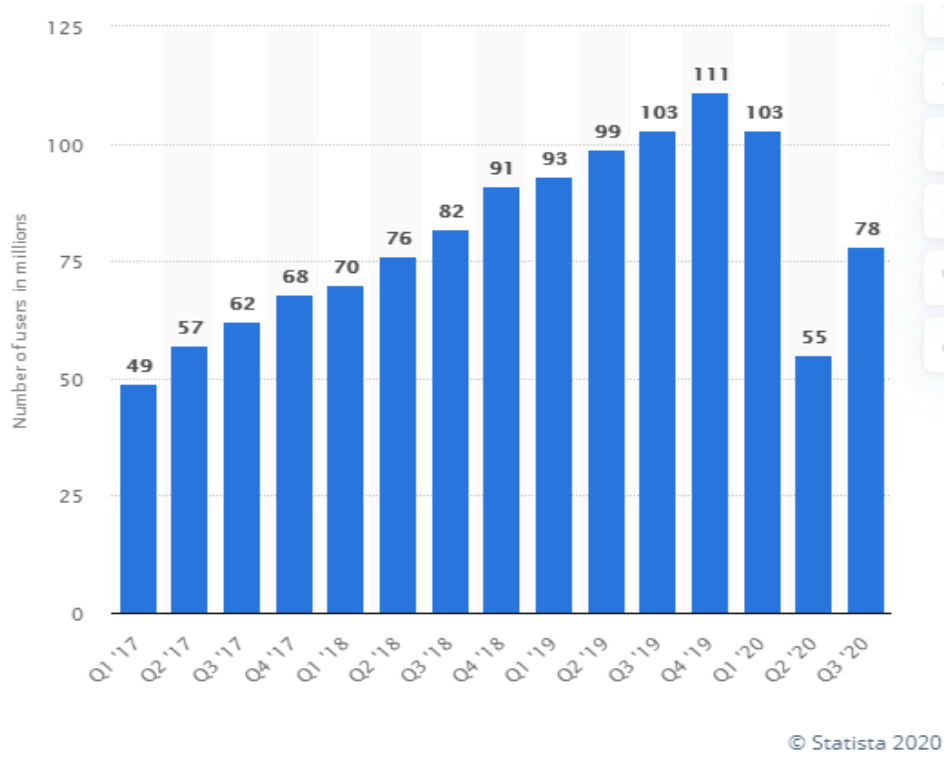


Figure 42 - Monthly number of Uber's active users worldwide from 2017 to 2020, by quarter

Present in more than 10.000 cities, markets outside the United States accounted for approximately 78% of all trips. Uber generates a significant percentage of its gross bookings from trips in large metropolitan areas and trips to and from airports.

Uber have made and expect to continue to make significant investments to expand its international operations and compete with local competitors.

The following table is the products-markets matrix, and it is the central element of the products-markets strategy. Products are listed on the left side of the table and markets are the vertical

columns. The Table 15 gives the information about how attractive a certain product in a certain market is, as well as the current penetration.

Table 15 - Products-Markets Matrix

Products/ Services / Markets	**US**	**Canada**	**Latin America**	**Europe**	**Middle East**	**Africa**	**Asia (exc. China and Southeast Asia)**
Rides							
- Rides drivers							
o Uber Black							
o Uber X	***	***	*	**	**	*	**
o Uber Pool	***	***	**	***	**	*	**
o Uber Comfort	***	***	*	**	*	*	*
- Ridesharing	***	***	*	**	**	*	**
- Uber for Business (U4B)	***	***	**	***	**	*	**
- Financial Partnerships	***	***	NA	NA	NA	NA	NA
- Vehicle Solutions Offerings	***	***	NA	NA	NA	NA	NA
Drivers (service providers)							
- Cars	***	***	**	***	**	*	**
- Auto Rickshaws	-	-	-	-	-	-	*
- Motorbikes	***	***	**	***	**	*	***
- Minibuses	**	**	*	**	*	NA	*
- Taxis	**	**	NA	*	NA	NA	NA

*	Weak presence		High attractiveness
**	Medium presence		Medium attractiveness
***	Strong presence		Low attractiveness
NA	Information Not Available		No attractiveness

Rides connect consumers with Drivers who provide rides in a variety of vehicles, such as cars, auto rickshaws, motorbikes, minibuses or taxis and offering different types of services – Uber

Black (premium rides in luxury cars), Uber X (affordable trip), Uber Pool (shared rides, door to door or with a short walk) and Uber Comfort (experienced partners, comfortable rides). Rides also includes activity related to Uber for Business, Financial Partnerships and Vehicle Solutions offerings.

[*Source: Uber Annual Report 2019 and Uber 2020 Investor Presentation*]

It is important to highlight that Uber's business is substantially dependent on operations outside the United States, including those in markets in which the company have limited experience, and if Uber is unable to manage the risks presented by its business model internationally, the financial results and future prospects could be adversely impacted.

7.1.5. Ansoff Matrix

According to Ansoff Matrix the products-markets strategy can be addressed and promoted using four different methods. The matrix below is an Uber's products-markets strategy analysis using the author approach.

In the existing markets, with existing products and services the main concern is related to the market penetration and increasing the number of customers and the frequency of consumption, as well as gain market share. With new products and services addresses the product development and consists in increasing the range of products and services and the launch of new products and services.

On the other hand, in the new markets, with existing products and services the main concern is the market development and penetration. For the new products and services, the goal is to obtain a range diversification, launching new products and service lines to sell in those new markets, as well as exploring commercial and technological synergies between products and between markets.

The Table 16 is an Uber's products-markets strategy analysis using the author approach.

Table 16 - Ansoff Matrix

	Existing Products and Services	**New Products and Services**
Existing Markets	**Market Penetration** TIMELINE ▪ **2017**: Uber US Rides market share 74% ▪ **2018**: Uber US Rides market share 69% ▪ **2019**: Uber US Rides market share 70%	**Product Development** TIMELINE ▪ **2009**: Uber Cab / Uber Black (later) ▪ **2012**: Uber X ▪ **2014**: Uber Pool

	○ Uber Worldwide Rides market share 37,2% (second place to DiDi Chuxing 32,4% and third place to Lyft 9,26% of market share) ▪ **2020**: Uber US Rides market share 71% Source: *statista.com* PENETRATION ○ Uber have lowered and may continue to lower fares or service fees (impact **Drivers** and **Consumers**) ○ Uber have offered and might continue to offer significant **Driver** incentives and **Consumer** discounts and promotions ○ Increase the **supply of Drivers** on its network by introducing a **variety of vehicles**	▪ **2019**: Uber Comfort DEVELOPMENT ○ From **Rides Drivers** to **Ridesharing**, **Uber for Business** (U4B), **Financial Partnerships** and **Vehicle Solutions Offerings** ○ From Rides in cars, to a variety of vehicles, such as **auto rickshaws**, **motorbikes**, **minibuses**, or **taxis**
New Markets	**Market Development** TIMELINE ▪ **2009**: Uber Launch in San Francisco (first ride July 2010) ▪ **2011**: NYC and Chicago ▪ **2011**: Uber expands beyond the United States (Paris/ Europe) ▪ **2012**: Toronto and London ▪ **2013**: Mexico, Taipei (Taiwan / Asia) and Bangalore (India) ▪ **2014**: Beijing (China) and Lagos (Nigeria) ▪ **2015**: Nairobi (Kenya/ East Africa) ▪ **2016**: Buenos Aires (Argentina) ▪ **2017**: more than 24 countries ▪ **2019**: 69 countries DEVELOPMENT ○ From U.S. to 69 other countries and more than 10.000 cities, crossing over all the continents ○ Introducing the existing products and services in different countries according with the legal and entry barriers constrains – building local partnerships and company participations	**Range Diversification** TIMELINE ▪ **2014**: Uber Fresh (food delivery) ▪ **2015**: rebranded to Uber Eats ▪ **2016**: Uber announces plans to launch autonomous vehicles ▪ **2017**: Uber Freight; Uber announces plans to launch Uber Elevate ▪ **2019**: online grocery delivery platform DIVERSIFICATION ○ From rides to food delivery ○ From food delivery to grocery delivery ○ Moving to Freight ○ And to ATG and Other Technology Programs (e.g., autonomous vehicle and ridesharing technologies, as well as Uber Elevate)

This information above is reflected in the product-markets matrix, presented previously. But this perspective allows to analyse the strategy and its dynamic to ensure an effective, differentiated and sustainable value creation.

7.2. Products-Markets Modes

It is important that the products-markets strategy considers different complementary modes to differentiate the company from its competitors, offering a better and more integrated offer to customers.

7.2.3. Complementary effects

Considering Uber's base products, the company could expand by creating complementary and non-complementary product's lines. The Table 17 shows some examples.

Table 17 - Complementary Effects Matrix

Base Product	Complementary Product Line Bundling Effect	Complementary Product Line Cross-subsidization Effect
Rides	▪ None	▪ Ridesharing ▪ Uber for Business (U4B) ▪ Uber Reserve ▪ Pet Friendly Rides ▪ Uber WAV
Drivers	▪ Possibility to be a provider of different services, Uber Black, Uber X, Uber Pool and Uber Comfort (if all car requirements are met) ▪ Standard rates; Dynamic tariff; Minimum travel income	▪ Training ▪ Technical support and advice ▪ Security services (emergency button, incidents support, GPS tracking and RideCheck) ▪ Access to the Uber's Community ▪ Access to the Uber Pro (benefits program that recognizes the best drivers, helping them to achieve their professional and personal goals)

The complementary product line with cross-subsidization effect allowed Uber to create more value to riders (even more convenience) and to drivers (protecting and sense of community), leveraging

the base product perception. The ridesharing was a strategic way to reduce the perception of ride/ per capita price. Investing in driver's development and security, instead, allowed to build the Uber's community and to provide well-being to the drivers.

The new non-complementary products are managed independently, each one measured as a base product.

7.2.4. Strategic vs Complementary segments

In addition, following the same reasoning, Rides segment was also managed to exploit the benefits of complementary. In the strategic segments, customers are more demanding and the competitors stronger. The complementary segments help to reinforce the company competitiveness.

The Table 18 establish the strategic and the complementary segments for the main Uber's business.

Table 18 - Strategic vs. Complementary Segments Matrix

Business	Strategic Segments	Complementary Segments
Rides	▪ Metropolitan areas; Cities (with airports) ▪ Z Generation and Young Millennials ▪ High- and medium-income profile	▪ Villages; Rural areas ▪ Late Millennials and X Generation ▪ Low-income profile

Uber's strategy for the complementary segments and product lines are crucial to create more sustainable value and differentiate the company from its competitors.

7.3. Competitive Advantage

It is important for Uber to have a competitive advantage in order to create sustainable value in the long-term above the average of its competitors. Competitive advantage is a way to Uber consistently stand out from rivals.

At this stage, Uber believes that its success is related to the capacity to manage a low-cost structure. Thus, the company main competitive advantage is related to its capability to generate scale economies (global actuation), synergistic relationships (take advantage of its network and platform to optimize the resources) and acting timing (first mover to new/ complementary services and markets).

7.3.3. Generic Strategies

The nature of competitive advantage can be combined with the products-markets matrix to structure three generic strategies: **cost leadership, differentiation and focus**.

Uber's generic strategy is **cost leadership through technological innovation**, once is operating in a broad market (many segments) with a low-cost competitive advantage. The grow strategy for as many as reasonable regions, where the competition could be lower, and the technological continuous improvement, allowed to achieve the operational excellence.

7.3.4. **Implications of** the Generic Strategies

The cost leadership generic strategy assumes the existence of specific resources. It requires high investments and access to capital. Uber have entered, and expects to continue to enter, agreements to acquire companies, form joint ventures and acquire complementary companies or technologies. Competition within its industry for acquisitions of businesses, technologies, and assets is intense.

Uber's generic strategy also requires different organizational requirements, as strict cost control, rigorous structuring of responsibilities and quantitative evaluation and incentives (drivers). It also involves competitive risks, such as technological changes, copy by competition, loss in differentiation and a decrease in the importance of low costs.

7.3.5. **Adapted** Generic Strategies

The generic strategies model has several limitations as it does not take into consideration relevant strategic issues. For instance, differentiation diversity, segmentation diversity, competitive position and forced distinction between low costs and differentiation.

A company does not need to choose between low costs or differentiation. Uber adapted generic strategy combining differentiation with cost leadership. Doing so, Uber is able to present a high level of differentiation and at the same time benefits from the lower costs in the industry, positioning the company in a better place to compete. Uber can have low cost due to its global scale and operation excellence but can also takes advantage from its innovative and diverse

services, most of the times complementary services in order to fulfil inefficient resources allocation.

7.3.6. Competitive advantage and strategy fit

The **adapted generic strategy model** can be accomplished by **assessing the strategy of Uber's rivals in the key success factors of each segment**. The Figure 43 represents the group own evaluation of one of Uber's critical Service – Rides.

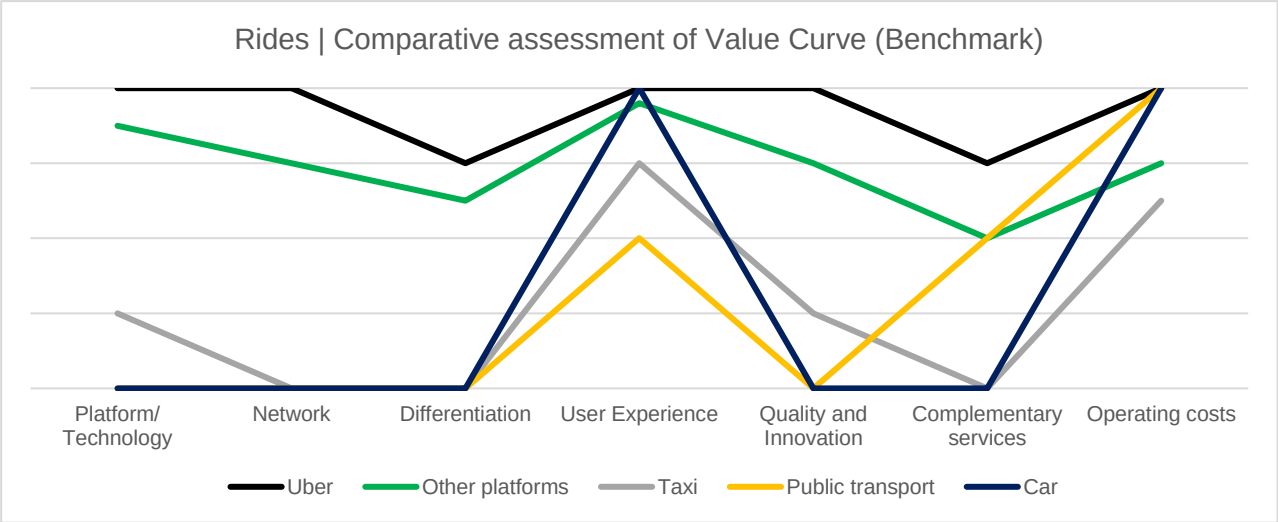


Figure 43 - Rides | Comparative assessment of Value Curve (Benchmark)

Notes: Scale from 1 (poor value) to 5 (high value)

From our point of view, the **competitive advantage for Rides** is where the gap between Uber and competitors is greatest – **network, quality and innovation, complementary services and operating costs**. On the other hand, user experience seems to be very close to other platforms and to car, and not that far from Taxi.

In order to create more sustainable value, Uber is investing in differentiation, cost leadership, key success factors and competitive advantage.

7.4. Innovation

Innovation for Uber is a very important key success factor for dynamization of the products-markets strategy. It is crucial for the sustainability of the value creation of the company.

If Uber is incapable to successfully introduce new or upgraded products, offerings, or features for drivers and consumers, the company may fail to retain and attract such users to its platform and its operating results would be unpleasantly affected.

Uber's innovation approach that best suits its interests is the **First Mover** strategy. Uber was a pioneer offering the Rides service and was responsible for a transport revolution. Uber led the technological development of the business for a long period of time, anticipating trends and the digitalization of all services across the industries. Being the first, Uber took advantage in accessing the market in good conditions, with controlled competition. In some markets Uber faced legal and regulatory restrictions, and some others markets the company faced omitted legislation. In most of the cases, Uber were able to establish its business, sometimes modifying its business model as a result of being blocked from or limited in providing or operating its products and services.

To continue being a **First Mover**, Uber's strategy is based on retain and attract drivers and consumers to its platform, wiling to continue investing in the development of new products, offerings, and features that add value for drivers and consumers, and that differentiate Uber from its competitors.

Uber innovation strategy are based on its **core technologies**, able to contribute significantly to strengthening the company's core competencies in the key success factors of its business. Uber have built proprietary marketplace, routing, and payments technologies. Marketplace technologies are the core of Uber deep technology advantage and include demand prediction, matching and dispatching, and pricing technologies. This **core technologies** make it extremely efficient to launch new businesses and operationalize existing ones.

Uber strives to be a first mover once the company can sustain **innovation leadership**, can take **advantage of first mover advantages** and can **protect itself from first mover disadvantages**.

7.4.3. Innovation Strategy

Analysing Uber's strategy for the last years, it is possible to find some interesting innovation strategies. In 2018, for instance, the company redesigned its driver application with features that better anticipate driver needs, such as improved real-time communication and updates on the availability of riders and consumers and the pricing of fares and deliveries.

In January 2020, Uber have introduced a number of product changes in California intended to, among other things, provide drivers with more information about rider destinations, trip distance, and expected fares, display prices more clearly, and allow users to select preferred drivers, all of which are intended to further strengthen the independence of drivers in California and protect their ability to work flexibly when using the Uber platform.

And as early as November 2020, Uber has announced and additional service to its Uber rides services called Uber Reserve, a pre-planned option in addition to the on-demand capabilities

(please see Figure 44). Starting in 20+ US cities, users will be able to plan and reserve a trip on advance on the app. It includes advance booking (up to 30 days in advance), upfront driver matching, additional 15 minutes of waiting time and on-time pick-up guarantee with a US$50 Uber cash guarantee in case of no-show from the driver.

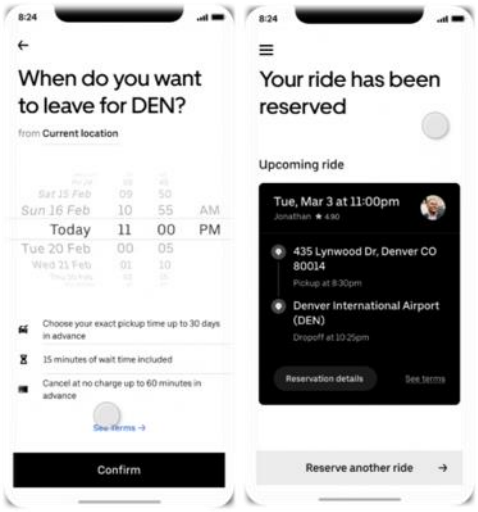


Figure 44 - Uber Reserve capabilities in the Uber app

Thereby, the Table 19 shows that Uber is being an ***innovation leader***. The company has **elevated technological competencies**, as presented before, and a **pioneer innovation approach.**

Table 19 - Innovation Strategy Matrix

		Technological Competencies	
		Reduced	**Elevated**
Innovation Approach	**Pioneer**	Innovation specialist	Innovation leader
	Follower	Innovation streamliner	Innovation follower

But the innovation strategy is also aligned with the industry's life cycle. In Uber's portfolio, it is possible to see different products at different stages.

Therefore, the Table 20 and Table 21 are a perspective of the stage of Rides and Ridesharing in the life cycle and the innovation strategy associated, as a tentative to have an overview of the innovation strategy of the company for the main business.

Table 20 - Innovation Strategy in the Product Life Cycle | Introduction Phase

Introduction Phase	**Technological Competencies**

		Low	Medium	High
Competitive Position	**High**	Specialist	Leader	Leader [Rides + Ridesharing*]
	Medium	Specialist	Leader / Follower	Leader
	Low	Streamliner	Follower	Follower

Table 21 - Innovation Strategy in the Product Life Cycle | Maturity Phase

Maturity Phase		**Technological Competencies**		
		Low	**Medium**	**High**
Competitive Position	**High**	Specialist	Follower	Leader [Ridesharing*]
	Medium	Streamliner	Follower / Specialist	Follower ↓ [Rides]
	Low	Streamliner	Streamliner	Specialist

** Belonging to Advanced Technology Group and Other Technology Programs segment. Not considered the development and commercialization of autonomous vehicle and Uber Elevate.*

In the introduction phase Uber is always focused in being a **leader** and to take competitive advantage for being the first mover. In the maturity phase, Uber fights against the competitors and the market fragmentation and being a leader is extremely costly. Thus, Uber tends to assume a **follower** strategy, balancing with the continuous technological development and innovation strategy for current products, as mention before.

As part of Uber's strategy, it is important to mention that the company currently rely on a small number of third-party service providers to host a significant portion of its platform, as a way to control the risk exposure. It is a strategic way to protect Uber from any interruptions or delays in services from these third parties that could impair the delivery of Uber's products and offerings and harm the business.

The impact of economic conditions, including the resulting effect on discretionary consumer spending, may harm Uber's business and operating results. COVID-19 is making Uber revaluate the business model but also the innovation strategy. It urgent to make new ways of doing business, once Rides are very conditionate.

8. Vertical Integration

Vertical integration is a strategy whereby a company owns or controls its suppliers, distributors, or retail locations to control its value or supply chain. Assuming a function previously realized by a supplier is called backward integration, while assuming a function that belonged to a downstream player is called forward integration. Vertical integration can be developed internally or by acquisition and can be backward, forward or both. Vertical integration benefits companies by allowing them to control process, reduce costs and improve efficiencies. However, vertical integration has disadvantages, including the significant amounts of capital investment required. Now applying the concept to the Uber case, due to the type of service provided, Uber would not benefit at all from this process.

The analysis of Uber's vertical integration, will start at its value chain, then its vertical integration and outsourcing. The focus will be on the ride-hailing business, due to its major relevance on the overall Uber business, but most of the points discussed below, on the value chain analysis, could be also applied for Uber Eats, due to its similarity with the main business.

8.1. UBER Value Chain

The central element of the vertical integration strategy is the company value chain which presents the commercial and operational activities necessary to sell products or services. Uber Value chain analysis is a strategic analytical tool that helps to identify the sources of value and competitive advantage for the global transportation technology company.

Uber's online service for passenger taxis made a technological revolution, destroying the existing business of taxi fleets and depriving a whole army of dispatchers. One of the competitive advantages that Uber have over other companies is efficient value chain, that could be seen in Figure 45.

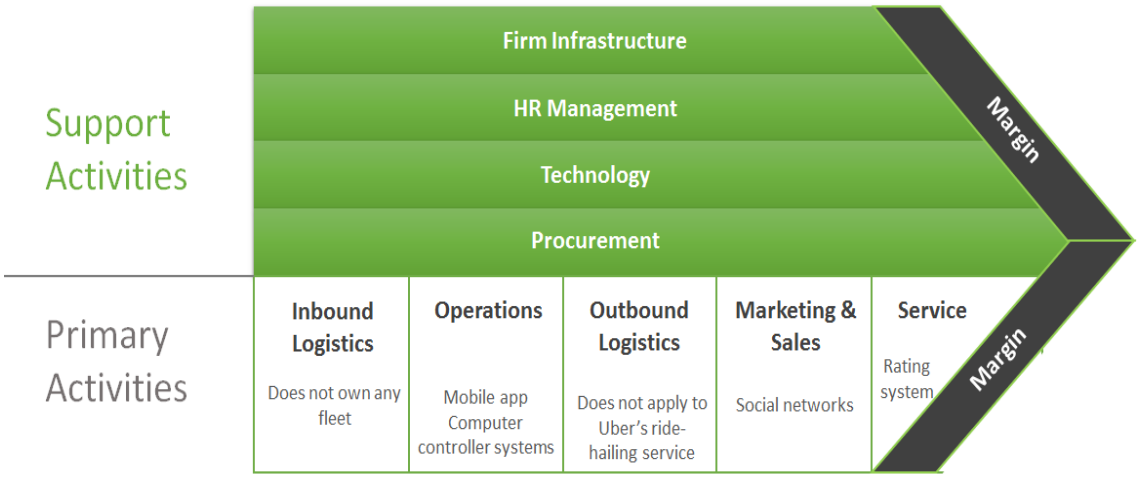


Figure 45 – Uber's Value Chain

The focus will be given to the primary activities followed by an analysis of the important link between one of the main support activities and operations.

8.1.1. Inbound logistics

Generally, inbound logistics involves receiving and storing raw materials. Uber, the largest ride-hailing technology company in the world, does not own the vehicles it uses to serve customers. The vehicles are owned or rented by Uber drivers, who are not employees, but contractors. Uber drivers need to possess smartphones to use Uber app software. Uber users, i.e., customer also must have access to a smartphone or mobile website to be able to use the service. Both drivers and customers need to have mobile internet and GPS (EE supplier).

Therefore, value addition in Uber inbound logistics relates to internet-based nature of business operations and the business model of the company. Specifically, thanks to its business model, despite the large size of the business, Uber inbound logistics is only limited to mainly hardware and office equipment needed to sustain the business.

8.1.2. Operations

Uber operates in more than 760 cities worldwide. Its operations focus on linking the customer and driver through the application (computer-controlled systems), involving the following stages:

Requesting the ride. Customers can use Uber app to tap each ride option to see wait time, size, and price. Customers can enter their pickup location and tap-request for their driver to arrive in minutes.

Ride. Customers are able to see contact information of their driver, as well as vehicle details on the app, namely is real-time location, ensuring that customers get into the right car.

Pay and Go. When they reach their destination, customers simply hope out of the car and rate their driver. Customers don't need to have cash or credit cards with them; Uber automatically charges credit card on file.

Uber operations are highly sophisticated and customer-centric thanks to its app equipped with advanced functions and capabilities. Therefore, it can be argued that Uber app is one of the main sources of value in Uber operations.

8.1.3. Outbound Logistics

Outbound logistics in value chain analysis is associated with warehousing and distribution of products. Outbound logistics does not fully apply to service sector such as ride-hailing due to inseparability of delivery and consumption of services. As discussed above, Uber operates in more than 760 cities worldwide and internet-based nature of its business model is a major source of value for the global taxi technology company.

8.1.4. Marketing and Sales

The ride-hailing giant mainly relies on social media marketing strategy and word-of-mouth marketing to communicate its marketing message to the target customer segment. Moreover, Uber uses print and media advertising, sales promotions, events and experiences and public relations as part of its marketing strategy. Good examples could be seen in Figure 46 and Figure 47 , where Uber is offering discounted rates to and from the local polling location during the election day in the US.

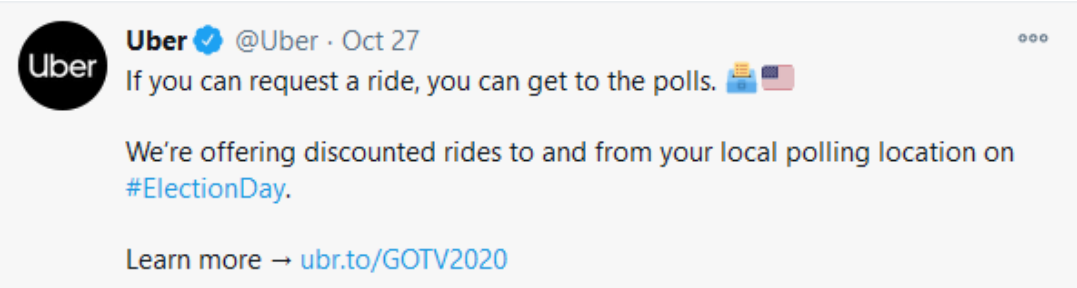


Figure 46- Example I of Uber's Social Media Marketing strategy

Figure 47 - Example II of Uber's Social Media Marketing strategy

For the sales, convenient payment method is a major source of value addition for the company. Uber automatically charges the credit card registered with the app. Therefore, Customers don't have to have cash or credit card when they reach destinations.

8.1.5. Service

High level of customer service is one of the core competitive advantages for Uber. Good customer service is effectively integrated into Uber business model. Riders rate their drivers on the scale of 1 to 5 after each journey and accounts of drivers with average low riding scores are promptly deactivated. Drivers therefore have an incentive to maintain a clean car and provide good service. When the drivers' average rating goes below a certain value, they are automatically disconnected from the order distribution system, so the quality of service is maintained at a high level.

Each ride receipt includes a map and a GPS track. Customers can complain if their driver took a longer route to reach the destination. Uber is assessed to be prompt in issuing refunds in such situations. In addition to the rating system, the tracking system is also key for the quality of the service provided, since it increases safety, lowers the probability of unpleasant events and increases the overall customer satisfaction.

Uber user's satisfaction is extremely high (78% Extremely or very satisfied) as published by Statista in Nov 2020, based on study from 2016, as per Figure 48.

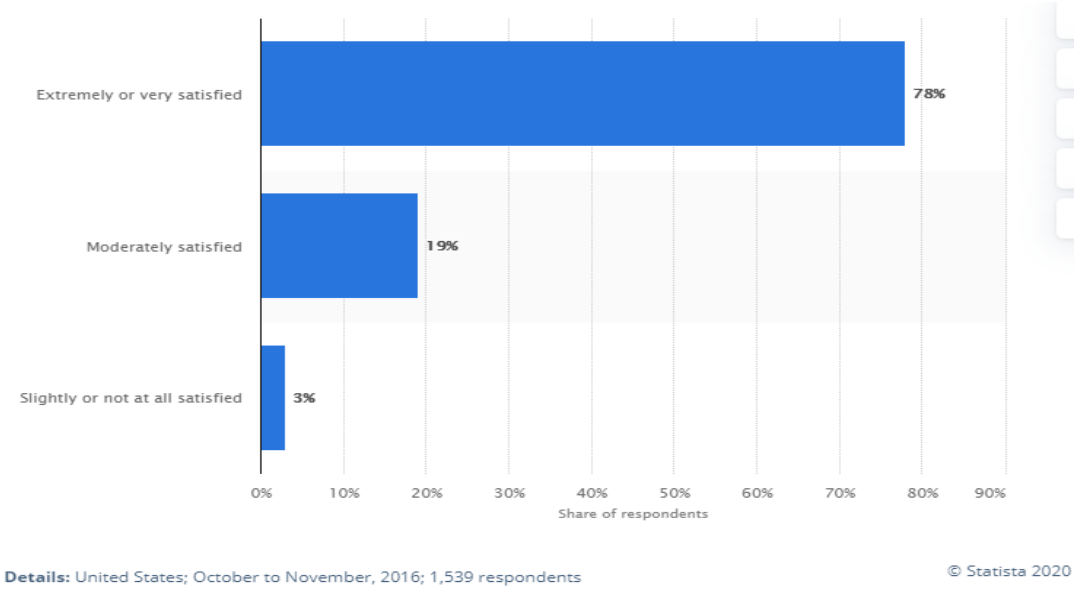


Figure 48 - Satisfaction rates of Uber users in the US in 2016

8.1.6. Strategic Activities

Now looking into the value chain from a strategic point of view, the most strategic activities are the ones that are essential for the company's ability to create a competitive advantage and sustainable value. The company should allocate most of its resources and capabilities. For Uber the strategic activities rely on the strong link between Technology (support activity) and Operations (primary activity). In Uber, every operation is automated.

The searching of the nearest taxi, requesting for ride, payment, rating, and verification process depends on the app. Also, the monitoring of the service by the company relies on the use of technology. The activation and deactivation of the Uber account is also automated as the driver with low rating can lose the contract instantly. Therefore, without the use of technology, Uber operations cannot run as there is no manual process at any point. Also, the app is constantly being updated to fix bugs and improve its performance, guaranteeing an improved customer experience. Therefore, a strong correlation exists between the technology and the services offered by the Uber Company.

8.1.7. Not Suited for Vertical Integration

Typically, companies could capture added value by expanding their operations, including more parts of their value chain, whether it is by moving upwards or downwards on the chain. Vertical integration can add value because it gives the company control over the supply chain, capturing the corresponding margins. But when it comes to vertical integration, Uber is definitely one of the companies that would **not do well** by implementing this strategy.

Applying vertical integration theory to Uber's business model, it's easy to understand that Uber makes more money by limiting the part the value chain that it controls. If we look at the whole ride-hailing value chain, Uber only occupies a small part of it, the link and deal between the drivers and customers. Going upstream would mean having employees instead of contractors and possibly even owning the fleet of cars that they are driving, like a normal cab company does, having a high overhead as consequence. This last argument might change in the future when the autonomous vehicles become a reality, with the replacement of the drivers by self-driving systems, and some efficiencies being created by moving upstream on the value chain with the ownership of those same vehicles. On the opposite direction, going downstream, it can't go any further because Uber is already positioned right above the end user. In conclusion the vertical integration could bring value for some companies and make them more profitable, but certainly not in Uber's case, considering today's ride sharing market.

8.2. Strategic Outsourcing

Although Uber is not active in terms of vertical integration, the company does outsource some activities, namely through strategic partnerships. The need for strategic outsourcing came alongside Uber's fast growth throughout the years, see Table 22.

Table 22 - Strategic Outsourcing matrix

		Strategic Vulnerability to Outsourcing		
		Low	**Medium**	**High**
Potential competitive advantage	**High**	Customer Support	Cloud Services	R&D Platform Development
	Medium	-	Cloud Services	-
	Low	Customer Support	-	EE Technical Resources (maps, GPS)

Internal Production | Market Purchase | Strategic Outsourcing

8.2.3. IT Infrastructure (Cloud Services)

Regarding its IT infrastructure needs, Uber uses a classic hybrid cloud approach, having co-located facilities and multiple cloud vendors. Uber referred that:

"*We have developed our infrastructure to be highly automated, enabling us to improve our platform and add new features with rapid velocity. We built our platform to handle spikes in usage, such as those we experience during holidays. We currently use multiple third-party cloud computing services and have co-located data centres located in the United States and abroad. These partnerships allow us to quickly and efficiently scale up our services to meet spikes in usage without upfront infrastructure costs, allowing us to maintain our focus on building great products."*

The traditional taxi business still depends on manual dispatch processes that cannot compete with Uber's cloud-based automation processes. This is especially relevant during peak times like Halloween or New Year's Day, where the demand for Uber's infrastructure resources grows by 50–100%. Uber handles this volume by auto-scaling the cloud needs on AWS (Amazon Web Services), ensuring an agile approach that contributed for Uber's explosive growth vis-à-vis the decline of the classical taxi service, unable to handle with these spikes efficiently.

Using this cloud-driven agile approach, Uber can quickly adapt to new realities, being the benefits very clear:

Operational Efficiency: IT staff must worry less about infrastructure maintenance and concentrate more on product improvements. Organizations can use DevOps principles to develop products faster. In a cloud environment, the development team has more control over production than traditional IT operations.

Scalability: Cloud provides unprecedented business expansion capabilities. Before the cloud services, it was not clear that a business-like Uber could survive. Even if it could get its operations running, it would have failed to scale up their infrastructures fast enough to keep up with demand. Under high growth, the company would have failed due to bottlenecks. Cloud computing has given businesses, like Uber, the superpower of adapting to rising and falling demands at lightning speed.

Cost-Effectiveness: Uber manage its costs more efficiently with the cloud. In a traditional IT infrastructure, once a company buys new servers or data centres, they are stuck with it even if demand falls. Cloud-based businesses have the option to use only what they need. This kind of agility gives them more control over cost management.

Risk Mitigation: Cloud allows businesses to take more calculated risks. If a business wanted to build a new product or service, they had to go all in and create an expensive infrastructure. A failure could have been catastrophic. Now organizations have the option to experiment more without introducing high risks. They can easily build Software-as-a-Service (SaaS) for a selective

group of customers without heavy investment in new infrastructure. So, cloud-based development is helping businesses innovate more, which has clearly been the case for Uber.

8.2.4. Customer Support

Since going public the company has made a strong effort to move towards profitability, which has involved several cost-cutting measures such as moving its customer support from an internal activity to an external one, by outsourcing the main activities to Manila.

Outsourcing customer support is the norm for many big companies, but at Uber it comes with specific challenges. Bank of America, for example, outsources a large part of its call centre operations to the Philippines. American Airlines does as well. But Uber deals with people rather than pixels and provides an immediate, real-world, very localized service. Drivers and passengers with specific concerns might feel that the best qualified service rep is someone that really knows the neighbourhood, understands the city, its laws, its culture and can provide a quick and useful answer. When Uber users have complaints, they tend to be personal and very specific. Their driver might have turned right on Second Street instead of First Street, causing the fare to go up when it shouldn't have. They might have left their purse in the car, leaving them with no cash on hand until it is retrieved.

When the company started, driver and rider complaints in the US were once handled by the local staff for each city. Every reported lost wallet in a location, for example, would be dealt with by an Uber manager from that same place.

As riders and drivers grew in the US, and complaint volume increased, the company decided to hire remote, full-time employees to field complaints from home—all of whom were, at first, in the US and trained by Uber. But once that staff came short for the volume of complains, the company decided to turn over the support team to external contractors, first US based, but then overseas agents began trickling in as well. The first outsourced services to Manila happened on the fall of 2014.

Like many companies that outsource, Uber has little direct involvement in the training or supervision of its Manila-based support staff. Initially, the Philippines agents began doing small tasks, the ones less relevant, but quickly began training and performing the tasks that the US-based agents did.

Having clear advantages in terms of cost reduction, Uber must be careful with the degradation of its client support, due to the special conditions (very-localize) service that it provides. At the end it is a customer-centric service, that needs to excel on the client service to thrive, especially on a time of increasingly competition.

9. Internationalization

The internationalisation programme Uber has gone through since 2011 is unparalleled, both in terms of pace and reach. After the initial period of settling operations in the US, Uber started its internationalisation process in late 2011 when it commenced operations in Paris – after that it can be compared to a wildfire, with reports of new Uber launches in 30 new cities in a period of 30 days when it 2014 it was experiencing the peak of its growth. As of 2018 Uber operated in 700+ cities, in 63 countries around the world, with 14 million trips completed each day. The most recent estimates suggest that Uber is now present in over 85 countries.

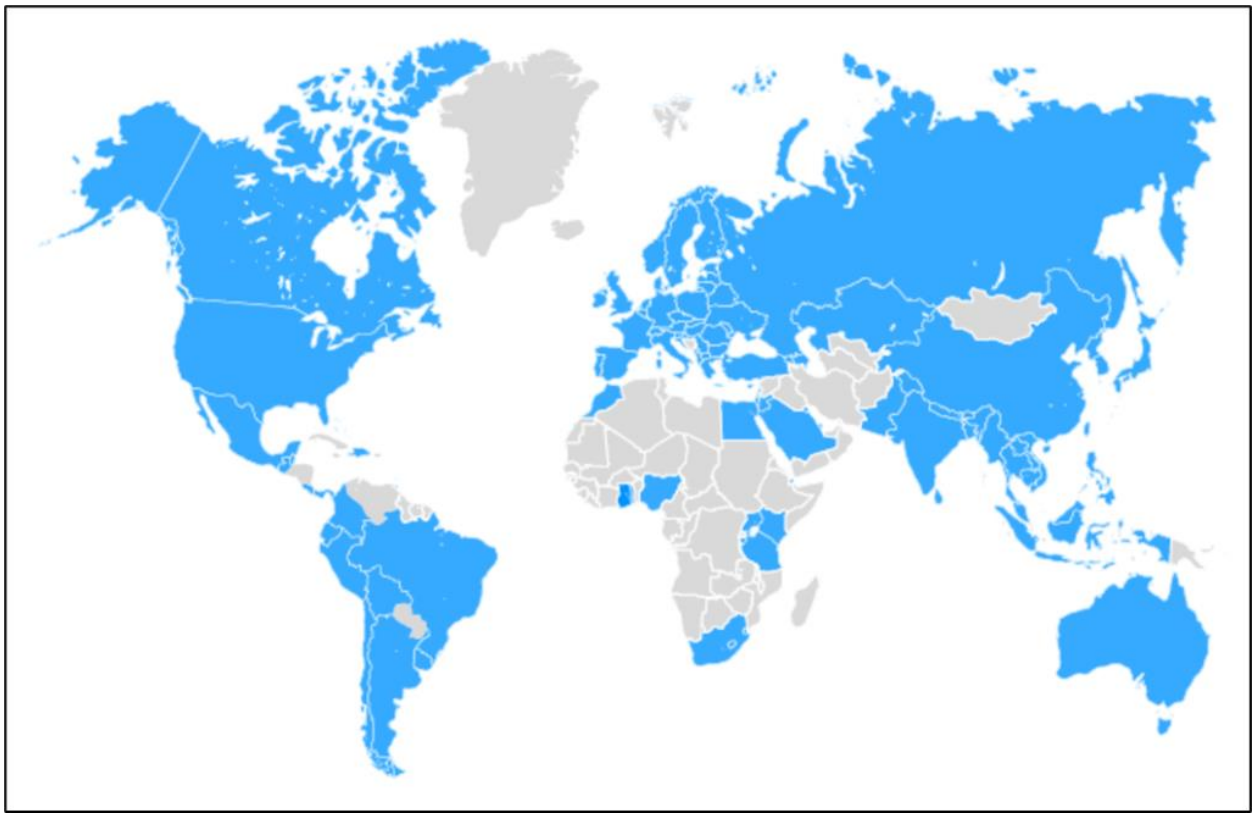


Figure 49 – Uber worldwide presence in 2018

Throughout the expansion process the sustainability and diversification efforts were rapidly implemented across countries, enabling quick dissemination and adoption of familiar options – you can have an Uber ride in Paris today and the next day get food delivered to your door in London using the Uber Eats option.

9.1. Evaluation of External Markets

There does not seem to have been a specific strategy in respect of what countries / cities to venture into, or a specific prioritisation. Instead, **growth** has been achieved by simply going to new markets and rapidly implementing operations and recruiting drivers to establish a strong

presence and establish a dominant position in the market. Users were converted by offering a solution that was simpler, cheaper and more interactive than the other typical options available in the market. On top of the core offering (car rides) the augmented experience allowed for multiple ways to use Uber services and that created stickiness. Once this rapid expansion took pace it also brought other opportunities such as additional information on its customers and behaviours – Uber then leverages its software algorithms to tailor for a better and more comprehensive customer experience. Where it is able to adapt to different customers and cultures to establish its market presence and grow its customer base.

As for **margin**, although the offering and the concept doesn't change across the countries / cities it operates, the margin Uber retains in different markets and different offerings will differ market to market. Being a truly transnational company Uber will face many different market conditions that will directly impact the margins retained. Factors such as driver availability, disposable income, purchasing power, wage levels (and minimum wages), taxation frameworks, etc. will have a direct impact on gross and net margins. One other factor that will differ from country to country and city to city is how strong and present competition operates – in a market where competition is strong (mainly from direct competitors such as Lyft and Didi) Uber will adjust its conditions to be able to retain drivers to keep providing a good quality customer experience – this will have a direct impact on margins.

Margins will also tend to be lower at the beginning of operations in different countries as Uber uses a strategy of offering direct discounts cross its services to incentivise potential customers to try the services. Depending on country characteristics these discounts will be more or less frequent and be of higher or lower value.

In terms of **risk**, such a rapid and heavy internationalisation process mitigates exposure to certain conditions not under Uber's control as the company will achieve a high level of risk diversification – this does not make it immune to local conditions (both at country level but also at city level) but it does bring a degree of impermeability to many exogenous risks. As an example, the Covid-19 pandemic is an event that is present around the globe, impacting most countries and communities in similar manners, facing lockdowns, and limiting people travel – no degree of risk mitigation or diversification will ever be able to fully cover such an event. It does however offer certainty against local or regional events (i.e., a contraction in Europe does not mean a similar situation in South East Asia) at many different levels such as economic, fiscal, legal, political, cultural, financial risks. In terms of competition Uber faces differing levels of competition in different markets but its global presence is indeed a unique selling proposition and one that keeps it ahead of competitors; irrespective of this there are certain important markets where Uber is not the dominant provider (i.e., India) and the risk of local market share loss is not mitigated by

internationalisation. The fact that Uber offers multiple services is also a good risk mitigating proposition but given the weight of the Rides segment on total revenue (circa 69%) it is hardly a fully mitigating alternative, plus the value of Uber would be heavily penalised if we exclude one of the major segments (Rides and Eats).

In respect to **sustainability**, Uber is a strong driver for sustainable operations and responsible market presence. It has very ambitious and aggressive Environmental, Social and Governing (ESG) targets and as a company is on the forefront of the sustainability agenda {3}. This will be a challenge as it operates in many different markets, more or less receptive to such initiatives and in different levels of maturity in many different ESG aspects. As an example, working conditions, human rights and environmental awareness are in completely different stages in India versus a European country. In essence this sustainable drive will mean different actions in different locations, but the drive and awareness seem to be strongly present within Uber's philosophy as demonstrated by the targets recently published of '*Announced commitment to becoming a fully zero-emission platform by 2040, and an earlier commitment to transition 100% of rides to electric vehicles (EVs) in US, Canadian, and European cities by 2030. In addition to our platform goals, we committed to achieving net-zero emissions from our corporate operations by 2030*'.

To convert the conclusions above into the foreign markets evaluation model we chose to apply it to regions rather than countries given the cheer number of countries Uber operates in; it also aligned with the way Uber consolidates its operations. We have however made a significant change to Uber's geographical segments by splitting Europe and Middle East & Africa, within the EMEA region – this is because we believe there are fundamental differences between these two regions that would skew the output and interpretation of the model. The resulting application of the model is shown below:

Factor	Weight	US & Canada	Latin America	Europe	Middle East & Africa	APAC
Sales						
Market Size in Volume	10%	9	7	7	4	8
Average Price Level	4%	8	3	8	4	4
Cultural Proximity	1%	9	5	9	4	3
Sales Assessment	15%	1.31	0.87	1.11	0.60	0.99
Growth						
GDP Growth Rate	7%	2	5	2	4	6
Population Growth Rate	6%	4	7	4	6	6
Market Growth Rate	10%	4	6	5	4	7
Openness to International Trends	2%	5	7	7	3	9
Growth Assessment	25%	0.88	1.51	1.02	1.10	1.66
Margin						
Access and Cost of Labor	10%	6	8	5	6	7
Distribution Margin	5%	5	7	5	6	7
Financial Costs	4%	9	4	8	5	4
Legal Regulation	5%	4	5	3	4	5
Bureaucracy	6%	5	6	2	4	7
Margin Assessment	30%	1.71	1.92	1.34	1.54	1.88
Risk						
Foreign Exchange Risk	4%	10	4	9	2	4
Political Risk	6%	7	2	8	1	4
Competitive Risk	5%	7	8	7	8	4
Risk Assessment	15%	1.17	0.68	1.19	0.54	0.60
Sustainability						
Environmental Sustainability	7%	7	4	9	2	4
Social Sustainability	4%	8	3	9	2	3
Governing Sustainability	4%	8	4	8	3	4
Sustainability Assessment	15%	1.13	0.56	1.31	0.34	0.56
Global Assessment	100%	6.20	5.54	5.97	4.12	5.69

Figure 50 – Uber Country attractiveness

Interpreting the table above it is clear that the main markets for Uber are the 'US and Canada' and 'Europe' as they represent the most stable markets, the less risky markets and the most developed in the sustainability agenda. The 'Asia Pacific' (APAC) region follows closely where its inherent growth expectations and margin potential are severely hampered by competition (mainly in India, Singapore and Indonesia) and low scores in sustainability and risk. The lowest scoring region is then 'newly created' Middle East and Africa and it reflects the many risks involved in these countries, where a low level of sales, dubious growth, heightened risk factors (namely political and foreign exchange) and very low scoring on the sustainability front make the countries in this region the least appealing for investment (as can be confirmed by the low reach in service shown in Figure 50 above).

9.2. Performance in strategic markets

Uber's performance in the various markets it operates is intrinsically linked to its competitive advantage, the value of the market for the company and the potential it must extract value from that market. The graph below plots these three variables for the main markets for Uber:

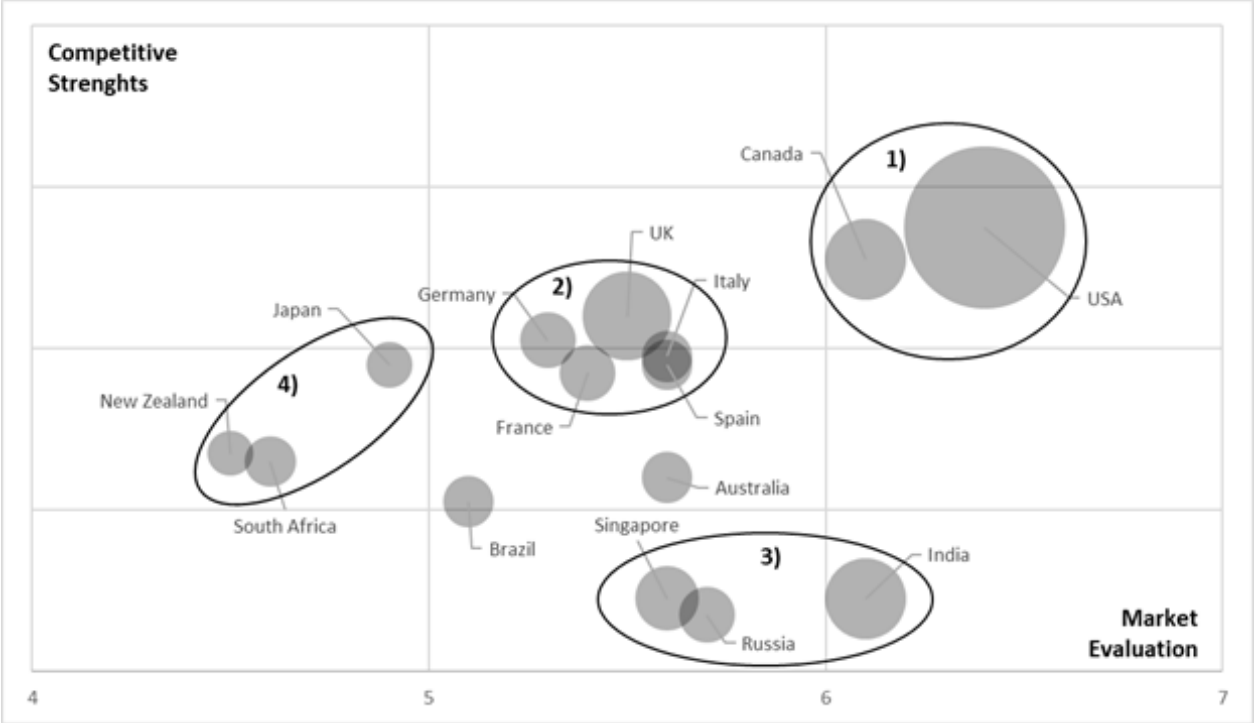


Figure 51 - Uber market evaluation vs. competitive strength

From the above we can see there are 4 main clusters of markets:

1. US and Canada markets are the strongest ones for Uber, not only because it has a very competitive position in those markets but also because they are very valuable markets for the company and where Uber manages to extract a lot of value from.

2. The markets in the middle of the graph are mainly European markets, where Uber also has a very competitive position, the clear market leader in most of them, and given their low risk and great development in the sustainability sphere give them high marks in market evaluation; this is partly offset the fact these are slow growth markets and where margins are potentially lower given high cost of living.

3. Interestingly, some very big markets in terms of potential customer base (given the high populational index) are also markets where Uber is not so strong / competitive and where the company plays the role of another market participant rather than being the leader. These markets are extremely valuable regarding potential growth and sales value but given political and economic risks and low ESG performance they end up ranking just above average for market evaluation.

4. These peripheral markets are countries where the company has a strong competitive presence and the inherent risk associated in operating in such countries is low but given their low growth potential, they end up ranking below average on market evaluation.

In terms of markets definition, the countries in cluster 1 and 2 would be classified as strategic markets and countries in clusters 3 and 4 as complementary markets. There is a significant difference between the two clusters within the complementary markets, which is linked to risk vs. reward: in cluster 3 there is an extremely high potential growth and probably where Uber can extract a lot of upside but where it is also very exposed to many risks; whilst in cluster 4 there is steady value with low risk but with limited upside.

9.3. Internationalisation modes

Looking at the three internationalisation modes we can see that Uber's approach is to create direct investment in the countries it wished to expand into:

Transactions	Investment	Projects
	UBER	

Figure 52 - Internationalisation mode employed by Uber

Uber usually sets up a wholly owned subsidiaries as it enters new markets and the main reasons for doing so are: maintain full control of operations, implementing processes and procedures that are familiar to the Uber operation and have been tested and internalised; ability to adapt and react to market developments in a quick and nimble way; and to maintain the full share of the prize. On the other hand, this method involves more costs (as it is a fully funded set-up), potential lack of in-country knowledge and familiarity with local requirements and therefore fewer effective operations until adaptation and learning process are well underway; and higher risk as if the processes fail it will fully impact Uber alone.

Uber is only able to maintain its preference for this approach because it has a very strong, reputable, and credible name / brand which de-risks the direct investment approach – potential customers know from day one that they can rely on the service provided as they have heard of it and have potentially already used it in some other country (whilst on holiday or visiting other countries for work). Also, the fact that the internationalisation process was so expansive has laid up a path for success as most aspects have been trialled and tested numerous times before.

Other approaches have been adopted, such as the tactic to enter the Russian market by creating a joint venture with Yandex, a market leader in internet search in Russia which has its own 'Yandex Taxi' service. By joining Yandex and creating a seamless platform with an existing market player Uber is able to tap into the resources and local knowledge of the local provider (including

taxation and legal matters); have direct access to the customer base of the local partner immediately boosting its market penetration; and sharing operational and commercial risk. On the flip side Uber loses full control of the operations (in the Yandex case the CEO of the joint venture came from Yandex Taxi and Uber is a minority participant in the venture) and will have to share the profits with the other partners.

Uber also has specific projects within the countries it operates but we view those as auxiliary to the operations rather than being an internationalisation method.

9.4. Country and firm advantage

As a follow up from the internationalisation modes explored above, we can see that the fact that Uber has a high firm advantage enables it to explore how it enters different markets mostly in a position of 'high firm advantage':

Table 23 - Uber advantages in operated markets

		Country Advantages	
		Low	**High**
Firm Advantages	**High**	Complementary markets: South Korea	Strategic markets: US, European countries
	Low		Strategic markets: Russia, India

The fact that Uber is a very well-funded company, with access to capital markets and different sources of financing also enables this position of strength when approaching internationalisation. In most cases the company choses to go on its own subsidiary way into strategic markets because it ends up being a low-risk bet. In other instances, where countries have a very competitive existing environment Uber's approach will have to be adapted (i.e. Russia) or its implementation, establishment and growth process in strategic markets will inevitably follow a slower curve, ending up with Uber being another player in the market rather than being the outright dominant force in the market (i.e. India); these are nonetheless critical markets for the company and to achieve the status of transnational company it will have to be present in such markets, plus the potential upside is very significant should Uber manage to grow its market share and penetration with the different types of offering.

9.5. Internationalisation evolution, integration and responsiveness

In terms of Uber's internationalisation evolution, it can be summarised as follows:

- **Domestic**: from its launch in San Francisco in March 2009 to late 2011 when it launched operations in Paris

- **International** stage: when it was growing its reach and expanding its offering to multiple services (Drive and Eats) from 2012 to 2014 when it was present in 100 different cities around the world (albeit most of them in the US)

- **Multinational**: in the period from 2015 to 2017 where its coverage extended further with the addition of Freight and it was now present in over 500 cities

- **Worldwide** reach from 2018 onwards, where Uber has consolidated its operations around the globe.

The above summary is very clear in terms of the speed in which Uber has moved in the evolution stages. In under ten years it went from an unknown tech-based start-up to a company that covers most of the world and its name is the synonym for on-demand rides service. For most of its peers within the Worldwide reach companies it took them several decades to achieve such reach. This is impressive feat is not exclusive to Uber but is more of a reflection of the speed of adoption and low degree of international barriers the worldwide economy operates under to enable companies such as Uber (and Amazon, Farfetch, etc) to be what they are today.

Because of the above, the matrix below looks at Uber from its global integration and the way it responds to local requirements / demands:

Table 24 - Uber global integration and local responsiveness

		Local Responsiveness	
		Low	**High**
Global Integration	**High**	Global Company	Transnational Company
	Low	Local Company	Multinational Company

We have established above that Uber is highly integrated in its global presence. The interesting aspect then is how it responds to local requirements. On initial assessment, most of the service offering is quite standard: a platform to provide on-demand taxi rides or food delivery, which would suggest a low responsiveness status. Upon further analysis, the responsiveness element is not so much about product differentiation to cater to local needs (as there's only so much that can be differentiated in this type of service) but more about how it engages and responds to the communities where it operates. On this front, Uber is quite in the forefront of engagement and its

ESG statement is testament that it is proactively putting in place a set of policies and measures to address local specificities and requirements, thus our view that it is indeed highly responsive to the local conditions and therefore a transnational company.

9.6. International adaptation and standardisation

Some companies go through very complex and laborious internationalisation processes. This is generally a direct consequence of the products the produce / sell, the industry they operate in and the complexity of the operations. In Uber's case we can see it was a very streamlined internationalisation process, where the main requirements were to build the driver base and implement the operations in country, which are reasonably simple in nature.

Table 25 - Adaptation requirements in Uber's internationalisation process

	Adaptation ← Factor → Standardisation						
	Culture / Habits	Design / Flavor	Language	Size / Packaging	Technical System	Client / Application	None
Concept							
Marketing							
Technology							
Product							

Requires Local Adaptation

Can be standardised

As we can see from the matrix above the needs of adaptation Uber has faced are very much related to cultural and language specifications of operating in so many different countries and cultures. All other aspects of Uber's model are relatively easy to standardise and to implement when going through an internationalisation process. As can also be seen from the matrix, marketing is the one area requiring some adaptation to different markets and what that means in Uber's case is specific incremental modifications to its standard marketing model, rather than a completely revamped marketing strategy for specific countries; on the other end, the concept is the area where there's less adaptation required (other than for language) as the services Uber provides are generally very well understood and common across markets with very minimal modification; technology will be adapted for the services offered in different locations but on the whole it is the same technology with the Uber look and feel that is so characteristic to users; and the product will be adapted to local culture or habits as some markets are not developed to cater for all the services provided by Uber (such as bicycles and scooters).

10. Diversification

In the words of Uber's CEO Dara Khosrowshahi, Uber began as a *"Tap a button, get a ride"* company in 2009 in the United States, 11 years later it classifies itself as a technology platform for all types of transportation solutions, and has diversified its products portfolio to *"ridesharing and carpooling; meal delivery and freight; electric bikes and scooters; and self-driving cars and urban aviation"*[1].

Ridesharing is still the main business and source of revenue for Uber, and a good example of the importance of diversification is its results during the Covid-19 pandemic. Because of worldwide lockdowns, uber reported a revenue drop of 29% in the second quarter of 2020, caused a sharp drop on usage of about 80% globally, while Uber's food delivery services demand increased significantly, with a surge of 30% in customer sign-ins just in March 2020 and its revenue's more than doubling when compared to the previous year.

Despite the impact of the pandemic on the mobility sector, Uber Eats has benefited greatly from this situation with a sharp increase in food orders of 125% year-on-year and continues to grow in that sector.

The following table is an extension of the products-markets matrix to include Uber's diversification business/products.

Table 26 – Extension of products-markets matrix, including Uber's diversification business/products

Products/ Services / **Markets**	**US**	**Canada**	**Latin America**	**Europe**	**Middle East**	**Africa**	**Asia (exc. China and Southeast Asia)**
Eats - Food delivery (restaurants) - Grocery delivery	*** -	*** -	** *	*** -	** -	* -	*** -
Freight	**	-	-	*	-	-	-
Other bets (New Mobility)	NA	NA	NA	NA	NA	NA	NA
Advanced Technologies Group ("ATG") and Other Technology Programs (e.g., autonomous vehicle and ridesharing technologies, as well as Uber Elevate)	-	-	-	-	-	-	-

*	Weak presence		High attractiveness
**	Medium presence		Medium attractiveness
***	Strong presence		Low attractiveness
NA	Information Not Available		No attractiveness

Eats allows consumers to search for and discover local restaurants, order a meal and either pick-up at the restaurant or have the meal delivered.

Freight connects carriers with shippers on Uber's platform, and gives carriers upfront, transparent pricing and the ability to book a shipment.

Other Bets consists of multiple investment stage offerings. The largest investment within the segment is the New Mobility offering that refers to products that provide consumers with access to rides through a variety of modes, including dockless e-bikes and e-scooters. It also includes Transit, UberWorks and the Platform Incubator group.

Advanced Technology Group and Other Technology Programs supports the development and commercialization of autonomous vehicle and ridesharing technologies, as well as Uber Elevate.

[*Source: Uber Annual Report 2019 and Uber 2020 Investor Presentation*]

10.1. Sustainable value in Diversification and Diversification Modes

So far, Uber's diversification strategy and efforts have been related with a strong correlation with both commercial and technological synergies. Uber is constantly looking for ways to leverage its core competencies when it comes to internal technology development and its proprietary tracking algorithms and its immense user's database to identify and test new offerings, which currently includes other types of transportation models, such as bikes, scooters, and depending on the country and city you are at, even helicopters.

Table 27 - Uber's Diversification Matrix

	New Need	
	Current Commercial Performance	New commercial Performance
Current Technology	Uber Eats Uber Freight	
New technology	Uber Elevate Bikes Scooters	Advanced Technologies Group

In addition to the capitalization of core competencies, and technology resource sharing, Uber has also benefited from its strong brand equity, and worldwide presence, being easier to introduce additional Uber products in countries where its ride sharing was already operational). Uber has also used merge and acquisitions to aid its entrance into new markets.

In 2018, Uber has acquired the bike-sharing start-up called Jump for close to US$200 million, which has just been sold to its competitor Lime to cut costs after the major decline in usage due to Covid-19 related restriction.

In early July 2020, Uber has acquired Postmates, a US$2.65 million all-stock deal to further expand its food delivery business, which demand has skyrocketed during the pandemic. With this

acquisition, Uber expects its US market share in the food delivery business to improve to 37 percent, from its current position of 29 percent.

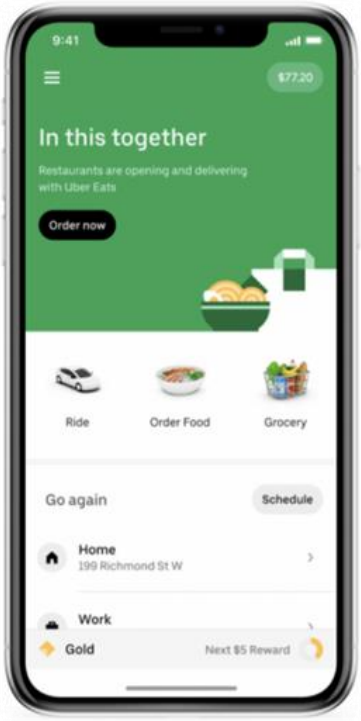


Figure 53 - Grocery option in Uber app (source: Uber.com)

In 2019 Uber has also made a move towards the Grocery delivery business, with the acquisition of a start-up called Cornershop. It aims to be able to deliver anything from market supplies to groceries, and progressing towards online grocery shopping, another tendency that was accelerated due to the Covid-19 restrictions, seems logical. In 2019, only 3% of grocery sales in the US arose from online purchases, and in June 2020 it hit a record high of US$7.2 billion in sales, a trend that is expected to remain once the pandemic is over.

In July, Uber released a statement claiming that consumer demand for deliveries from grocery and convenience stores increased impressive 197% since March. Right now, users can select the grocery delivery tab from the main screen, like other online purchasing apps. They have partnered with more than 9.500 merchants and the service is available across 35 countries on Uber Eats. Uber also announced plans to roll out the new grocery delivery features in the US and other cities around the world. In Portugal, delivery of day-to-day essentials sold by Wells and Galp convenience stores are currently available in the app, for example. Just like other Uber experiences, the user can track its order in the Uber app.

Even though Uber will compete with some major retailers in the grocery delivery segment, such as Walmart and Amazon, it's large customer base for both riders and drivers will no doubt be a strategic advantage. If the client has used an Uber app before, their address and payment

info are already saved in Uber's database system. Shoppers can choose the grocery delivery tab from the main screen under the Uber and Uber Eats app, select their retailer and browse by category similar to other ordering apps.

10.2. The General Electric / McKinsey Matrix

The General Electric/McKinsey matrix analyses a company's competitive strength and its industries attractiveness as a tool to guide its business portfolio planning.

Uber's main operational units, Uber Rides and UberEats fall into the growth zone, at the high competitive strength and high Industry Attractiveness quadrant, where the recommended strategy is aligned with Uber's most recent moves, which is to protect its position via focused efforts to growth investments to increase market share as much as possible and beat the competition.

Representing less than 2% of Uber's Q42019 revenue, the Freights and Other Bets are still in its early development stages, and although they look very promising in the near future (as an example, the Other Bets revenues have grown more than 8x from US$8 million in 2018 to US$71 million in 2019), Uber's competitive strength is still in the low to medium capabilities, and the industry attractiveness is still medium. Considering those are business that will also require high investments, according to the GE/McKinsey matrix, now the strategic move is to manage investment and returns.

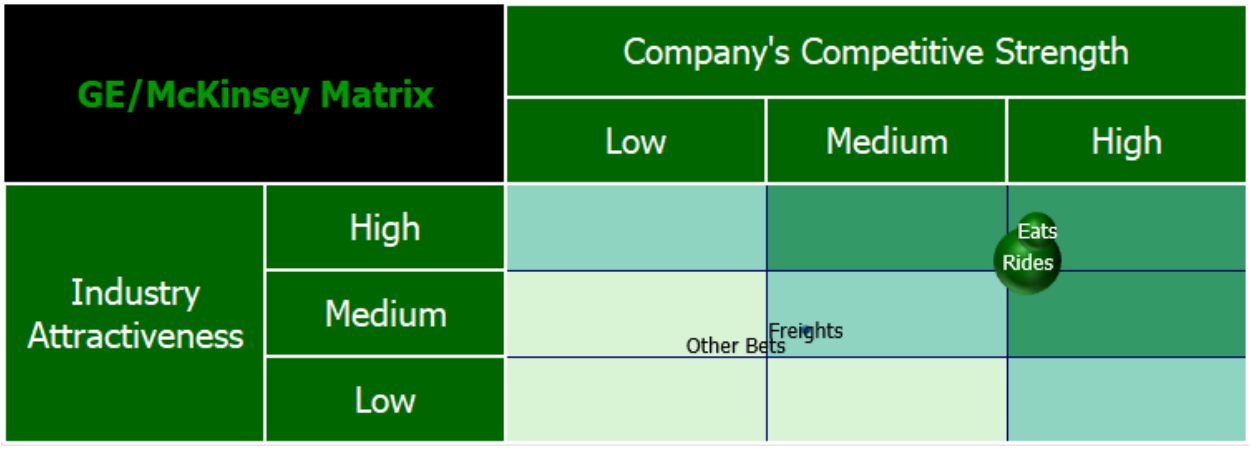


Figure 54 – Uber GE / McKinsey matrix

10.3. BCG Matrix

Since its foundation, Uber has required major investments while presenting major growth, which has sustained investors believe that it would turn profitable, however, it has yet to prove it can yield profit from its operations.

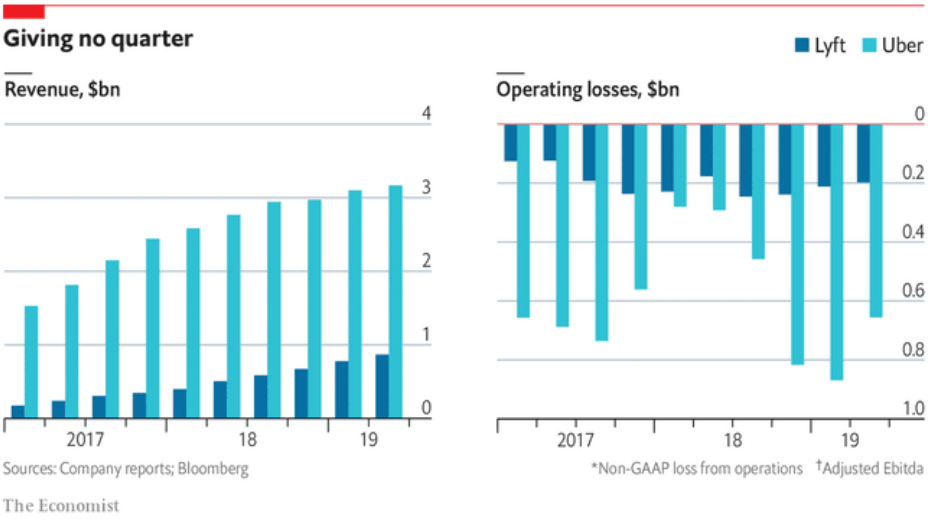


Figure 55 - Uber x Lift revenues and losses (Source: The Economist on Bloomberg)

As the first mover, Uber presents considerable revenue and market growth since its foundation and its numbers - such as $65 billion in gross booking across all platforms, 21 million trips a day, 111 million monthly active platform consumers (as of 31st December 2019) are impressive.

As the US market leader of the ridesharing industry, Uber could even be as the creator of digital ride-hailing industry and its name is used as a synonym to rides done via ride-hailing apps by users. Even though it requires massive investment to sustain its formidable growth, it has yet to yield profit from operations. However, investors believe that Uber will become self-sufficient and the investment made will generate much larger profits.

For all of the above, Uber is undeniably a **Star** in the BCG matrix, while its competitors – such as Lift and Didi are still question marks.

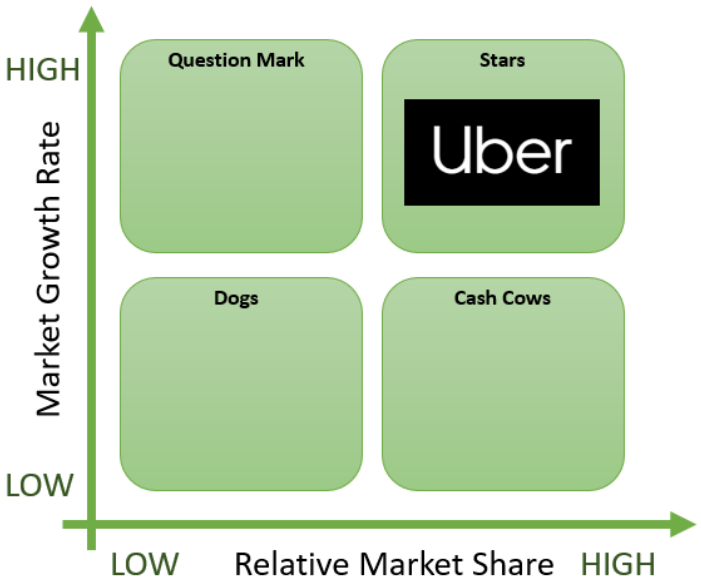


Figure 56 - Uber's BCG Matrix

10.4. Uber's diversification strategy for the near future

Regarding Uber's future for diversification strategy, Uber's CEO recently said that "The vision for us is to become an everyday service.", a move quite similar to its Asian competitors, which have developed from ride sharing business to become 'super apps' that provide a variety of everyday on demand services.

It is interesting to note that Asian competitors that were launched after Uber have made that move earlier and are currently significantly more diversified than Uber and became sort of a guideline for understanding Uber's next steps in the near future. Let us examine and compare one of Uber's main competitor in Indonesia, a super-app called Gojek.

Comparing Uber's current's product offerings to its Asian super app's competitors - such as Gojek and considering that Uber has a much larger worldwide user's base, it is easy to understand the potential that Uber still has to develop regarding product diversification.

Similar to the Asian super-apps, the possibilities for emerging markets are likely to be the major opportunity for Uber to take advantage of its database information on its drivers' financials. With information such as how much they earn, work shifts, speed they drive, Uber could provide banking services to its drivers. In Mexico it has partnered with BBVA to offer its drivers access to debit cards and a financial platform with services such as loans and discounts and facilitated purchase options to petrol purchase, for example.

Uber has started testing some more diverse services offerings such as offering bank cards to drivers in Mexico, connecting people with temporary shift work in Chicago and even Uber Kittens in dozens of cities, a service that allow users to book 15-minutes play dates / snuggling sessions with kittens.

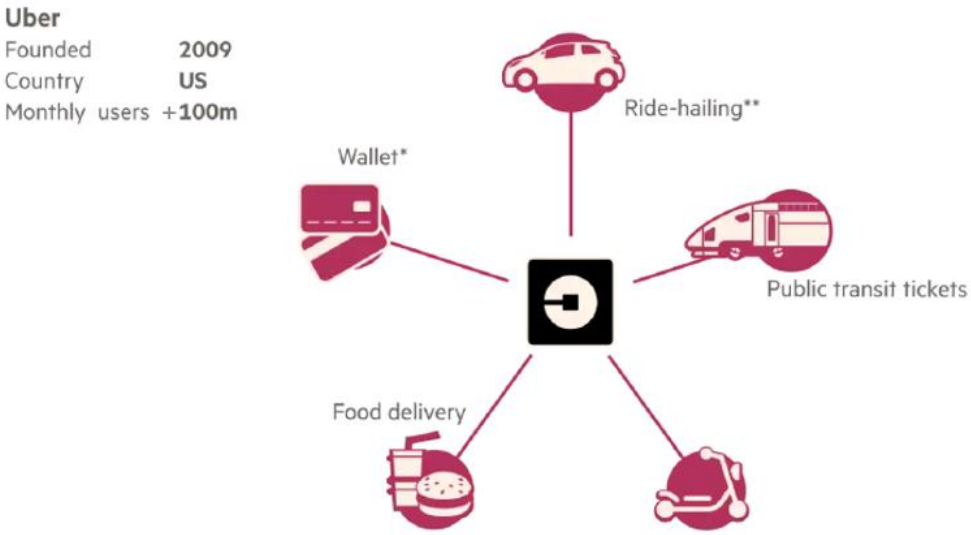


Figure 57 - Anatomy of Uber (source: Financial Times)

11. Corporate Strategy and Development

11.1. Value Creation in Corporate Development

Uber does not rest on its pasts successes of being the first top rideshare app. Its creators realized perfectly that the competition will increase in the future and the only way to stay ahead of its competitors it is through continuous product iterations and innovation. Uber keeps on adding new features to their passenger and driver apps, invest in new technologies among several other strategic initiatives.

In this chapter we will address Uber corporate development strategy, highlighting the most relevant internal and external corporate development initiatives. Among the later, we will highlight the company's Merger and Acquisitions events and strategic partnerships throughout the recent years. Uber corporate development strategy has evolved over time much influenced by the vision of its leaders.

11.2. Internal development

Uber continues to invest in research and development (R&D) of new offerings and technologies. Its R&D team focuses on autonomous vehicle technologies, dockless e-bikes and e-scooters, freight solutions and Uber Elevate technology program, carrying out cutting edge research in the fields of computer vision, machine learning, and robotics. Such knowledge allowed the creation and development of a proprietary marketplace, routing, and payments technologies. In FY2019, the company spent US$4,836 million on its R&D, which stood at 34% of the company's revenue and increased from US$1,505 million in FY2018.

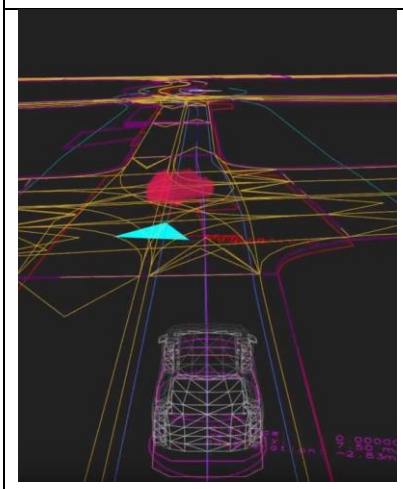
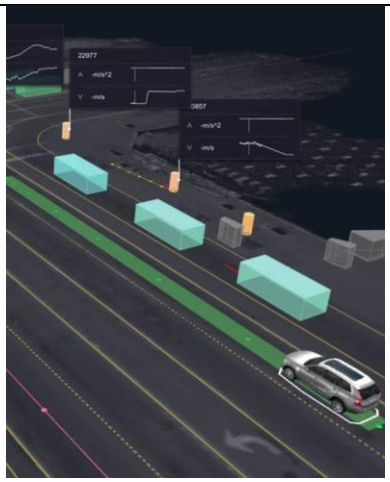
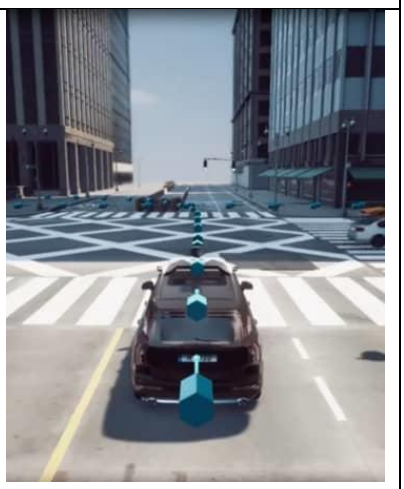
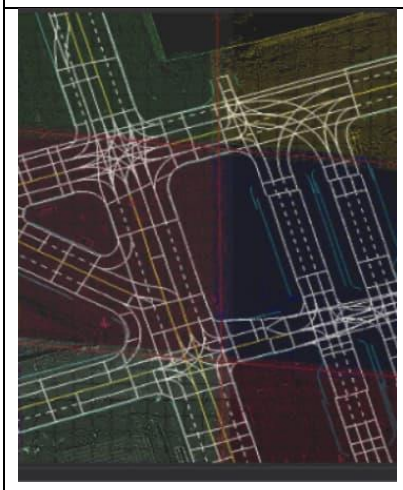
Perception and prediction	Motion planning	Simulation
		
Mapping	**Localization**	**Core AI tech**
		

Figure 58 - Examples of Research & Development areas under development at Uber.

11.2.3. ATG and Other Technology Programs

Uber develops self-driving technologies, mapping, and vehicle safety solutions through Advance Technologies Group (ATG) and other technology program such as Uber Elevate. ATG also carries out the development and commercialization of autonomous vehicle and ridesharing technologies.

Figure 59 - Self-driving technology developed by Uber ATG

11.3. External Development

External corporate development of Uber is carried out in different dimensions. The most significant involve Mergers and Acquisitions, Strategic Partnerships, Corporate Venturing, and Divestments.

11.3.3. Mergers and Acquisitions

In September 2014, then-CEO Travis Kalanick bragged about Uber's commitment to non-acquisitive growth. He said: "Uber has not acquired a single company. We are focused on the product. We are in 45 countries. We haven't spent time on M&A."

However, Uber new CEO Dara Khosrowshahi, only a few weeks into his new position, faced crucial decisions on how best to repair the company's damaged image and correct the company strategically. Having the objective of taking Uber public within the next 18-36 months, Khosrowshahi found an equilibrium between financial discipline and keeping company growing that seduced investors and provided Uber its high valuation. With the rise of Khosrowshahi the company growth mindset changed.

In 2017, Uber completed its tenth major transaction as an investor with the acquisition of the team behind social app studio Swipe Labs, a deal that came less than a week after news of Uber's deal with competitor Yandex Taxi, in which Uber ceded its Russian operations to Yandex in exchange for a 36.6% stake in a new joint company (created from their merged assets in the Russia market). Uber started acquiring and investing in startups in Q1'15, and nearly every deal has had notable

consequences for the business, including, patent acquisitions (and lawsuits), market share concession and business-unit creation and management shifts.

Uber biggest benefits with mergers and acquisition activities included:

- Fast entry and expansion into new markets (e.g.: the acquisition of Careem Networks allowed Uber to acquire Careem's mobility, delivery, and payments businesses across the greater Middle East region, with major markets including Egypt, Jordan, Saudi Arabia, and the United Arab Emirates). Other examples include the merge with Yandex to expand activities in Russia, Armenia, Azerbaijan, Belarus, Georgia and Kazakhstan markets, and the acquisition of the British minicab software company Autocab, allowing Uber's expansion in UK market.
- Improve its competitive advantage and market share (ex. Uber merger with Yandex in the Russian market).
- Access to new technologies and diversification to new businesses (e.g., the acquisition of the self-driving trucks start-up Otto, gave Uber the self-driving technology developed by Otto and positioned Uber to expand into the trucking industry). Another examples of access to new technologies by acquisitions include the acquisitions if Swipe Labs, Geometric Intelligence, Mighty AI). The acquisition of Jump Bikes shows that that Uber does not want to be just a taxi substitute, but an urban mobility company.

Mergers and acquisitions are strategic activities that also involve some risks and costs. Typically, these operations involve high costs as can be seen in some of the disclosed operations (e.g., Acquisition of Careem Networks for USD 3.1 Billion, acquisition of Postmates for USD 2.65 Billion). The main risks associated acquisitions include the difficulties of culture integration, especially when acquiring international companies (e.g., Careem in the Middle Eastern market) and the cost of restructuring companies. This type of strategy involves even more risk due to the financial fragility of the company, that has been reporting increasing operating losses during the past years.

The major merger and acquisitions activities involving Uber Technologies can be seen below.

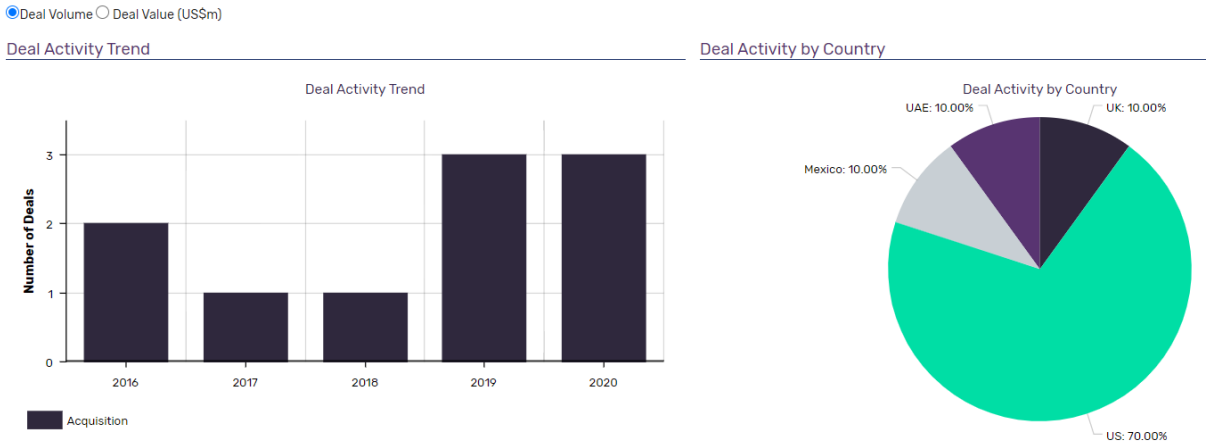


Figure 60 - Uber Technologies Inc. top Merger and Acquisitions activity deals by trend and by country. Source: Marketline accessed on Nov 2020

Table 28 - Uber Technologies Inc. top Merger and Acquisitions activity deals. Source: Marketline accessed on Nov 2020

Announced Date	Headline	Issuer/Partner/ Target	Deal Country
6 Aug 2020	Uber Technologies to Acquire Autocab	Autocab Ltd	UK
16 Jul 2020	Uber Technologies Acquires RouteMatch Software	Routematch Software, Inc.	USA
6 Jul 2020	Uber Technologies to Acquire Postmates for USD2.65 Billion	Postmates Inc	USA
11 Oct 2019	Uber Technologies Receives Approval to Acquire Majority Stake in Delivery Technologies (Cornershop)	Delivery Technologies SpA	Mexico
25 Jun 2019	Uber Technologies Acquires Mighty AI	Mighty AI Inc	USA
25 Mar 2019	Uber Acquires Careem Networks for USD3.1 Billion	Careem Networks FZ LLC	UAE
9 Apr 2018	Uber Technologies Acquires Social Bicycles (Jump Bikes)	Social Bicycles Inc	USA
17 Jul 2017	Uber Technologies Acquires Swipe Labs	Swipe Labs, Inc.	USA
13 Jul 2017	Yandex Merges with Uber Technologies	Yandex	Russia
5 Dec 2016	Uber Technologies Acquires Geometric Intelligence	Geometric Intelligence, Inc.	USA
18 Aug 2016	Uber Technologies Acquires Otto	Ottomotto LLC	USA

Autocab Ltd: Uber Technologies Inc, has agreed to acquire Autocab Ltd, an UK-based provider of taxi-software company. Deal subtype: (100% Acquisition)

RouteMatch Software Inc: Uber Technologies Inc, has acquired RouteMatch Software Inc., that develops transportation software. Both companies are involved in the transaction are based in the US. (Deal subtype: 100% Acquisition)

Postmates Inc: Uber Technologies Inc, reached a definitive agreement to acquire Postmates Inc, an operator of logistics and on-demand delivery platform that connects customers with local couriers, for USD2.65 billion in an all-stock transaction. Both entities are based in the US. (Deal subtype: 100% Acquisition)

Cornershop: Uber Technologies, Inc., has received FNE antitrust regulator approval to acquire majority ownership of Delivery Technologies, S de RL de CV (Cornershop), a Mexico-based online grocery provider in Chile, Mexico, and more recently in Peru and Toronto. After closing of the investment, Cornershop will continue to operate under its current leadership, reporting to a board with majority Uber representation. (Deal subtype: Majority Acquisition)

Mighty AI: Uber Technologies Inc. has acquired Mighty AI, Inc., that delivers training data to companies that build computer vision models for autonomous vehicles. Both companies involved in the transaction are based in the US. Earlier, Mighty AI has raised funding from Intel Capital, GV, Foundry Group, Madrona Venture Group, and New Enterprise Associates. (Deal subtype: 100% Acquisition)

Careem Networks FZ-LLC: Uber Technologies Inc has completed the acquisition of Careem Networks for USD3.1 billion. Careem Networks FZ-LLC has become a wholly owned subsidiary of Uber, preserving its brand. Careem co-founder and CEO Mudassir Sheikha will continue to lead the Careem business, which will report to a board made up of three representatives from Uber and two representatives from Careem. Careem and Uber will operate their respective regional services and independent brands. Uber has acquired Careem's mobility, delivery, and payments businesses across the greater Middle East region, with major markets including Egypt, Jordan, Saudi Arabia, and the United Arab Emirates. The regulatory approval process in Pakistan, Qatar, and Morocco is ongoing and the transaction will not close in these territories until approvals from the legal authorities responsible are obtained. (Deal subtype: Majority Acquisition)

Social Bicycles (Jump Bikes): Uber Technologies Inc has acquired Social Bicycles, Inc. (doing business as Jump Bikes), a provider of online service that allows members to find bikes at hub locations and reserve from the web, mobile applications or directly from the bike itself. Both companies involved in the transaction are based in the US. Reportedly, the transaction is valued at approximately USD200 million. As part of the acquisition, Jump Bikes employees will join Uber's team, but the bike-share company will carry on as an independent, wholly controlled subsidiary. (Deal subtype: Majority Acquisition)

Swipe Labs: Uber Technologies, Inc. has acquired Swipe Labs (operating as Channel), a developer of mobile application that facilitates video on mobile platforms. Both the companies are based in the US. (Deal subtype: Majority Acquisition)

Yandex N.V., a Russian-based internet search engine company, has merged with Uber Technologies, Inc., to combine their ride-sharing businesses in Russia, Kazakhstan, Azerbaijan, Armenia, Belarus, and Georgia into a new company. As part of the transaction, Uber will also contribute its UberEATS business in the region to new company. As part of the transaction, Uber

has invested USD225 million and Yandex has invested USD100 million into the new company, valuing it at USD3,725 million on a post-money basis. The new company will be owned approximately 59.3% by Yandex, 36.6% by Uber, and 4.1% by employees of the company, on a fully diluted basis.

Acquires Geometric Intelligence: Uber Technologies, Inc. has acquired Geometric Intelligence, Inc., a developer of machine learning techniques. Both the companies are based in the US. As part of the transaction, Gary Marcus and Zoubin Ghahramani, the co-founders of Geometric Intelligence are being appointed as co-directors of Uber AI Labs, a new division of Uber created in San Francisco and 15 employees of Geometric Intelligence will become part of Uber. (Deal subtype: Majority Acquisition)

Otto: Uber Technologies Inc. has acquired Otto, a self-driving truck company, for USD 680 million in stock. Both companies involved in the transaction are based in the US. Under the terms of the agreement, Otto will receive 20% of its trucking profits from Uber. Following the transaction, Anthony Levandowski, a co-founder of Otto, will take over Uber's entire self-driving car operations. All employees of Otto will continue to serve with the company.

Figure 61 - Uber Merger and Acquisitions Activities as of July 2017 adapted from https://www.cbinsights.com/research/report/uber-strategy-teardown-expert-research/

11.3.4. Strategic Partnerships

Strategic alliance is a form of strategic development. Strategic partners form alliances and anticipate gains through synergy creation in the strategic partnership. When used strategically, company partnerships can promote brand awareness, boost recognition, and generate a reciprocally valuable competitive advantage. The establishment of strategic partnerships is quite common in Uber history since its foundation in 2009. Some well-known examples include partnerships with Virgin America, Trulia, and Spotify.

As an example, Uber's partnership with Spotify allows users to connect to their Spotify accounts and listen to their favorite music while traveling in an Uber. This partnership created deeper personal connection for Uber users, and gave Uber a competitive advantage over other ride-hailing operators. From a strategic marketing and public image standpoint, both parties win. Uber and Spotify are both able to boost their extend to various audiences, whilst enhancing brand awareness and exploiting on the advantages each company has to offer. In summary, strategic partnerships may have a strong effect on a brand's growth, and savvy marketers will take advantage of these alliances within their own industries to grow their own companies.

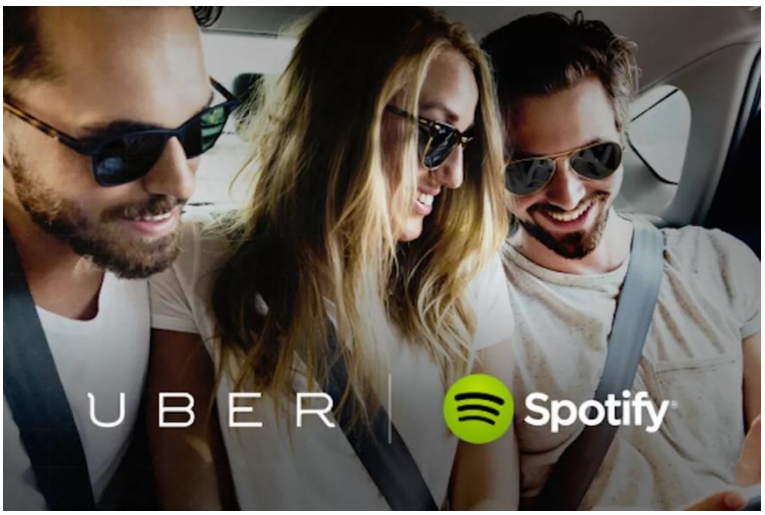


Figure 62 - Uber and Spotify launched car music playlist partnership in 2014

Another example of a partnership established recently is the one between Uber Eats and Starbucks. This initiative was tested with success in Miami in the fall of 2018 and was extended in the beginning of 2019 to 6 American cities. Starbucks will leverage Uber's capability as a fast and trustworthy delivery provider to reach new customers, while Uber Eats platform will include Starbucks products on their product options, offering customers more possibilities to enjoy Starbucks food and beverages. Later, in September of 2019, the partnership went international in across London and 11 major UK cities. The UK expansion follows similar launches of Starbucks

Delivers across the globe in the US, Canada, China, Japan, India, Hong Kong, Singapore, Indonesia, Vietnam, Mexico, Colombia, and Chile.

Figure 63 - Uber Eats and Starbucks partnership started in 2018 and has now expanded internationally.

In the beginning of 2017, Uber and Toyota announced a partnership that will give Uber drivers access to a special leasing program for discounts and financing options on new Toyota vehicles, including deducting car payments directly from weekly earnings. Uber already had similar partnerships in place with other car makers such as GM, Ford, and Nissan. However, the new partnership evolved to a strategic alliance to develop self-driving cars.

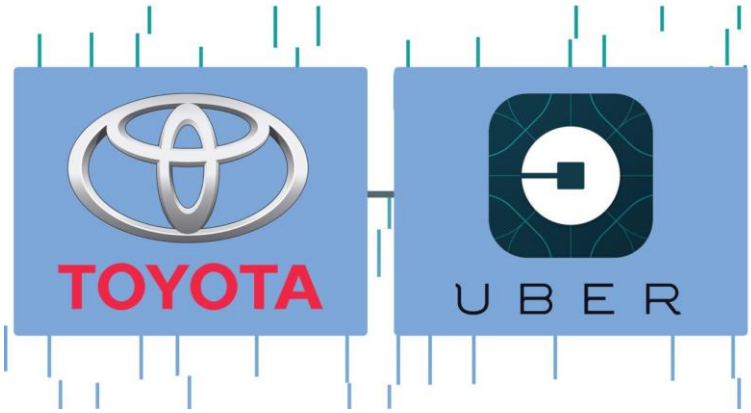


Figure 64 - Uber and Toyota announced a partnership in 2016.

Uber self-driving strategy is a great example of a strategic alliance established between Uber and 3 strategic key partners: Toyota, Denso, and Volvo. By combining Uber's self-driving technology with partners' state-of-the-art vehicles, sensors, and technology, Uber aims to accelerate the development and deployment of automated ride-sharing services and, at the same time, decreases the risk path to commercialization. Uber, in their website state the vision about the future in mobility: "we *believe the future of mobility is increasingly shared, sustainable, and automated*". Therefore, the company is committed in the development of self-driving technology knowing that it is a great challenge from a technical perspective.

Figure 65 - Example of a strategic partnership between Uber Toyota, Denso, and Volvo source: Investor Presentation Q2, 2020

However, strategic partnerships and alliances initiatives were established not only in US but also in other geographies around the world.

The benefits of the strategic partnerships established by Uber include:

- Access to new markets without huge investments (e.g., Joint Venture of Uber with SK Telecom in South Korea)
- Access to complementary technologies (e.g., Uber partnership with Toyota, Denso, and joint venture with Volvo to develop self-riding cars.)
- Creation of shared value for its customers and partners (e.g., Partnerships with Bankaool, Mastercard, Visa, Barclays and Travelstart)

The major risks and costs associated with strategic partnerships include:

- Loss of strategic flexibility. Since more than one company is involved and strategic decisions must be agreed by both parties before its execution.
- Lack of involvement of partners if the perceived gains from the partnership are uncertain.
- Difficulties in operationalization, especially if the organizational cultures of the two companies are very different.

A list of the most important partnership deal activities of Uber Technologies can be found below.

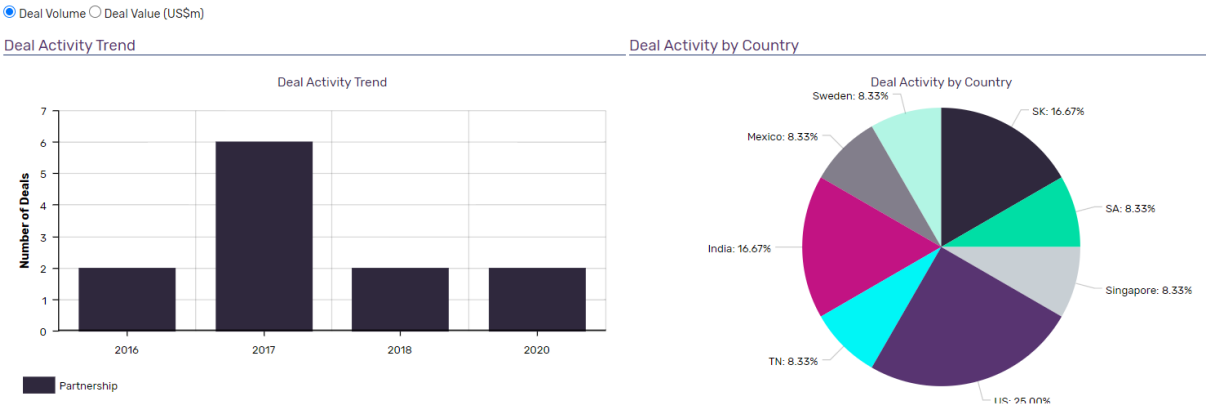


Figure 66 - Top Partnerships activities deals of Uber Technologies Inc. by trend and by country. Source: Marketline accessed on Nov 2020

Table 29 - Top Partnerships deal activities of Uber Technologies Inc. Source: Marketline accessed on Nov 2020

Announced Date	Completed Date	Headline	Deal Country
16-Oct-2020	Est Q2 2021	Uber to form Joint Venture with T Map Mobility (SK Telecom)	South Korea
6 Jan 2020	6 Jan 2020	Hyundai Motor to Partner with Uber Technologies	South Korea, USA
29 Jul 2019	29 Jul 2019	MedPod and Uber Health Enter into Agreement	USA
29 Aug 2018	29 Aug 2018	Travelstart (Travelstart Online Travel Operations Partners) with Uber (Uber Technologies)	South Africa, USA
15 Jan 2018	15 Jan 2018	Diageo Enters into Partnership Agreement with Uber (Uber Eats)	UK, USA
26 Oct 2017	26 Oct 2017	Uber Technologies Partners with Visa and Barclays	USA
27 Mar 2017	27 Mar 2017	LeasePlan Partners with Uber Technologies	The Netherlands, USA
15 Mar 2017	15 Mar 2017	Jet Airways Partners with Uber Technologies	India, USA
9 Mar 2017	9 Mar 2017	Zipcar Partners with Uber Technologies	USA
31 Jan 2017	31 Jan 2017	Cleartrip partners with Uber	India, USA
24 Oct 2016	24 Oct 2016	Uber Technologies partners with Bankaool	Mexico

T Map Mobility Co. Ltd: Uber Technologies Inc, has announced to form a joint venture with T Map Mobility Co. Ltd., a South Korea based subsidiary of SK Telecom Co Ltd. The joint venture is expected to be established in first half of 2021. Under the plan, SK Telecom Co Ltd would split off its mobility services including satellite navigation and taxi-hailing into a new company called T Map Mobility Co. Ltd. The joint venture will promote the e-hailing business in Korea by combining T Map Mobility's network of drivers and mapping technology with Uber's ride-hailing technology and global operations expertise and the JV also focus on future mobility services. Uber also to invest USD50 million in T Map and another USD100 million into the JV structure. Uber will own 51% of the joint venture, while T Map will hold the remaining 49%.

Hyundai Motor Co, a South Korean automobile company that designs, develops, manufactures, and distributes vehicles, has announced a partnership with Uber Technologies Inc to develop Uber Air Taxis for a future aerial ride share network and unveiled a new full-scale aircraft concept

at the consumer electronics show (CES). As part of the transaction, Hyundai Motor will produce and deploy the air vehicles and Uber will provide airspace support services, connections to ground transportation and customer interfaces through an aerial ride share network. Both parties are collaborating on infrastructure concepts to support take-off and landing for this new class of vehicles.

MedPod: The partnership enables the companies to deliver tele diagnostic examinations in non-traditional care settings and enhance telemedicine solution with availability of Medpod MobileDoc 2.

Travelstart, Africa's Online Travel Agency has announced the launch of 'UberEscape,' a collaboration between Travelstart and Uber to allow customers book flights through the Uber app. Customers will be able to book their flights by simply opening their Uber app and clicking on 'UberEscape.' Customers will then be directed to the secure 'UberEscape' website where they can access exclusive flight deals to some of their favorite destinations. These flight deals are powered by Travelstart.

Diageo plc, a UK-based alcoholic beverages manufacturer, has entered into partnership agreement with Uber B.V. (Uber Eats), to grow Diageo alcohol sales across the UK with an online solution through delivery application UberEats.

VISA and Barclays: Uber Technologies Inc, has entered a partnership with Barclays Bank PLC and Visa Inc. to launch Uber Visa Credit Card. All the companies involved in the transaction are based in the US. The new Uber Visa will be starting from November 2, 2017.

LeasePlan Corporation N.V., a Netherlands-based fleet management and driver mobility company, has signed a memorandum of understanding with Uber Technologies, to expand their current cooperation in Portugal, France, and the Netherlands to a pan-European level. As part of the partnership, LeasePlan will make available a full operational leasing solution to Uber partner-drivers across Europe.

Jet Airways (India) Ltd., an India-based international airline company, has announced a strategic association with Uber Technologies, to provide Jet Airways guests choice by facilitating their travel to and from the airport once they have booked a ticket on the Jet Airways app.

Zipcar, Inc.: as part of the transaction, the current or prospective Uber drivers can reserve a Zipcar by the hour for the times they want to drive, and vehicles are located in dedicated parking spaces.

Cleartrip Pvt., Ltd., an India-based online travel agency, has partnered with Uber Technologies, Inc. to integrate Uber's application program interface (API) to make contextual local activity suggestions. The integration will also offer Uber ride requests on the Cleartrip platform. In addition, users booking airline tickets or local activities on Cleartrip will also be able to book an Uber ride in the application.

Bankaool, S.A. Institucion de Banca Multiple: Uber Technologies has partnered with Bankaool, S.A. Institucion de Banca Multiple, a Mexico-based provider of banking services for farmers and food businesses, to launch Uber Bankaool debit card. Uber Bankaool card is a debit card that offers an alternative way to pay for rides, using a mobile banking application.

11.3.4.1. Corporate Venturing

Uber, such as many companies worldwide has used corporate venturing as a mean to develop new capabilities, achieve strategic renewal and creating value for its shareholders.

The establishment of corporate venturing activities aim to provide a series of benefits that include:

- Access to new markets, by investing in companies operating in external markets (e.g., Jatri and Bolt Bikes deals)
- Growth without instability, by investing in other smaller companies (e.g., Uber investment in scooter company Lime)
- Access to new technologies (e.g., Uber strategic partnership with mapping company deCarta)

However, corporate ventures also encompass some risks and costs. Corporate venture investments are inherently risky because the capital invested is normally unsecured. This means that if the business fails the equity investment is lost.

A list of the most relevant corporate venturing initiatives involving Uber is shown below.

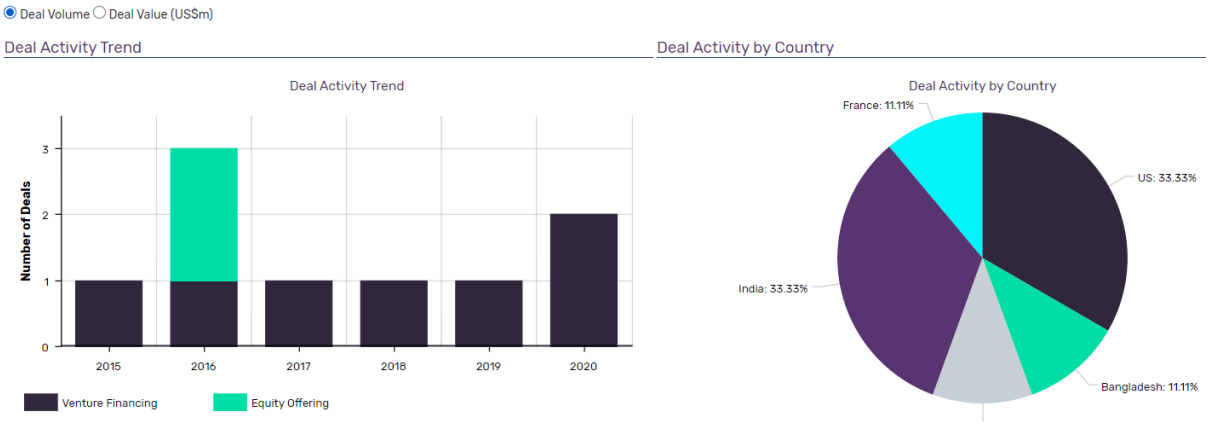


Figure 67 - Top Corporate venture activities of Uber. by trend and by country

Table 30 - Top Corporate venture activities of Uber Technologies Inc. Source: Marketline accessed on Nov 2020

Announced Date	Headline	Issuer/Partner/ Target	Deal Country
7 May 2020	Neutron Holdings (Lime, LimeBike) Secures USD170 Million in Venture Funding	Neutron Holdings Inc	USA
23 Jan 2020	Jatri Secures Seed Funding	Jatri	Bangladesh
18 Nov 2019	Bolt Bikes Secures USD2.5 Million in Seed Funding	Bolt Bikes	Australia
2 Jul 2018	Neutron Holdings (LimeBike) Secures USD335 Million in Series C Funding	Neutron Holdings Inc	USA
18 Jul 2017	1st Consult Technologies (Ambee) Secures Seed Funding	1st Consult Technologies Pvt Ltd	India
30 Sep 2016	Uber Technologies invests $29.96 million in Xchange Leasing	Xchange Leasing India Pvt., Ltd.	India
8 Aug 2016	Brigad Secures Seed Funding	Brigad SAS	France
29 Mar 2016	Uber Technologies and Mieten invests $4.94 million in Xchange Leasing	Xchange Leasing India Pvt., Ltd.	India
3 Mar 2015	deCarta to be acquired by Uber USA	deCarta, Inc.	USA

Neutron Holdings Inc (Lime): Neutron Holdings Inc (Lime), a provider of bike-sharing application and rental services through online applications, has raised $170 million in new funding led by Uber Technologies Inc. Both companies involved in the transaction are based in the US.

Jatri: Jatri, a Bangladesh-based provider of mobile application platform for bike taxi travelers, has secured seed funding from Superangel. In addition, Bolt (previously Taxify), Uber, Bird, Angkas, and Buseet, Falcon Network and Tahseen Consulting also participated in this funding round. (Deal type: Venture Financing, seed)

Bolt Bikes: Bolt Bikes, an Australia-based application intended to offer e-bikes for delivery, has secured USD2.5 million in a seed round led by Maniv Mobility. Additionally, Contrarian Ventures, individual investors, and former executives of Uber and Deliveroo also participated in the funding round. (Deal type: Venture Financing, seed)

Neutron Holdings, Inc.: (operating as LimeBike), a provider of bike-sharing application and rental services, has secured USD335 million in Series C round of funding led by Google Ventures (GV), a venture capital firm. Both companies involved in the transaction are based in the US. In addition, Uber will be joining the current round, making a sizable investment in Limebike. (Deal type: Venture Financing, growth capital / expansion)

1st Consult Technologies Pvt., Ltd. (trading as Ambee), an India-based operator of an ambulance hailing platform that enables users to discover the nearest ambulances online, has secured seed funding round from Uber Technologies, Inc., anAmaya Capital LLP and other angel investors. (Deal type: Venture Financing, seed)

Xchange Leasing India Pvt : Uber Technologies, Inc. has invested INR2,000 million ($29.96 million) in Xchange Leasing India Pvt., Ltd., an India-based car leasing company that provides car financing options. (Deal type: Equity Offering, private placement)

Brigad SAS, a provider of on-demand staffing services for the hospitality business needs, has secured seed funding from 50 Partners, an investment firm specializing in incubation and startups. Both companies involved in the transaction are based in France. (Deal type: Venture Financing, seed)

Xchange Leasing: Uber Technologies, Inc., and its Netherlands-based subsidiary Mieten B.V have invested INR 329.9 million ($4.94 million) in Xchange Leasing India Pvt., Ltd., an India-based car leasing company that provides car financing options. (Deal type: Equity Offering, private placement)

deCarta, Inc: deCarta, Inc., a location-based service (LBS) technology company that provides geospatial software platforms, has agreed to be acquired by Uber Technologies, Inc. Pursuant to the transaction, deCarta will operate as a wholly owned subsidiary of Uber. (Deal type: Venture Financing)

11.3.5. Divestments

The ability to sell off an asset strategically is as important as the ability to acquire the asset. Divestments are important means of creating value for companies in the mergers, acquisitions, and the consolidation process. For example, a merger might create redundant operations and businesses. Through divestiture, the firm can increase operational efficiency and reduce costs.

Companies can divest for many reasons, but often divestment is done when they undergo a major restructuring. Other reasons to divest include the generation of funds, the focus on its primary business or when a certain business does not meet the company strategic fit.

According to Uber's 2019 Annual Report, the company's international growth strategy has also included the restructuring of its business and assets in certain jurisdictions by partnering with and investing in local ridesharing and meal delivery companies to participate in those markets rather than operate in those markets independently. As examples of divestures include various Uber's moves have also narrowed the scope of its international operations outside North America, namely in China, Russia, and Southeast Asia. In each case, Uber decided to leave the market but, upon doing so, take a stake in its rival business in exchange for the assets it had remaining. That not only keeps them involved, but it removes the often-substantial cost of competing with a single-market player and gives Uber options to re-enter the market or profit from its partner's success there. Already that strategy is bearing fruit. Today, those holdings are collectively worth a cool $12.5 billion on paper, with at least $3 billion in gains so far.

China was Uber's first tactical exit and it saw the company sell to local giant Didi Chuxing in August 2016. Since launching its China operations in 2014, Uber had been locked in a fierce price and subsidy war against Didi Dache and Kuaidi Dache (the two companies merged into Didi Chuxing, fka Didi Kuadi, to better fight Uber). After burning over $2B in cash in two years of Chinese operations, Uber moved to sell its Uber China operations to Didi Chuxing in Q3'16. The terms allowed Uber to retain a 17.7% stake in the merged entity (with a 5.98% voting stake) in exchange for a $1B investment in Uber from Didi, with Uber becoming the largest single shareholder in its former rival. Uber was able to distance itself from the cash furnace that was its Chinese operation while retaining a sizable stake in any profits from the lucrative Chinese market. With Didi now valued at $50B as of its latest mega-round financing, Uber's 17.7% share in the company is nominally worth over $8B.

Another examples of divestments in Uber include the selling of Uber's Southeast Asia-based business to rival Grab and, the selling of its business to local rival Yandex in Russia.

The most relevant divestment activities of Uber can be seen below.

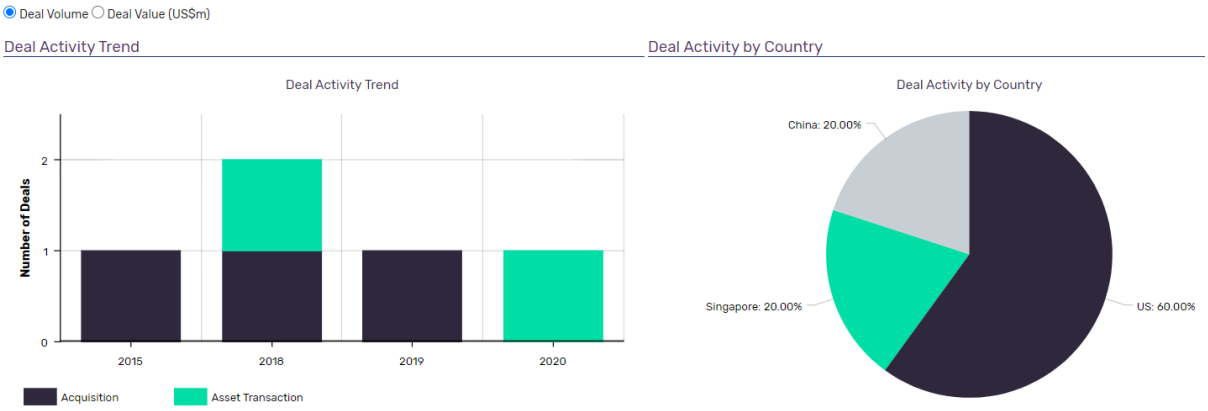


Figure 68 - Top Divestment activities of Uber Technologies Inc. by trend and by country. Source: Marketline accessed on Nov 2020

Table 31 - Top Divestment activities of Uber Technologies Inc. Source: Marketline accessed on Nov 2020

Announced Date	Headline	Acquirer/ Investor	Issuer/Partner/ Target	Deal Country
17 Sep 2020	Uber Technologies Plans to Sell Stake in Didi Chuxing		Didi Chuxing Co Ltd	China
16 Jun 2020	Neutron Holdings (Lime) Acquires Jump Fleet Business from Uber Technologies	Neutron Holdings Inc		USA
7 Jan 2019	WayDrive Holdings Acquires Lion City Rentals	WayDrive Holdings	Lion City Rentals Pte. Ltd.	Singapore
26 Mar 2018	GrabTaxi Holdings Acquires 27.5% Stake in Southeast Asia Operations of Uber Technologies	Grab Holdings Inc		USA
30 Jan 2018	Fair Acquires Xchange Leasing from Uber	Fair.	Xchange Leasing, LLC	USA
20 Oct 2015	Leshi Internet Information & Technology (LeTV) Acquires 70% Stake in Beijing Oriental Car Cloud Information Technology (Yidao Yongche)	LeTV Information Technology (Beijing) Co., Ltd	Beijing Oriental Car Cloud Information Technology Co. Ltd.	China

Didi Chuxing: Uber Technologies Inc (Uber), has announced its plan to sell stake in Didi Chuxing Co Ltd (Didi), a China-based company that offers app-based transportation services. (Deal subtype: Minority Acquisition)

Neutron Holdings (Lime): Neutron Holdings Inc (Lime), a provider of bike-sharing and rental services through online application, has acquired Jump business from Uber Technologies Inc. Both entities are based in US. Jump is a provider of micro mobility. (Deal type: Asset Transaction)

WayDrive Holdings: WayDrive Holdings, a new local joint venture between vehicle trader MotorWay Group and investment vehicle Toh Motors, has acquired 100% stake in Lion City Rentals Pte. Ltd., a car rental company in Singapore, from Uber Technologies Inc for SGD350

million (USD257.4 million). The transaction involves 8,000 cars that are two years old and older. (Deal sub-type: 100% Acquisition)

GrabTaxi Holdings: GrabTaxi Holdings Pte Ltd, a Singaporean operator mobile technology platform that integrates city transportation for driver partners and customers, has acquired a 27.5% stake in southeast Asia operations of Uber Technologies Inc. As part of the acquisition, GrabTaxi will integrate Uber's ridesharing and food delivery business in the region into GrabTaxi's existing multi-modal transportation and fintech platform. Following the transaction, Uber's chief executive officer Dara Khosrowshahi will join GrabTaxi's board. (Deal type: Asset Transaction)

Fair: Fair and Uber announced a new partnership that will provide drivers in the U.S. with long-term access to vehicles through Fair. Concurrently, Fair will be acquiring the active lease portfolio of Uber's subsidiary Xchange Leasing, which includes existing lease contracts and vehicles, through a combination of equity and debt secured during Fair's recent funding round. (Deal subtype: Majority Acquisition)

LeTV: Leshi Internet Information & Technology Corp (LeTV), a researcher and developer of internet video and mobile networking video technology, has acquired 70 % stake in Beijing Oriental Car Cloud Information Technology Co (Yidao Yongche), a provider of car-hailing services. Both companies involved in the transaction are based in China. The cash consideration for the acquisition is approximately USD700 million. Alibaba Group Holding Ltd and Tencent Holdings Ltd and Uber Technologies Inc are the investors of Yidao Yongche. (Deal subtype: Majority Acquisition)

12. Strategy Execution

12.1. Planning

12.1.1. Corporate Structure

A company's organizational structure is the human resources framework that defines how activities are allocated and how tasks are supervised.

Currently, Uber has a functional structure with a CEO as top management with all the control, and with some functions such as Technology, Finance, Engineering and HR defined (Figure 53). This functional structure is suited for managers to run a firm, with medium term planning, focus on one industry, active in a limited number of markets.

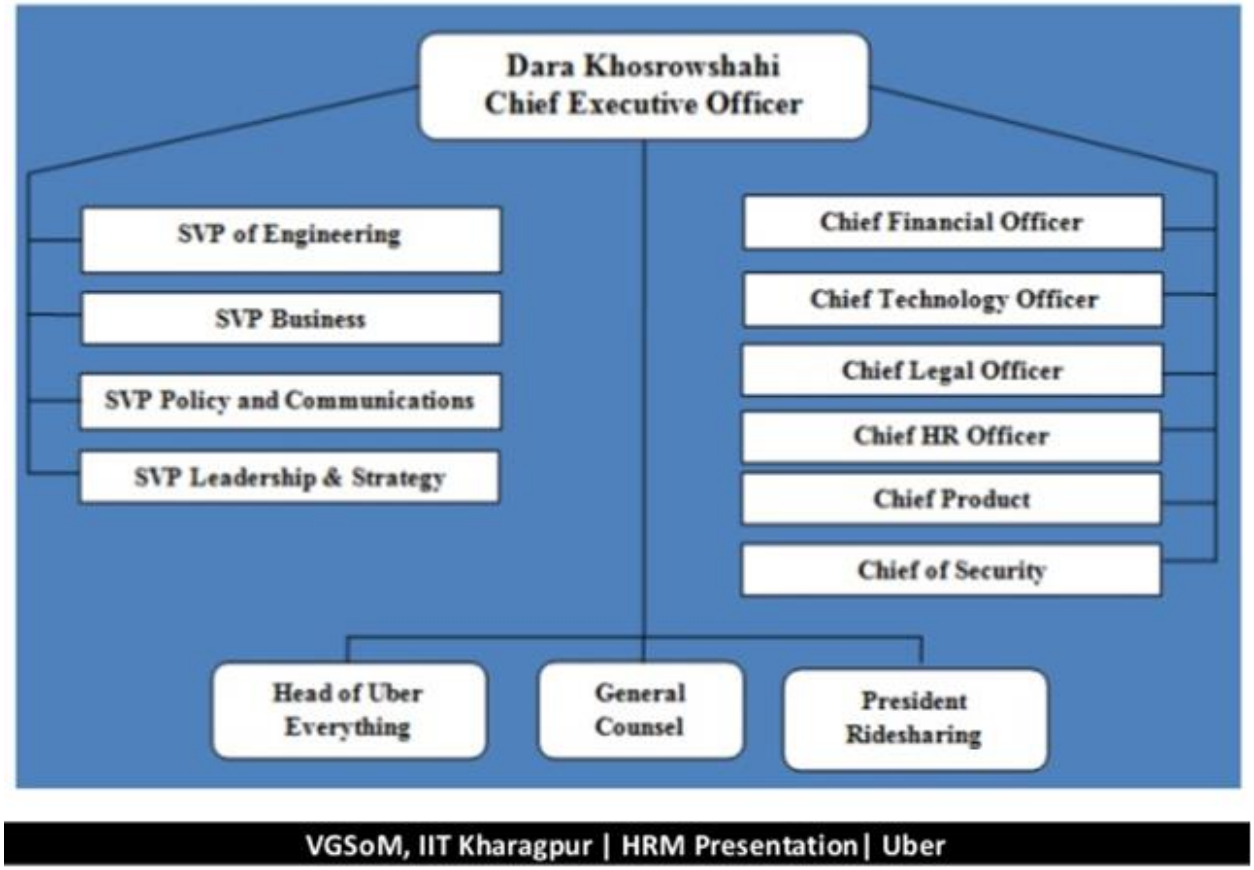


Figure 69 - Uber's organizational structure

Nevertheless, Uber organizational structure used to be traditionally highly hierarchical with co-founder and former CEO Travis Kalanick yielding tremendous power and micromanaging the ride-hailing giant. Lack of Kalanick's leadership skills resulted in a series of scandals involving bullying, discrimination at workplace, sexual harassment etc. Kalanick had to resign because of these scandals. After Dara Khosrowshahi became new CEO in 2017, Uber organizational structure has been subjected to certain changes, moving to a "**functional structure**".

It can be argued that the current pattern of Uber's organizational structure illustrated in Figure 53 can be subjected to further changes by new CEO Dara Khosrowshahi in the medium-term perspective. When Khosrowshahi took place as CEO, he found a demoralized workforce and poor organizational culture belong to the list of major issues for the global transportation technology company. Dara Khosrowshahi is credited for creating collaborative work culture where employees are encouraged to propose their ideas to management. As part of his grand plans to turnaround the business, Khosrowshahi intended to fix Uber organizational culture. Accordingly, improvement in organizational culture required changes in organizational structure.

Specifically, de-layering of organizational structure was introduced, removing certain levels of management to make the business more flexible to respond to the changes in external marketplace. Moreover, the advantages of flat organizational structure were acknowledged to have contributed to a faster speed of communication between the top management and floor-level employees.

In terms of advances macrostructure, Uber relies on a "**functional structure**", enabling sharing of resources and information and providing stability and flexibility. However, it also has disadvantages, as potential authority conflicts and difficulty in control.

Having the structure of the organization is defined, it is extremely important that Uber plans the activities of its different divisions and/or departments in an integrated manner.

Today's most known representatives of the sharing economy discussed in global media are online platforms built on top of venture capital backed, hierarchically structured organizations. That is also the case of Uber.

12.1.2. Strategic and operational planning

The strategic plan should focus on corporate and business strategy alike. Its focus is the medium to long-term and this is the responsibility of top management and the executive team.

Operational planning is the responsibility of leaders in the organization in charge of the finance and management planning functions where the focus is generally the shorter term with regular reviews to take place.

The strategic plan of the company can detail the origin of sustainable value by cross-referencing the strategic dimensions (product markets, vertical integration, internationalization, and diversification, if applicable) with the internal and external development alternatives.

Based on the assessment developed in Chapter 11.3 and the information available, this paper evaluated that Uber's corporate development initiatives (in the form of mergers and acquisitions) have heavy weight in the product-markets and vertical integration sectors strategic dimensions. Additionally, and in terms of the strategic dimension of internationalization, the firm's strategic alliances play an important role.

Companies in the same industry as Uber earn a significant proportion of the revenues from technologies acquired as opposed to self-developed technologies. Also, the strategic alliances are a key element in enabling the company to cross over its borders and sell its products in different jurisdictions.

12.1.3. Planning under uncertainty

The year 2020 will probably go down in history as the year when the global macro and micro economical environments were affected the most (in a negative way) since the Second world war.

Analysts argue that the economic fallout will be greater than the Great Depression given the global reach of the pandemic. In a recent report, McKinsey suggests five steps to be taken by companies in these uncertain times, as Uber is currently focusing on:

1. Workforce protection
2. Supply chain stabilization
3. Customer engagement
4. Financials stress testing
5. Nerve-center integration

On the ridesharing side, which is at the periphery of the travel industry but an important contributor to last-mile transportation offerings, Uber has seen ridership reduced by 70 to 80 percent since the pandemic began. This led Uber to report a $1.8 billion loss during the second quarter. The company has also cut considerable portions of workforce, with Uber letting go 14 percent of employees.

Many rideshare companies have meanwhile focused on food delivery, but pockets of recovery in ridesharing are evident. While rides in top US markets are still down between 50 and 85 percent, some markets, including those in Europe, are down only 35 percent. In other markets, including Hong Kong and New Zealand, ridership has increased over pre-pandemic numbers.

In a unique convergence of the rideshare and car-rental industries, Avis and Uber have partnered to provide a solution for Uber drivers. While these are good business model adaptations, they will require consumer and driver confidence to return.

12.2. Implementation

12.2.1. Functional Management

Every strategy needs a successful implementation plan. Uber is a global company anchored on transportation of people and goods that is heavily dependent on the mobility and technology to deliver its service.

Uber management is organized via a functional and multidivisional structure. Uber's process management is carried out by different functions at the foot of its hierarchy to convert corporate strategy into the day-to-day activities of the company. Uber implements its strategy relies on leaders to run departments which integrate its functional policies by function in the organizational structure.

It requires a high level of integration to deliver high quality service to its customer by its in-country independent teams (Figure 70 and Figure 71).

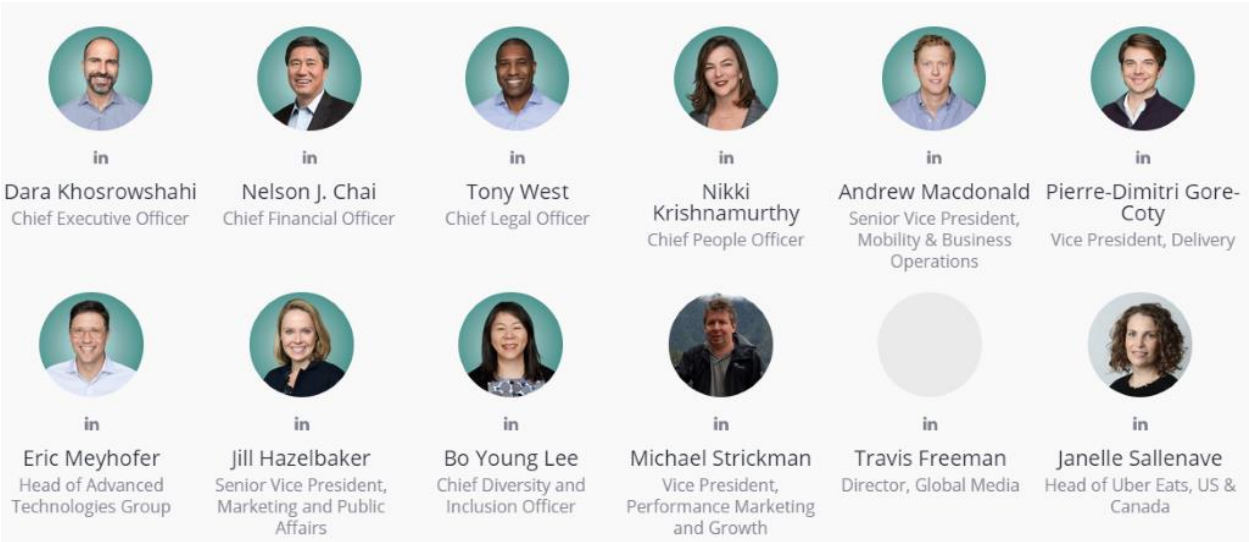


Figure 70 **- Uber's executive team & Departments**

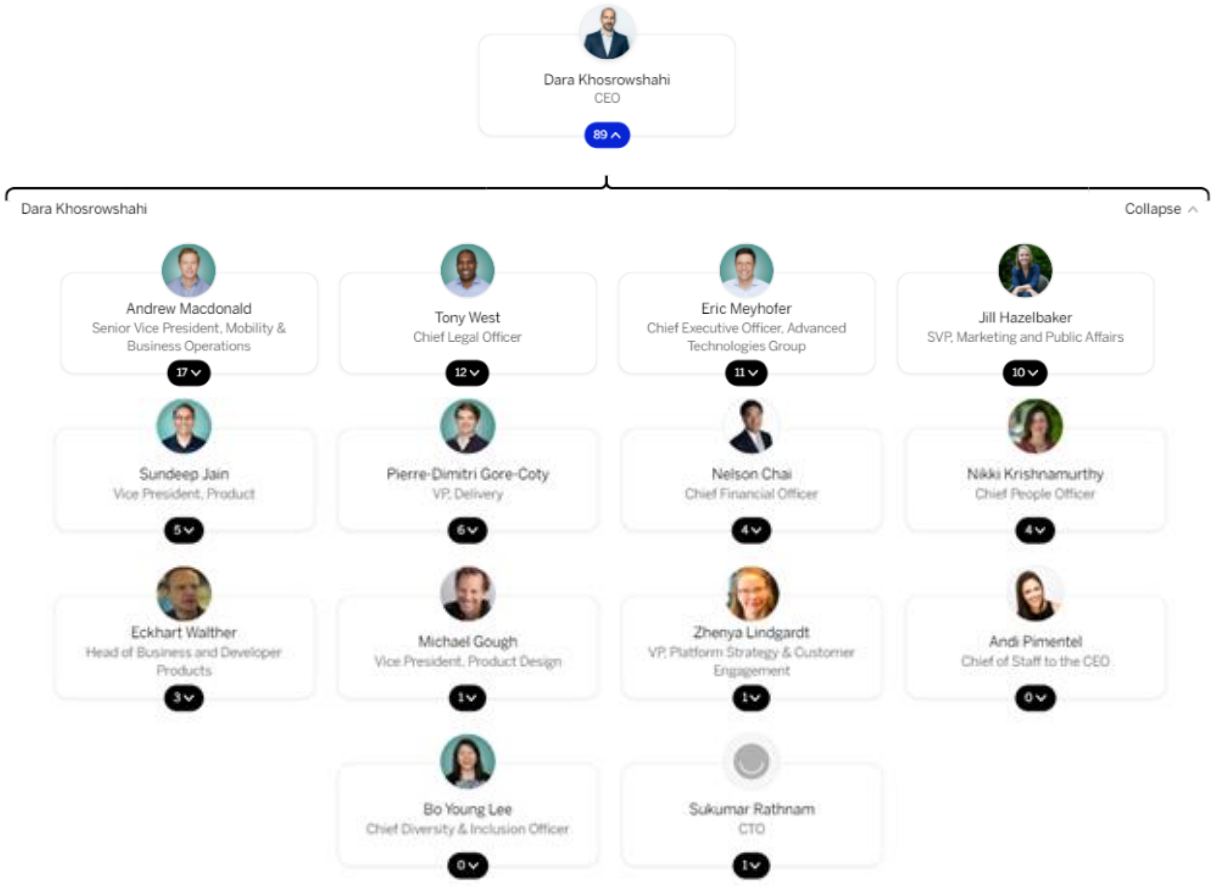


***Figure 71* - Uber's organization chart**

A brief description of Uber's key functional areas and capabilities is described below (Table 32).

Table 32 - Uber's key capabilities

Functional area	Capabilities
Distribution	▪ Effective use of driver incentives such as surge pricing to encourage more drivers to an area. This soft control, along with frequent messaging of drivers, aids the distribution or transportation options for varying situations
Human Resources	▪ Drivers are classified as independent contractors, reducing the overheads incurred by employees
Management Information Systems	▪ Effective and efficient control of algorithms to determine what route drivers are to take, and how long it should take to arrive at the rider's destination
Marketing	▪ Uber presents low prices to its customers and provides various coupons and deals to save money for its returning consumers ▪ Focus on customer service by implementation of rating system ▪ Uber is a well-recognized brand with an easily identifiable name and a bold logo in the economy
Management	▪ Algorithmic management is used to control work in the ride-share industry
Manufacturing	▪ Uber does not typically manufacture a product. However, economics of scale of demand entices more drivers into the market to service customer needs
Research & Development	▪ Consumer intelligence – knowing how to tailor products to suit the intended market/economy ▪ Examples: expansion into Uber Eats and Uber Pool

12.2.2. Process & Project Management

Uber revolutionized the transportation industry when introducing the right technology to meet customer needs in a way that changed the industry dynamics. The process and project management emerged as one of the most distinguish competences that Uber must deliver innovative solutions:

1. **Decentralize Decision-making**

The company's central headquarters in San Francisco still accumulates data from all the cities that Uber operates in and uses it to make more competent decisions. Company executives can realistically manage most functions during a company's initial stages of growth. However, delegation becomes more and more important as the company penetrates new markets and grows its subscriber base. Uber faced this challenge head on by outsourcing more remedial decision-making functions to local organizations as growth accelerated. Uber believes that local management has a better understanding of the measures that need to be taken to ensure services are provided efficiently and that both customers and employees are satisfied with the experience.

Uber also illustrates that this is particularly important for companies with locations or outposts in different geographic areas, as the company's founders may not be aware of local regulations or market forces that must be countered. Empowering managers and other employees to handle these issues is crucial for achieving exponential growth.

2. **Brainstorming ideas**

At Uber, generating ideas is creative and agile process. A project kick-off usually starts with a committee of people from different teams getting together to frame and determine the scope of the project. Shortly, the next crucial step involves testing, getting buy-in and approval from key stakeholders. Then, they create a diagram that takes the form of a mind map housing all the different ideas and showing how they connect to several business areas. Following approval, the project framing is delivered for local companies to be implemented with full autonomy and independence.

3. **Project Management**

With Uber's global user base spanning over 300 cities, having a set of standardized planning tools in place is crucial. The nearly 300 general managers assigned to specific cities and all the departmental managers within Uber's corporate division use them for financial planning, and another 500 personnel utilize them for general reporting purposes. Rahul is one of the product

managers at Uber and he described the key tasks to develop enterprise planning and budgeting solutions for the company with limited touchpoints to compute the P&L. By automating the majority of the variable cost items and using assumptions to populate budgets and forecasts on a rolling basis.

4. **Sharing and gathering real-time feedback**

Uber stores and digitalizes all diagrams for a given project in one folder that the collaborators can easily access. Multiple team members will jump into a single document simultaneously to make revisions that make meetings more effective to discuss changes with engineers and managers globally. The level of digitalization is very high in the organization and real time data is feeding and supporting decision making process almost instantaneously (e.g., dynamic pricing for travelers is one of the examples).

12.3. Control

12.3.1. Learning Organisation

Platforms like Uber are built on top of venture-capital-backed, hierarchically structured organizations. These platforms may enable people to share their resources, skills, and time, as well as to finance and produce their goods in mildly more collaborative ways. However, at the end of the day, they facilitate little more than a transactional form of “sharing” not much different than that of conventional capitalist exchange. While the pretense of “sharing" colors the front end of the services they offer, rarely does an ethos of collaboration permeate their actual organizational structure.

The higher one climbs up the ladder, the more influence and power one gains. At the bottom of the company are the drivers who lack employment protection, have no official wage, and no say over their rights. Above the drivers are the founders and management who set the rules and aims of the organization and convey their decisions on the drivers. Above them are the shareholders who provide capital for the organization and expects it to maximize the values of the shares through increased profits. Such organizations put more emphasis on the question of “how” they can produce something (e.g., to maximize profit) instead of “what” they are producing (i.e., the quality of their product and its social and environmental impact).

Instead of transforming only the “front end” of the transactions and services that they offer, companies can implement the principles of sharing and collaboration in the “back end” of their enterprises. They can structure themselves in ways that distributes power and profit in less-hierarchical ways.

As mentioned in previous chapter, Dara Khosrowshahi is credited for creating a more collaborative work culture where employees are encouraged to propose their ideas to management, intending to fix Uber organizational culture. Khosrowshahi intends to simplify the organization and set Uber up for the future

A recent example occurred in 2019, with Uber's chief operating officer and chief marketing officer stepping down. Barney Harford, chief operating officer and Khosrowshahi's top deputy, were replaced by two executives to manage the biggest businesses — ride-hailing and food delivery — and report directly to the chief executive. Khosrowshahi mentioned that he and Harford agreed the change meant that "the COO role no longer makes sense" and as a result Harford was choosing to leave.

Harford was one of Khosrowshahi's first executive hires after he joined Uber in 2017 in the wake of a series of scandals and allegations of a sexist culture that resulted in the ousting of co-founder Travis Kalanick. The two men have a long professional history, having worked together at Expedia when Khosrowshahi was chief executive of the travel company.

Uber's management understood that this change would allow for "more hands-on and help our leaders problem-solve in real time, while also ensuring that we make our platform vision a reality," Khosrowshahi wrote in an email to staff announcing the changes.

Also, former Uber's head of marketing also left after Khosrowshahi moved to combine the company's marketing operations with the communications and policy team.

Jill Hazelbaker, communications, and policy chief expanded her portfolio to include marketing. The veteran of Google, Snapchat and John McCain's presidential campaign was hired by Kalanick in 2015. She has become a close adviser to Khosrowshahi, travelling frequently with him on his visits to government officials and investors.

Having said that, the CEO has spent much of his time since joining Uber in 2017 on working to improve relations with regulators around the world and preparing the company to go public.

The moves were met with skepticism by some observers, but most analysts interpreted that as "By having the leadership teams of rideshare and Eats [food delivery] report directly to him, Dara and Uber are more clearly focusing on optimizing the full consumer value proposition to drive increased per [monthly active customer] rides across both platforms."

12.3.2. Key Performance Indicators

Uber's public reports and accounts do not disclose the key performance indicators from each function. This paper attempts to identify the most relevant indicators and to allocate them to the

underlying departments considering the information gathered from several references. This information intends to complement the Uber's capabilities described in Chapter 12.2.1.

Table 33 - Uber's KPIs

Owner	Key Performance Indicator	Rewards
Chief of Technologies	▪ Comply with highest standards for securing personal data from clients and staff ▪ Assure a high level of customer satisfaction with digital platforms ▪ Implement fast and effective ticket response and resolution rates ▪ Develop and implement solutions that lead to cost / time savings	n/a info
Global Business Development	▪ Monitor business growth (e.g., market entering & penetration) ▪ Monitor business performance (e.g., margins and profit) ▪ Benchmarking investments with global competitive acquisitions	n/a info
International Ride	▪ Targets to minimize clients-driver interaction time ▪ Evolution of clients' repetition vs. new clients in-countries ▪ Monitoring clients' satisfaction ranking, overall rating, ▪ Monitoring acceptance and cancellation rates	n/a info
Chief People Office	▪ Retain and develop talent ▪ Invest in training and development programs ▪ Develop policies that engage a collaborative work culture ▪ Monitor turnover, motivation, and dismissal rates ▪ Monitor employees' workload	n/a info
Chief Diversity & Inclusion	▪ Implement a diverse working environment regardless of the gender, race, sexual orientation, or other differences ▪ Monitor ethics and compliance internal issues or breaches	n/a info

12.3.3. Disruption ahead

The transformation of an organization is a dynamic process that requires a solid integration of strategy and people.

Between car-rental, ridesharing, and other parties (for example, car manufacturers, tech companies), mobility will likely enter a new phase of partnerships and disruption as pre-pandemic momentum gets amplified by COVID-19 consequences. Car ownership has been declining in most major markets for many years now, but with increased worries of taking public transport, this might be reversed. In contrast, the COVID-19 silver lining of less congestion, quieter streets, and reduced air pollution could result in a harder push toward more environmentally friendly transportation alternative.

With regards to Uber employees, they have been and continue to be profoundly affected by the COVID-19 pandemic in many ways. Recognizing this, Uber strengthened the work-from-home policies and looked for new ways to support the employees. Uber had to pivot and provide more attention and flexibility to caregivers by providing resources, tools, and support through the employee assistance program (EAP) and by continuing to offer full-coverage mental health support, adding a well-being day off as an option in our time-off request system. Uber has also extended the voluntary work-from-home policy until July 2021.

13. Conclusion and looking forward

Uber was the pioneer of the digital ride-sharing industry, and its first mover advantage, global market leadership and brand image are a significant advantage when compared to its competitors, and great pillars for its innovation and diversification efforts, both in products and markets. However, risks such as growing competition, legal regulations and barriers to entry markets, and innovation costs x operational profits are significant and Uber needs to be strategic on its next steps to grow its market share, margin and its advantage over its competitors.

To be successful in terms of Growth, Margin, Risk and Sustainability, we believe there are 3 main strategies that could be key in supporting Uber's in further advance Uber towards its purpose of making real life easier to navigate for everyone by reimagining the way the world moves for the better.

13.1. #1: Autonomous vehicle technologies: Uber's blue ocean

As a tentative to be disruptive in terms of innovation strategy, Uber wants to be a pioneer in creating new markets, the "blue oceans". The company new "**blue ocean**" is the commercialization of **autonomous vehicle technologies**.

Uber wants to develop and successfully commercialize autonomous vehicle technologies, before its competitors, with the highest performance, perceived as safer than those of its competitors or non-autonomous vehicles. And being in a "blue ocean" is all this. Create a new market, develop the demand, make the competition irrelevant, cover multiple industries (multimodal) and innovate in sustainable value creation.

The graphic below presents the **new value curve** for autonomous vehicles, comparing with rides segment. It is a group analysis, and it is possible to see which product attributes should be **eliminated**, **reduced**, **raised** or **created**.

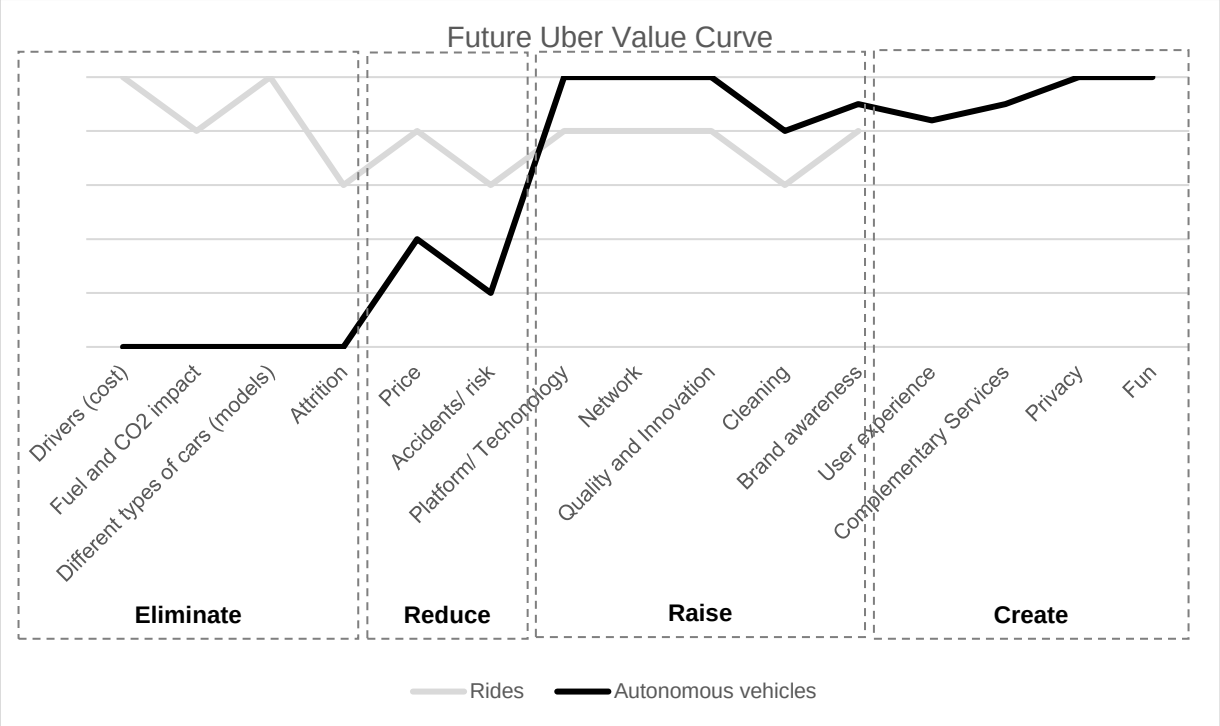


Figure 72 – Future Uber value curve with autonomous vehicles

From the graph analysis, the new product (innovation) should **eliminate** the cost of drivers, the consumption of fuel and the emission of CO2, as well as the presence of different car models (consequently different customer experiences) and the attrition (between drivers and customers, between drivers and other companies' drivers).

The price should be **reduced**, once the operational cost should be lower. Being an autonomous vehicle, is expected to prevent accidents and reduce the risk of collision.

The platform and technology involved will **raise** the sophistication associated. The Uber network is going to even bigger, able to attract new customers and maintain the current ones. It is also expected that the quality and the innovation inside the vehicles will raise, at the same time the cleaning will probably be controlled remotely, and the brand awareness must raise to very high levels, reinforcing the power of Uber in the market.

As a new product, it is important to **create** the user experience, properly adapted to this product. The complementary services will sum points to this product, many features could be added to the vehicles. Privacy to be on the phone to make business while is on the autonomous vehicle will probably be very valued. And this new product has lots of fun associated!

Let's hope that the Uber strategy for this "blue ocean" could reach all the expectations and return on investment.

13.2. #2: Product Diversification leveraging user data: Uber as a “super app”

Over the coming months, with COVID-19 lockdowns around the world, Uber, one of the largest and most influential players in the sharing economy, is widely expected to survive thanks to its parallel food delivery business. It has even differentiated by launching grocery deliveries in several new markets during the lockdown. Ubers’ short-term strategy will be very much supported on food delivery, but in the long run, the pandemic could in fact change consumer behaviour in a way which benefits ridesharing

In addition to the already ongoing product diversification, that proved key to Uber’s during the covid-19 pandemic, Uber needs to take a more strategic approach to leveraging its user’s data, similar to what its Asian competitors (such as Gojek) are already doing, centralizing a multitude of services in the same app. This move can also support Uber in improving driver’s satisfaction, since these additional services might increase the trust between the company and its drivers. To maintain its large pool of drivers, Uber needs to be perceived as a trusted partner for both drivers and riders.

Uber has begun moving towards this model in some of its emerging markets, such as Mexico, and being successful in this approach can be key in being able to maintain its leader position against its growing competitors, especially the ones founded in Asia and that began this move before Uber, and therefore are better positioned to expand its already tested diversified services in other markets.

13.3. #3: Growing internationalization via local partnerships

Develop projects in partnership with municipalities to ensure their adherence to the project from the very beginning and avoid the multiple legal issues, such as the ones experienced in China and Russia. Although Uber is currently the only player in the digital ride-sharing industry to operate globally, its difficulty to access some markets leaving them open to its already growing competitors, making competition even harder and driving prices and therefore margin down.

Considering the regulation risks, Uber should act as a partner to local stakeholders to develop a symbiotic business model that will allow for sustainable development in different markets. Understanding local specificities, pain points and development needs will be key to sustain Uber’s growing internationalization and sustainable growth.

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Appendix A – In-depth PESTEL analysis

a. Political factors

Ride sharing companies have ignited charged political debates globally. Several governments are concerned over the regulation of the sharing economy. While the sharing economy and ride sharing have their pros, they also have their cons. Ride sharing companies rise has had a disruptive effect on the business of other traditional taxi services. This has given rise to opposition which even turned political at several stages. Authorities are concerned if they need to bring new laws for companies like these.

When the first ride sharing company (Uber) started its operations in 2009, there was no other ride-hailing taxi app. Accordingly, legislations related to the regulations of such services did not exist. With the advent of such companies, the following and other questions needed to be answered by local governments and authorities:

Who is responsible in case of car accident: ride sharing company or the driver?

Does it need to be compulsory for drivers to have taxi licenses?

Can ride-hailing giants list thousands of its drivers as contractors, but not employees?

Does the company have to comply with minimum wage requirements?

Ride sharing platforms and products, are subject to differing, and sometimes conflicting, laws, rules, and regulations in the numerous jurisdictions in which they operate. Many proposals are being done to various national, regional, and local legislative bodies and regulatory entities, both within the United States and in foreign jurisdictions, regarding issues related to their business model.

Dealing with the above and other related questions in different countries and regions have caused charged political debates. Moreover, it can be argued that ride sharing companies have caused political debates in the global sphere in a way that few companies have done. While some local governments have been favorable towards the companies considering its modern business model, others demanded strict adherence to the rules and regulations making no difference between ride sharing companies and regular taxi companies. Thus, political challenges can have a deep effect on ride sharing company’s business.

Table 1 – Political factors impacting the ride-sharing industry

Political Factors		
Trends	**Demand**	**Supply**
No clear legislation and regulations	- delayed entries in markets	- increased risk for drivers
Pressure on politicians to scrutinize	- delayed growth in markets	- increased risk for drivers
Labour law risks (drivers as employees, minimum wage)	no change	- limitation in drivers due to profitability concerns

b. Economic factors

The ride sharing company's business model is based on the sharing economy, a concept that may change the state of economies, especially in developed countries. The economic impacts of the global transportation technology company are controversial. Ride sharing companies have created additional income opportunities for many people, while have taken away jobs from local taxi drivers. Ride sharing companies have had other benefits too, it has reduced the costs of searching for taxis too and not just that, the traditional taxi services were forced to cut down prices not to be thrown out of competition.

It has generated extraordinary competition that has become a cause of worry for the traditional services. Low-cost service providers are always ahead in terms of competition even in times of economic downturn. It is because people are always looking for cheaper products and services and especially so during times of economic recession. So, when it comes to being affected by economic factors, their effect on ride sharing companies is not so deep. Ride sharing companies have seen very fast growth in face of intense competition, mainly based on low prices and great customer service.

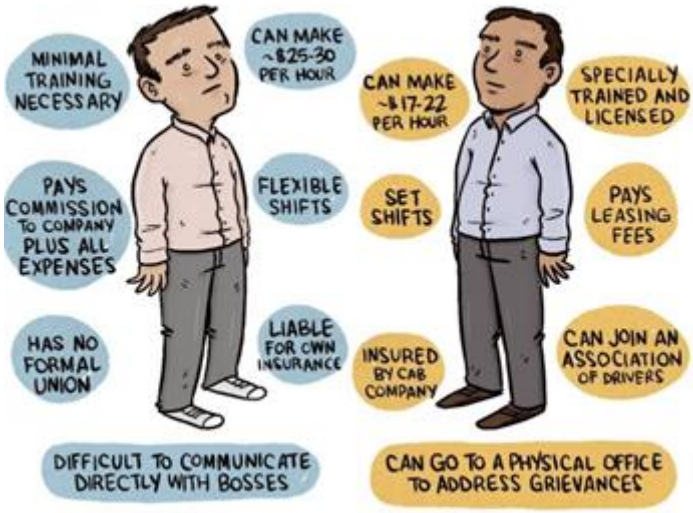

Figure 73 **- Ride sharing driver vs Taxi driver**

Table 34 - Economic factors impacting the ride-sharing industry

Economic Factors		
Trends	**Demand**	**Supply**
Cheaper than taxis and easier to use	+ due to better value proposition to customer	+ profit prospect to drivers
New opportunities but for lower pay to drivers	+ due to better value proposition to customer	- unfair pay perception to drivers leading to ride selection
Dynamic pricing	no change but customer dissatisfaction	- unfair pay perception to drivers leading to ride selection
Shared mobility hit hard by the pandemic	- limited mobility by law	+ available drivers
Recording losses for some time	no change	no change
Additional competition targeting profitability outlook	- increased competition due to low entry barriers	+ supply capacity in place

c. Social factors

The social aspect of businesses is just as important as the others. It is because societies and businesses need to have a mutually beneficial relationship to strive. So, for ride sharing companies too, it is important that it manages a socially acceptable and respectable image. They have gained fast acceptance and popularity based on two things: first, the prices and second, its quality of customer service. These are the points of differentiation.

Such businesses do not face big hurdles to find growth. Ride sharing company's growth has been both rapid and easy as they have found popularity in the society while working as a marketplace with social media dimensions imbedded (ratings, post experience in social media). In these cases, growth can be exponential as it was seen by key ride sharing companies.

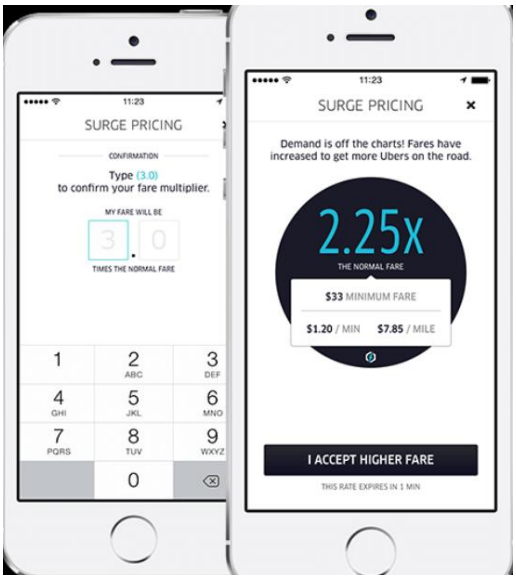

***Figure 74* - Example of surge pricing**

Ride sharing companies have also faced controversies related to competition, laws, human resources and even related to background checks for its drivers. Also related to the dynamic pricing algorithm, with long delays and higher price in peak hours leading to customer dissatisfaction and even outrageous prices in crisis situations leading to very bad public perception.

Table 35 - Social factors impacting the ride-sharing industry

Social Factors		
Trends	**Demand**	**Supply**
Part of a community (ratings, post experience in social media)	+ due to better value proposition to customer	+ due to better value proposition to drivers
Exponential growth since initial lunch	+ being part of a shared economy network	+ due to increased prospect profits to drivers
Surge pricing in times of crisis, under fire	- due to customer dissatisfaction	- due to drivers' dissatisfaction and feeling of unfairness
COVID-19 pandemic	- limited mobility by law	+ available vehicles
Multinational operations with reasonable fare and trustworthy	+ due to better value proposition to customer	+ due to better value proposition to drivers
Remote work is becoming increasingly popular	- reduced mobility needs	- remote work more demanding

d. Technology factors

Technology is at the root of everything big in the 21st century and to imagine growth without technology is difficult if not impossible. Behind ride sharing companies is also excellent technology. Ride sharing companies were able to grab a large piece of the ride sharing market based on excellent technology that provided both smooth access and great experience for drivers and the riders. They have integrated several special features into they are app to provide an extraordinary experience. From geolocation to direction, push notifications and payment all is integrated into a single app.

Ride sharing companies just acts as a marketplace to connect the two ends – the riders and the drivers. The foundation of the platforms is the massive network, leading technology, operational excellence, and product expertise. Together, these elements power movement from point A to point B.

- **Massive Network** The massive, efficient, and intelligent network consists of tens of millions of drivers and riders, as well as underlying data, technology, and shared infrastructure. The network becomes smarter with every trip and powers movements at the touch of a button for millions of people.

- **Leading Technology** Ride sharing companies have built proprietary marketplaces, routing, and payments technologies. Marketplace technologies are the core of the deep technology advantage and include demand prediction, matching and pricing technologies. The technologies make it extremely efficient to operationalize existing business.

- **Operational Excellence** The regional on-the-ground operations teams use their extensive market-specific knowledge to scale products in cities, support drivers, riders, and build and enhance relationships with cities and regulators.

- **Product Expertise** Ride sharing companies are built with the expertise that allows them to set the standard for powering movement on-demand and provide platform users with a contextual, intuitive interface, continually evolving features and functionality, and deliver safety and trust.

Table 36 - Technology factors impacting the ride-sharing industry

Technology Factors		
Trends	**Demand**	**Supply**
Platform is critical for the shared economy	+ due to better value proposition to customer	+ due to better value proposition to drivers
Increasing internet and smartphone usage	+ more geographies able to use platform	+ more geographies able to use platform
Building customer relationship through social media channels	+ due to better value proposition to customer	+ due to better value proposition to drivers
Self-driving cars and autonomous cars in near future	+ due to expansion to short length travel	+ drivers solving labour law risks
Employing digital transformation in logistics	+ due to expansion to freight	+ integration and efficiencies in management
Malware and phishing attacks harm reputation	- increased risk for customers	- increased risk for drivers

So, technology is one of the very important factors driving ride sharing company's fast growth.

e. Environmental factors

Sustainability has been a concern for most of the businesses thus ride sharing companies has also given importance to it. Many believe that traffic congestion and fuel consumption have increased, but studies haven't shown an increase in the traffic due to the use of ride-sharing cars.

Figure 75 – Uber Green Ad

Several companies have launched projects that take sustainability into consideration. An example is a project that takes riders requests of a green ride in a couple of buttons.

Companies have also been expanding and promoting electric and hybrid vehicle options for riders around the world, helping drivers transition to electric vehicles (EVs) and building a multimodal network that promotes sustainable alternatives to personal cars. We see commitments to go fully electric until 2030 or 2040 in different companies.

Figure 76 - Lyft electrification plans

Ride sharing company's success also depends on the ability to reflect local context and respond to local needs. The arc of development for communities is now different because of ridesharing, and these companies are committed to collaborating with cities and regulators to keep cities moving forward, to provide a complementary transportation option for all people in the community, and to continue creating economic opportunity for the diverse set of people earning on our platform.

Cities looking to invest in infrastructure often need data to better plan for and manage the entire mobility ecosystem. Ride sharing companies' platforms can provide publicly available data on travel time and speeds of rides taken in an anonymized, aggregated, and visualized format for over 200 cities around the world that help cities to plan and improve mobility.

Table 37 - Environmental factors impacting the ride-sharing industry

Environmental Factors		
Trends	**Demand**	**Supply**
Traffic congestion and fuel usage increase	- reduced due to sustainability perception	- due to lower profitability
Carpooling as an eco-friendly initiative	- less demand for cars due to shared transportation	- less need for drivers due to shared transportation
Electrification plans and customer option for electric car	- increased due to sustainability perception	+ due to segment better value proposition to drivers

f. Legal factors

Legal compliance is an important challenge to the businesses and being unable to comply may result in large fines for businesses. The rise of ride sharing companies have come as a challenge for legal authorities, which are in a fix over whether the laws applying to traditional services must apply to it or not. Ride sharing companies face legal problems related to taxes, operations and human resources issues too.

In US, ride sharing companies are facing lawsuits and the Californian authorities ruled that they must treat drivers as employees and not as contractors. These Legal issues are not limited to one corner of the world, with ride sharing companies being slapped with fines in France over illegal driving without proper permits. And facing issues also in London. Barcelona, New York City, Germany, Italy and in the European Union with some of their offerings.


Judge grants Uber and Lyft temporary stay, averting shutdown of California services

Lyft had announced planned suspension in blogpost as it awaited landmark decision which would enforce labor law AB5

▲ Lyft announced the suspension in a blogpost on Thursday morning, saying it is not something the company 'wanted to do'. Photograph: Lucy Nicholson/Reuters

Figure 77 - Example of Uber legal challenges - London

Earlier this year, researchers at George Washington University found Uber and Lyft's algorithm charges more for rides in non-white areas. And two studies have found that black riders face higher cancellation rates and longer wait times than white riders. This led a civil rights lawsuit alleging 'racially biased' driver ratings. This wasn't the first-time ride sharing companies have been accused of having discrimination baked into its product.

Table 38 - Legal factors impacting the ride-sharing industry

Legal Factors		
Trends	**Demand**	**Supply**
Attempted bans in countries/cities	- delayed entries in markets	- increased risk for drivers
Labour law risks (drivers as employees, minimum wage)	no change	- limitation in drivers due to profitability concerns
Liabilities exposure (car accidents)	no change	- limitation in drivers due to profitability concerns
Lawsuits impacting the brand	- reduced value proposition	- limitation in drivers due to profitability concerns

All these legal setbacks have the potential to distract the organizations from its core business and damaging the brand image even if resolved by settlements.

To conclude, the above PESTEL analysis highlights the various elements which have the potential to impact ride sharing industry business performance. This understanding helps evaluating how critical external business factors are for these companies.