The Ride-Hailing Business Is Now Way Bigger Than Uber and Lyft

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Anyone need a ride?

It's the question on the lips of just about everybody involved in the transportation business—and a few who aren't. The ranks of those offering ride-sharing services have swelled far beyond the likes of Uber and Lyft, past the self-driving gurus like Google sister company Waymo, past even the established automakers.

Now they include companies like Bosch, the German company best known as an automotive parts supplier, which last week acquired American ride-sharing startup SPLT. And Sony, which just announced it will partner with Tokyo taxi companies, lending its artificial intelligence tech to

the tricky business of dispatch. And even rental company Avis, which purchased car-sharing company ZipCar and is working with Waymo to support a self-driving taxi rollout in Arizona.

Welcome, passengers, to the confused and confusing age of mobility. The central quandary, the reason for these new sorts of businesses and brainwaves about revenue streams, is pretty simple. The automotive industry thinks personal car ownership will plummet in the coming decades. It has already dipped, especially among young people: The share of Americans aged 16 to 24 who held a driver's license dropped from 76 percent in 2000 to 71 percent in 2013, while car-sharing memberships grew. The supposition (and it is still a supposition) is that the decline will continue, especially in big cities where parking is dear. For the companies in an industry that has spent more than a century selling cars to individuals, this presents a problem.

"At the end of the day, this will lead to consumer choice, and consumers will look for the most economically efficient, and time-wise most efficient, way to get from A to B," says Rene Schlegel, the president of Bosch Mexico, which used SPLT's app to organize employee carpools. "The most efficient players will get the best chair."

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At this point, the players seem to think the best way to win this global game of musical chairs is to wring every bit of value out of every bit of the car. That requires a new way of doing things—and reinforcements from every single piece of the transportation sector. "For shared mobility to be profitable, or shared autonomous mobility to actually be usable, the platform needs to be much more than an operating system," says Aarjav Trivedi, the CEO of Ridecell, which sells car-sharing, ride-sharing, and autonomous fleet management technology. "It needs to be matching the driver and the app, but also everything that's going on behind the scenes: from charging and fixing the car to cleaning the car to building the car better."

Step one to making money off vehicles is much like step one of raising toddlers: You have to convince riders—and businesses—that sharing is good. Today, more than three-quarters of adults drive alone to their workplaces. If you're providing vehicles on a temporary basis instead of selling them, you have to fill more seats to produce more value. That means getting folks to carpool with other folks. Or with, say, a delivery pizza, if it happens to be going in their direction.

Companies can also can squeeze dollars out of vehicles by finding savvy ways to play the middle man, connecting riders to cars even in spaces in which they have little experience. This looks to be the Sony play. (It helps that Japanese regulations limit ride-hailing services to drivers with special licenses, leaving Uber to operate only in one western section of the country and areas so rural they're not serviced by public transportation.)

"It's a big, big industry that people see a lot of opportunity in," says Erik Gordon, who studies the automotive industry at the University of Michigan's Ross School of Business. "It hasn't hurt that Uber did not take over the world." The giant ride-hailing company has thus far failed to

monopolize the biggest and most important markets, and suffered a defeat in China. It is also reportedly exploring a sale of its southeast Asian business to the Singaporean ride-hail company Grab.

Ride-sharers can also hike profits by using the information they collect during their passengers' travels to rethink vehicles. Because carpooling—with cars, with deliveries—might not be as simple as plunking *more* inside a car. A crushing number of questions must be studied, and aspects optimized, before the automotive industry will feel comfortable betting more money on ride-sharing, and eventually on totally self-driving cars. Designers might want to rethink the backseat, if full-size people are spending more time back there. Seatbelt makers will probably need to sensor-up their clicky bits, to ensure riders are strapped in before the car leaves.

Another reason for the rush into ride-sharing: Everyone involved in building the future of mobility wants in on this vision, and they want to make discoveries about what needs to change themselves, by making their own observations and collecting their own data.

"They want to have control over the technology development path, which includes data, because data drives the development path," says Gordon, the business professor. "If you've got to get somebody else to adopt your technology, that's a sale you have to make." Which means your tech has to be good. You—you the automotive parts manufacturer, the electronics developer, the paint guy—have to know how travel is changing, and adapt. If you want to get better at the future, there's no time to study human behavior like the present.