



Master of Science in
International Business

UberECO – Sustainable Ridesharing



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ACADEMIC YEAR: 2017 – 2018

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KEYWORDS: Ridesharing, Self-driving Vehicles, Sustainability,
Uber, Tesla

DATE: 11th June 2018

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1 ABSTRACT

UberECO is a collaborative, sustainable model focused on shared mobility, green energy, and self-driving technology. Our objective is to create a working model whereby Tesla would supply Uber with a fleet of electric, self-driving vehicles that Uber would deploy on public roads in urban communities via a new service offering that we have coined “UberECO.” Our world’s largest urban areas are plagued with various transportation-related issues, including a growing need for spontaneous transportation, restricted parking access, large-scale traffic congestion, and polluted air (e.g. high CO2 emissions). To date, no shared mobility company offers a viable form of transportation to consumers that provides a convenient, eco-friendly and cost-efficient solution to these problems. By merging the interests of Uber and Tesla, UberECO represents a business model focused on both shared mobility and green energy as a means of combating these issues.

2 LIST OF ABBREVIATIONS

AN	Assemblée Nationale
ARB	Air Resources Board
CAGR	Compound Annual Growth Rate
COGS	Cost of Goods Sold
e.g.	For example
HQ	Headquarters
HR Management	Human Resource Management
i.e.	That is to say

3 EXECUTIVE SUMMARY

UberECO represents a progressive step forward in the ridesharing industry by providing a greener, more sustainable method of transportation within major cities. Through a collaborative partnership with Tesla, UberECO will employ self-driving, electric Tesla Model 3 vehicles on the streets of large, urban communities worldwide, beginning in San Francisco in 2022 and Los Angeles in 2024. Assuming the initial roll-outs in San Francisco and Los Angeles go smoothly, UberECO plans to expand internationally to Paris in 2026.

The UberECO model will prove beneficial for both Uber and Tesla. For Uber, the UberECO model has the potential to dramatically decrease the costs associated with the current Uber model. Specifically, Tesla's electric vehicles and self-driving technology will lead to a vast reduction in the costs associated with hiring human drivers and subsidizing fuel and maintenance costs associated with independently-owned vehicles. In fact, nearly 70 percent of Uber's current revenues are lost to paying its drivers¹. This cost will be entirely eliminated by UberECO, and instead will be substituted by a 20 percent revenue sharing transfer to Tesla. For Tesla, the UberECO service will provide the company with a cost-effective and highly efficient means of marketing the Model 3 to a much greater population. UberECO riders will be able to experience Tesla's innovative technology first-hand, which will lead to increased brand awareness, further word-of-mouth advertising, and, ultimately, an increase in Tesla sales. Moreover, through Uber's feedback mechanism, Tesla will gain valuable insight regarding how consumers perceive the company's vehicles. Finally, Tesla will also have the added benefit of being able to quickly identify any recurring maintenance issues related to the Tesla vehicles, especially given the substantial number of miles the vehicles will travel each day.

In addition to creating value for Uber and Tesla, UberECO has the potential to make a huge positive impact on the way we move. The promotion of self-driving and green technology on a global scale has the potential to disrupt the transportation industry in a major way while providing a monumental step forward in sustainable business. Uber and Tesla are certainly trendsetters in modern-day society, and a partnership between these two giants may provide the necessary incentive to encourage our world to move in a smarter, greener way.

In the following analysis, we begin by providing an overview of the UberECO concept, which details how UberECO works and where we will initially roll out the UberECO service. Following our concept overview, we discuss our internal and external analyses. Our external analysis focuses on the current state of the ridesharing market and growth potential, as well as UberECO's competitors and target consumers. It also provides a PESTLE analysis of California and France. Our internal analysis provides an overview of the Uber and Tesla companies, a SWOT analysis for the UberECO model, and our stakeholder engagement strategy, which offers an in-depth look at Uber's most important stakeholders and relationships.

Following our internal and external analyses, we discuss UberECO's marketing strategy and digital presence, as well as the results of a primary research survey we conducted in

California. We then briefly examine the logistics process involved in acquiring the Model 3 vehicles from Tesla (both in California and Paris), and then discuss the human resource component of UberECO, including UberECO's key employees and UberECO's potential to rebuild Uber's reputation. Finally, we offer an overview of UberECO's projected financials, which includes a detailed look at UberECO's income statement and cash flow statement through 2027, as well as UberECO's exchange rate risk mitigation strategy.

4 CONCEPT OVERVIEW

Like Uber's other service offerings, UberECO would be accessible via mobile app. In the UberECO model, customers would hail a Tesla Model 3 via the Uber app on their smartphone by entering their current location and desired destination, selecting the service offering (UberECO), and accepting the payment terms of Uber's cashless payment system. The Tesla vehicle would arrive some minutes later and transport the customer(s) to their destination. However, whereas Uber's current service offerings all involve an Uber-contracted driver, UberECO would involve the use of a Tesla Model 3 equipped with self-driving technology. UberECO's Model 3s would be programmed with Uber route guidance and GPS technology, allowing Uber to track the vehicles at all times and instruct the cars regarding where to pick up and drop off customers. Once a vehicle reaches a certain low battery threshold, the vehicle will be pulled from active service and hailed back to the respective UberECO warehouse for charging and cleaning.

In order to facilitate the streamline nature of UberECO, our model incorporates one large-scale warehouse in each city where the UberECO service is offered. This warehouse will house charging stations for the fleet of Tesla vehicles, as well as technicians provided by Tesla who will ensure that the vehicles are clean and will perform routine maintenance checks and software update integrations in order to ensure that the vehicles are fully functional and safe.

While both Uber and Tesla were both born in California, the UberECO model is well-suited for national and international expansion. We believe that focusing on urban areas will allow Uber to reach an optimal number of potential customers that fit within its customer segment – progressive, cost-efficient urban citizens who either do not own a vehicle or prefer to drive sparingly. San Francisco, a tech-savvy, avant-garde and sustainability-focused city, will be the first location to roll out UberECO's service. After a successful market launch in San Francisco, we plan to target Los Angeles, CA - another prime market for UberECO that will benefit from California's progressive legislation regarding autonomous driving. After the UberECO model has proven successful in these U.S. cities, we plan to expand our service internationally. Specifically, our first international expansion will be to Paris, France. Over time, our vision is to establish UberECO in urban cities all over the world, including further development in the U.S., Europe, and Asia.

Per the partnership agreement between Uber and Tesla, 20 percent of UberECO's revenues will be paid to Tesla, which will not only cover the costs associated with providing and servicing the vehicles for UberECO, but will also compensate Tesla for assuming all liability arising out of the use of the vehicles (with the exception of liability arising solely out of the fault of Uber). Tesla will purchase primary liability auto insurance that will cover Uber, and will also agree to contractually indemnify Uber.

5 EXTERNAL ANALYSIS

5.1 Market Overview: Ridesharing

5.1.1 Status Quo

The ridesharing market is primarily comprised of the following services: (1) online carpooling platforms (e.g. BlaBlaCar); (2) online platforms that allow drivers to pick up private passengers (e.g. Uber); and (3) taxi companies that offer their services through mobile apps (e.g. MyTaxi). Since 2010, ridesharing companies have raised more than \$25 billion in private capital. Currently, all ridesharing companies, including Uber, Didi Chuxing, Lyft, Ola, and Grab Taxi combined garner a market capitalization of \$120 billion.² In 2017, revenues from ridesharing services were estimated at \$44.3 billion. In the U.S., ridesharing market penetration today is estimated at just under 18 percent, accounting for nearly 60 million users. And while revenue growth of ridesharing companies in the U.S. has slowed slightly over the last two years, the market is still growing at approximately 31 percent. **See Appendix A.** However, despite the hype surrounding ridesharing in recent years, it's important to keep in mind that ridesharing still accounts for a relatively small percentage of total vehicle miles travelled - approximately 1 percent in 2016.³

5.1.2 Market Potential

Potential growth in the ridesharing industry is substantial. Sources estimate an average growth rate of 16.3 percent over the next 5 years, resulting in a total combined revenue of \$109 billion by 2022. This significant revenue growth is attributable to a sizable increase in user penetration, which is expected to increase from 9.8 percent to 13.2 percent between 2018 and 2022.⁴ In the U.S., market penetration rate is expected to reach 23 percent by 2022, accounting for over 77 million users.⁵ **See Appendix A.** According to a study by McKinsey & Company, this growth illustrates the expansion of the ridesharing market as a whole, not simply the cannibalization of other ridesharing companies or the taxi industry. "In one large North American city, for example, a single rideshare company was able to grow monthly fare revenues by more than 12 percent from mid-2013 to mid-2016."³ Similarly, a survey in which consumers were asked whether their ridesharing and car-sharing service usage would increase over the

next two years showed that over 60 percent in each category indicated that their usage rates would increase either to some extent or even significantly. **See Appendix B.**

5.1.3 Competitors

In most countries, including the U.S., Uber is the market leader. Regarding available substitutes, ridesharing services are increasingly phasing out more traditional players in the ground transportation market, such as incumbent taxi companies, public transport and conventional car manufacturers. In the context of business traveller ground transport, Q3 2017 was dominated by Uber and Lyft (65 percent), whereas car rentals (28 percent) and taxis (7 percent) followed far behind. Most market research indicates that these trends to continue in the future.

Uber's largest international competitors in the ridesharing market include Lyft, Didi Chuxing, Ola, Yandex, Grab, Careem and MyTaxi. Over the past several years, Lyft, specifically, has encroached on Uber's market-leading position, especially in the U.S. While one survey conducted in 2016 indicated that Uber's recognition in the market was far greater than Lyft's (85 percent of respondents knew of Uber compared to just 31 percent for Lyft)², Lyft has steadily increased its market share over the last few years. In fact, as of May 2018, Lyft claims they own 35 percent of the U.S. ridesharing market, a 75 percent growth over the last 18 months.⁶ In order to increase its brand awareness and market share, Lyft has taken a number of progressive actions. For instance, while Lyft had been operating exclusively in the U.S., Lyft expanded its services to Toronto, Canada in December 2017. Lyft is also expanding to Europe, with hopes of beginning operations in London, England by the end of the year.⁷ Lyft has also invested heavily in autonomous driving technology. In May of 2017, Lyft partnered with Waymo, Google's autonomous driving unit, and tested a fleet of autonomous Chevy Bolts, which increased the company's competitive edge relative to Uber. A few months later, Lyft partnered with NuTonomy and deployed self-driving cars in Boston's Seaport District.⁸ Most recently, in January 2018, Lyft opened an R&D center in Munich, Germany exclusively focused on the development of autonomous driving technology.⁹

As mentioned above, the initial roll-out of the UberECO service will occur in San Francisco, California. As one of the most densely populated cities in one of the most progressive, environmentally-conscious, and technologically advanced states in the country, not to mention the home and birthplace of Uber, San Francisco is a prime candidate for the introduction of UberECO. One factor working against this decision, however, is the level of competition in the city. Ridesharing apps are particularly prominent in San Francisco. Uber is still the most popular, but the company is in constant competition with a host of rivals such as Lyft, Sidecar, Curb and Flywheel, just to name a few. With so many competitors and relatively little difference between the services they offer, customers in San Francisco are particularly price-sensitive and experience almost no switching costs. This being said, we still believe the

benefits of rolling out our UberECO service in San Francisco far outweigh the potential drawbacks.

Eventually, we plan to internationalize the UberECO model by expanding to Paris. Currently, France is one of Uber's key European markets. Uber boasts 2.5 million users and 25,000 drivers in France. Uber's primary competitors in the French market are: Taxify, Chauffeur Privé, and Heetch. Of the three, Chauffeur Privé is the largest – the company is the 2nd largest car-booking app in France by number of users, growing from 1 million users to 1.5 million users in 2017 alone. Taxify, an Estonian app, launched more recently in October of 2017, and provides an enticing incentive package to both its drivers (performance bonuses) and consumers (price reductions). Heetch, a company that had originally started as a carpooling service in Parisian suburbs, recently re-launched in 2017 after it was considered illegal, and now offers a car-booking app that brings in 70,000 rides per week in France. Each of these companies have taken advantage of the recent bad press directed at Uber.¹⁰

5.1.4 Target Customers

The ridesharing industry focuses primarily on younger generations, who are, by nature, more mobile and tech-savvy. The biggest customer segments are young people between 16 and 24 (37%), followed by adults between 25 and 34 (28%).⁴ Generally speaking, millennials are less concerned with ownership or possession of goods (such as cars) and more concerned with experiences.¹¹ This, combined with the increased convenience, comfort and low-cost pricing of ridesharing services have made ride-hailing apps like Uber extremely popular among younger demographics, especially in large, urban cities. In the U.S., the share of young people (16-24 years old) who held a driver's license dropped from 76 percent in 2000 to 71 percent in 2013.¹² This supports the notion that younger consumers value the flexibility to choose the best solution for their transportation needs. Similarly, younger generations may continue to gravitate toward on-demand and ridesharing services like Uber. Also, as younger consumers are becoming increasingly concerned with environmental sustainability and technology more generally, UberECO's green and tech-savvy approach is well-positioned to boost Uber's market share by appealing to younger consumers in the world's most populated urban cities.

5.2 Market Overview: Autonomous Driving

Public interest in and the corresponding market for autonomous vehicles has grown substantially over recent years. Auto manufacturers including Tesla, Audi, BMW, Ford, and Toyota have all announced plans to release autonomous vehicles by 2021. The rate of adoption of autonomous vehicles, however, will depend heavily on a number of important factors such as regulatory challenges, safety concerns and consumer perceptions, and reliability. A progressive scenario in a study by McKinsey & Company from 2016 predicts that fully autonomous vehicles may account for roughly 15 percent of total passenger vehicles sold worldwide in 2030 and about 90 percent by 2040.¹² **See Appendix C.** However, in light of

recent incidents during which autonomous driving technologies failed, ultimately causing the deaths of multiple passengers and pedestrians, this progressive scenario seems overly optimistic. A more neutral adoption rate could see fully autonomous vehicles accounting for only 4-5 percent of total vehicles sold in 2030, with autonomous vehicles reaching 15 percent of the market by 2040 or later.¹² But again, these scenarios are predicated on the acceptance of legislation related to the safety and legality of self-driving technologies. More progressive states like California have already legalized fully autonomous vehicles, which don't require any manual support. It is difficult to say how quickly other states will pass similar legislation and how rapidly the market for autonomously-driven vehicles will grow worldwide.

5.3 PESTLE Analyses

5.3.1 California (USA)

As a member of the United States, California is subject to the same federal laws that govern the entire country. However, state-specific laws such as tax-law, marriage regulations, and gun control laws vary greatly by state. This is particularly relevant for UberECO, as California is, generally speaking, one of the most liberal-minded states in the United States, especially in terms of autonomous vehicles and self-driving technology. We will examine the legal implications of California's political views shortly.

In economic terms, California's market potential is huge. If California were considered separately, its economy would rank as the fifth largest economy worldwide behind the rest of the U.S., China, Japan and Germany. California is America's most productive state, representing approximately one-seventh of the U.S.'s GDP at \$2.747 trillion.¹³ As noted in the New York Times, California, "has strict environmental protections, a progressive tax system, an ascendant minimum wage, welcomes immigrants, celebrates ethnic and linguistic diversity, and actively tries to combat climate change. And with all that, its economy continues to soar."¹⁴ Moreover, no state or country has created as many laws discouraging fossil fuels and carbon while promoting clean energy, serving as further justification for the location of the initial roll-out of UberECO. California is home to 20 of the 130 companies in North America and South America that meet the standard classification of clean energy. These 20 companies produced a total return of 45 percent during the past 12 months, beating the clean energy benchmark's 13 percent, the S&P 500's 19 percent and the S&P 500 Energy Index's 6 percent.¹⁵

With regard to social factors, California's population continues to grow, experiencing an average annual growth rate of nearly 1% over the last decade. County-level data released in July 2016 showed population increases in all of California's most populous counties.¹⁶ The educational system in California consists of public and private schools, including the public University of California, California State University, and California Community Colleges systems, private colleges and universities, and public and private elementary, middle, and high schools. California boasts one of the highest education levels in the country. In 2016, approximately 20.6 percent of Americans, aged over 25 years, held a bachelor's degree.

California also has the highest number of higher education institutions of any U.S. state, with 448 such institutions in 2016.¹⁷ In terms of health consciousness, California is one of America's most health-conscious states. While fast food culture has contributed to obesity and other diet-related illnesses in the U.S., adult obesity in California ranks the fourth-lowest in the country, at approximately 25 percent.¹⁸ In addition to public health, battling environmental and climate change are also major initiatives for California's citizens. Just last year, in July 2017, more than 150 environmental, climate, public health, clean energy and technology leaders from across California came together to support legislation put forth by state politicians to reduce air and carbon pollution and control costs.¹⁹

California is a pioneer in terms of technological progress and development. California's Silicon Valley is home to many of the world's largest high-tech corporations as well as thousands of start-up companies. Silicon Valley is also the destination for one-third of all of the venture capital investment in the United States, which has helped high-tech innovation and scientific development in the area tremendously.¹⁹ In fact, according to a 2008 study, California's Bay Area, which includes Silicon Valley and San Francisco, is the largest high-tech center in the United States, with 387,000 high-tech jobs. Silicon Valley has the highest concentration of high-tech workers of any metropolitan area, with 285.9 out of every 1,000 private-sector workers.¹⁹ These numbers have only increased in the last decade, and are sure to continue to rise in the future. In addition to housing both current and future tech giants, California also serves as home to several of the top technological and research-based universities in the country, including Caltech, Stanford, UC Berkeley, and UCLA. Contributions from such accredited universities will ensure that California stays at the forefront of America's technological progress.

Generally speaking, California is one of the most liberal and progressive states in the U.S. With respect to regulations pertaining to autonomous vehicles, specifically, California is at the forefront of progressive regulation implementation. The California Department of Motor Vehicles has enacted a myriad of regulations that specifically apply to the testing (Article 3.7) and deployment of autonomous vehicles (Article 3.8). Among these regulations include financial responsibility requirements (insurance and indemnity), permit requirements, and geographical operating restrictions. With respect to testing autonomous vehicles, 50 companies, including Uber, have been afforded licenses to test self-driving vehicles in the state. To date, no set of regulations has been implemented that specifically relates to autonomous vehicles engaged in ridesharing services – the regulations pertaining to the deployment of autonomous vehicles do not apply to “the operation of an autonomous vehicle on public roads [...] for purposes of [...] providing transportation services for a fee.” However, April 2018, the California Department of Motor Vehicles enacted legislation that eliminated the requirement for autonomous vehicles to have a person in the driver's seat to take over in the event of an emergency. The elimination of certain regulatory components further supports the growing regulatory acceptance of autonomous vehicles. Moreover, the regulations in California that will directly apply to UberECO should be equitable and comparatively favorable. By developing

strong relationships with the California Department of Motor Vehicles, UberECO can help ensure that this is the case.

Lastly, regarding the environment, California provides ample opportunity to benefit from the utilization of renewable energies. In fact, several self-enacted state regulations have put pressure on California to reduce its environmental impact. For instance, California faces a state-wide ceiling on greenhouse gas emissions with a fixed number of tradable pollution permits and a renewable energy mandate on industries that tend to struggle with staying under these pollution limits. The ambitious, self-imposed goal to retrieve 50 percent of its consumed electricity from renewable sources by 2030²⁰, including solar and water, will likely be achieved ahead of schedule, especially considering the existing use of 25 percent the state had scheduled to reach in 2020.²¹ California's use of coal decreased by 96 percent between 2007 and 2015, while it installed as many solar panels as the other 49 US states combined. Also, by 2020, California plans to close its last nuclear power plant. Regarding specific goals in the automotive sector, the California Air Resources Board (ARB) Scoping Plan 2017 envisioned the number of zero-emission vehicles on California's roads rising to 4.2 million by 2030 from 250,000 in 2017. The California ARB also administers the Clean Vehicle Rebate Project, which offers up to \$7,000 in electric vehicle rebates for the purchase or lease of new, eligible zero-emissions and plug-in hybrid light-duty vehicles, serving as further evidence that California is an innovator and leader in the area of motor vehicle emission regulations. In fact, it is the only state that Congress authorized to adopt the highly regulated motor vehicle emission standards.

5.3.2 France

Assuming the initial roll-out in California goes smoothly, we plan to expand the UberECO model globally. The following PESTLE analysis of France, particularly with regard to technological and environmental factors, supports the decision to make Paris the site for UberECO's first international expansion.

In political terms, France recently underwent several major changes in executive power. President Emmanuel Macron was elected in 2017. He presents a charismatic and determined liberal strongman defending values, such as open trade, multilateral governance, diversity and human rights and is adamant to entice international corporations to establish and consolidate their business operations in France.²² Along with the *Council of Ministers*, led by newly appointed Prime Minister, Edouard Philippe, Macron will be responsible for putting new legislation before Parliament and determining government policy going forward. France's legislative power is vested in the French Parliament, which consists of the *Assemblée Nationale* (AN) (577 members) and the *Senat* (348 senators), that approves new bills. The vast majority of seats in the AN (63 percent) are held by Macron's own social-liberal party *La République en Marche*²³, which bodes well for Macron and his ability to pass new legislation.

Economically speaking, France houses the world's 6th largest economy, with a GDP of €2.925 trillion²⁴ and an economic growth rate of 2.1 percent in 2017.²⁵ Commercial airlines,

agriculture, automobiles, and computer technology are among its strongest economic sectors. France's most important trade partners include the U.K., Germany, Italy, China, the U.S., Belgium, Spain, and the Netherlands. Its current account deficit is at 0.80 percent of its GDP, i.e. \$20.308 million, whereas its federal direct investment (FDI) is roughly €2.9 billion. France offers a 0.8 percent interest rate, and was given an investment grade rating of "AA" by S&P and Fitch. In terms of taxation, since 1993, France has enacted a constant corporate tax rate of 33.3 percent and a personal income tax rate of 50.2 percent. The country ranks 23/175 in terms of corruption (1 being the least corrupt), and 31/190 in terms of ease of doing business. Both of these factors bode well for the success of UberECO in Paris. Generally speaking, French regulatory bodies have a great deal of influence.

Regarding its social factors, France is home to over 67 million people, of which 4.2 million (6.3 percent) are foreign-born. The country's capital, Paris, is home to 2.2 million people. Over 50 percent of the country's population is between the ages of 20 and 59. However, France still struggles with a high unemployment rate (9.7 percent). France's minimum wage is €1480/month, generally working 35 hours a week. Regarding social spending and well-being assessment, the French government spends a staggering 31.5 percent on social programs. Roughly \$16,422 is spent on education for each student. The terrorism index in France is 5.96/10, which reached an all-time high in 2016 after the Paris terrorist attacks.^{26, 27}

France is among the world's most technologically driven countries. While the country's R&D spending is average (2.2 percent of GDP), over 17,000 new patents are filed and over 12,000 high-tech start-ups are established each year. A great deal of France's technological development is in the realm of information and communication technology. With regard to autonomous driving, President Macron has announced ambitious plans to allow for testing of self-steering vehicles of autonomy level four by 2019.²⁸ Macron envisions France as a "Country of Unicorns" and wants "France to attract new entrepreneurs, new researchers, and be the nation for innovation and start-ups." Macron hopes to achieve this, in part, by investing €1.2 billion in the development of autonomous technologies.²⁹ France also invests heavily in technology transfer and has collaborated with the U.S. on many major projects since 2008. For example, France participates in both the Young Entrepreneurs Initiative and Fellowship Program for Tech Transfer Professionals, which both provide innovation and collaboration opportunities for U.S. entrepreneurs and professionals who want to work on tech-based projects in France.³⁰ Notably for UberECO, France was home to Europe's largest market for electric vehicles in 2016. Over 24,000 electric vehicles were registered in France in 2016 (up 26 percent). Currently, there are over 34,700 charging stations for electric vehicles in France, which is more than 2 times the amount compared to its immediate competitor Germany, and 4 times the amount in the U.K. By 2030, the French government plans to have 7 million charging points installed.³¹

Regarding legal factors, in December 2017, the European Court of Justice issued a ruling that effectively classified Uber as a "service in the field of transport" within the meaning of EU law.³² This means that Uber will be regulated as a taxi business going forward. Among the

requirements for taxi businesses, drivers must obtain a specific license which requires educational training, a health-check up, and often involves long waiting lists. Vehicles must also adhere to certain requirements, including those pertaining to vehicle size and the brandishing of taxi vehicle signs. Operating zones are also pre-defined, and fares are regulated. To date, France has not established any regulations pertaining to autonomous vehicles or ridesharing services. In addition to general regulations pertaining to Uber's services, Uber was fined €800,000 in June of 2016 after a Paris court ruled that Uber's UberPop transportation service was illegal.³³ Going forward, it will be imperative for Uber to build strong relationships with French regulatory bodies in order to foster the creation of a favorable regulatory framework that will not impede the implementation and/or success of UberECO in Paris.

Finally, France is a very environmentally-focused and friendly country, which is favorable for the UberECO model. In March 2018, Paris' mayor Anne Hidalgo announced plans for a city-wide free-of-charge transportation system to further sustainable mobility and improve the capital's increasingly detrimental air quality.³⁴ Similarly, President Macron is currently pushing to make France carbon neutral by 2050. As a means to this end, France's environmental minister, Nicolas Hulot, announced in early 2017 that the country intended to ban the sale of petrol and diesel vehicles by 2040.³⁵ To incentivize citizens to switch to greener forms of transportation, France has begun to offer financial incentives to consumers (up to €10,000 per vehicle) to consumers when they replace their gas vehicle with a new or second-hand electric vehicle. This statute applies to diesel-run vehicles manufactured before 1997, and petrol-run vehicles dating back to 2001. In the first 11 months of 2016 alone, 24,036 electric vehicles were newly registered in France, which is a 26 percent increase from 2015. France is also home to the Paris Climate Accord, an agreement with the United Nations Framework Convention on climate change to reduce greenhouse gas emissions. The goal of the Paris Climate Accord is to limit global temperature rise to 2 degrees Celsius above pre-industrial levels by 2100. In addition, the Paris Climate Accord calls for the reduction of global greenhouse gas emissions by 40-70 percent by 2050 and a carbon neutral planet by 2100.³⁶ As a part of this agreement, each party country is required to submit a plan to reduce emissions of greenhouse gases and address the impact of climate change. Currently, the U.S. is the only country to withdraw its party-member status. Adaptation and financing of the agreement is set to begin in 2020.

6 INTERNAL ANALYSIS

6.1 Uber

In 2018, Uber held a 72 percent share of the total U.S. ridesharing market and was valued at \$62 billion.^{6,37} A great deal of Uber's growth has occurred since 2013, when the company began expanding ambitiously, launching in 10-20 new cities every month. Between 2013 and 2016, Uber expanded its geographic footprint more than fifteen-fold, operating in over 550 cities worldwide. Today, Uber operates in over 800 cities and claims to have surpassed two

billion rides as of July 2016.³⁸ **See Appendix D.** Overall, Uber, a private company that plans to go public in 2019, continues to see significant increases in both gross bookings and net revenue. However, despite Uber’s constant growth and mammoth market share, the company’s financials indicate that Uber is losing a great deal of money at an alarming rate. For instance, Uber’s net losses between Q2 and Q3 2017 increased by 37 percent to a whopping \$1.46 billion.³⁹ These substantial losses are partly attributable to a myriad of company scandals involving sexual harassment, misappropriation of trade secrets, numerous cases of profiteering from protests, and the disparaging #DeleteUber campaign. **See Appendix N.**

6.2 Tesla

While UberECO will fall primarily under the Uber corporate umbrella, it’s important to consider the internal analysis of the partner company, Tesla, too. Founded in 2003 by tech maverick and visionary Elon Musk, Tesla is an all-electric vehicle and storage manufacturer which boasts a portfolio of four vehicle models, a truck model and energy-saving products, such as solar panel roof solutions. Tesla has already produced more than 300,000 vehicles since its inception fifteen years ago.⁴⁰ All vehicles produced since October 2016 are equipped with hardware that enables autonomous driving.⁴¹ However, according to Tesla, the “full self-driving capability is dependent [on] extensive software validation and regulatory approval, which may vary widely by jurisdiction.”⁴² Additional features, such as advanced assistance systems, are unlocked and added to the car’s capabilities via over-the-air software updates. The company has a market capitalization of \$50 billion, and has raised \$38 billion in debt and equity since 2008.⁴³ In 2017, the company’s revenues reached \$3.3 billion.⁴⁴ Despite worries regarding production shortages and financial issues, Musk has remained optimistic about the company’s growth and productivity. According to Musk at the 2018 annual shareholder meeting, Tesla is projected to have a “positive GAAP net income and positive cash flow in Q3 and Q4” 2018. Musk also reiterated that the company is improving production conditions for the Model 3.⁴⁵

6.3 SWOT Analysis

<p>Strengths</p> <ol style="list-style-type: none"> 1. Unique service combining convenient and affordable shared mobility, green, sustainable energy and self-driving technology 2. Uber’s already established business operations and infrastructure 3. Massive network of existing customers 	<p>Weaknesses</p> <ol style="list-style-type: none"> 1. Declining public image and approval of Uber 2. Brash corporate culture and lack of moral leadership 3. Myriad of corporate scandals 4. Self-driving technology not proven safe or reliable yet
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<ol style="list-style-type: none"> 4. “Tesla experience” - futuristic, thrilling and luxurious 5. Elon Musk’s name as a brand in itself as an underlying bolstering factor to UberECO’s image 	<ol style="list-style-type: none"> 5. Delay in the supply of the Tesla Model 3 due to production shortages and insufficient production knowhow
<p>Opportunities</p> <ol style="list-style-type: none"> 1. Create a popular brand based on reliable, ecologically friendly, affordable and convenient mobility 2. Become a pioneer of the sustainable ridesharing industry 3. Realize first-mover advantages and build strong customer loyalty and retention 4. Support local governments in remedying traffic congestion in urban areas 5. Establish UberECO as a premium provider of ridesharing service 	<p>Threats</p> <ol style="list-style-type: none"> 1. Lagging development regarding autonomous driving technologies and jurisdiction 2. Low customer switching costs 3. Fierce competition from: <ol style="list-style-type: none"> a. Other ridesharing providers (e.g. Lyft, Didi, Ola, etc.) b. Other car manufacturers (e.g. Volvo, BMW, Audi, etc.) c. Tech companies (e.g. Waymo, NuTonomy, Apple) d. Incumbent taxi companies

6.4 Stakeholder Map

In addition to the primary partners, Uber and Tesla, UberECO’s stakeholders can be categorized in three groups, namely external stakeholders, internal stakeholders, and customers. The most important external stakeholders include state, regional and municipal governments, insurance carriers, the press, and social media influencers. As for internal stakeholders, UberECO’s employees and shareholders have been identified as crucial to the success of the new service. Finally, with regard to customers, UberECO will be subject to constant influence in terms of expectations, regulations and aims to build strong rapport based on trust, transparency, and communication. In addition, UberECO will benefit from its association with Elon Musk, whose reputation as a visionary and “the real-life Iron Man”⁴⁶ will undoubtedly create increased awareness and publicity for the service. For further details regarding UberECO’s stakeholder map, please see **Appendix H**.

6.5 Stakeholder Engagement Strategy

In developing our stakeholder engagement strategy, we strove to create a strategy based on stakeholder mapping, preparation, and engagement. For a more in-depth look into each step of our stakeholder engagement strategy, please see **Appendices E-K**. For the purposes of this analysis, we did not consider Uber as a stakeholder. Instead, we analyzed stakeholder

engagement from the perspective of Uber, which we perceive to be the primary driver in our business model. Of our identified stakeholders, we determined that Tesla and Uber's customers (both current and potential) were the most important stakeholders. **See Appendix I.** With respect to Uber's customer base, it is absolutely crucial that Uber effectively communicates with its consumers in order to alert them to and educate them about UberECO. Unlike Uber's other service offerings, UberECO's implementation of Tesla's self-driving technology is something totally unfamiliar to its customers. A majority of vehicle passengers across the globe have never ridden as a passenger in a self-driving vehicle. Without properly educating customers regarding the lowered risk, added safety, and increased efficiency associated with Tesla's self-driving technology, customers may hesitate to try the service. We suggest engagement with consumers through a virtual conference, open to the public via livestream technology, that showcases the benefits of UberECO. In addition, mass emails, newsletters, and social media posts would be optimal in order to spread awareness regarding UberECO.

As mentioned above, Tesla's partnership with Uber should prove beneficial for Tesla due to Tesla's ability to obtain real-time feedback about its vehicles from UberECO customers. Similarly, Tesla will have access to maintenance logs for the entire Tesla fleet, giving Tesla ample opportunities to identify any common production flaws or mechanical issues and fine-tune the performance of the Model 3. In order to streamline the transmission of the customer feedback and maintenance log information to Tesla, Uber will need to grant Tesla access to this information, which will involve revising Uber's current information transmission processes. High levels of transparency regarding route and vehicle information will help facilitate a strong and lasting relationship between the two companies.

Aside from UberECO customers, given the differing needs of each stakeholder, and our conjunctive analysis of our stakeholder map and tactic grid (**Appendices H and J**), we plan to employ different tactics to each stakeholder, to ensure proper engagement. For example, our research indicates that Uber has often run into conflicts with governmental entities regarding Uber's failure to properly abide by laws and regulations pertaining to the taxi industry, e.g. licensing, registration, insurance, and taxation regulations. Uber's failure to strategically engage with these governmental entities has, at times, resulted in catastrophic consequences, such as the banning of Uber's services in London in September 2017.⁴⁷ To mitigate these problems moving forward, we plan to implement an engagement structure between Uber and respective government entities that mirrors a partnership. This engagement strategy would likely be effectuated by Uber's legal compliance team, which would have the greatest amount of knowledge regarding laws and regulations pertaining to Uber's services. In addition to governmental entities, the implementation of UberECO will require a strong outreach effort to Uber shareholders, who will certainly be interested in learning more about UberECO and how the new service will impact Uber's financials and investor return. We suggest that this be accomplished through a communication strategy headed by Uber's investor relations and product launch teams, and would best be conveyed through a combination of a prospective

financial report and an interactive conference that would provide a comprehensive look into the UberECO model.

Other stakeholders will need to be educated about UberECO, including employees, insurance carriers and payment processing partners, and, more generally, the eco-friendly community, including organizations such as Transport & Environment and ECOS. For instance, Uber will need to educate its insurance carriers on the UberECO model (especially regarding the lowered risk and higher safety standards associated with self-driving technology) in order to effectively obtain proper insurance coverage for its self-driving Tesla fleet and its passengers. We view this engagement strategy as more of an ongoing partnership effort that would be headed up by Uber's insurance procurement and claims department. Uber will also benefit from informing the eco-friendly community about its new push toward ecological sustainability via UberECO. Doing so may facilitate a stream of influence from these types of organizations toward governmental entities who may otherwise be on the fence about approving Uber's use of UberECO in the respective local.

Finally, educating stakeholders about the long-term environmental and social benefits of UberECO services will be vital to ensuring cooperation and support from important environmental agencies, such as the Environmental Protection Agency and the Department of Energy in the U.S. In terms of ecological sustainability, which encompasses long service life, reusable goods and alternative raw materials, Tesla is a market leader. Tesla produces batteries which are more sustainable and environmentally friendly than diesel engines. Tesla even recycles the batteries once they reach the end of their life-cycle. "Tesla recycles it, recovering 70% of the carbon. Factory plants are able to recycle the batteries into completely reusable materials and substantially reduce the carbon footprint of manufacturing Lithium-ion batteries."⁴⁸ With regard to social justice, UberECO will also provide necessary transportation services to lower-income communities. A report conducted by the Manhattan Institute showed that, at least in New York, "Uber is serving lower-income neighborhoods. In zip codes outside the yellow-cab core areas, four of UberX's top 10 pickup zones have average household income below the 'prime Manhattan' median." Similarly, "Uber's clientele is diverse: Its 29 top pick up areas range from heavily white Park Slope to Crown Heights and Harlem, both more than 75 percent black."⁴⁹ In this sense, UberECO could be particularly beneficial for supporting disadvantaged groups in major cities. For a complete overview of UberECO's Common Good Matrix assessment, please see **Appendix L**.

7 MARKETING

7.1 Marketing Strategy & Objectives

UberECO's primary marketing objectives are as follows: (1) Ensure that Uber's target customer base is fully educated on the environmental benefits of the UberECO platform as well as its incorporated technologies; (2) Build strong brand equity through perceived quality and

brand associations; (3) Strengthen consumer attitudes about Uber as a whole; and (4) Combat negative publicity regarding Uber's recent scandals. With respect to (1), and as discussed below, it is imperative that both current and prospective Uber riders are fully educated on the benefits of UberECO. By ensuring that UberECO's marketing initiatives are strongly focused on educating consumers, UberECO will be able to stir consumer curiosity about the UberECO product, which will result in a greater share of gross bookings, alleviate consumer concerns associated with autonomous vehicle technology, and effectively target the growing segment of environmentally-conscious ridesharing community. With regard to (2), UberECO's marketing strategy will seek to build strong brand equity by effectively associating the UberECO brand with hot-topic items such as green energy, self-driving technology, and luxury service offerings. Along the same lines, strong brand equity will also be fostered through the perception that UberECO is offering an unparalleled quality service at an affordable price. By enhancing brand equity, consumer confidence and satisfaction will grow, and UberECO will benefit from enhanced effectiveness of its marketing program, larger margins, increased consumer loyalty, and a competitive advantage over other ridesharing services. As for (3), we hope to use UberECO's environmentally-friendly benefits to reshape consumer attitudes towards Uber as a whole as a means of recouping the market share lost as a result of Uber's various public relations failures that have occurred in the past. Similarly, with respect to (4), we plan to launch a number of digital marketing campaigns focused on the following issues: (i) Goodwill, i.e. not profiteering from protests and other publicly sensitive issues; (ii) Employee relationships, i.e. creating a work environment at UberECO warehouses that is more sensitive to social and cultural issues; and (iii) Eliminating the sexist, overbearing cultural norms at the Uber headquarter.

7.2 Digital Presence

As mentioned above, Uber has often found itself on the receiving end of bad publicity concerning a myriad of company scandals involving sexual harassment, misappropriation of trade secrets, and profiteering from protests. The increasing prevalence of digital culture has amplified the impact of this negative publicity and has impacted Uber's business tremendously. In fact, one survey suggests that over the course of a six-month period in 2017, 56 percent of people who left Uber as their preferred ridesharing service provider did so as a result of the negative news stories involving Uber.⁵⁰ **See Appendix N.** Studies show that more than half of internet users around the world connect to the internet via mobile devices. Therefore, more than half of the internet-savvy population is essentially connected at all times. This, coupled with push notifications and constant news updates, have greatly increased the speed and geographical reach of Uber's scandals.

One of the primary goals of UberECO's marketing campaigns will be to combat Uber's rapidly declining public image in the realm of digital media. UberECO will target the #DeleteUber campaign -which arose after Uber attempted to profit from the immediate

aftermath of President Trump's proposed travel ban-, specifically. This campaign has been particularly damaging to Uber's reputation and company image, with its constant uploads of infamous photos, stories and bad publicity for Uber. **See Appendix O.** UberECO's marketing campaigns will help highlight the environmentally-friendly and socially responsible aspects of the business, as outlined in greater detail below. These efforts should gain positive momentum for both the adoption of the UberECO service in new regions as well as helping to divert attention away from Uber's recent scandals.

7.3 Marketing Mix

7.3.1 Product

With respect to the product strategy, by exclusively employing Tesla's Model 3, UberECO will offer a premier ridesharing service that offers differential advantages to consumers by not only incorporating the world's newest autonomous driving technologies, but also by offering consumers a green-energy alternative to traditional ridesharing. In order to effectively meet projected consumer demand and to ensure quality control during the initial roll-out, UberECO will use a fleet of 120 Model 3s in San Francisco, CA.

Of the 120 vehicles dedicated to San Francisco, roughly half will be operating on the streets at all times, at least initially. The remaining units will be housed at the UberECO warehouse, where the vehicles will be undergoing a rigorous quality control process that involves recharging, thorough cleaning, and systems checks. Through consumer feedback post-ride, UberECO will be able to further enhance the quality control process by having the ability to identify, correct, and further mitigate any quality-related issues.

In terms of service delivery, UberECO will be delivered to consumers via a seamless mobile app and supporting back-end logistical systems that ensure quick arrival times and optimized destination mapping, all in furtherance of promoting greater consumer satisfaction. The mobile app will provide consumers with detailed, yet comprehensible instructions on how to use UberECO, as well as around-the-clock access to both in-service customer support and post-ride customer feedback and support lines.

7.3.2 Price

With regard to UberECO's pricing strategy, it's important to recognize the price sensitivity of consumers due to very low switching costs. There are a vast number of options a consumer can choose from in order to meet their transportation needs. These include taking one's own car, using public transport or opting for another shared-mobility service. UberECO will adopt Uber's existing surge pricing strategy whereby a customer pays a base fare as well as a time and distance rate. The final price depends on the interaction of supply and demand which is why, especially during rush hour, customers may face a substantially increased fare than during off-peak hours.

7.3.3 Promotion

UberECO's communication strategy is based on a promotion mix of advertising as well as PR management. The majority of the communication budget (70 percent) will be spent on advertising. We will employ four non-personal media channels to reach consumers. First and foremost is social media, such as Instagram, Facebook, YouTube, Twitter, LinkedIn and Reddit. Billboards, digital as well as posters in populated urban areas, will display appealing posters and short videos to not only increase public awareness of the new UberECO service but also to spark excitement and anticipation. Explanatory videos can also be found on the Uber app through which our customers order our service. As of 2017, 75 million monthly active riders used Uber's service worldwide, therefore, the Uber app will offer an ideal platform to reach existing customers without extensive investments in new app technologies.⁵¹ Additionally, UberECO's vehicle will distinctively carry the logo on both sides of the vehicle to reach further coverage of public awareness. At its core, the message that UberECO conveys in its advertising activities is a unique, cool, and convenient ridesharing service available 24/7 at a fair price.

UberECO's PR management, which makes up 30 percent of the communication budget, aims to not only build up a trustworthy and solid corporate image, but also to revamp UberECO's tarnished reputation with respect to issues like sexual harassment and other socially unacceptable behaviors, as well as its arguably unlawful business practices and skirting of taxi company regulations. We believe the ecological orientation on sustainable and emission-free mobility inherent to UberECO's service can significantly contribute to the consolidation and betterment of Uber's image.

7.3.4 Place

As UberECO is predominantly an app-based product, its distribution policy will be offered via download over the internet and will benefit tremendously from the existing Uber app. Current users will simply be informed of a routine application update when the UberECO service is ready to launch. Then, after the update is complete, Uber users will have the option to select the UberECO service from the list of ride options in Uber's traditional menu. Distribution of UberECO to non-current Uber users, however, will rely on the two primary players in the app download market: the Apple App Store and the Google Play Store. As an industry standard, most apps have to pay these platforms between 15-30 percent of revenues made by the app. However, as previously mentioned, UberECO could avoid additional costs by being integrated into the current Uber app, resulting in no additional cost to Uber. The only physical goods UberECO will need to distribute are the Tesla Model 3 vehicles, which will need to be transported internationally to new UberECO warehouses at some point in the future. However, the initial roll-out in California will benefit tremendously from the fact that the Tesla factory is located in Fremont, CA. Therefore, the Teslas will literally be able to drive themselves to the cities offering the UberECO service.

Based on the initial roll out of 120 cars in San Francisco, UberECO's two main target groups will be current Uber users and potential new users. UberECO plans to maximize its direct channel of distribution with existing Uber users by using push notifications and emails to inform them about the new service details. As San Francisco is the birthplace and home of Uber, the number of Uber app downloads is extremely high. Therefore, connecting with current Uber users should be relatively simple. Also, San Francisco is home to a wide-range of generally more progressive consumers, including relatively high percentages of tech-lovers and environmentalists. We don't anticipate much difficulty in attracting attention from potential new customers in these categories. However, UberECO will be sure to secure a featured position on the main carousel of the Apple App Store and Google Play Store during the first few weeks of release and ensuing months to inform potential new customers of its new services. Similarly, these download platforms can feature UberECO as the top application on various charts, including travel, transportation, and technology. Additionally, UberECO can develop incentive programs – created in collaboration with the download platforms – in which UberECO can agree to give the download platform an additional percent of revenues for every X number of downloads. Finally, with regard to a sales team, because UberECO is primarily an app-based service, it will not require a sales team as traditionally conceived. However, increasing awareness and positive publicity with the app will be vital to its success and will therefore require a talented and dedicated marketing team.

7.4 Primary Research – Survey

In an attempt to gain further insight into the market, we constructed an online survey and distributed it to native Californians. The results were generally consistent with our findings from the PESTLE analysis and further support California as the optimal location to launch our UberECO service. For example, of the 54 respondents, 40 (74.1 percent) said they were either “5 - Extremely” or “4 - Very” concerned with reducing negative environmental impacts associated with transportation. Even more impressive was the response to the question, “If given the choice, would you prefer to ride and/or drive in (a) an electric vehicle or (b) a gas vehicle,” in which 50 of 54 (92.6 percent) respondents answered “(a) an electric vehicle.” Also, both general awareness and direct experience with Tesla vehicles is considerably higher in California than in most other places in the world. When asked whether respondents had ever driven or ridden in a Tesla, 28 (51.9 percent) of respondents answered “Yes.” Furthermore, when asked to describe their experiences with Tesla, nearly every survey participant responded positively. Responses included phrases like: “Beautifully smooth & fast;” “Fantastic. Impressive.,” “Very nice. Luxurious.,” and “Loved it. Want to buy one someday.” Finally, given a succinct description of our proposed UberECO service, 48 (88.9 percent) respondents said they would choose to ride with UberECO as opposed to Uber's more traditional services. For a full list of our survey questions and responses, please **See Appendix M.**

8 LOGISTICS

All domestic and international logistics will be managed by each business unit individually. As for the domestic logistics, UberECO will acquire the 120 cars for the initial roll-out in 2022 when Uber enters into the partnership with Tesla, Inc., and an additional 40 vehicles in 2023. Ideally, the Tesla vehicles will drive themselves autonomously from the Tesla factory in Fremont, CA to our warehouse in San Francisco, CA. Two years after our service inauguration, a new fleet of 120 Tesla Model 3s should be ready to drive themselves to the UberECO warehouse in Los Angeles. This process will be repeated for each year that we employ more vehicles in the respective cities. Of course, this logistics strategy will depend on the range of the Tesla Model 3s at the time. By 2022, both technology and legislation should allow for a smooth and uncomplicated transfer of vehicles.

With regard to our service in Paris, UberECO Paris will obtain the 120 vehicles necessary to begin operations via the same partnership deal with Tesla France. Thus, UberECO will receive the vehicles in France directly, avoiding the need to make additional logistics and transportation arrangements with Tesla HQ in California. As part of our partnership with Tesla Inc., we will not need to organize a shipment from California to Paris. These arrangements will be left to Tesla, which already engages in international logistics processes to deliver its vehicles to international markets. In doing so, UberECO can reduce organizational complexities and costs during the market launch preparation for Paris while also strengthening the company's local ties to Tesla France.

9 HUMAN RESOURCE MANAGEMENT

The main objective for HR Management at UberECO is to overcome the rapidly-declining image and approval rating of the parent company, Uber. As aforementioned, Uber has been wrapped up in a myriad of sexual harassment scandals and socially unacceptable behaviors over the last several years, which has led to a number of highly publicized anti-Uber campaigns, such as #DeleteUber (**Appendix O**). These scandals and campaigns have hurt Uber's reputation tremendously, both as an employer and, more generally, as a business model. These scandals ultimately led to the forced resignation of Uber's former CEO, Travis Kalanick, in 2016. According to an article written by Recode Magazine, "The HR role was conceived at Uber by its brash and commanding [former CEO Travis] Kalanick. He felt the function of HR at Uber was largely to recruit talent and also efficiently let go of personnel when needed, according to sources."⁵² HR management at UberECO intends to put much greater emphasis in the role of the HR department to develop a progressive, equitable business environment and foster strong relationships with both UberECO employees and the local community. In doing so, UberECO strives to create passionate brand ambassadors that can educate consumers on the benefits of UberECO by immersing employees in the newly defined and significantly improved Uber culture.

In order to achieve this, the HR department at UberECO will be vital in selecting and maintaining talented engineers, technicians, managers and customer support that not only excel in their respective fields, but also share in the company beliefs in green energy and sustainability. Similarly, HR practices must exceed simply recruiting and selecting individuals for open positions; HR will be responsible for establishing and implementing extensive development and training practices as well as fair and clear performance measurement standards. Moreover, HR will be in charge of creating and sustaining a motivated, respectful and transparent communication culture. HR at UberECO will be pivotal in setting a new precedent for Uber internal management going forward.

The HR department will also need to fill four key positions at UberECO, based on our current conception of the model. These positions are logistics overseers, chat support, marketing staff and operational managers. Warehouse technicians will also play a vital role in maintaining the Tesla vehicles, but these positions will be filled by Tesla directly as part of the Tesla partnership agreement as described in section X. Finance. More detailed descriptions of each position are outlined below.

Logistics overseers will ensure that all vehicles are geographically situated in a way that best serves consumers by taking into consideration numerous key factors such as time of day, local events, and real-time traffic conditions. In order to accomplish this efficiently, logistics overseers will be responsible for designated zones. These zones will be assigned based on experience, location, and volume of traffic in that zone. More experienced employees will be assigned the highest volume areas. In order to guarantee competency among logistics overseers, simulation exercises will be administered to replicate work settings, especially high-volume and crisis situations

Chat support will be in charge of providing excellent customer support for UberECO users. Chat support employees will be well-trained to answer questions and provide helpful solutions to customers in need of assistance via phone, online, and messaging platforms. Specifically, they will need to be well-versed in the effective handling of real-time consumer concerns regarding late vehicle arrivals and cancellations, should these situations arise. Similar to the logistics overseers, simulation exercises will be administered to replicate various real-world scenarios.

UberECO's marketing staff will be responsible for ensuring that customers understand and are comfortable with the UberECO model. UberECO's marketing strategy will be centered around educating both current and prospective Uber riders about the UberECO model, as a means of building UberECO's share of Uber's total annual bookings by better acquainting consumers with UberECO's benefits and, more generally, building company goodwill by demonstrating on a broader level that Uber is looking to play an integral role in creating a safer, more sustainable earth. As mentioned previously, recent negative publicity associated with allegations of sexual harassment at Uber and anti-Uber campaigns such as #DeleteUber have negatively impacted overall revenues and market share. UberECO's marketing staff will strive to overcome these setbacks.

Operations managers will be responsible for overseeing all daily activities including warehouse supervision, logistics operations and chat support within UberECO, specifically. Operations managers will be vital in ensuring that all of UberECO's internal systems are running smoothly. Also, it is particularly important that operations managers have a deep passion for green energy, sustainability and technology, as operations managers will be clearly visible ambassadors for the entire UberECO system and should strive to lead by example. Operations managers should also be teamwork-oriented with high problem-solving capabilities, as UberECO strives to integrate a more horizontal decision-making structure, with employees in each department given relatively high degrees of autonomy.

Finally, warehouse technicians will be responsible for performing all necessary maintenance on the Tesla vehicles once they come back to the warehouse. Maintenance will include charging, cleaning, system checking, and other routine procedures. In order to make sure warehouse technicians are up to the task, HR will need to ensure that an extensive introduction and training processes are followed before technicians are cleared to begin working on the cars. Similarly, warehouse technicians will be provided with an extensive maintenance check-list, which will ensure uniformity and quality control. Finally, warehouse technicians will undergo efficiency exercises aimed at reducing lead times and handling both high-volume and down times

10 FINANCE

10.1 Income Statement & Cash Flow Statement

UberECO's financing policy consists of two-thirds debt financing and one-third equity financing. As for equity financing, 80 percent of the funding will come from Uber, UberECO's mother company, while the other 20 percent will be funded by Tesla. Distributing shares to Tesla not only solidifies the partnership between Uber and Tesla, but also incentivizes and connects Tesla's high quality standards to the success of UberECO's service. For a detailed look at UberECO's projected income and cash flow statements, please see **Appendix P and Q**.

UberECO's revenue growth over the six-year forecast with a CAGR of 34.5 percent is ambitious. The incremental employment of additional cars each year and the business expansion to a new city every other year significantly impact the growth of revenues, which are directly proportional to the number of cars in service during a given year. Net profit starts off negative (-12.9 percent) in the first year due to initial investments and large setup costs. Despite a decrease in net profit in 2026 (mostly due to the international expansion to Paris), we expect net profits to reach nearly 20 percent (19.9 percent) by 2027. The revenue stream is based on the amount of cars employed in each city, the average income per vehicle per day, and the operating days per year. These estimates are highly dependent upon the Model 3's battery range as well as the average distance per ride. The Costs of Goods Sold (COGS) take up a fairly high share of revenues, yet, decline by 32 percent by year 6. UberECO's COGS are also directly tied

to the Tesla partnership, in which Tesla will be granted a 20 percent share of revenues in exchange for: (1) the use of Tesla vehicles; (2) the use of Tesla's self-driving technology (including regular improvements and updates); (3) liability and insurance for the vehicles; and (4) technicians employed in UberECO's warehouses. Another major share of the COGS are marketing expenses, as the success of UberECO will require heavy investment in the promotion and advertising of its brand and service. Moreover, UberECO will need to educate its customers on the safety and sustainability benefits of the service in order to increase usership and trust in the product. Lastly, salaries represent a relatively high expense due to the need to hire highly-skilled employees across all positions.

The great fluctuations in total cash are explained by the investment activities, including the warehouse acquisition and purchase of warehouse equipment, undertaken at inception as well as year 3 and year 5, i.e. every year that UberECO expands its service to a new city. The \$34.85 million required for each expansion is financed one-third by equity and two-thirds via a bank loan with a duration of 5 years and an interest rate of 6.5 percent. Dividends will not be paid out as the initial service operations require heavy funding that are not intended to be financed solely via debt.

10.2 International Exchange Rate Risk Mitigation

As mentioned above, UberECO services are scheduled to begin in San Francisco, CA in 2022, followed by expansions to Los Angeles, CA in 2024 and Paris, France in 2026. The following financial risk mitigation strategy focuses on the UberECO subsidiary in Paris and the additional exchange rate risk associated with doing business internationally.

The additional risk faced by UberECO Paris relates to the two loans the subsidiary will need for: (1) the original seed funding, including warehouse and expenses for business negotiations; and (2) the initial six months of operating costs. For a detailed breakdown of the costs associated with both loans, please see **Appendix R**. These two loans will be denominated in euros and face the risk of a depreciating dollar. The preferred way to hedge the two loans is a swap agreement, as it foregoes any currency fluctuations. UberECO could acquire a more favorable interest rate on euros from a U.S. bank by swapping exchange rates with a European company - an action performed by UberECO's bank in the U.S. Because UberECO would be acquiring euros straight away, the company would mitigate the risk of having to convert euros to dollars at a later date. Instead, specifically regarding the first loan, UberECO could simply pay back the loan in dollars derived from its US operations. Assuming UberECO could get a loan from a US bank for dollars at 6 percent and a loan for euros at 7 percent, we would expect to obtain a loan for euros at approximately 6.5 percent interest.

11 CONCLUSION

Based on our analysis, we believe that the UberECO model is a realistic, profitable, and ethical concept that both Uber and Tesla would support. Our hope is that UberECO will gain momentum in ridesharing market and quickly expand into other tech-savvy cities. Moreover, we anticipate that UberECO will become more diversified over time in terms of its vehicle and service offerings. From a sustainability standpoint, we believe that UberECO has the potential to make a major, positive impact on the way we get around. By promoting the use of self-driving and green technologies, UberECO can help pave the way for the introduction of green energy alternatives into a diverse range of businesses and services.

Despite the many potential benefits of the UberECO model, we understand that the success of UberECO depends heavily on UberECO's ability to appease its relevant stakeholders. Without a constant and genuine interest in stakeholder engagement, UberECO will simply not work. In terms of consumers, education and confidence will be paramount. Given the general unfamiliarity with self-driving technology and the negative stigma present in the media today, it will be crucial that UberECO develop extremely strong marketing campaigns aimed at educating consumers. With respect to governmental entities, UberECO will need to convince politicians and transportation departments alike that UberECO will positively improve citizen welfare, reduce costs associated with transportation, and reduce congestion in major metropolitan areas while simultaneously reducing pollution and CO2 emissions. If UberECO can succeed in its stakeholder engagement strategy, we know that UberECO can become a huge player in the ridesharing market.

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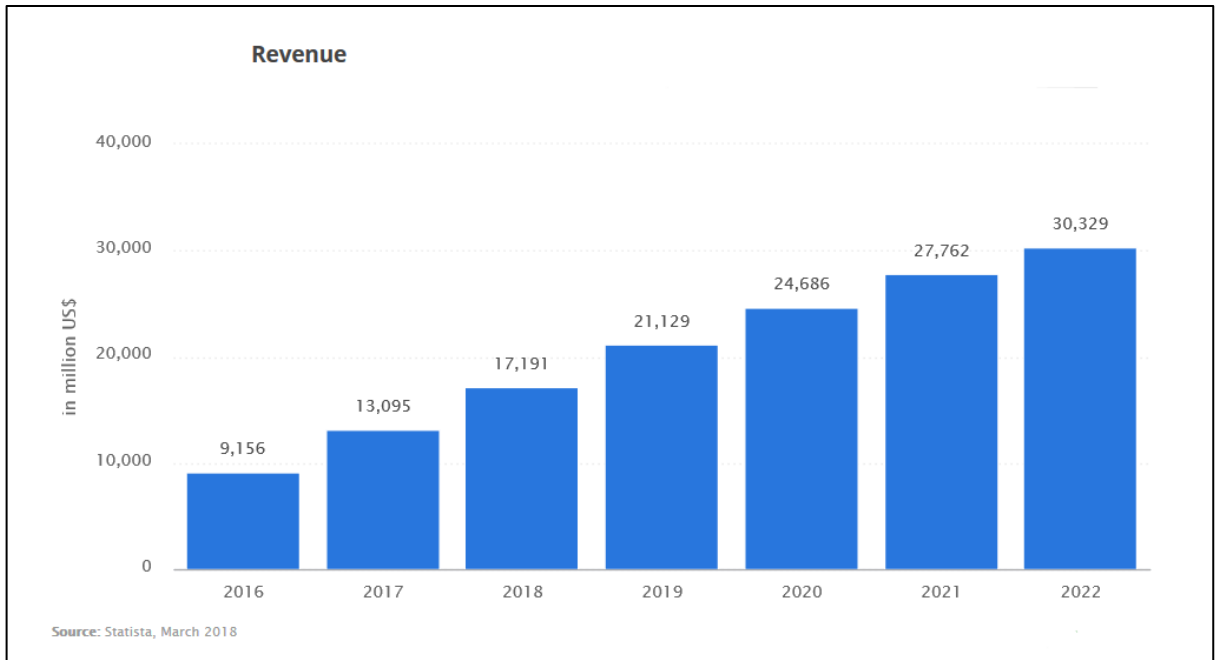
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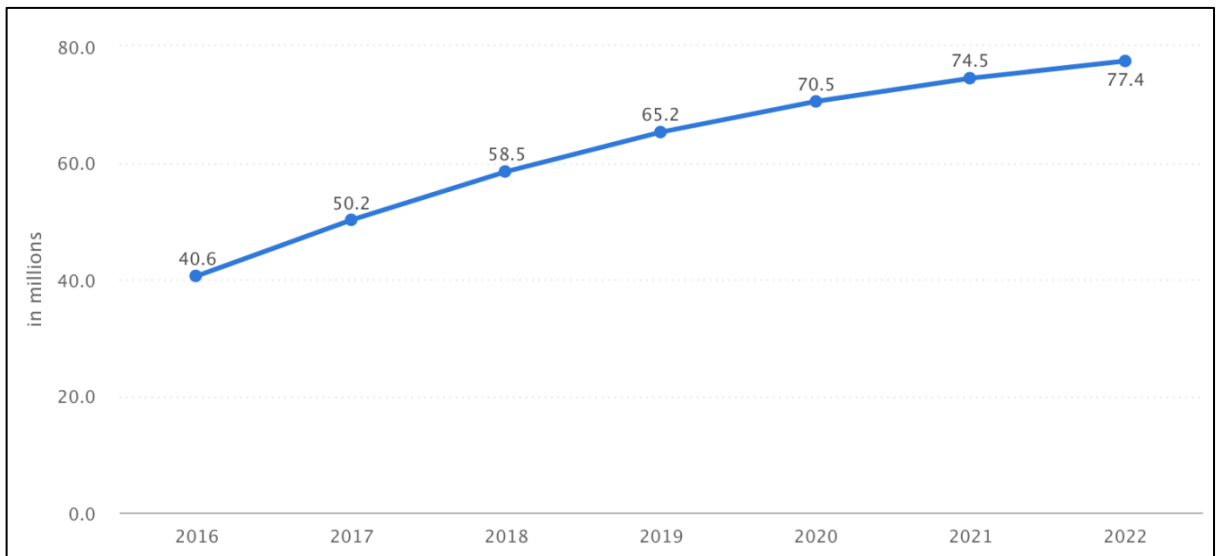
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13 APPENDIX

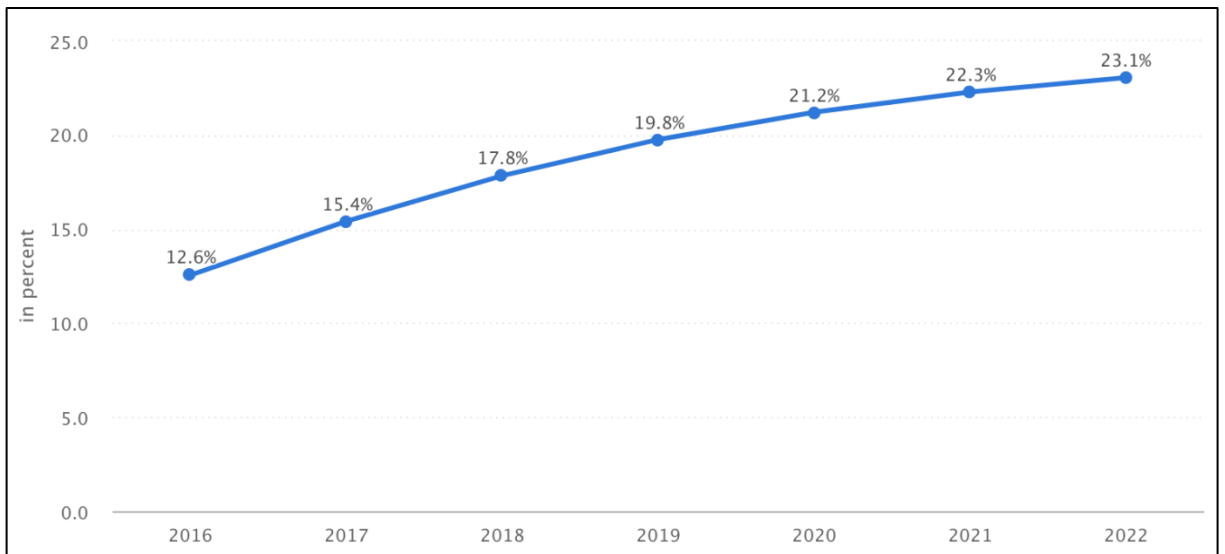
Appendix A: Historical and forecasted revenue in U.S. ridesharing segment between 2016 and 2022 (in million US\$).



Number of ridesharing users in U.S. between 2016 and 2022.

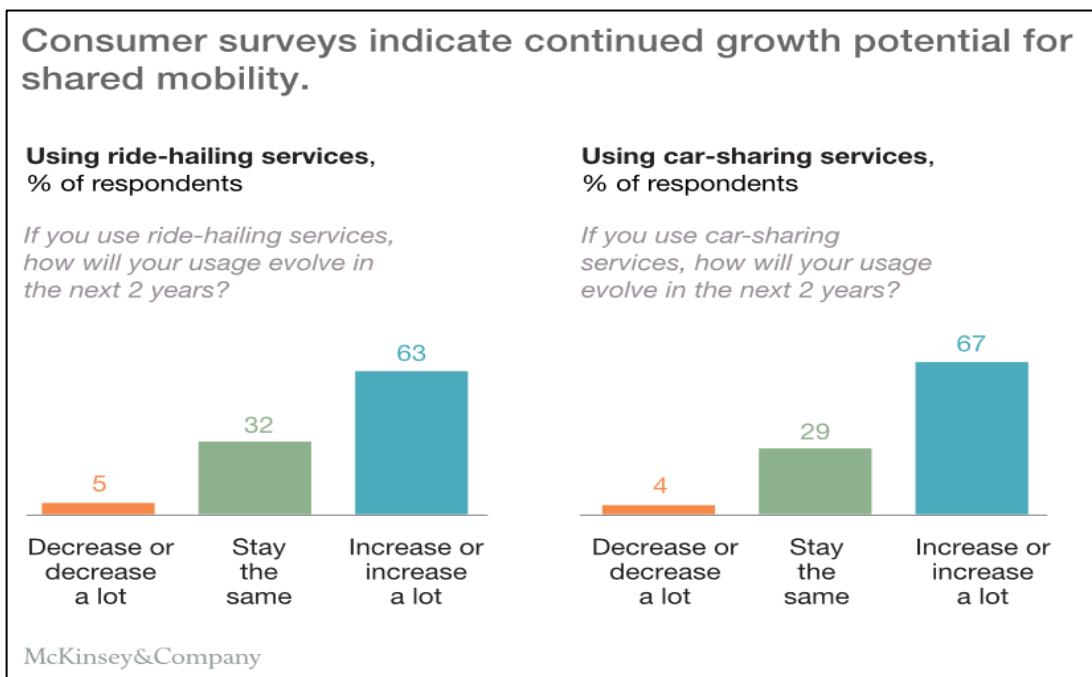


U.S. penetration rate between 2016 and 2022.



Source: “Ride Sharing - United States | Statista Market Forecast.” *Statista*, URL: www.statista.com/outlook/368/109/ride-sharing/united-states#marketStudy.

Appendix B: McKinsey’s 2017 consumer survey shows continued growth potential for the shared mobility market.



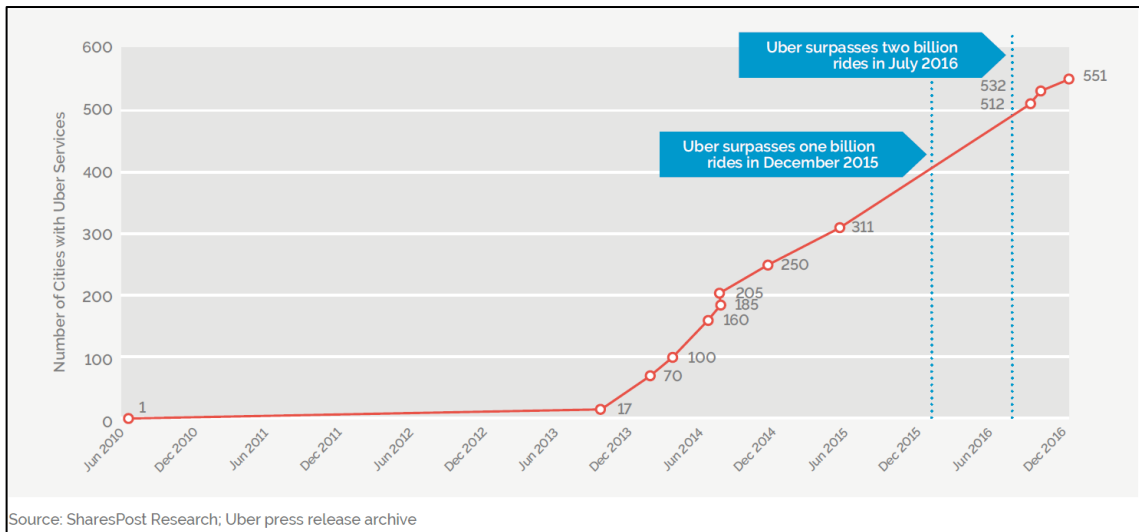
Source: Grosse-Ophoff, Anne, et al. “How Shared Mobility Will Change the Automotive Industry.” *McKinsey & Company*, URL: www.mckinsey.com/industries/automotive-and-assembly/our-insights/how-shared-mobility-will-change-the-automotive-industry.

Appendix C: Three scenarios depicting the likelihood of the share of vehicles with autonomous driving function.



Source: Gao, Paul, et al. “Disruptive Trends That Will Transform the Auto Industry.”
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Appendix D: Between 2013 and 2016 Uber’s geographic footprint expanded more than fifteen times.



Source: Phillips, Jeniffer, and Rohit Kulkarni. “Uber & Ride-Sharing: The \$650 Billion Question.” SharesPost, URL: media.cygnus.com/files/base/MASS/document/2017/01/SharesPost-Ride-Sharing-Uber-Lyft-Research-Report.pdf.

Appendix E: Five-step Stakeholder Engagement Strategy.



Appendix F: Step 1 - Engagement Strategy - Vision, Ambition, Past Action.

Stakeholder	Ambition Level	Reason for Engagement	Past Actions
Government Entities	Modifying Performance- Change business processes to ensure government compliance regarding licensing, insurance, registration, and taxation requirements	Priority: Avoiding regulatory roadblocks/gain support Scope: Regulatory compliance / health and safety concerns Fit: Legal compliance department	Past stakeholder engagement insufficient. Failure to adhere to government regulations (e.g. license and registration fees) has led to the banning of Uber in certain locales, such as London
Uber Shareholders	Modifying Communications- Educating investors about UberECO and the effect of UberECO on Uber's financials	Priority: Boosting/maintaining investor confidence and keeping investors informed Scope: What is Uber Eco and impact of UberECO on Uber financials Fit: Investor relations department	General investor reporting regarding products, financials, etc. via annual reports and disclosures
Current/Potential Customers	Transparency- Educating current customers about Uber Eco / marketing UberECO in a way that creates service desirability and mitigates concerns associated with self-driving technology	Priority: To introduce UberECO to current customer base and spread awareness to new customers Scope: Everything about the UberECO experience, e.g. what does it mean to request an UberECO ride, added safety and efficiency facts, fleet facts, etc. Fit: Marketing department / Product launch team	Ongoing B2C marketing/branding/ feedback communication.

<p>Employees/ Independent Contractors</p>	<p>Check in- Educate Uber workforce about UberECO</p>	<p>Priority: To ensure that Uber employees are informed about UberECO and, to some extent, to mitigate employee conflict created through perception that UberECO will eliminate Uber driver jobs</p> <p>Scope: The UberECO model / job security matters</p> <p>Fit: Product launch team/ human resources</p>	<p>Primarily internal education regarding service offerings</p>
<p>Eco-friendly Community (e.g. Environmental groups, NGOs, etc.)</p>	<p>Modifying Communications- Spread awareness of ecological benefits of UberECO</p>	<p>Priority: To gain social support and boost reputation</p> <p>Scope: eco-friendly nature of the program</p> <p>Fit: Public relations</p>	<p>No prior communications</p>
<p>Industry Competitors (e.g. formal taxi services)</p>	<p>Check-In- Mitigation of conflict</p>	<p>Priority: Reacting to external pressures</p> <p>Scope: Impact of UberECO on alternative services, e.g. formal taxis</p> <p>Fit: Public relations</p>	<p>Hostile engagement, highlighting a need to develop conflict mitigation engagement strategy</p>
<p>Insurance Carriers</p>	<p>Modifying Communications- Educate carriers on new UberECO platform as a means of negotiating and maintaining proper and cost-friendly coverage for Tesla vehicles and UberECO passengers</p>	<p>Priority: Ensure that proper insurance coverage is in place</p> <p>Scope: Insurance coverage for vehicles / risk analysis</p> <p>Fit: Insurance procurement and claims department</p>	<p>Ongoing B2B relationship regarding procurement of insurance and claims</p>

Tesla	Modifying Performance- Change business processes in transmit customer feedback to Tesla regarding Tesla fleet used by Uber / connect Tesla with Uber's customer base	<p>Priority: Transmission of: (1) customer feedback regarding Tesla fleet used by Uber (consumer perception of vehicles); (2) log of vehicle maintenance and technology issues pertaining to integration of Uber technology into Tesla self-driving software; (3) Access to Uber customer data</p> <p>Scope: Customer feedback and maintenance information / Uber customer data</p> <p>Fit: Tesla team</p>	None
Payment Processing Companies	Check in- Educating payment providers on UberECO	<p>Priority: Provide update regarding UberECO</p> <p>Scope: New UberECO system</p> <p>Fit: Marketing/ Product launch Team</p>	Ongoing B2B engagement relationship

Appendix G: Step 2 - Stakeholder Mapping - Prerequisite Analysis/Criteria.

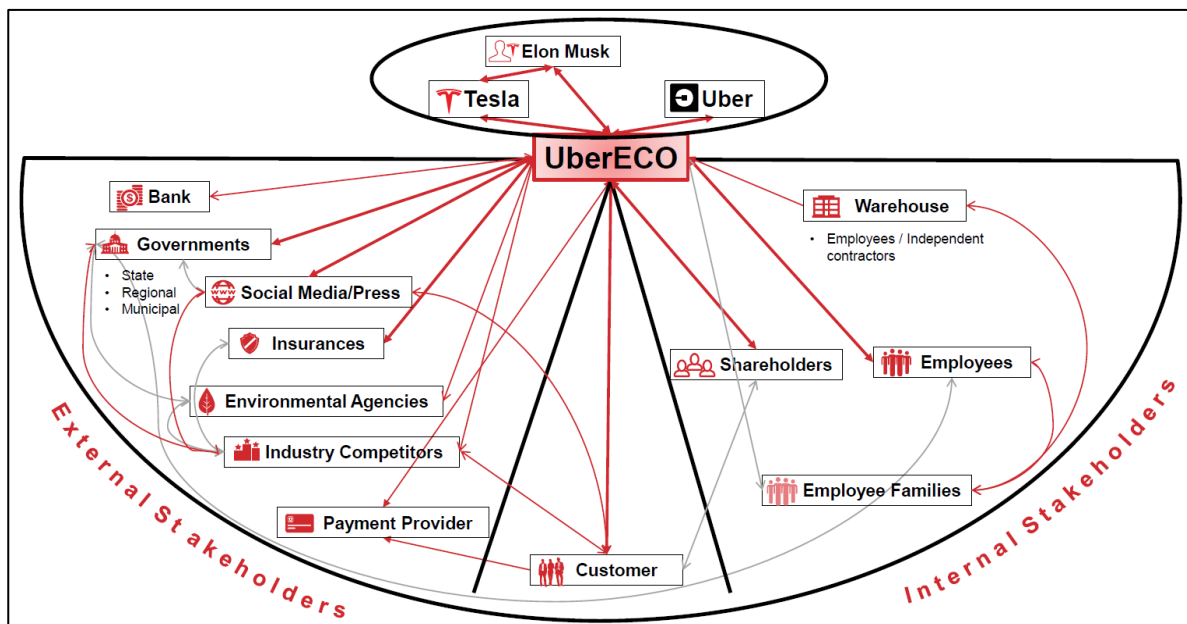
Stakeholder	Contribution	Legitimacy	Willingness to Engage	Influence	Necessity of Involvement
Government Entities	High: Knowledge of laws and regulations affecting UberECO is highly important	High: Because Uber vehicles are traveling on government owned public roads, government entities are directly affected by Uber's activities	High: Proactive group that is already engaging with Uber	Medium: Influence on consumer market via ability to increase UberECO ride cost through implementation of additional taxes and fees. Also influence on shareholders, as regulations impact profits	High: Lack of high engagement and cooperation could result in attempts to ban service

Uber Shareholders	High: Continued equity funding by shareholders is extremely important	High: Return on investment greatly impacted by Uber's success	Low: Mostly passive, simply looking for profit	Medium: Influence limited to the investor community	High: Investor funding necessary to continued equity stream
Current and Potential Customers	High: Customers provide revenue stream / feedback regarding service	High: Customers are integral to the success of UberECO	Low: Limited to feedback via email and app service, will stop using if dissatisfied	High: Uber has largely spread in popularity via word-of-mouth advertising, so UberECO customers have huge influence on customer segment	High: Without customer support, UberECO will fail
Employees	High: Despite self-driving technology, employees will play key roles in: (1) maintaining customer experience/satisfaction; (2) vehicle maintenance; (3) legal compliance	High: Job security impacted by Uber's activities	High: Engagement is inherent in job duties	Low: Very little external influence, limited to internal influence	High: Employee productivity is key to optimizing UberECO model
Environmental Groups	Medium: Expertise limited to green/sustainability matters	Medium: UberECO furthers the mission of these organizations, and could generate greater movement toward green mobility	Medium: Potential for collaboration due to UberECO's integration of sustainability into mobility- Uber could act as trendy example	Low: Influence limited to those concerned about green/sustainability and government officials	Low: Complementary, but not necessary to success of UberECO

Industry Competitors	Medium: Knowledge of industry and customer base	High: Uber services directly impact competitors via decreased demand for services	Low: Very hostile environment	Medium: Close proximity to customer base (most folks who take Uber also take taxis); industry competitors also have an ability and incentive to lobby government for stronger regulations directed at Uber	Low: Competitors can create an impediment, e.g. striking, but cannot totally derail UberECO
Insurance Carriers	High: Expertise on risk mitigation and offering of insurance coverage is integral to success of UberECO	High: Promotion of self-driving technology will have considerable impact on auto insurance industry	High: Working with Uber regarding insurance for the UberECO fleet will help develop self-driving auto insurance lines	Low: little influence outside of insurance industry	High: Insurance is absolutely necessary to the implementation of this service
Tesla	High: Information and expertise regarding everything Tesla-related	High: Success of UberECO has huge impact on public perceptions of Tesla's self-driving technology and product line more generally	High: Partnership in place between the two companies	High: Direct ability to influence their customers to use UberECO (whether users will continue to request UberECO depends on experience while driving in Tesla)	High: No UberECO without Tesla

Payment Processing Companies	High: Payment processing info is integral to Uber system	High: Uber's activities impact payment processing companies due to incorporation of payment processing technology into Uber model	High: Uber is a client of payment processor	Low: Relatively unknown group	High: Payment processing companies inherent in model
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Appendix H: Step 2 - Stakeholder Mapping - Map.



Appendix I: Step 2 - Stakeholder Mapping - Prioritization and Issue Identification.

Stakeholder Prioritization	Issues
Current/Potential Customers	Education regarding UberECO
Tesla	Customer/maintenance feedback on Tesla vehicles used by Uber and access to Uber customer base
Government Entities	Compliance with laws and regulations
Employees/Independent Contractors	Education regarding UberECO and mitigation of fallout from decreasing number of actual Uber drivers on the road
Uber Shareholders	Education regarding UberECO, with a particular focus on financial projections
Insurance Carriers	Insurance coverage
Eco-Friendly Community	Implications of UberECO on environment
Payment Processing Company	Payment processing
Industry Competitors	Mitigation of conflict

Appendix J: Step 3 + 4 - Preparation and Engagement - Tactics Quadrants (To Be Referenced in Conjunction with Appendix H).

Communicate	Engage
Inform	Communicate

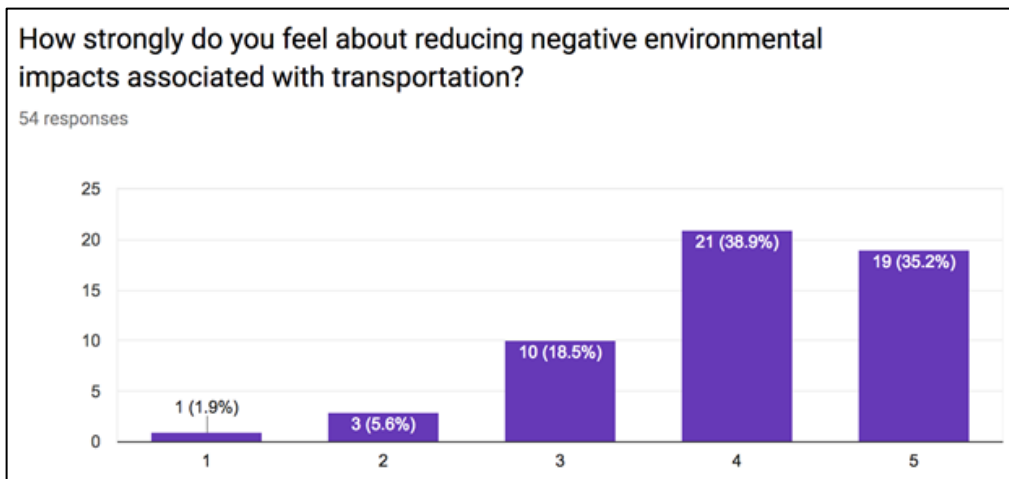
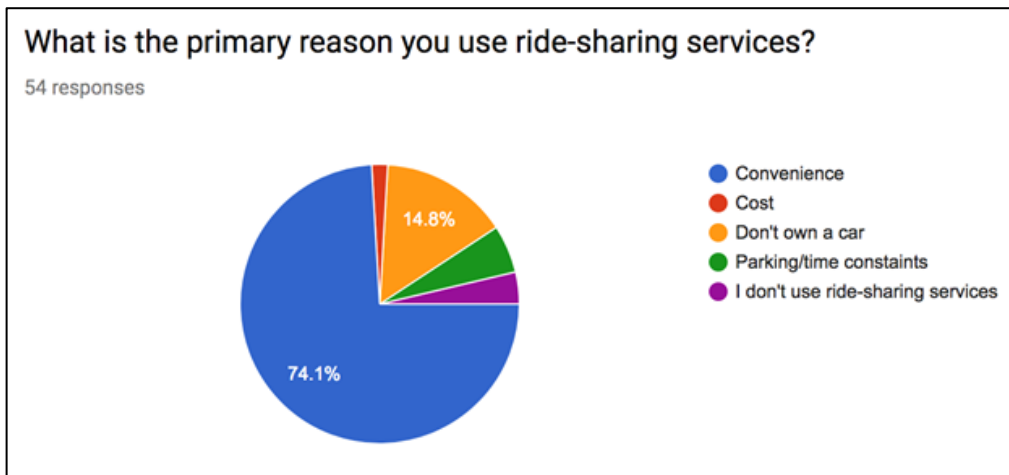
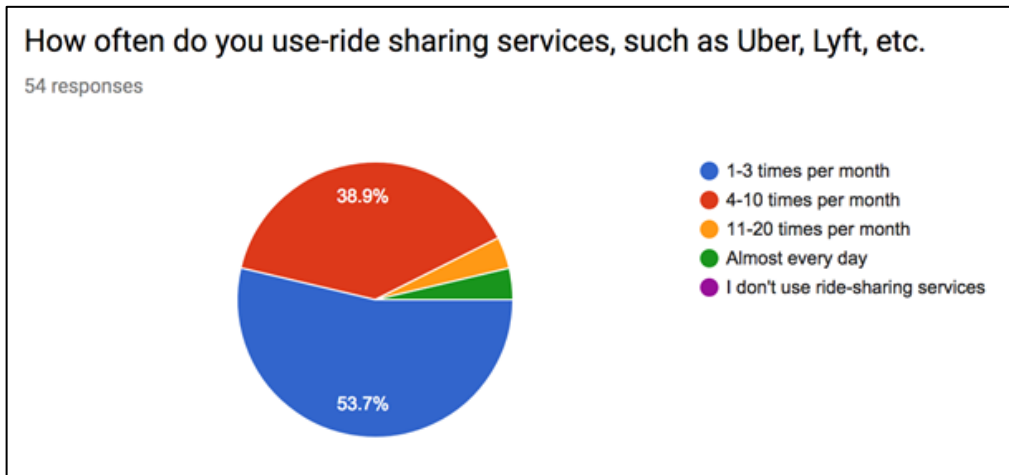
Appendix K: Step 3 + 4 - Preparation and Engagement - Tactic Determination.

Stakeholder	Tactics (Engage, Communicate, or Inform)- Based on Tactics Quadrants
Current/Potential Customers	Communicate
Tesla	Engage
Government Entities	Engage
Employees/Independent Contractors	Engage
Uber Shareholders	Communicate
Insurance Carriers	Engage
Eco-Friendly Community	Inform
Payment Processing Company	Engage
Industry Competitors	Communicate

Appendix L: UberECO's Common Good Matrix as a foundation for its organizational development and evaluation of business activities and common good.

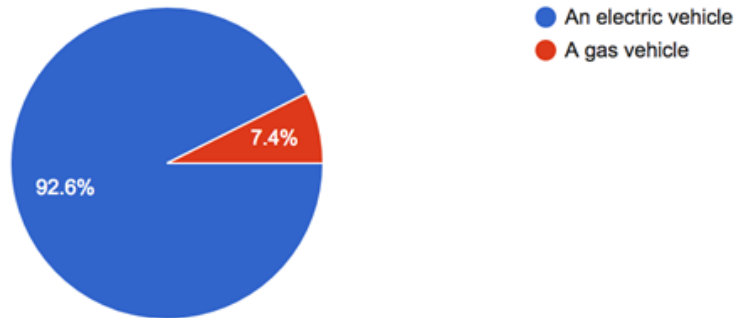
COMMON GOOD MATRIX 4.1		UberECO		ECONOMY FOR THE COMMON GOOD		
This version is valid for Common Good Balance Sheets generated in 2013		An economic model for the future				
STAKEHOLDER	VALUE	Human dignity	Cooperation and Solidarity	Ecological Sustainability	Social Justice	Democratic Co-determination and Transparency
A) Suppliers	A1: Ethical Supply Management Active examination of the risks of purchased goods and services, consideration of the social and ecological aspects of suppliers and service partners					81/90
B) Investors	B1: Ethical Financial Management Consideration of social and ecological aspects when choosing financial services, common good-oriented investments and financing					27/30
C) Employees, including business owners	C1: Workplace quality and affirmative action Employee-oriented organizational culture and structure, fair employment and payment policies, workplace health and safety, work-life balance, flexible work hours, equal opportunity and diversity	70/90	C2: Just distribution of labor Reduction of overtime, eliminating unpaid overtime, reduction of total work hours, contribution to the reduction of unemployment	C3: Promotion of environmentally friendly behavior of employees Active promotion of sustainable lifestyles of employees (mobility, nutrition), training and awareness-raising activities, sustainable organizational culture	C4: Just income distribution Low income disparity within a company, compliance with minimum and maximum wages	C5: Corporate democracy and transparency Comprehensive transparency within the company, election of managers by employees, democratic decision-making on fundamental strategic issues, transfer of property to employees
D) Customers / Products / Services / Business Partners	D1: Ethical customer relations Ethical business relations with customers, customer orientation and co-determination, joint product development, high quality of service, high product transparency	40/50	D2: Cooperation with businesses in same field Transfer of know-how, personnel, contracts and interest-free loans to other businesses in the same field, participation in cooperative marketing activities and crisis manager	D3: Ecological design of products and services Offering of ecologically superior products/services; awareness-raising programmes, consideration of ecological aspects when choosing customer target groups	D4: Socially oriented design of products and services Information, products and services for disadvantaged groups, support for value-oriented market structures	D5: Raising social and ecological standards Exemplary business behavior, development of higher standards with businesses in the same field, lobbying
E) Social Environment: Region, electorate, future generations, civil society, fellow human beings, animals and plants	E1: Value and social impact of products and services Products and services fulfill basic human needs or serve humankind, society or the environment	85/90	E2: Contribution to the local community Mutual support and cooperation through financial resources, services, products, logistics, time, know-how knowledge, contacts, inlier	E3: Reduction of environmental impact Reduction of environmental effects towards a sustainable level, resources, energy, climate, emissions, waste etc.	E4: Investing profits for the Common Good Reducing or eliminating dividend payments to extern, payouts to employees, increasing equity, social-ecological investments	E5: Social transparency and co-determination, Common good and sustainability reports, participation in decision-making by local stakeholders and NGO's
Negative Criteria	Violation of ILO norms (international labor standards) / human rights Products detrimental to human dignity and human rights (e.g. landmines, nuclear power, GMO's) Outsourcing to or cooperation with companies which violate human dignity	-0 -0 -0	Hostile takeover Blocking patents Dumping Prices	Massive environmental pollution Gross violation of environmental standards Planned obsolescence (short lifespan of products)	Unequal pay for women and men Job cuts or moving jobs overseas despite having made a profit Subsidiaries in tax havens Equity yield rate > 10 %	Non-disclosure of subsidiaries Prohibition of a works council Non-disclosure of payments to lobbyists Excessive income inequality within a business
		-0 -20 -100	-0 -20 -100	70/70	54/60	-0 -50 -20 -20
		30/50	35/70	28/30	27/30	70/90

Appendix M: Primary Research - Survey conducted among young Californians.



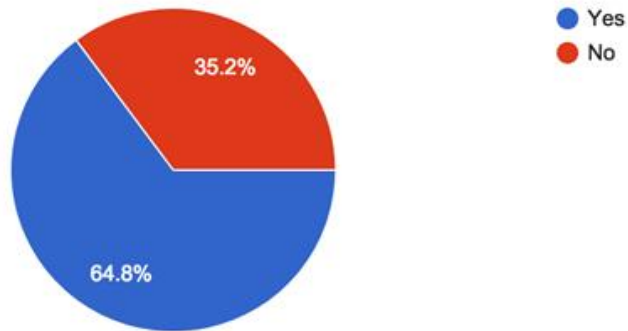
If given the choice, would you prefer to ride and/or drive in:

54 responses



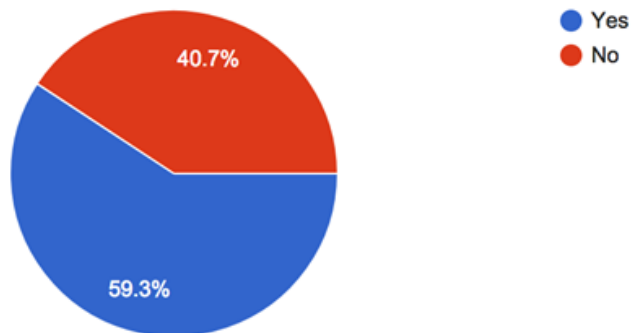
Within the next 5 years, do you think it will be common to see autonomous-driving vehicles on the road?

54 responses



Would you feel comfortable riding in an autonomous vehicle?

54 responses



If you answered "no" to the previous question, please explain why.

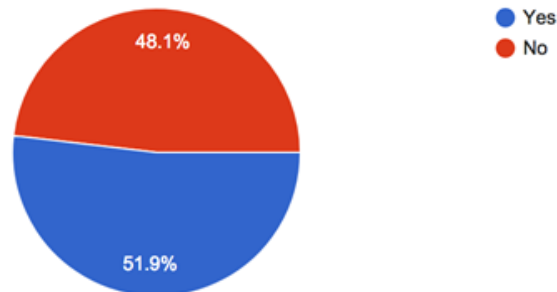
22 responses

- "I would like it to be proven safe and effective for some time before I felt comfortable trying it."

- “I don’t think technology is smart enough to handle the uncertainty of the roads”.
- Lack of evidence and examples
- “Not until they have been tested and I see them on the road consistently.”
 - “Safety on live roads not yet proven”
 - “I’d be wary of the car’s ability to react to troublesome situations on the road.”
 - “Road conditions are too volatile to be predicted by automation.”
 - “Would rather not be first test dummy”
 - “I’m afraid that if there were to be a massive a system failure that I would be left helpless and at the mercy of a machine that in some way could not resolve a given problem. Also, thinking more long term, it unsettles me to imagine a generation of people who don’t know how to manoeuvre a car and that solely rely on automated cars to work themselves. Autonomous driving cars could be seen as a step forward in technology, but I think it could also be a step back for the individual. It’s like people who have come to rely so heavily on the internet and their devices to solve problems rather than using their own critical thinking. It’s ultimately disempowering to the individual. I think electric cars could have a positive impact on improving the environment, but I don’t think the same about autonomous vehicles.”
 - “Would wait to see how it goes with Other people before I do it”
 - “Don’t want to leave my life in the hands of a computer before it’s proven to me that it’s safe.”
 - “Don’t completely trust technology to perform safely”
 - “There is not a 100 percent assurance that a program is capable of performing safely; with proper GPS navigation (unposted road closures - accidents), that sensors will not fail during suspect conditions, how it will react to the cars mechanical errors (blown tire on highway). There is also still human error in play since the autonomous car will be sharing the road with individuals who will still cut you off, short stop, and be aggressive.”
 - “Don’t trust the technology to be good enough in the next five years to account for all scenarios that occur while driving”
 - “Tech not mature”
 - “Haven’t seen them in action enough to trust it”
 - “Autonomous vehicles have yet to be proven to be safe in the real world.”
 - “I’d like to see their 2-3 year track record first.
Not yet sufficiently proven reliable.”
 - “I don’t think the current technology is safe enough.”
 - “I don't know what I don't know at this point. Potentially 5 years from now, if it is normalized and studies release information on safety associated, I would feel more comfortable. As of now, no - I don't understand the ethics wired into an autonomous vehicle and therefore can't say I'd feel comfortable.”

As we explained above, UberEco would employ a fleet of Tesla vehicles.
Have you ridden in/driven a Tesla vehicle?

54 responses

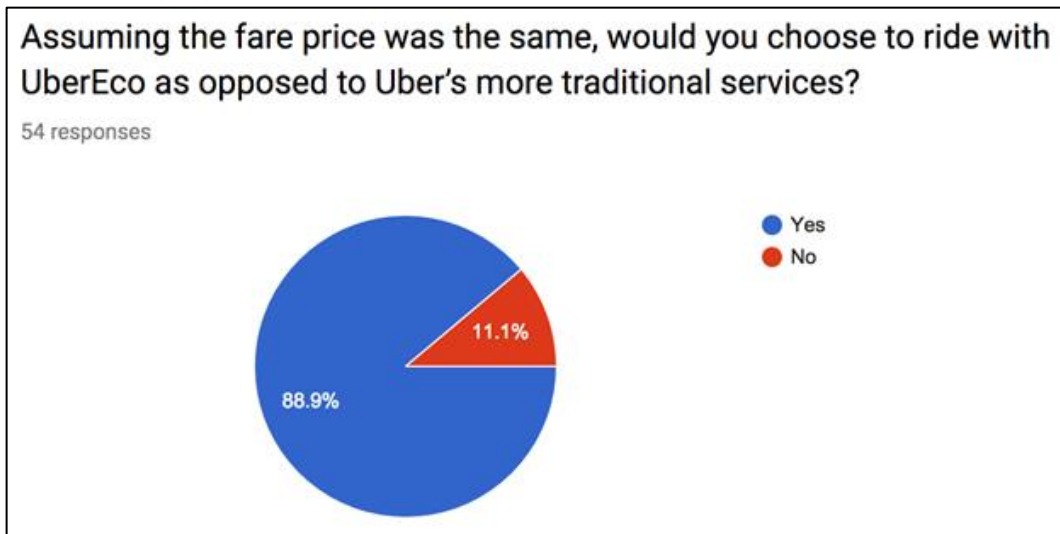


If you answered "yes" to the previous question, what was your experience?

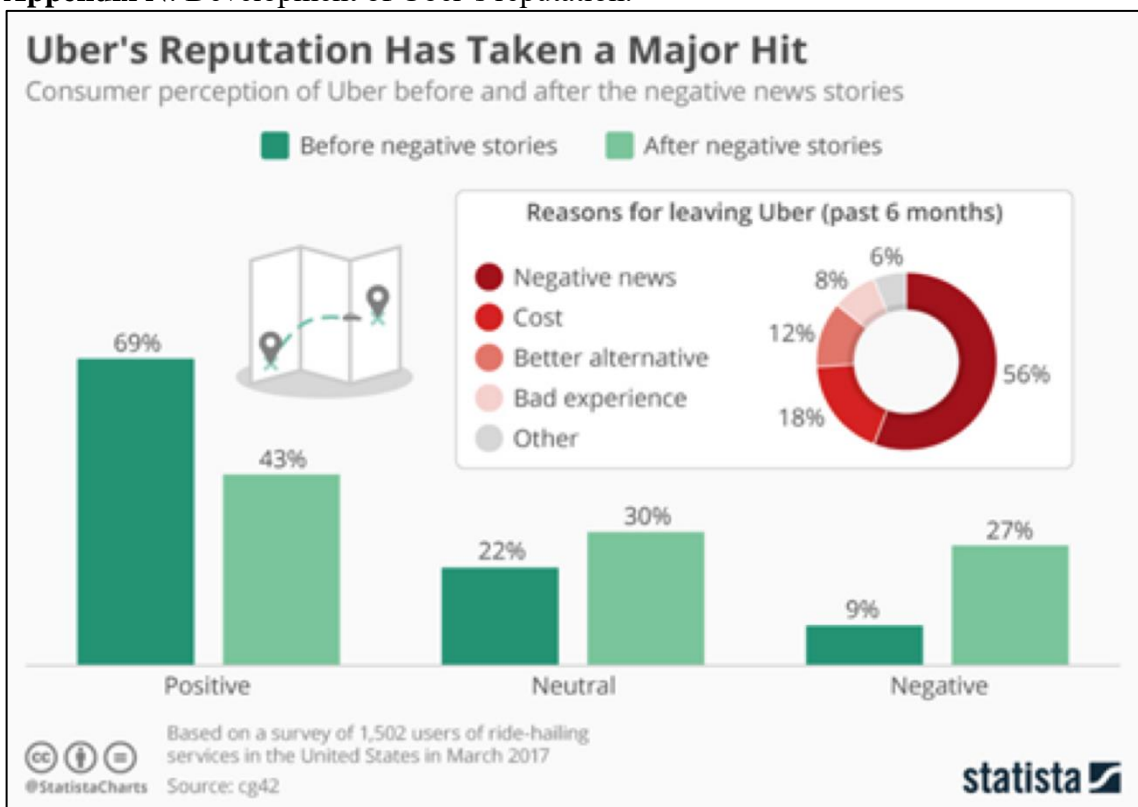
54 responses

- “Awesome”
- “I remember the digital interface being very aesthetically pleasing and user friendly. The car was comfy, very fast and sleek. I would ride in a Tesla whenever I could!”
- “Loved it”
- “Superior”
- “Beautifully smooth & fast”
- “Good”
- “Haven't ridden in a Tesla”
- “It's pretty trippy driving in something so fast that is quiet. They pretty cool cars but being a mild gear head I still prefer IC engine cars.”
- “Great”
- “Loved it. Want to buy one some day”
- “Very positive experience.”
- “My friend owns one”
- “Quiet, quick, simple design, sleek, modern, futuristic”
- “Fantastic. Impressive.”
- “Beauty”
- “Family owns a model S.”
- “Teslas are weird to drive at first. It is not pleasant riding with someone who is not a good driver. Very jolty. But I would love to own one myself.”
- “Drove one. Was fun”
- “I was on a business trip and I was picked up from the airport by a car service and they ordered me a driver with a Tesla. It was a gorgeous car inside and out, the ride was so smooth and it was cool knowing that it was electric.”
- “Amazing cars. Really great to drive. All the dashboard stuff can be a little distracting but if you like to drive fast it's great. Also it is extremely quiet in the cabin which is good for music or phone calls but also made it a little tougher to sense what was going on outside the car.”
- “Very nice. Luxurious.”
- “Comes with a cool Ipad”
- “Excellent”
- “Aggressive but fun”

- “It was a very smooth, comfortable and safe ride.”
- “Futuristic and cool”

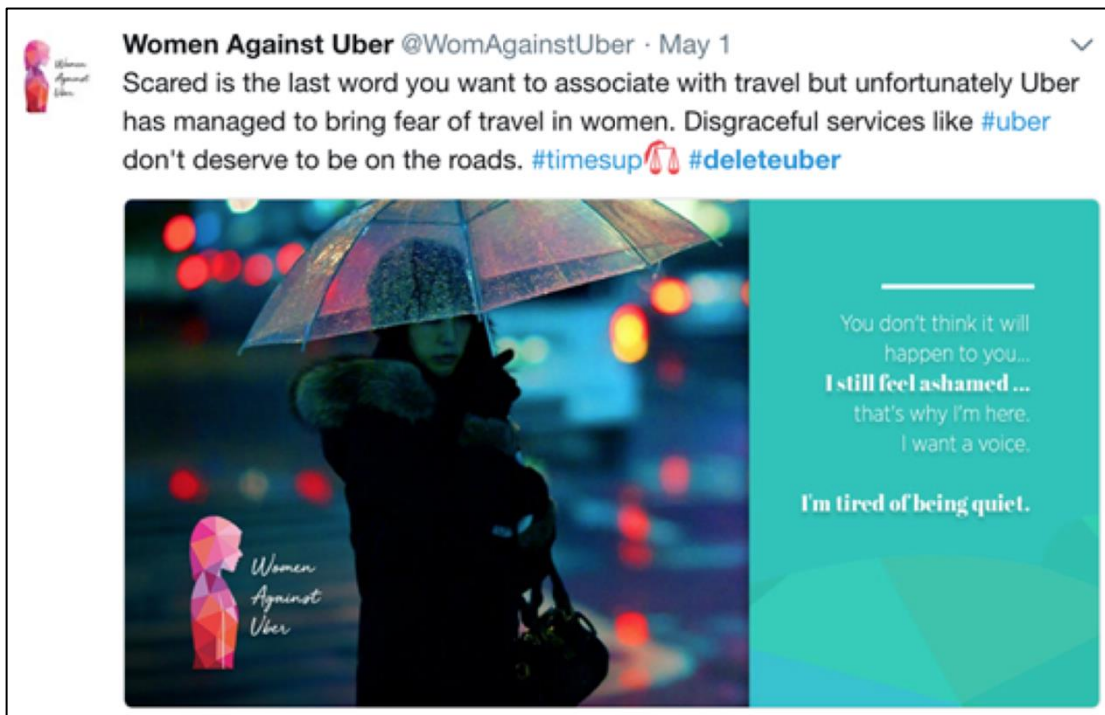


Appendix N: Development of Uber’s reputation.



Source: Richter, Felix. “Infographic: Uber's Reputation Has Taken a Major Hit.” Statista, 18 May 2017, URL: www.statista.com/chart/9469/public-perception-of-uber/.

Appendix O: #DeleteUber campaign after President Trump's proposed travel ban.



Source: Twitter.

Appendix P: UberECO's income statement for the years 2022 to 2027.

UberECO - Income Statement (2022-2027)												
(\$ million)	2022	% of Rev	2023	% of Rev	2024	% of Rev	2025	% of Rev	2026	% of Rev	2027	% of Rev
TOTAL REVENUE¹	20.412	100.0%	27.216	100.0%	54.432	100.0%	69.741	100.0%	96.957	100.0%	120.771	100.0%
Cost Of Goods Sold	21.53	105.5%	24.03	88.3%	45.79	84.1%	51.43	73.7%	78.57	81.0%	87.17	72.2%
- Tesla Partnership ²	4.08	20.0%	5.44	20.0%	10.89	20.0%	13.95	20.0%	19.39	20.0%	24.15	20.0%
- IT Infrastructure ³	0.08	0.4%	0.08	0.3%	0.15	0.3%	0.15	0.2%	0.23	0.2%	0.23	0.2%
- Salaries ⁴	3.33	16.3%	4.43	16.3%	8.87	16.3%	11.35	16.3%	15.776	16.3%	19.56	16.2%
- Depreciation ⁵	3.535	17.3%	3.535	13.0%	7.07	13.0%	7.07	10.1%	10.605	10.9%	10.52	8.7%
- Car Insurance ⁶	0.12	0.6%	0.16	0.6%	0.32	0.6%	0.41	0.6%	0.57	0.6%	0.71	0.6%
- Utilities ⁷	0.6	2.9%	0.6	2.2%	1.5	2.8%	1.5	2.2%	3	3.1%	3	2.5%
- Marketing ⁸	6	29.4%	6	22.0%	9	16.5%	9	12.9%	15	15.5%	15	12.4%
- Consumer Related Expense	0.788	3.9%	0.788	2.9%	2	3.7%	2	2.9%	4	4.1%	4	3.3%
- Other Operating Expense ⁹	3	14.7%	3	11.0%	6	11.0%	6	8.6%	10	10.3%	10	8.3%
OPERATING PROFIT (EBIT)	-1.113	-5.5%	3.181	11.7%	8.639	15.9%	18.313	26.3%	18.390	19.0%	33.600	27.8%
Financial Expenses ¹⁰	1.51	7.4%	1.51	5.5%	3.02	5.5%	3.02	4.3%	4.69	4.8%	3.18	2.6%
EBT	-2.62	-12.9%	1.67	6.1%	5.62	10.3%	15.29	21.9%	13.70	14.1%	30.42	25.2%
Corporate Income Tax	0.00	21.0%	0.35	21.0%	1.18	21.0%	3.21	21.0%	2.88	21.0%	6.39	21.0%
NET PROFIT	-2.624	-12.9%	1.320	4.9%	4.439	8.2%	12.082	17.3%	10.822	11.2%	24.031	19.9%
Revenue Increase (% to prev. year)				33.3%		100.0%		28.1%		39.0%		24.6%
Net Profit Increase (% to prev. year)				150.3%		236.2%		172.2%		-10.4%		122.1%
Compound Annual Growth Rate												
												34.5%

Income statement explanations:

1. Revenue per Vehicle:

- Range of Tesla Model 3 = 300km
(really 350km; however, calculated buffer and time for traveling to and from the warehouse)
- Average distance per Uber ride = 10km
- Average fare per 10km ride = \$18
- Amount of time per each ride = 20 mins + 10min for the vehicle to commute
- 300km/10km = 30 average rides if cars were operating at 100% efficiency.
However, data shows that in cities like LA Ubers only carry passengers about 60% of the time they are in service.
Source: <https://www.citylab.com/transportation/2016/03/uber-drivers-capacity-efficiency-transit/473601/>.
- Assuming each car can provide 18 rides in busy 8 hour shift and only 9 rides in a light 8 hour shift,
each car would account for [(18 rides x \$18) + (9 rides x \$18)] = \$486/day

1. Revenue Calculations per Year:

- Year 1: SF (120 cars x 350 days x \$486/day)
- Year 2: SF cars become more productive. SF (160 cars x 350 days x \$486/day)
- Year 3: Add 80 cars to SF & Expand to LA. SF (200 cars x 350 days x \$486/day) + LA (120 cars x 350 days x \$486/day)
- Year 4: Add 50 cars to SF, 40 to LA. SF (250 cars x 350 days x \$486/day) + LA (160 cars x 350 days x \$486/day)
- Year 5: Add 50 cars to SF, 40 cars to LA & Expand to Paris. SF (250 cars x 350 days x \$486/day) + LA (200 cars x 350 days x \$486/day) + Paris (120 cars x 350 days x \$486/day)
- Year 6: Add 50 cars to SF and LA, add 40 to Paris. SF (300 cars x 350 days x \$486/day) + LA (250 cars x 350 days x \$486/day) + Paris (160 cars x 350 days x \$486/day)

Number of cars	Y1	Y2	Y3	Y4	Y5	Y6
SF	120	160	200	250	250	300
LA			120	160	200	250
Paris					120	160
Total	120	160	320	410	570	710

2. Tesla Partnership includes

- Use of Tesla vehicles and brand name
- Self-driving technology
- Tesla technicians
- Liability and insurance (Tesla portion)

3. IT Infrastructure

- \$75.000/year for software

4. Salaries

- Logistics overseers (24 x \$70.000/year)
- Hotline (21 x \$35.000/year)
- Managers (3 x \$120.000/year)
- Marketing (10 x \$55.000/year)
- Salary increases each year based on: increase of number of cars employed.

5. Depreciation

- IT system (\$75.000 over 5 years)
- Warehouse equipment (\$350.000 over 5 years)
- Warehouse (\$34.500.000 over 10 years)

6. Car Insurance

- \$1000 per car

7. Utilities

- Tax, insurance, electricity, water

8. Marketing

- Higher for UberECO (about double the amount of Uber's marketing expenses) because of added consumer education and marketing expenses
- Marketing increase in year 3 as business expands to LA - figure 50% increase for LA specific ads, other 50% is online, social media, app store based, which won't change
- Marketing increase in year 5 as business expands to Paris - figure 100% increase for Paris specific ads, promotion on French app store, French websites, etc.

9. Other Operating Expenses

- R&D
- Business/Travel expenditure

10. Financial Expenses

- Loan interest: each loan is paid off after 5 years
- Loan 1 for SF, Loan 2 for LA, Loan 3 for Paris
- Interest Rate: 6.5%

Appendix R: UberECO's cash flow statement for the years 2022 to 2027.

UberECO - Cash Flow Statement (2022-2027)						
(\$ million)	2022	2023	2024	2025	2026	2027
NET PROFIT	-2.624	1.320	4.439	12.082	10.822	24.031
Depreciation	3.535	3.535	7.07	7.07	10.605	10.52
CF FROM OPERATING ACTIVITIES	0.911	4.855	11.509	19.152	21.427	34.551
Buy Assets	-34.85	0	-34.85	0	-38.573	0
Sell Assets	0	0	0	0	0	0
CF FROM INVESTMENTS	-34.85	0	-34.85	0	-38.573	0
Private Funding	11.617	0	11.617	0	12.858	0
- 80% from Uber	9.293	0	9.293	0	10.286	0
- 20% from Tesla Partnership	2.323	0	2.323	0	2.572	0
Bank Loans	23.233	0	23.233	0	25.715	0
Dividends	0	0	0	0	0	0
Repayment of Loans	4.647	4.647	9.293	9.293	14.436	9.790
CF FROM FINANCING	39.497	4.647	44.143	9.293	53.009	9.790
TOTAL CASH FLOW	5.558	9.502	20.802	28.445	35.863	44.340

Explanation regarding Buy Assets:

- Year 1: 34.85 million for SF warehouse
- Year 3: 34.85 million for LA warehouse
- Year 5: 34.85 million for Paris warehouse & \$3.723 million to cover first six month operational costs

Appendix Q: Costs associated with the international expansion to Paris.

Breakdown of 2026 Warehouse Costs	
Purchase of warehouse	\$34.5 million
Warehouse Equipment (incl. computers, racks, tools, cleaning equipment, office furniture, unforeseeable expenses)	\$350.000
Business Meeting Expenditure	\$150.000
Total Cost of Warehouse	\$35 million

Breakdown of 2026 Operating Costs	
Direct Costs	
IT Infrastructure	\$75,000
Employees	\$3.325 million
<u>Total Direct</u>	<u>\$3.4 million</u>
Indirect Costs	
Insurance	\$120,000
Depreciation	\$3.325 million
Warehouse indirect costs (taxes, insurance, utilities)	\$600,000
<u>Total Indirect</u>	<u>\$4,045 million</u>
Total Operating Costs for 2026	\$7.445 million
Operating Costs for 01/2026-06/2026	\$3.723 million