Better place

Better Place has been one of the most highly supported start-ups in history. The company, set up by Shai Agassi, managed to raise a whopping 750 million dollars among investors and was supported by some of the world’s most influential leaders. So what went wrong? For this we have to take a look at the whole story of Better Place.

The Beginning

The company and idea behind Better Place are the creation of the successful Israeli businessman Shai Agassi. Instead of buying expensive electric cars and batteries, Better Place would offer plans similar to phone plans. The customer would sign a contract for miles instead of minutes, being able to use the car and but not owning the battery and after a period of several years, the customer would have covered the cost of the car. For the price customers were used to paying for gas, they would now pay for the battery as well as the electricity needed to run it.

Besides being more environmentally friendly, going fully electric would also give countries and car owners the advantage of being less dependent on oil and the countries exporting it.

As a beta testing area Agassi would use Israel. Israel might seem to be a strange choice, but actually has many advantages as a testing platform for the cars.

First, more than probably any other country in the world, Israel is attracted to the idea of being independent of it’s powerful oil-producing neighbours, many who have far from friendly regimes.

Second, because of the hostility of most of Israel’s neighbours, Israeli’s can’t drive beyond their country’s borders. As the country is also very small, the maximum driving distance is very limited, making it relatively cheap and easy to cover the entire country with a charging grid.

Last, Israel is home to some of the most advanced technology development in the world. Who would be more capable to create a whole new smart-grid, managing millions of charging stations, than the country with the highest concentration of engineers and R&D spendage in the world?

Agassi’s mission, supported by Israel’s influential former prime minister and noble prize winner Shimon Peres, seemed infallible. It was a win-win situation for the customers, the company as well as the entire country. After an initial $130 million investment by Israel billionaire Idan Ofer, many were fast to follow. It didn’t take Agassi long to raise the $200 million Ehud Olmert required, and he ended up raising nearly 4 times that amount.

After signing a Memorandum of Understanding (MOU) with Renault-Nissan, under the lead of Carlos Ghosn, to build the world's first Electric Recharge Grid Operator (ERGO) model for Israel, Better Place now had all factors in hands that it would need to make the mission a succes: a car, a company and a company.

The Expansion

Better Place’s mission was to sell over 100.000 cars in the first years after launch. At half of the entire car market of Israel, this was a bold statement, but then so were the rest of Agassi’s plans. How could this super ambitious, yet solid plan ever go wrong?

It was Agassi’s ambition and untameable confidence that lead the company to be one of the most successful start-ups in history, but might also ulitmately have been the reason why the company fell nearly as fast as it rose in the following years.

The more money he had to spend, the more possibilities Agassi had. The more possibilities arose, the more the company lost focus. Instead of using just Israel as a beta market, Better Place was concurrently exploring and rolling out sytems Denmark, the USA and Australia. At the same time it was researching market opportunities in Japan, China and Hawaii, and trying to keep it’s options open in many more countries.