



# A framework for assessing the economic opportunity of Mobility 2030

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What is the economic opportunity of Mobility 2030?

How can investors position their portfolios to benefit from transportation becoming more connected?

With smart mobility attracting \$111 billion worth of investment since 2010<sup>1</sup>, mobility startups receiving \$28 billion from investors in 2017 alone<sup>2</sup>, \$90 billion in investments from carmakers in electric vehicles (EVs)<sup>3</sup>, and the top five ride-hailing companies now worth a combined \$129 billion<sup>4</sup>, the time for forecasting is over.

Mobility 2030 is happening now and it is evolving faster than anyone could anticipate. The age of electric cars, 'smart' infrastructure, and Mobility as a Service (MaaS) models has graduated from science fiction to modern day reality, demanding new design and investment approaches.

1. <https://www.mckinsey.com/~media/mckinsey/industries/automotive%20and%20assembly/our%20insights/reserve%20a%20seat%20the%20future%20of%20mobility%20is%20arriving%20early/reserve-a-seat-the-future-of-mobility-is-arriving-early.ashx>

2. <https://skift.com/2018/02/02/ridesharing-startups-raised-28-billion-in-2017-despite-tighter-restrictions/>

3. <https://www.reuters.com/article/us-autoshow-detroit-electric/global-carmakers-to-invest-at-least-90-billion-in-electric-vehicles-idUSKBN1F42NW>

4. <https://skift.com/2018/02/02/ridesharing-startups-raised-28-billion-in-2017-despite-tighter-restrictions/>

## A number of recurring questions have emerged, including:

- **How will customers respond** to potentially radical changes to our daily lives and environments enabled by technology? What will their future behaviours be?
- **Where will value be created** across the future mobility ecosystem? How big will the 'value pools' be and how will they evolve?
- **What will the new ecosystem look like** and how will the various players' roles change? Who are the emerging customers for EVs, AVs and MaaS? What will these customers value?
- **What are the potential participation strategy options**, given existing asset bases and capabilities? Who are the key players across the value chain? Which organizations – or countries – are set to win?
- **What are the implications for financial, business and operating models?** How should financial ambitions change? Where and when should car companies, energy providers, etc. participate? How can they evolve to participate effectively?

## Reacting to change

The shift towards Mobility 2030 is forcing many to re-balance. That includes regulators who are adjusting to the implications of driverless vehicles and MaaS models; public-sector stakeholders who are rethinking traditional infrastructure investments, and industry investors who are growing wise to opportunities of an increasingly connected and data-driven industry.

After all, it is no longer about physical assets alone. In Mobility 2030, it is about the services those assets support. It is the data that flows between cell phone towers, the platforms which fuel ride-sharing services, and the interconnected tools and services which support an increasingly data-driven network. That is not to say physical assets will not maintain their importance, but that they are becoming a backbone around which more lucrative digital opportunities are taking shape.

## A new era of investment

This is not a trend; nor is it a movement that can be waited out. Mobility 2030 is an inevitable reality fueled by growing social acceptance for electric and automated vehicles (AVs), MaaS models, and the decreasing cost of doing business in the digital age. And as key milestones within the automotive and tech sector propel change, (e.g. the adoption of 5G technologies), the innovation community will be rife with new and unpredictable investment opportunities.

As the shape of mobility changes, so too are the business models and revenue streams that have traditionally favoured physical mobility assets. For instance drones and AVs are changing how goods are moved (e.g. pack stations/drop boxes, direct to car 'trunk', self-driving robo vans, etc.) with significant implications on supply chains, distribution hubs and business models. For example, a firm is testing an AV-based mobile 'pizza oven' that goes directly to the customer - obviating the need for a centralized kitchen facility and delivery trucks. And while no one can predict what new revenue streams or innovative mobility models will surface in the coming years, investors can prepare for the short and long-term opportunities ahead by becoming more flexible and creative in their portfolio management and investment analysis.

## Five themes: Making sense of mobility disruption



“Think”

“Design”

“Do”

## Adoption vs. abandonment

The future of mobility will mean rethinking risk and reward. That means spending the time and resources to assess the impact of Mobility 2030 – both positive and negative – across every asset in your portfolio. It means designing Mobility 2030 scenarios to determine how driverless cars will influence city infrastructure, how MaaS models will negate the need for parking facilities, or how kilometre-based models will upend traditional approaches. Through our extensive work with existing and new mobility players, we have developed the following framework to help players develop appropriate strategies to overcome these challenges:

### 1. Decoding disruption (and overcoming ‘action paralysis’).

Overcoming disruption means first understanding its likelihood, scale, and potential impacts on your business; and then determining how disruptions will be monitored and, ideally, inspire growth. This can be done through a ‘playbook’ with clearly defined trigger points and associated actions or through small-scale pilots of innovative ventures. Whatever the approach, new governance may be required to help your business react quickly when disruption hits.

**2. Fighting for the customer.** The ability to develop cross-sector partnerships and alliances quickly is key to securing future-ready capabilities, suppliers, and channels. Therefore, amid increasing competition for customer ownership, there is an opportunity for some players to create joint propositions across various parts of their value to chain (e.g. bundling home energy with roaming EV charges, or insurance with flexible vehicle subscriptions). This helps all players find their niche, enhance their customer service, and capture greater market share.

**3. Un-stranding assets.** Seizing on emerging opportunities will likely mean re-positioning one’s mobility assets. For example, automated taxis may soon reduce the need for traditional parking lots, but those spaces could potentially be re-used as charging zones or a logistics hub for last-mile urban AV deliveries. Proactive asset owners are exploring these potential shifts, as well as opportunities to partner with other mobility players to provide complementary capabilities.

## Got a question?

Learn more about KPMG's vision for Mobility 2030 by visiting [home.kpmg/ca/Mobility2030](https://home.kpmg/ca/Mobility2030) or contact **Anurag Gupta**

**4. Monetizing data.** The future of mobility relies on data. And as more and more consumer data is collected via mobility apps, systems, sensors, and vehicles, opportunities are emerging to use that data to better understand consumers, enhance services, and drive mobility innovations. Consider how your business can use this growing resource to its advantage.

**5. Searching (and planning) for sale.** After better understanding disruption and planning a response, the next step is to scale and commercialize your proposition (be it a new technology or business model) quicker than the competitors. Doing so calls for a strategy that aligns financial, business and operating models.

**The big idea:** No one can predict how this evolution will play out, but it will require investors to take more bets, explore non-physical asset opportunities, and step outside established comfort zones. Some of those bets will bear fruit, while others will lead to failure. Either way, it is important to get ahead of Mobility 2030 as waiting on the sidelines will mean being on the wrong end of investment cases going forward. Surely, the cost of inaction is far greater than the price of making a move.

**What is Mobility 2030?** Mobility 2030 is our vision for the future of mobility. It is the convergence of new transportation technologies (e.g. electric and autonomous vehicles), 'smart' infrastructure, and on-demand transportation services. Mobility 2030 defines the new era of mobility that is reshaping roads and cities, driving massive societal changes, and inspiring cross-industry collaborations – all of which is giving rise to a multi-trillion dollar industry<sup>1</sup>.

1. <https://assets.kpmg/content/dam/kpmg/xx/pdf/2019/02/mobility-2030-transforming-the-mobility-landscape.pdf>