Disrupting Ground Transportation: Year in Review

Creating Digital Opportunity: Annual Conference
May 3, 2017

Shauna Brail – shauna.brail@utoronto.ca
The Sharing Economy?

“This is a very dangerous direction to go, this unregulated economy, that’s what it should be called, not a sharing economy, it’s an unregulated, privatized economy that takes away accountability from the public" (City of Toronto Councillor, Interview).

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Uber has spent more than $1 MILLION lobbying against regulations in California since 2013. It is said to have set aside at least $1 billion for future regulatory fights as it expands abroad.

Mother Jones

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The company has been valued at $51 BILLION.

Mother Jones
Latest Developments in the Canadian Economic Accounts
Measuring the sharing economy in the Canadian Macroeconomic Accounts

Release date: February 21, 2017

ANALYSIS | Canada's sharing economy is growing — but should we really call it 'sharing'?

Statistics Canada uses a disputed term to describe an economic trend

By Solomon Israel, CBC News  Posted: Mar 05, 2017 6:00 AM ET  |  Last Updated: Mar 05, 2017 10:26 AM ET
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The Platform Economy

"Will the platform economy, and the reorganization it portends, catalyze economic growth and a surge in productivity driven by a new generation of entrepreneurs? Or will the algorithmically driven reorganization concentrate substantially all of the gains in the hands of those who build the platforms?" (Kenney & Zysman, 2016, 64.)

• Labour Platforms
  - Eg: Uber, Taskrabbit, Lyft

• Capital Platforms
  - Eg: Airbnb, Etsy

[Diagram showing online platform economy attributes: labor platforms vs. capital platforms]
Cities & the Platform Economy

- Globally: population **50%+ urban, geographically uneven** (UN, 2008)
  - Developed + expansion of urban population / markets (e.g., China, India)

- Millennium characterized by **rapid change, enhanced competition & globalization, deepening socio-spatial divides in cities** (Sassen, 2009; Hulchanski, 2010; Piketty, 2013)

- Select cities = concentrations of **knowledge workers, innovative activity, economic power** (Florida, 2016; Wolfe & Gertler, 2016)

- **Concentrations of firms + people + change in cities**
  - Particular relevance / opportunity for **platform economy** (Farrell & Greig, 2016)
  - At same time challenges associated with **inequality and deepening divides** (Kenney & Zysman, 2016)

- **Tensions** amongst economy, society, public good **underlie debates**
Concentration in Cities

- Noted **urban concentration of platform economy** activities
  - Especially in ‘Rides and Rooms’ (Farrell and Greig, 2016; Hathaway and Muro, 2016)

Uber: Year in Review
‘Uber vs. City Hall’: 2016 - 2017

April 2016

- Since 2011 Uber launch, expansion to 400+ cities in 60+ countries
- Operating outside of ground transportation regulations in Toronto
- Company valued at $51B (December 2015)

April 2017

- Operates in 581+ cities in 81+ countries
- As of July 2016, operates legally in Toronto as a Private Transportation Company (PTC)
- Valued at $68B
Move to Autonomous Vehicle Testing

“It’s not our role to throw up regulations or limit companies like Uber,” said Bill Peduto, Pittsburgh’s mayor, who said that Uber planned to use about 100 modified Volvo sport utility vehicles for the passenger trials. The vehicles will also have a human monitor behind the wheel. “You can either put up red tape or roll out the red carpet. If you want to be a 21st-century laboratory for technology, you put out the carpet.”
Uber Shares Data

Introducing Uber Movement
**Uber Not Profitable?**

### Exhibit 1: Distribution of Taxi Revenue (including tips) by cost category

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Actual Costs</th>
<th>Tradit adj to Uber model</th>
<th>Can Uber Achieve Significantly Lower Costs Than Traditional Cab Companies?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total costs paid by drivers:</td>
<td>67%</td>
<td>85%</td>
<td>NO, Uber’s growth impossible without much higher driver costs</td>
</tr>
<tr>
<td>Total costs paid by corporate:</td>
<td>33%</td>
<td>15%</td>
<td>NO, Everyone faces same fuel costs</td>
</tr>
<tr>
<td>Driver compensation (take-home pay plus self-funded benefit costs)</td>
<td>58%</td>
<td>58%</td>
<td>NO, Independent drivers pay more for insurance/vehicles/financing and maintenance than existing operators</td>
</tr>
<tr>
<td>Fuel and direct fees</td>
<td>9%</td>
<td>9%</td>
<td>NO, Uber charges 20-30% of revenue but has much higher costs (global branding, software, ROI on $13B)</td>
</tr>
<tr>
<td>Vehicle ownership and maintenance (in traditional model corporate pays; in Uber model driver pays)</td>
<td>18%</td>
<td>18%</td>
<td>NO, Independent drivers pay more for insurance/vehicles/financing and maintenance than existing operators</td>
</tr>
<tr>
<td>Dispatch/overhead and corporate profit</td>
<td>15%</td>
<td>15%</td>
<td>NO, Uber charges 20-30% of revenue but has much higher costs (global branding, software, ROI on $13B)</td>
</tr>
</tbody>
</table>


### Exhibit 2: Uber P&L 10/14-9/15

<table>
<thead>
<tr>
<th></th>
<th>4Q14(a)</th>
<th>1Q2015</th>
<th>2Q2015</th>
<th>3Q2015</th>
<th>YE9/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uber Revenue</td>
<td>235.4</td>
<td>287.3</td>
<td>375.3</td>
<td>498.0</td>
<td>1,396.0</td>
</tr>
<tr>
<td>EBITAR contribution</td>
<td>(254.3)</td>
<td>(159.0)</td>
<td>(559.1)</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>EBITAR margin</td>
<td>(108%)</td>
<td>(55%)</td>
<td>(149%)</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>GAAP profit</td>
<td>(317.9)</td>
<td>(385.1)</td>
<td>(602.1)</td>
<td>(697.0)</td>
<td>(2,002.1)</td>
</tr>
<tr>
<td>GAAP profit margin</td>
<td>(135%)</td>
<td>(134%)</td>
<td>(160%)</td>
<td>(140%)</td>
<td>(143%)</td>
</tr>
</tbody>
</table>

### Uber: 2016

- **Revenue**: $20B
- **Profit**: -$2.8B

Or... Uber Hides Profits?

How Uber plays the tax shell game

Brian O'Keefe, Marty Jones
Oct 22, 2015

he VCs were desperate to give him more money. It was the spring of

Source: http://fortune.com/2015/10/22/uber-tax-shell/
Peduto jabs Uber over Trump connection, airport protest

January 31, 2017 12:00 AM

“We’ve held up our end [of] the bargain,” Mr. Peduto said, referring to the city’s cooperation with the company, “but we haven’t seen much from Uber. This is a two-way street, not a one-way. I need to see more interest from them in our communities, both locally and internationally.”


http://metro.co.uk/2017/01/30/how-to-delete-an-uber-account-deleting-the-app-does-not-delete-the-account-6416344/
#DeleteUber No. 2

When I joined Uber, the organization I was part of was over 25% women. By the time I was trying to transfer to another eng organization, this number had dropped down to less than 6%. Women were transferring out of the organization, and those who couldn’t transfer were quitting or preparing to quit. There were two major reasons for this: there was the organizational chaos, and there was also the sexism within the organization. When I asked our director at an org all-hands about what was being done about the dwindling

https://www.susanjfowler.com/blog/2017/2/19/reflecting-on-one-very-strange-year-at-uber

Users get message about sexual harassment scandal when trying to delete Uber

How Uber got into this human resources mess

Could allegations of sexual harassment and sexism put the company’s future IPO prospects at risk?

In line with your request, we’ve already marked your account to be deleted. Please bear in mind that we cannot recover your account after it has been deleted.

We appreciate your understanding regarding this matter. Please don’t hesitate to contact us if you have any questions or concerns.
... Annus Horribilus Continues

“In some ways what Uber needs is a colonic, not a Kalanick,” said Michael Gordon of the crisis public relations firm Group Gordon. “Uber has had a worse spate of bad news in 2017 than the Trump administration.”

https://www.theguardian.com/technology/2017/mar/03/uber-secret-program-greyball-resignation-ed-baker

http://www.recode.net/2017/2/28/14766964/video-uber-travis-kalanick-driver-argument
And keeps on going…

Uber's turmoil continues as president Jeff Jones quits

Jones is the latest in a string of high-level executives to leave tech company

The New York Times

Executive Who Steered Uber Through Scandals Joins Exodus

By MIKE ISAAC  APRIL 11, 2017
From bad...

Uber calls GST requirement a 'tax on innovation'

Liberals extend GST rules for taxis to ridesharing company. Uber asks for consultations on move they say will burden drivers, passengers.


C’mom Uber: Sales Taxes on Uber Rides Are Not a “Tax on Innovation”

March 23, 2017

Source: http://www.michaelgeist.ca/2017/03/cmon-uber-sales-taxes-uber-rides-not-tax-innovation/
To worse?

Uber allegedly **used secret program** to undermine rival Lyft

Program - dubbed ‘Hell’ - was reportedly run between 2014 and early 2016 in order to deprive cab competitor of drivers

Source: https://www.theguardian.com/technology/2017/apr/13/uber-allegedly-used-secret-program-to-cripple-rival-lyft
A Post-Uber World? Not quite...

Headed to Scarborough transit town hall on transit during rush hour. This was possibly a mistake...

OK that was quickly a mistake with Line 2 down for a power off situation and a "trespasser" at track level

Full disclosure: I am now obviously in an Uber to a transit town hall

Spent an hour trying to find a ride.

Austin is broken w/o Uber or Lyft. Other ridesharing apps aren't working and all the taxis are full.

— Ryan Hoover (@rrhoover) March 12, 2017
Uber Presence in 30 Largest Municipalities: March 2017
In 2016-2017 Regulatory Success Across Canada

Map created by Browen Hunter
Data accurate as of March 16, 2017
What’s Next?

• Uber appears to have **paved way for next generation** of ride sharing
  • Represented by traditional automotive firms: Ford, GM + Tesla & others together with tech firms
• **Convergence** of ride sharing, autonomous vehicles, electric vehicles
  • Witnessed through **partnerships, investment, testing, new models**
• Digital Opportunity & Ground Transportation
  • Global scale, **urban** focus
  • Global **networks** of cities & regions
  • National, regional & local scale
  • Opportunities, advantages & threats
• Capital & Capitalism Prevails
  • Return to debates & tensions: **economy, society, public good**
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This research was conducted as part of the Creating Digital Opportunity (CDO) research project with financial support provided by the Social Sciences and Humanities Research Council.
Kristine Hubbard @KristineHubbard · 22h
#TOcouncil will decide how important driver and passenger safety is. Right now, PTC cars have no cameras. #TOpoli

Kristine Hubbard @KristineHubbard · Apr 13
Politicians/regulators can't blame the company. Instead, they should have done their jobs. Was never uber v. taxi.