

INDUSTRY OVERVIEW

Former Manager Believes UBER and LYFT Can Grow Bookings and AV Will Be an Initial Tailwind for Rideshare Companies

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| DATE PUBLISHED | INTERVIEW DATE | EXPERT PERSPECTIVE | ANALYST PERSPECTIVE | PRIMARY COMPANIES |
| 24 Apr 2025 | 18 Apr 2025 | Former | Investor-Led (Buy-Side) | UBER |

OTHER COMPANIES

- LYFT
- DASH

Transcript Highlights

- Expert believes Uber and Lyft can continue to grow bookings in coming years and is more confident in Uber than Lyft given less reliability in results and outcomes.
- Expert thinks rideshare should continue to grow in coming years; AV should be a positive for the industry until the ops side including insurance, regulations, etc. is figured out.
- Food delivery does have some natural synergies with rideshare which has benefited Uber.

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Expert Bio

Expert was a Manager at Uber, responsible for competitive intelligence, tracking market share, using data for trends, headcount needs, road mapping, running delivery business reviews. Expert reported to a VP, ~2 levels from the C-suite.

Employment History

UNEMPLOYED

Expert

Unemployed (Private)

Unemployed • August 2024 - Present • 8 mos

BOSTON CONSULTING GROUP

BCG

Boston Consulting Group (BCG) (Private)

Summer Consultant • June 2024 - August 2024 • 2 mos

Uber

Uber (Public)

Manager, Strategy & Planning • September 2022 - May 2023 • 8 mos

Relevant Role

Uber

Uber (Public)

Chief of Staff, US&C Delivery • September 2022 - January 2023 • 4 mos

Uber

Uber (Public)

Senior Associate, Strategy & Planning • February 2021 - September 2022 • 1 yr, 7 mos



Uber (Public)

Strategic Operations Manager • May 2019 - February 2021 • 1 yr, 9 mos



PepsiCo (Public)

Corporate Strategy • July 2018 - May 2019 • 10 mos

Interview Transcript

Analyst 00:00:00

The call will be recorded so it can be transcribed. Second, you understand the definition of material non-public information and agree not to disclose such information during the interview. You confirm you don't have a non-disclosure agreement or anything preventing you from speaking about the companies discussed today on the call. If there's something I ask you and you can't answer just let me know and we can move on. Finally, you agree not to discuss details of your current employer. Do you agree?

Expert 00:00:23

Yes.

Analyst 00:00:26

Great. The focus of the call today is on rideshare and food delivery, leaning on your experience formerly at Uber. Would love to get your perspective on both Uber and Lyft, then the industry overall, so three topics. One is to get your perspective on the evolution of both rideshare and food delivery, how it got to where we are today and what you think the outlook looks like going forward separately, independently, but also together.

Analyst 00:00:55

Second would be to get your perspective on the evolution of Uber and what you think the outlook looks like going forward, where they lean in, what happened to them, so both from an industry as well as specific to Uber. Similar question for Lyft, how they've evolved and how they're positioned. They've been focused solely on rideshare. What do you think happens to them? They just announced an acquisition in Europe but they have a partnership with DoorDash, what do you think happens with them? Before we jump into those topics, can you just quickly walk through your career background experience?

Expert 00:01:35

Sure. In terms of relevant experience, I spent about four years at Uber. Joined right before the IPO and then stayed through 2023. Was primarily focused on the delivery side of the business within the U.S. and Canada, which is, as you can imagine, the largest segment for delivery globally. At one point, I don't know what the numbers are now, but it was about 25% of gross bookings for the company. Worked in that business during hockey stick growth of COVID and quite an evolution, I would say, from being more of a nascent business to now I'd say mid-stage in terms of its development.

Expert 00:02:25

Focused a lot on competitive intelligence, industry research, I hesitate to say corporate strategy because it wasn't at the corporate level, but potentially segment-level strategy, strategic initiatives, and things around governance, etc., so helping prepare materials for investors, things like that. Had a lens into how the C-suite was thinking about the business and the outlook. That's my experience. Maybe I'll tackle your question around mobility first since I know you said you're more interested in that.

Expert 00:03:13

Of course, mobility obviously started first and so I would say it's much more mature. I think really now there's a lot of talk about autonomous, which has been interesting to see in the last couple of years. I think two years ago, obviously, Uber had divested its autonomous division to Aurora. It wasn't a huge focus. There was a fairly small team when I was there, sub 10 people working on partnerships with some of the big autonomous players but very, very small number of rides. Something that was being done with an eye towards the future, but certainly not a company priority or a major company priority, I would say.

Expert 00:03:56

I think now fast forward two years, you see even just in the latest investor materials and things that's just very much front and center. I think that really marks a big strategic shift. I think in developed markets like in the U.S. and Canada, etc., Uber was able to improve its take rate in the last few years through some strategic things which have definitely been talked about publicly in terms of proactively acquiring drivers, spending quite a bit on incentives to bring them back to the platform post-COVID, which positioned Uber to have much better of a product in the last few years, much better experience.

Expert 00:04:46

Also allowed them to steadily ratchet up that take rate in the last few years, not massively, but somewhat. I think where we are now is I don't see that there's that much opportunity in the mobility space for continued increases in take rate. I think there's potentially some flexibility around pricing, but that there's a lot of focus in the industry overall on affordability given all the consumer sentiment uncertainty and things like that.

Expert 00:05:26

I think that there is going to be continued areas, separate from autonomous, to continue to drive margin expansion. I think Uber Reserve was a big initiative to do that. The airport experience where those rides are quite a bit more profitable. Thinking about Uber for business and the corporate segment. I think that those sorts of more minor improvements that they're still greenfield for, but I would say overall, I don't know that there's going to be a step change other than autonomous. I'll pause there. I can talk a little bit more about thoughts on autonomous and how Uber is positioned.

Analyst 00:06:18

Sure. One just discreet question and another on the industry. On the discrete question, though, how would you compare to say that it's more profitable? How do the airport trips or rides, the economics compare to let's say everyday use or non-airport rides? Have do those economics compare?

Expert 00:06:41

The gross bookings per ride will be significantly higher partially because of some of the fees and things like that. Just in general, I think there's an understanding that the elasticity of demand, it's more inelastic for those sorts of rides so the take rates are higher. They're just generally larger ticket, higher-margin rides because of that.

Analyst 00:07:12

Any way to quantify it though? In other words, to say is if an average gross booking is, I don't know, \$20 a ride, for example, if airport is higher, that means that a non-airport ride would obviously be lower by definition.

Expert 00:07:24

I know that the revenue margin on gross bookings, I think, overall is about 30%. I believe the EBITDA margin is something in the mid-teens. I would guess potentially something a little north of that on airport rides.

Analyst 00:07:51

Just more from a booking [per second], if let's say a traditional booking, meaning non-airport, was \$15, an airport ride is it \$20 or is it \$30 or is it 2X, is it 3X?

Expert 00:08:07

I don't know. I definitely know it is meaningfully higher for sure...

Analyst 00:08:18

Is the way to think about it, though, more just in a vacuum, more just in terms of the flow of funds, though? Is the way to think about it that if it's a \$20 ride, for example, and you factor in take rates and costs and the margin to the platform versus a \$40 ride, which is the same distance, is it just that you're able to command, obviously, higher price and in turn, you're taking more of it even if the take rate percentage is the same, so therefore, that's just why the economics are superior?

Expert 00:08:56

It's a combination of both. You'll have a higher gross bookings per trip and then also a higher take of that gross bookings.

Analyst 00:09:05

On the industry overall, though, you're saying you think there's less opportunity on the mobility side, but if you listen to what Uber or Lyft talk about, and they still say the only, I probably have the number off, but they still only account for, let's say, 1% of all rides in the U.S. or North America.

Expert 00:09:36

I think a lot of that opportunity that Uber talks about is in reducing that cost per mile to really unlock the rest of that space. I think really that's only possible with autonomous. My point was separate from the autonomous area, I don't see necessarily step change improvements. That being said, I think that Uber has definitely invested quite proactively separate from autonomous as well as on autonomous.

Expert 00:10:08

Separate from autonomous has invested pretty proactively in these sorts of other areas that are either higher margin or where it has a right to win, whether it's corporate travel, etc. I think in terms of the industry overall, for sure, cost per mile coming down will be a huge area for them to gain penetration if it can be done.

Analyst 00:10:39

These are just public numbers that both Uber and Lyft put out, but they talk about over the next, it was three years at the time when each of them put it out, but at this point maybe two years forward or whatever maybe in terms of their outlook, they talk about teen-ish percent bookings growth. That's obviously made up of a combination of riders and frequency and price per trip. Do those seem like realistic numbers for both of those companies? What are your thoughts there?

Expert 00:11:22

I think so. I think Lyft has been a little less reliable in terms of what they've said they can do and execute in the last three or four years. I think Uber has a pretty strong pulse on what those core drivers are and where that headroom exists. I think that's realistic. I think the company has since COVID really been able to execute on the core operational MAPSI growth, revenue growth, etc., bottom line expansion that it said it would.

Analyst 00:12:07

Right. You brought up autonomous a few times, certainly part of the conversation here. If we think about where the industry is going, and I'll say rideshare, but obviously, there's food delivery for Uber and Lyft has this DoorDash partnership, where do you think the industry goes from here on both rideshare and on food delivery? First start with industry and then we can get into both Uber and Lyft.

Expert 00:12:35

On rideshare, certainly I think the big question on everybody's mind, aside from, of course, the technical implementation is just to what degree are these autonomous players going to allow disintermediation by the Ubers and Lyfts of the world. At least in the short term, and when I say short term, I mean five to 10 years, which doesn't feel short term, but at least thinking about this industry, I think likely that disintermediation will exist.

Expert 00:13:13

I think the actual operations of running these sorts of real-time marketplaces at scale that can really flexibly and therefore affordably handle different demand and supply levels and things like that is quite difficult. I think sometimes people underestimate or undervalue both the tech and the operational moat that these firms really have built in the last 10 years.

Expert 00:13:46

I do see that being the path forward in terms of Uber, Lyft being really critical to actually commercializing autonomous. After that, though, I think it's hard to say. I think it could go either way. I think that the size of the prize is large enough that I don't know that if Waymo continues to take off. I don't know that it's outside of Google's capabilities if they really set their mind to it to commercialize it themselves and take Uber out of the equation. We'll have to see, but I think at least in the short term, certainly, they'll be a pretty critical partner.

Analyst 00:14:30

My words not yours, but tell me if this is correct, over the next, call it five to 10 years, it's actually going to be a tailwind rather than a headwind to get the autonomous partners onboard these platforms to help facilitate that utilization and bring that penetration up, but then it's unclear after that then that could be a huge headwind or too disintermediated thereafter. It's a positive over the next five to 10 years, but potentially a huge negative after. Is that a fair way to describe it?

Expert 00:15:08

I think so. Yeah, that's how I think about it. I would say Uber, in particular, has positioned itself well in terms of these partnerships to really be that partner to help them commercialize in the early days, in the last couple of years and I think moving forward. I think Uber, in particular, is pretty well-positioned to do that and certainly resourcing against it, from what they're saying, pretty heavily. I think my concern would be that five, 10+ year horizon, what happens and to what degree, whoever still exists in autonomous, are they going to try to cut an Uber out.

Analyst 00:15:57

Right. What do you think the biggest barriers are here? Technologically, sure, technology keeps improving and will get better and over time technology improves, but even technology, it's not just technology. It's also having the consumers captive. It's having regulatory insurance. It's having all these things come in. You have a local market, it's fine, but it's hub and spoke. You can't just be in the local market. You need the densification if someone is going to have a trip outside of some MSA. Does that even get solved in five or 10 years?

Expert 00:16:49

I think that that's exactly right. I think the technological moat is not even the most relevant part. It's definitely that operational go-to-market moat that I think is a lot harder to replicate. I think that that's really where the value that Uber can really bring is. Of course, the consumers and the inbuilt tech infrastructure is helpful, but I don't think, in the grand scheme of things, that as hard to replicate as the network effects and density and all the operational things you mentioned are. I think that that's where Uber can add a lot of value and is, I imagine, adding value in the partnerships they have already. I can talk a little bit about the delivery space now if that's helpful.

Analyst 00:17:50

Sure. Yeah. I'd be curious how delivery intertwines.

Expert 00:17:55

I think Uber has always maintained that there are these natural synergies between mobility and delivery on the supply side, on pricing, etc., which certainly exists. I think definitely there's operating leverage there. I think so much of what Uber has been able to do financially in the last four or five years is really driving that operating leverage. Of course, having just another cash flow generating business unit which does share a not insignificant amount of that tech stack with mobility has been really helpful.

Expert 00:18:37

I would say, on the other hand, a DoorDash, I know they haven't really commented on it from what I've seen more recently, in the past has always maintained that they don't really see those synergies on their side and haven't really commented much about having a desire to expand into mobility. I think that very much could change. I think obviously we've seen Lyft come under quite a lot of pressure because of how they've executed in the last three or four years.

Expert 00:19:11

I think DoorDash still primarily sees their mission as empowering local economies and have fairly large bets across a lot of those things. I think that they're rightfully cautious about going and doing a whole other thing and losing focus, but that's still definitely a possibility. I think in terms of the delivery space overall, four or five, six years ago, even in 2019, the business was fairly nascent, as we think about it, compared to even just today, I would say, across quite a lot of levers, from a technological perspective, from a restaurant selection perspective, from a pricing and membership perspective, etc.

Expert 00:20:03

I think there's been quite a lot of maturation to the point that I would almost call the core online food delivery portion pretty much, I would say, as mature as ridesharing is, maybe not quite. I think, again, less incremental opportunity there. I think a lot of the juice has been squeezed out of that in terms of signing all the big enterprise brands, driving selection gains, densifying some of these further out geographies.

Expert 00:20:32

Of course, there's still more opportunity there always. I think we saw huge step changes in 2021 in terms of those core drivers, which I just don't see happening anymore in the online food delivery category. I think, of course, new verticals is still a huge growth area. Quite frankly, I don't think Uber is super well-positioned there relative to the DoorDashes and Instacarts of the world, and I think has struggled a lot with meaningfully actually growing that business.

Expert 00:21:11

Of course, still headroom there, but I would say other players seem to be better positioned there overall. I think it really remains to be seen whether or not these players actually will be true competitors, so like an Amazon in terms of being able to deliver anything and whether or not people actually go to them for that. I think that remains to be seen. I think a lot of opportunity there, but from my perspective, a little unclear how much they're going to be a meaningful player as you think about e-commerce and delivery broadly.

Analyst 00:21:56

Right. If mobility maybe has a tailwind from AV but could long-term be a threat, and food delivery is very competitive and has macro synergies with rideshare though, what do you think happens the industry overall? Is it just not simple? It's blocking and tackling. Food delivery, for example, with Uber they keep leaning on food delivery going more international. They keep block and tackle, or do they emphasize, let's say, food delivery over mobility because of those threats or vice versa or going to adjacencies? Where do you see the evolution of the market?

Expert 00:22:43

I don't know. Your question is where would these companies even start to focus if there's shifts in terms of autonomous or just more broadly than that? Sorry. I just want to make sure I understand your question.

Analyst 00:23:08

Sorry. Just more broadly, they're obviously mindful of the fact that AV is a topic and they're also mindful of the fact that food delivery may be even more competitive, let's say, than rideshare for the time being. I'm just more curious, where do you see Uber, for example? Do you see them leaning more heavily on rideshare or on food delivery, or do you see them actually going to some other vertical that we haven't even discussed?

Expert 00:23:36

I think definitely in the U.S. and Canada and some of I would say the top 10 markets, delivery is important enough to the bottom line that it will be definitely focused. To the competitiveness you spoke to, I think there is a tacit understanding. I think that Uber on the delivery side is probably not going to match DoorDash or really close that significant gap that has emerged over the last four or five years.

Expert 00:24:12

I think to do that would involve an incredible amount of resources, which the payoff just doesn't make sense. I think the tacit approach is continue to hold share, try to grow share in delivery. Again, this is a very U.S.-Canada focus, but obviously, that's a huge

market to hold share there, improve profitability, etc., grow at least as fast as the overall industry. I don't know that it will be ever the main focus. I think, of course, the economics for Uber of ridesharing are just better.

Expert 00:24:51

Of course, with the market position that Uber has, especially even just over the last three or four years, I think that that will continue to be the main focus. I think in terms of your question on adjacencies, Dara has been pretty cautious about M&A so far outside of the core. I think obviously his focus these last five, six years has really been demonstrating that consistent path to profitability, which he's done an excellent job at.

Expert 00:25:31

I think he's been fairly cautious around making those, again, step change entries into new categories or huge investments in new technologies and things like that. Obviously, he's been around for a while, and potentially with this autonomous threat, I could see new CEO, new management, new pressures causing Uber to feel like it has to meaningfully innovate or meaningfully enter a new space, but at least in the short term, I don't see that happening.

Analyst 00:26:06

Right. What about Lyft, though? If you think your expertise is more on food delivery, but if you look, Uber and Lyft compete head-to-head on rideshare, U.S. and Canada, and now with recent acquisition also now internationally in some European markets, Lyft would claim that its focus is a benefit to it. DoorDash would say it's focus on food delivery is a benefit so they have similar party lines for each of the respective markets. Uber would claim "Well, we benefit from having the diversification, some of those synergies." Is one of them right, or are all of them wrong, or are all of them right?

Expert 00:26:59

To the point around Lyft's acquisition, I think what's become supremely clear, just as you looked at Lyft's performance over the last four or five years since COVID versus Uber's, is that really scale is so, so important in this business and that without it, it's very hard to really cover all the fixed costs and R&D, etc. that's required to run one of these marketplaces. I think that Lyft for the longest time is very proudly North American-focused and had this mentality that like, "Oh, we don't need to do what Uber is doing. We're going to be different."

Expert 00:27:45

I think that that hasn't worked out super well for them, which is why they're now feeling like they need to expand and really get that scale. I think that bottom line is scale is incredibly important. The players are going to try to get that however they can. I do agree that both from a management perspective as well as how the street views these companies, I do think that having multiple business lines can be a bit tricky. I think not insignificant portion of why Uber probably lost to DoorDash in the U.S. was because the management was UberEats was always the little sister or little sibling to the ridesharing business, was not profitable, etc., and then DoorDash just ran away with it to some degree.

Expert 00:28:40

I think that having that combination is a bit tough. Obviously, I think the street tends to overindex on mobility, performance, and metrics, and things like that relative to delivery as well. I think that that can be a bit challenging when there is a lot of sudden improvement in the delivery space. To answer your question, I think they're both right. I think it's possible to do both. I think there's a lot of scale benefits to doing both, but it's very difficult to do both.

Expert 00:29:14

DoorDash's perspective at least is they see quite a huge TAM already that they're not tapping, of course, within restaurant delivery, new verticals. Even more beyond that, I think you've seen them, over the last four years, hint at wanting to not just be a logistics provider but really enable commerce more broadly, whatever that looks like. That could look being an open table competitor or being a supply chain logistics platform for restaurants, for grocery stores.

Expert 00:29:49

I think that they see that space as potentially all where they have a right to win. I think that that's a pretty big landscape that they could attack. I think they feel like that's probably their main focus and that expanding into ridesharing or buying a Lyft would distract from that, especially given the challenges Lyft has faced and is facing.

Analyst 00:30:17

Lyft being in Europe, sure, you get more scale mathematically but it's not adjacent scale or contiguous scale in terms of Europe has more regulations because there's more countries. U.S. regulations may differ by state, but they're probably going to be more similar with one another than two different countries, for example. I get it, mathematically, you get more scale and there are probably some shared benefits. It's not like you're going from even U.S. to Canada where it's contiguous. You're going literally over so there's no real natural synergies there when you do that.

Expert 00:31:06

Yeah, for sure. I think that's why they probably went at the acquisition route is launching natively would be extremely expensive in a way that they just can't afford right now. I agree, I think it is very difficult to launch in many markets, and it's why structurally, Uber

will just continue to be in a better place than Lyft.

Expert ⌵ 00:31:25

I think, obviously, the company burned an incredible amount of money over the last 10, 15 years, but that that's given it the on-the-ground presence that is very difficult to replicate. I would agree. Definitely not tough to expand. I think Lyft will still try to do it if they can. I would be surprised if they see a huge opportunity for them to gain a lot of share in the U.S. moving forward.

Analyst ⌵ 00:32:01

You're saying for Lyft?

Expert ⌵ 00:32:02

Yeah.

Analyst ⌵ 00:32:07

You're suggesting DoorDash wouldn't be interested in getting into rideshare even though there might be some benefits and look a little bit like Uber there does. Is there a natural either acquire for Lyft or someone that benefits from having the customers, the marketplace, the tech there or do you think that that Lyft just...

Expert ⌵ 00:32:33

Yeah. I think it still could happen with DoorDash. I think it really depends on how much they see traction in being able to do these other things that they hint that they want to do. I would say if they see a lot of traction in broader merchant services, connecting economies vision that they've laid out, I don't see them getting big into ridesharing. If they don't see that traction, I think that would be an easy way for growth.

Expert ⌵ 00:33:08

I think they have an excellent operating team that would be able to just, in my opinion, probably run Lyft better than it has been run so far. I think in terms of the natural acquirer piece, I would say other than a DoorDash, potentially one of these autonomous players who's looking to not be disintermediated, but I don't know. That obviously would be an expensive acquisition.

Analyst ⌵ 00:33:43

It's a whole lot cheaper than an Uber, for example. It's bite-size relevant to it. To talk about Uber getting acquired, that would be a massive deal. This is something that I get it that if Uber is able to, I'm sure they would want to buy Lyft just to knock out a competitor. No more pricing power. It would never pass the antitrust but nonetheless. Just to summarize, you think mobility still has some opportunity but it's about driving down cost per mile that could massively expand the TAM.

Analyst ⌵ 00:34:26

Autonomous is a benefit for next five to 10 years. After that potential true disintermediation, you think both Uber and Lyft have grown the teams, but Uber is more reliable in terms of being able to do it, Lyft less so, particularly last few years. You think the outlook, it's hard to run some of these platforms there. The AV, that will be a little bit of a challenge but afterward, it's really a question. These platforms on the OP side and dealing with regulation and some of those things, that might be their value-add for these platforms to not get disintermediated but we'll see.

Analyst ⌵ 00:35:08

It's a positive in the short to medium term, but potentially too disintermediate over the long term. Food delivery has natural synergies with rideshare. Although at the same time, it's less focus and it's why DoorDash perhaps has taken the lead in food delivery just because it's their focus, and you talk about management in the street there.

Analyst ⌵ 00:35:33

You think that Uber won't expand beyond the core markets. It's very cautious on that, particularly given the AV threat or potential benefit that's in what's going on. You think that Lyft they're certain it's a game of scale so that's why they did this acquisition. Would have been very tough to have done that organically. You think that DoorDash will likely go along because they have some large opportunities on their side but if that doesn't work, Lyft could be a natural acquisition. They could probably run it better and get some benefits from it. Maybe a potential AV player would want to acquire Lyft. Fair summary?

Expert ⌵ 00:36:16

Yeah, for sure.