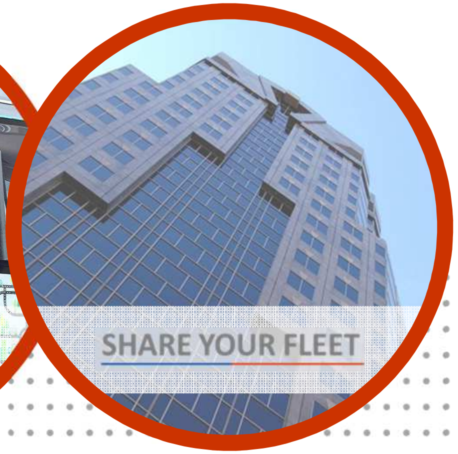
Future urban mobility

Berlin High-level Dialogue on Implementing Rio+20 Decisions on Sustainable Cities and Urban Transport

Carolin REICHERT
Peugeot Citroën Automobiles
Paris, June 21, 2013

Urbanization, real-time connectivity and social networks revolutionizing key business models of the automotive industry

"THE CHANGE"

B2C(EV) – Traditional car sharing/public transport

C2C – Non-profit car-pooling / lift-sharing

B2C/B – Renting

B2B – Leasing

Urbanization
causing increasing demand of cities to limit inner-city traffic

Real-time/remote connectivity
allowing higher level of process automation for large fleet operators

Social networks
reinforcing feeling of security in anonymous groups and willingness to share trips and vehicles

New car-sharing
(one-way, no reservation often EV-based)

C2C marketplaces
(lift sharing, private renting)

Renting 24/7
(vehicle access via chip card, automized process)

Car-pooling
(car-sharing within large companies)

Car manufacturers starting to lead the change

BUSINESS MODELS AND BEST PRACTICES

Business model	Best practice/motivation		Car manu-facturer	Key profit stream	Market size G5, 2016e
New car-sharing (EV focus)	CAR2GO	Young image/new business intern. (revenue target 2014: € 100 Mio.)	DAIMLER	Renting fee (per minute/hour)	5 Mio users 70k VH
	DriveNow	Life-style image/new business EU and US	BMW, MINI		
C2C Market-place	RelayRides	Invested by GM: CRM/new service business based on on-star	GM	Transaction fee Sale of customer base/company	N.a.
	carpooling.com	Invested by Daimler AG: CRM/ access to new customer segments	DAIMLER		
Renting 24/7	Hertz On Demand	Process automation/expansion of value creation		Renting fee (per day)	Replacement (1.5 k EUR/VH add. techn. value)
	FORD2GO	Vehicles placement/new dealership based business	Ford		
B2B car-pooling	AlphaCity	Vehicle sale/expansion of value creation	BMW, MINI	Leasing contract + service fee for car-pooling	260k – 360k VH/year
	SHARE YOUR FLEET	Vehicle sale/customer proximity/ expansion of value creation	PEUGEOT, CITROËN		

The challenge

To succeed in the "New Mobility"-business a car manufacturer needs to answer 5 strategic questions!

"NEW MOBILITY"-STRATEGY AGENDA FOR PSA

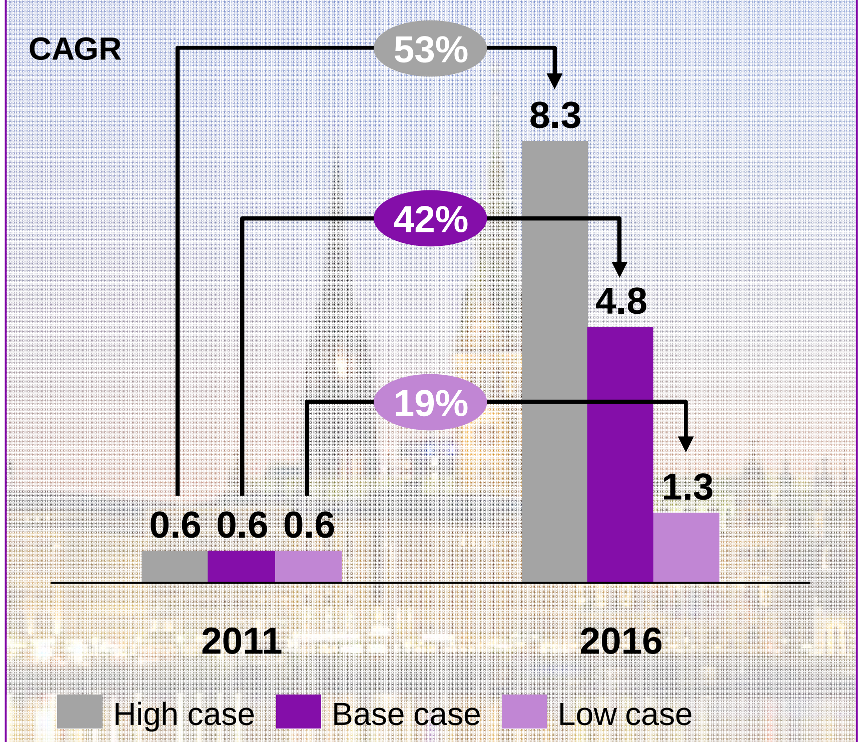
1. Will "New Mobility" become a **relevant market?**
2. How does the **future vehicle generation** need to be adapted?
3. How to **position** along the **new value chain?**
4. How to **set-up and run** the "New Mobility"-business successfully?
5. What is the right **customer offer?**

Will "New Mobility" become a relevant market?

5 Mio. end-users and more than 500k vehicles expected in Europe 2016

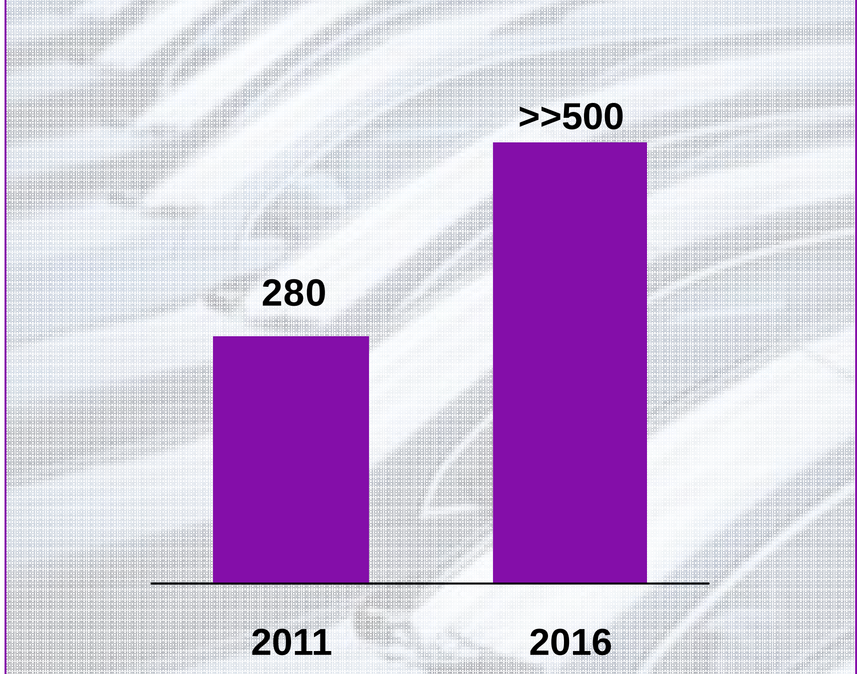
MARKET PROJECTION, EUROPE, 2011-2016

Car-sharing/-pooling users [# Mio. end-users]



Source: Frost & Sullivan

Car-sharing/-pooling vehicles ['000 vehicles]



Base case

Source: PSA estimate

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How does the future vehicle generation need to be adapted?

3 key functionalities will become a MUST!

KEY FUNCTIONS FOR "NEW MOBILITY"-BUSINESS

	Real-time driving data	Remote vehicle access	Smartphone/office integr.
			
Description	◆ Vehicle data (e.g. fuel/battery, mileage) for fleet operations ◆ Geolocalization of vehicle, parking lots, lift sharers etc. ◆ End-user related data for insurance (“pay as you drive”)	◆ Possibility to open and start vehicle from distance ◆ Possible access via RFID card, LapID or smartphone (NFC)	◆ Plug & play integration of smartphone including personal apps ◆ Connectivity to office system, e-mail and calendar ◆ Connectivity to multimodal transport / travel portals
Key challenges	◆ Specification of data-set ◆ Realization of SW platform ◆ Definition of business models with communication provider, end-consumer and potential business partners	◆ Integration of car-sharing technology respecting all safety and legal requirements ◆ Set-up installation process ◆ Commercialization of pre-equipped vehicles	◆ Align strategy for embedded telematic (services) with plug & play requirements ◆ Technical realization ◆ Set-up of development process adapted to business dynamic

How to position itself along the new value chain?

3 basic business models needs to be considered and potentially covered

BASIC OPTION FOR VALUE CREATION

Vehicle → In-car-technology → Software → Client service → System financing → Fleet operations

Business model	Supplier of "pre-equipped" vehicles	System supplier	System operator
			
Description	◆ Supply of car-sharing/car-pooling – "ready" cars with full vehicle guarantee ◆ Car-sales deal	◆ Provision of complete system/service, incl. central services like call center, billing ◆ Service contract with fleet operator (B2B)	◆ Operation of car-sharing/ car-pooling system using "own brand" ◆ New end-user business (B2C)
Key challenges	Relationship with in-car-technology supplier and protection of intellectual property	Commercialization of system with existing “B2B sales" organization	Organizational set-up with operating partner

How to set-up and run "New Mobility"-business successfully?

3 basic success factors need to be fulfilled

KEY SUCCESS FACTORS FOR "NEW MOBILITY"-BUSINESS

	Time-to-market	System integration	End-customer access
			
Description	**Shorter product** lifecycles require an **adaptation of existing development processes**	Full **understanding** of value chain including **software & operations** and **very limited number of system partners** required for a competitive cost position	B2C-mobility is a very **local** business requiring local sales partners (e.g. public transport)
Key challenges	◆ Define the "right" interface to product research and planning ◆ Set-up a "fast track" product development and implementation ◆ Qualify/remunerate sales organization	◆ Build-up/bundle relevant competences (telematics, car electronics) ◆ Define intelligent cooperation models with new system partners (SLAs, P&L sharing) ◆ Define process for partner selection and management	◆ Really understand local mobility needs ◆ Define system/product offerings with clear USP and a convincing business case ◆ Build-up sales partners network with local market access and system competence

PSA active in all segments

PSA POSITION

Business model	Activities PSA/Citroën/Peugeot		Car sales	Image	Op. profit	Assessment
New car-sharing (EV focus)	multicity CITROËN Berlin	◆ One-way, instant access intermodal car-sharing system in Berlin ◆ Based on pure EV fleet ◆ 350 C-Zeros from 22 March on	↗	↑	↓	◆ German subsidies ◆ Very positive image contribution on national level ◆ Operational losses
C2C Market-place	multicity CITROËN Online	◆ Online mobility portal for door-to-door mobility ◆ Aggregates 3rd party services, i.e. "Co-voiturage", C2C, travel planning	↓	↗	↓	◆ No direct impact on car sales ◆ Initially positive image contribution, but risk to become "me too" ◆ Profits from transactions not yet covering staff costs
Renting 24/7	Mu by Peugeot	◆ Dealership-based renting system allowing management VD and VR ◆ Operational mainly in GER/F ◆ Integration of 24/7 option tbd.	↓	→	↓	◆ No direct impact on car sales ◆ Tool to attract new customers to visit dealerships ◆ Meanwhile, image contribution low
B2B car-pooling	SHARE YOUR FLEET	◆ State-of-the-art car-pooling solution for large enterprises in cooperation with SIXT AG ◆ Launch in Germany 1 April	↑	→	↑	◆ Car based solution ◆ Objective for Germany: >3,000 VH p.a. ◆ Positive image on PSA level ◆ Positive profit contribution from 1st year on

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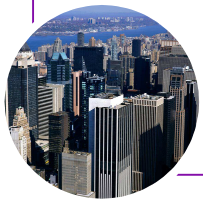
What is the right customer offer?

We do not have all answers, but a great offer: **Multicity Berlin!**

KEY CHARACTERISTICS

Sustainable

- Exclusive use of electric vehicles, i.e. the Citroën C-Zero
- Focus on large cities



Intermodal

- Joint ticketing and billing with local public transport and Deutsche Bahn/Flinkster & Call a Bike
- System access points at railway stations and airports

multicity CITROËN

New Pricing 04 April

Intelligent business models

- B2C: Instant access, free float, tact pricing
- B2B: Dedicated vehicles, flat rates

Young

- Smartphone-based access
- Attractive pricing

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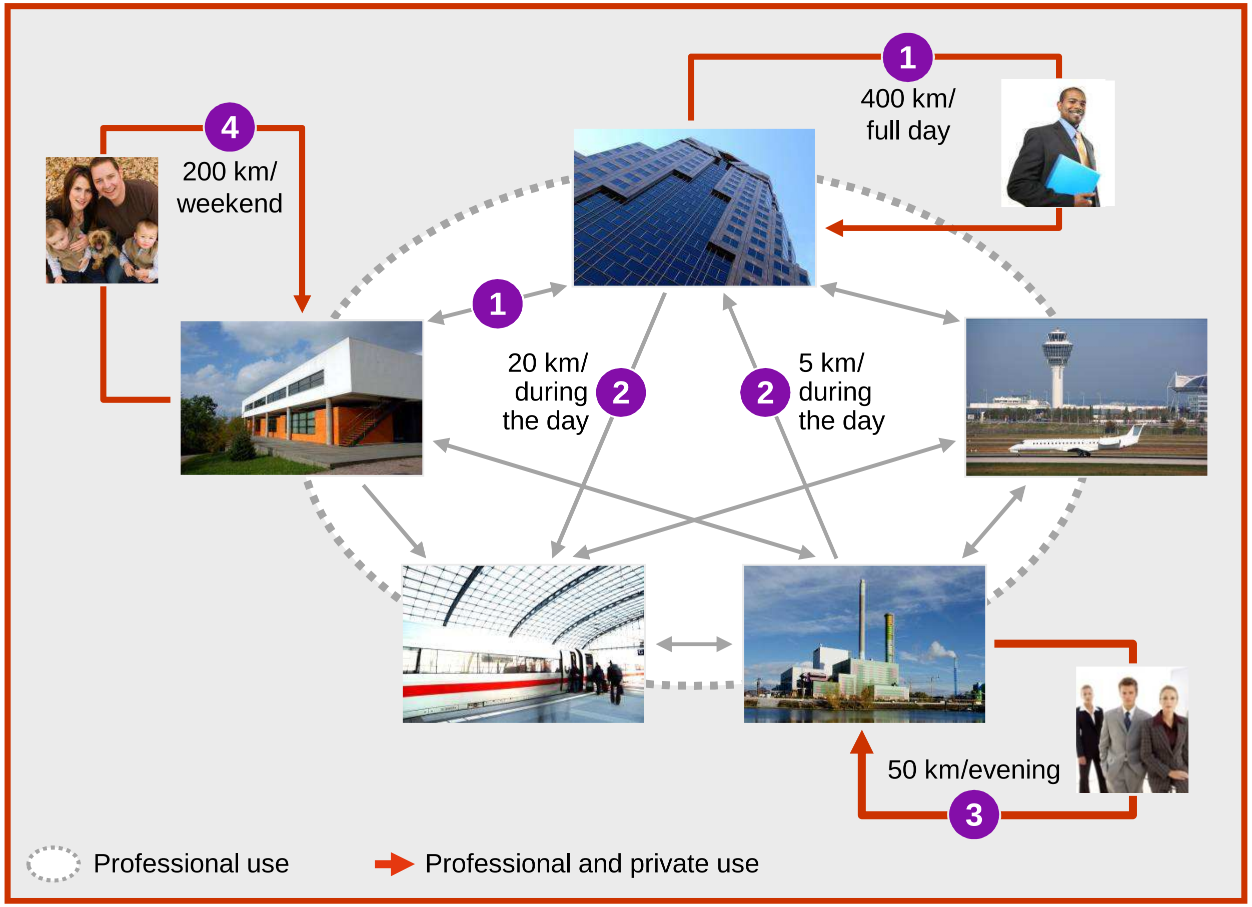
… and coming soon: SHARE YOUR FLEET®: An intelligent mobility solution, tailor-made for large entreprises

CONCEPT OUTLINE

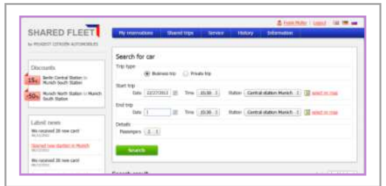


Company-related mobility needs

1. Full-day, **professional** trips (**round trip**)
2. Short **one way** trips between different company sites or to/from public transport hubs
3. **Comuting** (home-work) and lift/cost sharing
4. **Private** trips in the evenings or during the weekends (payed by the emplyee)

Launch in Germany in April 2013!

THE OFFER



Reservation platform

- Web application
- Reservation 15 min before departure
- Option lift-sharing

Fleet management tool

- Vehicle balancing between company sites
- Advanced reporting of fleet data

Client service

- 24h/7d access
- Help desk for technical problems

Citroen DS 3

Citroen DS 4

Peugeot 308

Peugeot 3008

Besoins de mobilité couverts

- Premium vehicles
- Financing: 36 months/ 90,000 km
- Service car-pooling:
  - Onboard unit
  - Guarnaty for in-car technology
  - RFID cards
  - Software license
  - Hotline/technical support
  - Payment private use
- Fleet management: logistic, immatriculation, insurance, tyres, maintenance, assistance, fuel card, fee for radio use