GCC Ride Sharing Sector:
Estimating the Market size

Research Highlights

Placed within the ambit of sharing economy, ride sharing platforms work on a model based on collaboration facilitated by transformative technologies like cloud, social media and smartphones. This report evaluates the ride sharing sector in GCC, the existing regulatory framework and estimates the market size based on industry data.

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To be the first choice for obtaining strategic intelligence on the MENA region.

Our mission
Serving businesses and institutions with reliable information and intelligence about MENA, needed to catalyse growth, understand the larger environment and facilitate decision-making.

Our aim
Advocate intellectual research on MENA economics, businesses and financial markets and provide customized, actionable solutions.

Our foundation
» *A subsidiary of Markaz: Investment bank and asset management firm with 40+ years of history*
» *Markaz research activities commenced in 2006*
» *Marmore established in 2010 to intensify the research activities*
» *Publishes research reports and provides consulting services*

published **research**

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» *Step 3: Project initiation*
» *Step 4: Fieldwork / research*
» *Step 5: Analysis & reporting*
» *Step 6: Review & approval*
» *Step 7: Report submission / presentation*

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Executive summary

Sharing Economy refers to the emerging business model that operates through an online platform that facilitates consumer to consumer transactions, panning across sectors including transport, warehousing, travel and hospitability and finance among others. The sharing economy functions are aided by a number of technologies such as smartphones, mobile applications, and Global Positioning System (GPS).

Digital ride sharing platforms like Uber, Ola and Careem work on the model of offering affordable, safe and convenient alternative to traditional transportation options through the use of efficient applications that connect the drivers to the passengers. Lack of quality public transportation systems, lower prices offered by ride sharing platforms, growth in use of technology and services like cloud, GPS navigation are factors that spurred the prominence of ride sharing.

PwC report predicts that the five main sectors in sharing economy, in which transportation is the largest will generate global revenues of USD 335 billion by 2025. Uber is the most prominent ride hailing app, operating in over 100 countries. Uber has been successful in disrupting local market and replaced the traditional taxi market in many countries of the world. Ola, Lyft, Careem, Didi are other prominent companies operating in the sector.

Ride sharing entails collaborative consumption and is founded on concepts like community ownership, localized production, sharing and cooperation, growth of small-scale enterprise, improved economic and environmental consciousness. From a regulatory perspective, the major challenge of this new and emerging platforms within the sharing economy is that they do not fit into the existing legal and policy frameworks.

In this report, we analyze the Ride Sharing Market in GCC mainly using industry data published in news reports, operational data available about Careem that operates in MENAP, and economic & demographic data for countries in MENA. The report makes an estimation of the Ride Sharing market size in GCC using two methods and comparatively analyses the regulations on ride sharing platforms across major economies including India, Brazil, and Spain.

Sharing Economy

The sharing economy is an economic model based on peer-to-peer (P2P) activities of acquiring, providing or sharing access of goods and services that are facilitated on a community based online platform. Although sharing goods among family and community had been a common practice, the concept has incorporated technology to reach wider customer base, thus transforming it into a profitable business model. It presents a solution for underutilized human resources, goods, services, time, capital, experiences and space, thus supporting related industries. It is also referred to as 'collaborative consumption' and 'access economy'. The main characteristics of a sharing economy are as follows:

1. Operates through an online platform (website or application)

2. Enables consumer-to-consumer transactions

3. Temporarily provides access to a good or service with no transfer of ownership

4. Utilize an under-used asset

The sharing economy covers sectors including transport, delivery, warehousing, travel and hospitality, home services, dining, food and beverages, and finance. As per a BCG report, an estimated $23 billion in venture capital funding has poured into this market from 2010 through 2017. According to McKinsey estimates, in the US and Europe alone, 162 million people or 20-30 percent of the workforce engage in independent work including work in the various sharing platforms.

Figure 1.1: Sharing Economy usage within the different industry segments, 2017
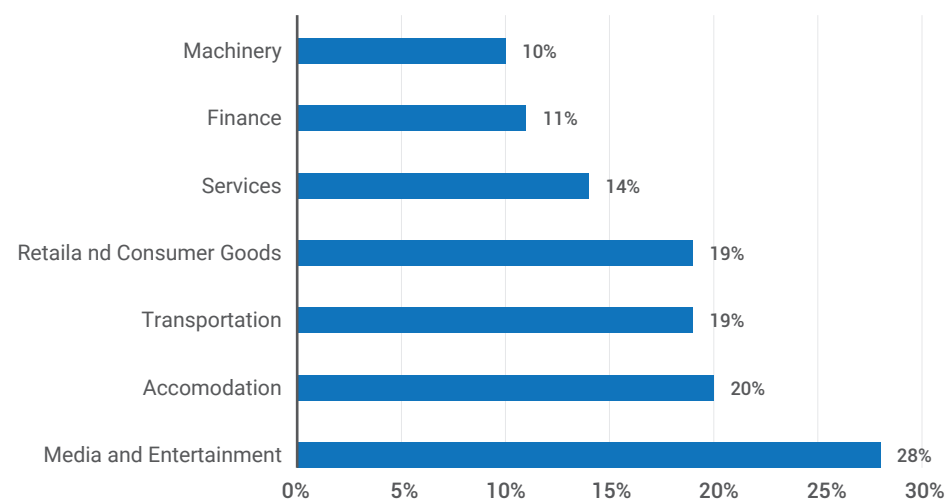
Note: The figures are a based on a representative survey of over 4500 consumers in six countries (Austria Belgium, Germany, the Netherlands, Turkey, and Switzerland) released in the PwC report titled 'Share Economy 2017-The new Business Model)
Source: PwC Survey

Businesses are connected

The sharing economy functions on a range of technological aids such as smartphones, mobile applications, and global positioning system (GPS). IMF reports that all sharing economies sampled in their study have active websites, which is significantly larger than their non-sharing economy counterparts. Sharing economy businesses have a greater presence in social media, with almost 100% having a social network page, compared with 52% for non-sharing economy businesses. Similar trend is seen with respect to business blogs, microblogs and multimedia content sharing websites.

Sharing economy has disrupted the traditional business sector. It is characterized by smaller overheads and inventory. However, companies like Uber have raised funding amount of USD 24 billion which all forms a part of overhead which is extremely large compared to their size of revenues.

Transportation

Uber is the best example of shared transport service. The ride sharing service providers work on the model of offering affordable, safe and convenient alternative to traditional transportation options through the use of efficient applications that connect the drivers to the passengers.

Consumer Goods

Share based brands have established their presence in consumer goods industry. Purchase of consumer goods is based on factors like affordability, convenience and efficiency. Share-based brands that cater to these requirements are dominating the consumer goods industry. eBay is one of the first entrants in the peer-to-peer marketplace. eBay provides an innovative platform that allows users to buy and sell used or new products. There are a variety of products at different guarantees, price points and conditions.

Professional and Personal Services

Professional and personal services are those that require special skillset, experience, certifications and training such as copywriters, accountants, electricians etc. This service is also referred to as freelancing, gigs, short-term labor etc.
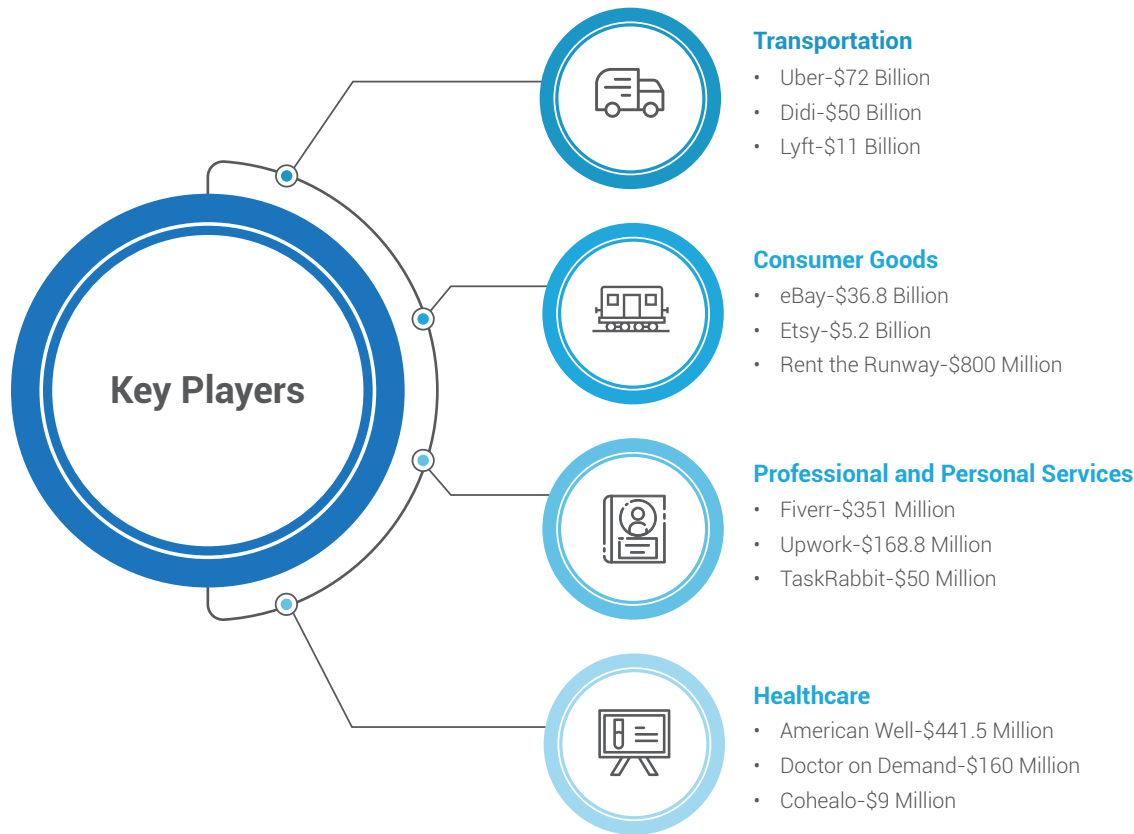
UrbanClap, based in India is a marketplace for household services and provides skilled labour such as electricians, plumbers etc. Another service sharing platform is Fiverr, based in Tel Aviv, Israel is an online platform which allows freelancers to offer their services such as writing, translation, graphic design, video editing etc. globally.

Healthcare

Telemedicine, group-consultations are components of the sharing economy within the healthcare space that addresses the limitations of traditional healthcare systems, expenses and resources. Studies prove that 58 percent of medical equipment are unused, increasing the storage and maintenance expenses. Thus, share-based startups are helping hospitals save money and increase equipment value by developing technology that enables hospitals to share medical equipment with other healthcare providers.

Cohealo is a cloud based platform that facilitates the sharing of medical equipment. Crowdmed enables patients to submit their medical case online and receive assistance from the medical practioners.

Figure 1.2: Key Players across sectors in Sharing Economy & Their Market Capitalization


Key Players

Transportation
- Uber-$72 Billion
- Didi-$50 Billion
- Lyft-$11 Billion

Consumer Goods
- eBay-$36.8 Billion
- Etsy-$5.2 Billion
- Rent the Runway-$800 Million

Professional and Personal Services
- Fiverr-$351 Million
- Upwork-$168.8 Million
- TaskRabbit-$50 Million

Healthcare
- American Well-$441.5 Million
- Doctor on Demand-$160 Million
- Cohealo-$9 Million

Source: www.thebalancesmb.com

Sharing Economy in MENA

The MENA region is diverse and has a different socio-political narrative. Therefore, if the business models adopted by the leading players in the sharing economy are replicated in the region, it need not necessarily yield the result as elsewhere. Some of the successful sharing services include Yallaread in Tunisia, Bike4all in Lebanon, Avito in Morocco, and The Luxury Closet in the UAE etc. Companies in the MENA sharing economy should therefore develop business models that respond to their own social and economic needs. Sharing economy works on two fundamental aspects: technology and trust.

According to Startegy& survey, in 2016, consumers spent $10.7 billion on sharing economy platforms in five key sectors namely accommodation, transportation, household services, business services and financial services. This generated an estimated $1.7 billion in revenues for these platforms. GCC residents view that the reduced cost of services and increased flexibility are the major benefit of the sharing economy. The expat population in GCC countries were more involved in the sharing economy in comparison with the natives[1]. The primary reason for this is that the nationals enjoy high income levels which make them capable of hiring labor or other resources to satisfy their requirements.

Figure 1.3: Sharing Economy sector spending for GCC (in US$ billions), 2016

■ Accomodation	■ Transportation	■ Financial services
■ Business services	■ Households services	
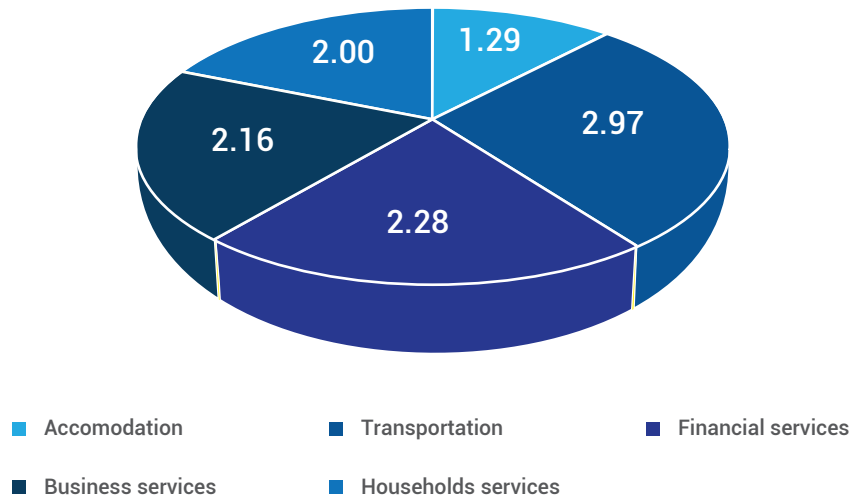
Source: Strategy&

The growth of sharing economy in GCC is due to factors such as a consistent labor force, high levels of urbanization, high technology adoption rates, national digitization plans and available investment capital. 62% of GCC youth prefer self-employment and wanted their governments to support entrepreneurship[2]. Sharing economy reduces the demand for government jobs, and provides flexible employment arrangements like part-time and freelancing. 85 percent of the GCC population lives in cities[3], leading to generation of large volumes of data that drives the sharing economy by matching the service providers with the consumers. A young and tech savvy population, and the high penetration rates of internet and mobile technology, further aids the growth of sharing economy. National transformation plans such as Smart Dubai, Saudi Arabia's Vision 2030, National Transformation Plan 2020, Qatar's Connect 2020 ICT Policy, e-Oman digital strategy provide a supportive environment for the digital economy. GCC governments are supporting the digital startups, many catering to the sharing economy through incubators, accelerators and government backed funds like the Kuwait National Fund for SME development, Oman Technology Fund etc.

Key Players in GCC Sharing Economy

The region has some prominent names in sharing economy to its credit, one being Careem, which was recognized as a unicorn in 2016.

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[1] *Strategy&*
[2] *Booze & Company*
[3] *Strategy&, World Bank*

Figure 1.4: Key Players in GCC Sharing Economy

Key Players

Saudi Arabia
- Sawerly
- CarpoolWorld
- Mihnati
- Kasper Cab
- Arabrooms.com

Kuwait
- Jaribha
- WishWash

Bahrain
- Charitime

UAE
- Careem
- Beehive
- Eureeca
- mrUsta
- Washmen
- Darb

Source: Marmore Research

The Emergence and Growth of Ride Sharing

Digital ride sharing platforms such as Uber, Ola in India, and Careem in the Middle East belong to a wider framework of disruptive market innovation that is referred to as the sharing economy. Sharing economy emerged and developed out of the need to engage underutilized human and capital resources in an efficient manner. Ride sharing platforms serve as a medium to connect drivers who generally use their personal vehicles with passengers in need of a vehicle at an agreed price. Ride sharing taps into the abundant yet underutilized resource: empty seats in a car.

PwC report predicts that the five main sectors in sharing economy, in which transportation is the largest will generate global revenues of USD 335 billion by 2025.

Figure 2.1: Sharing Economy sector and traditional rental sector projected revenue growth (US$ Billion)

■ Traditional   ■ Sharing Economy
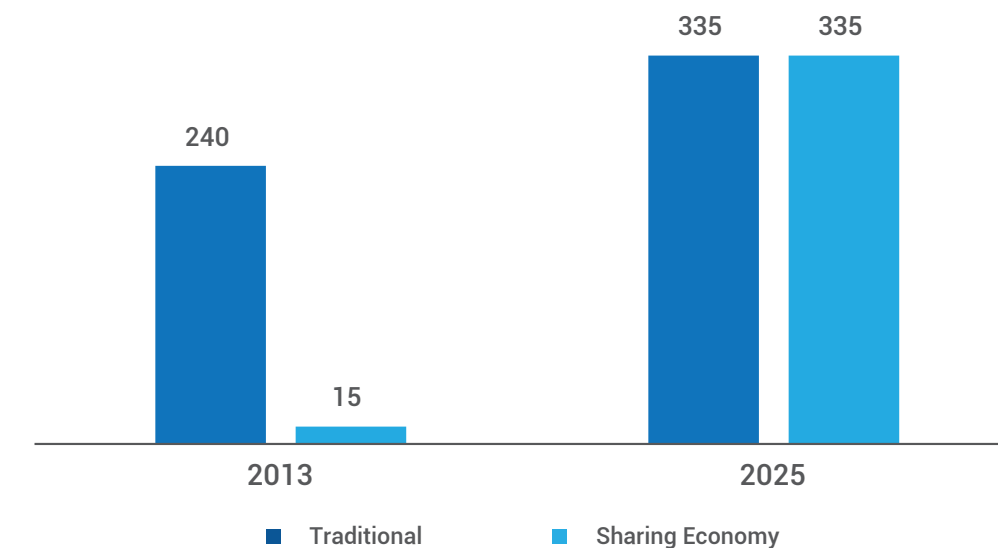
Source: PwC

Note: Sharing Economy includes Peer-to-peer lending and crowdfunding, online staffing, Peer-to-peer accommodation, car sharing, music and video streaming

Traditional rental sector: equipment rental, B&B and hostels, Book rental, car rental, DVD rental.

Digitized Mobility Solutions

McKinsey & Company predicts that vehicle ownership will no more be the key component of mobility, hinting at the wide scale adoption of ride sharing. This will require governments to regulate ride sharing platforms such as Uber to fairly operate within the transportation industry. Companies working in the ride sharing space can be categorized into two, based on their business models:

1. Platform based ride sharing – companies that facilitate coordination between drivers and passengers through platforms like website or apps, such as Uber, Lyft, BlaBlaCar

2. Inventory based ride sharing- companies that own assets like cars or bikes that are shared among users such as Share Toronto, car2go, Zipcar.

Digital platform based business models are increasing in use due to three transformative technologies: cloud, social media and mobile. Cloud provides a global infrastructure that allows anyone to create content, social networks connect the global users and mobile technology, particularly smartphones allow access to this infrastructure in an easy and timely manner[4]. Platform based companies enjoy some key advantages over traditional asset owning businesses. Platforms avoid majority of the high upfront capital costs which reduces the barriers of entry and enables diversification of service offerings. They are also capable of scaling and expanding their operations to different geographies.

Figure 2.2: Revenue in the Ride Sharing Segment, 2016-2022 (US$ Million)
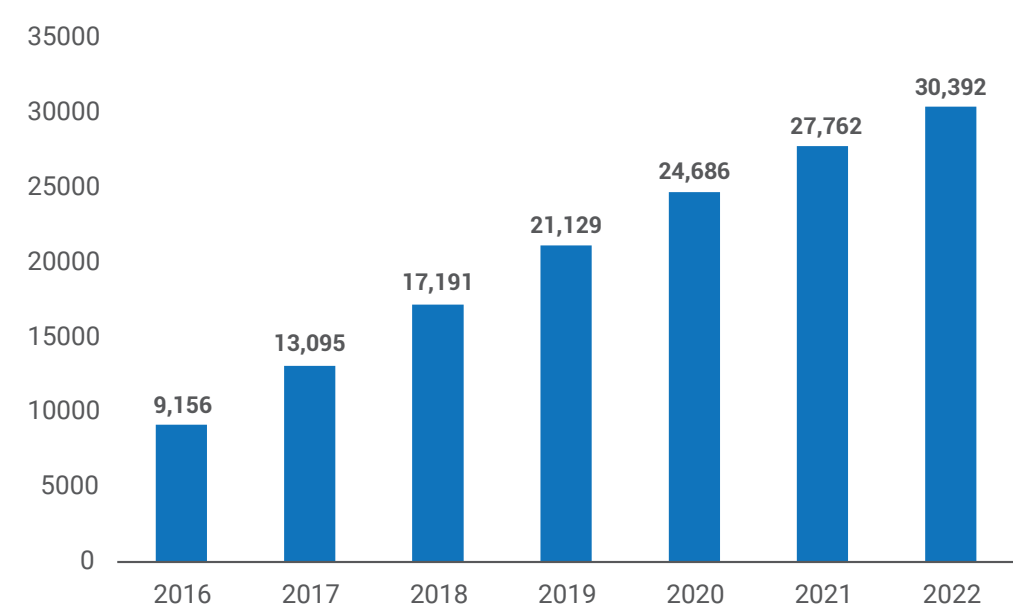
Source: Statista, 2018

Factors contributing to the growth of shared mobility:

1. Customer preferences: Ridesharing adoption has gained prominence mainly due to the change in customer preferences from traditional means of commutation, dissatisfaction with public transport systems or infrastructure, increasing costs of owning a vehicle, rising fuel costs etc.

2. Technology: The growth in use of technology and services such as internet, cloud, smartphones, GPS navigation devices, mobile applications, e-payment gateways have contributed to the seamless connection between the service providers and the passengers in requirement of the service.

3. Regulation: The biggest inhibition associated with ridesharing is travelling with strangers. However, with facilities like apps that are backed with GPS tracking, driver's and vehicle's details, sharing the details with others etc. have made ride sharing a more convenient experience for the users.

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4 Harvard Business Review

Sustainable and Technology-based Mobility

According to a McKinsey report, four major technological trends are converging: in-vehicle connectivity, electrification, car sharing and autonomous driving.

1. In-vehicle connectivity: The adoption of in-vehicle connectivity through embedded technologies like 5G and IoT, opens up the possibility of real-time analytics on traffic and routes that would optimize traffic flows.

2. Electrification: IHS, a market research firm predicts that the annual sale of battery powered electric vehicles (EVs) and hybrids will reach 11.5 million by 2022, making up 11 percent of the global market. Electrification can penetrate the urban markets.

3. Ride sharing: Most vehicles remain unused more than 90 percent of the time. Car sharing has the potential to bring this figure down drastically. Increase in car sharing will lead to each vehicle getting used more intensively.

4. Autonomous driving: Reducing the human component in driving can reduce accidents and increase the carrying capacity of roads as vehicles will be able to travel closer together at high speeds.

Table 2.1: New Mobility services

	Traditional mobility solutions	New mobility solutions
Individual-based Mobility	Private car ownership	Car sharing: peer to peer A peer-to-peer platform where individuals can rent out their private vehicles when they are not in use
	Taxi	E-hailing Process of ordering a car or taxi via on-demand app wherein the app matches the rider with the driver and handles the payment.
	Rental cars	Car sharing: fleet operator On-demand short-term car rentals with the vehicle owned and managed by fleet operator
Group-based Mobility	Car pooling	Shared e-hailing Allows riders going towards the same direction to share the car, splitting the fare and lowering the cost
	Public transit	On-demand private shuttles App and technology enabled shuttle service, that are cheaper than cabs but are more efficient than public transport
	Private buses	Shared and Wifi enabled commuter buses available to the public or to selected groups of people.

Source: McKinsey & Company

The major challenge to the sharing economy is that it cuts across sectoral, industrial and regulatory frameworks, poses a threat to existing players and leads to job losses in existing industries. The ideal mobility system would effectively be an incorporation of ride sharing along with existing modes of transportation. Further, ride sharing economy and market involve technological risks such as privacy, liability, automation, safety, and the impact of incumbent industries. With the widespread existence of sharing economy, the difference between personal and commercial activities is blurred, thus posing a huge challenge to the framing of regulations. Ride sharing presents enormous economic potential if it is adopted by a maximum potential user base. The following are some strategic measures that can improve the scope of ride sharing:

1. Improve user experience on the ride platforms: Good quality user interfaces, highly reliable service, multiple and hassle free ways of payment are some measures to improve customer satisfaction. Although these fall under the purview of the service provider companies, there are various ways in which the government can contribute. City authorities can incentivize commercial ride sharing platforms, to combat congestion.

2. Use infrastructure investment to support ride sharing: Modification to existing infrastructure or building new ones designed to facilitate convenient pick up and drop off for passengers via dedicated ramps and lanes is a support for such platforms.

3. Building critical ride sharing mass in prominent corridors: Rather than expanding ridesharing into a large area, planners should identify and focus on developing a critical mass of users in certain selected corridors.

4. Target younger commuters: The attitude towards vehicle sharing and owning are shifting especially among the younger population. Therefore, cities with a high young population should be targeted.

5. Establish Public Private Partnership to improve mobility: Governments have been responsible for providing public transport. They have been criticized and suffered huge losses across countries. Entering into a PPP model of operations with ride sharing platforms would provide support to the service providers as well as benefit the public entity economically.

6. Creating awareness: Trust is the key aspect of a successful ride sharing economy. Therefore, the policy makers have the responsibility to create awareness about the concept and instill the necessary regulatory and legal framework for its smooth functioning.

Prominent Ride sharing Platforms

Uber is the world's most popular ride hailing app, operating in over 107 countries across the globe including Mexico, Brazil, France, India, UK, Morocco, Nigeria etc. It is also a leading player in Australia and New Zealand. In February 2019, Uber accounted for 67.3 percent of the U.S rideshare spending and Lyft captured 30.0 percent of the market. Uber has successfully disrupted local markets and replaced many native firms in different countries. Careem, based in Dubai is valued at over USD 2 billion as of 2018. Singapore based Grab offers ride hailing, ride sharing and food delivery services across Malaysia, Indonesia, Thailand, and the Philippines.

Grab was valued at USD 10 billion in its most recent funding round, where it raised USD 2 billion for future growth. Brazil based Easy Taxi operates in Bolivia, Paraguay, Ecuador, Venezuela, and Argentina. Daimler-owned mytaxi is a leading player in Europe, particularly Spain and Germany. Didi Chuxing Technology Co. headquartered in China provides services including taxi hailing, ride sharing, bike sharing and food delivery. Didi operates in China, Mexico, Australia, Japan, and Brazil.

Figure 2.3: Valuation of Leading Ride sharing platforms, 2018 (USD Billion)
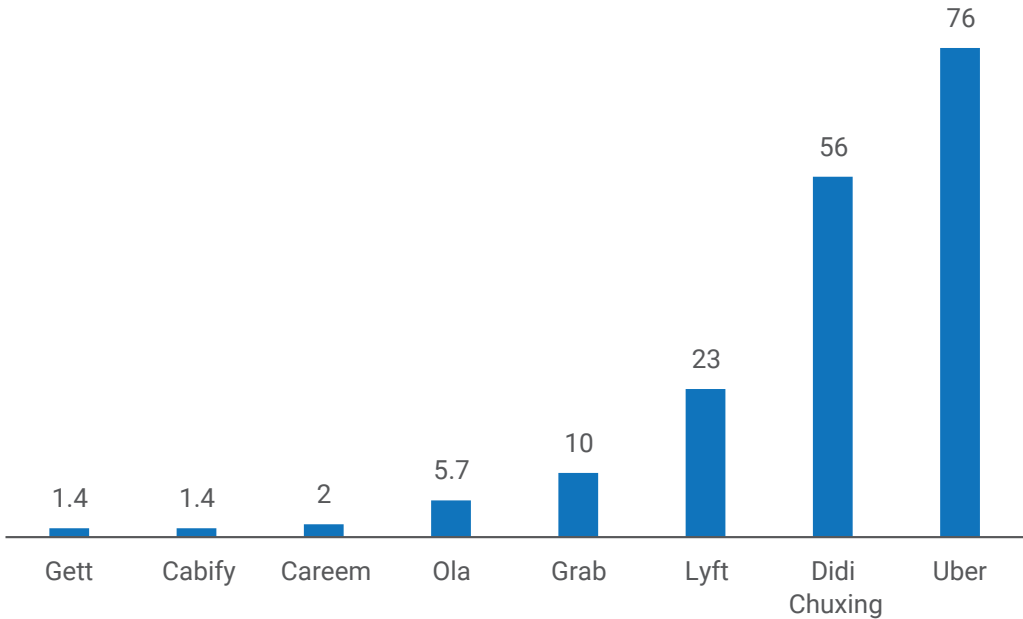
Source: cnbc.com, Forbes, movmi.net, menabytes.com

Table 2.2: Top Ride Sharing Platforms of the World

Ride Sharing Platform	Year of Establishment	Country	Revenue
Uber	2009	US	US$11.3 billion (2018)
Lyft	2012	US	US$2.2 billion(2018)
Didi	2012	China	
Careeem	2012	Dubai	
Grab	2012	Singapore	US$ 1 billion (2018)
Easy taxi	2011	Brazil	
Kakao Taxi	2017	South Korea	
Yandex Taxi	2011	Russia	
mytaxi	2011	Germany	
Taxify	2013	Estonia	US$20.5 million (2017)
Gett	2010	Israel	
Ola	2010	India	

Source: Forbes, Crunchbase, Marmore Research, Bloomberg

Careem is Uber's biggest rival in the Middle East. Careem is seeking to scale its service across existing markets like Pakistan, Egypt and Saudi Arabia along with entering new markets like Oman, Algeria, and Tunisia etc. Careem founded in 2012, is estimated to serve 24 million customers across 14 countries[5]. The company provides chauffeured rides in areas which lack in public transport options and a large section of the population do not own vehicle or drive.

Table 2.3: Ridesharing Platforms Operating in GCC

Ride Sharing Company	Year of Establishment	Headquarters	Areas of Operation in GCC
Careem	2012	Dubai	Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, UAE
Darb	2011	Abu Dhabi	Abu Dhabi
Carpool Arabia	2014	Dubai	Dubai
Uber	2009	United States	Bahrain, Qatar, Saudi Arabia, UAE
Easy Taxi	2011	Brazil	Saudi Arabia
Udrive	2015	Dubai	Dubai, Abu Dhabi, Sharjah
eKar	2015	Dubai	UAE

Source: Marmore Research

Start-ups and corporates have entered the ride sharing market as a response to growing demand from consumers. The core of any sharing economy player is trust. Ride sharing platforms allow almost anyone with a driver's license, registered vehicle and insurance to offer their service if they pass a background check. Implementing two way feedback, peer-reviews, social media verification, are other ways of ensuring trust on the sharing platforms.

Ride sharing offers varied transportation options to travelers. Studies from Institute for Transportation and Development Policy show that ride sharing gained prominence due to the inefficiency of the public transportation mechanism. The American Public Transportation Association (APTA) reports that ride sharing platforms complement public transportation system to improve urban mobility in the areas of operation.

Profiles of Prominent Ridesharing Services in GCC

1. Careem

Careem is a Transportation Network Company (TNC) based in Dubai, co-founded in 2012 by Mudassir Sheikha, Magnus Olsson, Abdulla Elyas. It started its operations as a website-based service for corporate car bookings, and later transformed into a transportation network company. Careem leads the ride sharing market in the Middle East. Its platform serves as a network of community drivers, where passengers can request a ride, see the cost and have it charged to their bank accounts. In March 2019, Uber Technologies Inc. acquired Careem in a USD 3.1 billion deal, making the Middle East Company the wholly owned subsidiary of Uber.

Careem offers its services across 15 plus countries in the Middle East and 30 million plus customers. The following factors pertaining to the region has assisted in Careem's growth and success:

1. The region has not been successful in fully leveraging the transformational power of the internet, but is currently catching up.

2. Half the population are under the age of 25 and have access to the internet, and open to new technologies.

3. There are major challenges in terms of infrastructure, public transport and banking which have been addressed through the increasing internet penetration.

Table 3.1: Key Facts- Careem

Categories	Customer Service, Logistics, Public Transportation, Ride sharing, Transportation
Headquarters	Dubai
Founded	June 15,2012
Founders	Abdulla Elyas, Magnus Olsson, Mudassir Sheikha
Number of Employees	1001-5000
Customer Base	24 million across 15 plus countries
Total Funding Amount	USD 771.7M
Lead Investors	Al Tayyar, Kingdom Holding Company, STV, Rakuten, Didi Chuxing, Lumia Capital, Coatue Management, Endure Capital, DCM Ventures
Acquisitions	Commut, RoundMenu, Savaree, enwani
Technology	Careem is actively using 66 technologies for its website including Viewport Meta, Google Analytics etc.
Competitors	Uber, Lyft

Source: Crunchbase

Table 3.2: Funding Rounds- Careem

Date	Transaction Name	Money Raised	Lead Invetsors
Oct 18,2018	Series F-Careem	$200M	Kingdom Holding Company
Aug 8, 2017	Corpporate Round- Careem		Didi Chuxing
June 14,2017	Series E-Careem	$150M	Kingdom Holding Company
Dec 19, 2016	Series D-Careem	$350M	Rakuten, Saudi Telecom Company
Nov 10, 2015	Seies C-Careem	$60M	Abraj Group
Dec 2, 2014	Series B-Careem	$10M	
Sep 9,2013	Seed Round-Careem	$1.7M	STC Ventures

Source: Crunchbase

2. Uber

Uber operations pan 785 metropolitan areas worldwide including countries in the Middle East.

Table 3.3: Key Facts- Uber

Categories	Customer Service, Mobile Apps, Public transportation, Ride sharing, Transportation
Headquarters	San Francisco, United States
Founded	March 2009
Founders	Garrett Camp, Oscar Salazar, Travis Kalanick
Number of Employees	10001+
Customer Base	
Total Funding Amount	USD 24 Billion
Lead Investors	96 Investors including Toyota Motor Corporation, Coatue Management, TPG, Altimeter Capital, SoftBank Vision Fund, General Atlantic,
Acquisitions	JUMP Bikes, Complex Polygon, Swipe Labs, Geometric Intelligence, Otto, deCarta
Technology	Uber uses 102 technologies for its website including Viewport Meta, Google Analytics etc.
Competitors	Ola, Lyft, Careem
Revenue	USD 14.2 Billion

Source: Crunchbase

Funding Rounds

Uber has raised a total of USD 24 Billion in funding over 22 rounds. The recent funding rounds of Uber are as follows:

Table 3.4: Funding Rounds- Uber

Date	Transaction Name	Lead Investor	Money Raised
Oct 18,2018	Debt Financing	$2 B	
Aug 27,2018	Corporate Round	$500M	Toyota Motor Corporation
May 23,2018	Secondary Market	$600M	
Dec 28,2017	Secondary Market	$7.7B	SoftBank Vision Fund
Dec 28,2017	Venture Round	$1.3B	SoftBank Vision Fund

Source: Crunchbase

3. Easy Taxi

Easy Taxi launched in operations in Riyadh in November 2013. After its launch its Brazil, Easy Taxi expanded into Saudi Arabia, Jordan and United Arab Emirates and into Asian markets including Philippines and Malaysia. The app was rebranded as Jeeny in Saudi Arabia in 2018.

Table 3.5: Key Facts- Easy Taxi

Categories	Automotive, Mobile, Public Transportation, SaaS, Taxi Service
Headquarters	Brazil
Founded	2011
Founders	Daniel Cohen, Marcio WIlliam, Talliss Gomes, Vinicius Gracia
Number of Employees	501-1000
Customer Base	
Total Funding Amount	USD 77M
Lead Investors	8 Investors including HV Holtzbrinck Ventures, TEV Tengelmann Ventures, Phenomen Ventures, IMENA Group, Africa Internet Holding, Latin America Internet Holding
Acquisitions	
Technology	Uses 23 technology products
Competitors	Ola, Lyft, Uber
Revenue	

Source: Crunchbase

Funding Rounds

Easy Taxi has raised a total of USD 77M in funding over 7 rounds. Their latest funding was raised on Feb 9, 2016 in a Series E round.

Table 3.6: Funding Rounds- Easy Taxi

Date	Transaction Name	Lead Investor	Money Raised
Feb 9,2016	Series E		
Jun 11, 2015	Venture Round		
Jul 26,2014	Series D	$40M	Phenomen Venures
Oct 23,2013	Venture Round	$7m	Imena group
Jul 24,2013	Series C	$10M	Africa Internet Holding

Source: Crunchbase

4. uDrive

Udrive is the car sharing provider in the Middle East that provides car rental by the minute.

Table 3.7: Key Facts- uDrive

Categories	Apps, Transportation
Headquarters	Dubai
Founded	Mar 15,2016
Founders	Hasib Khan
Number of Employees	11-50
Customer Base	
Total Funding Amount	USD 77M
Lead Investors	
Acquisitions	
Technology	Uses 22 technology products
Competitors	Ola, Lyft, Uber
Revenue	

Source: Crunchbase

5. eKar

Ekar is a pay as you drive hourly and daily car rental service.

Table 3.8: Key Facts- eKar

Categories	Automotive, autonomous vehicles
Headquarters	Dubai
Founded	Jan 2016
Founders	Vilhelm Hedberg
Number of Employees	1-10
Customer Base	
Total Funding Amount	
Lead Investors	Audacia Capital
Acquisitions	
Technology	Uses 31 technology products
Competitors	Ola, Lyft, Uber
Revenue	$1M annually

Source: Crunchbase

Table 3.9: Funding Rounds -eKar

Date	Transaction Name	Lead Investor	Money Raised
Mar 6, 2017	Seed Round	Audacia Capital	

Source: Crunchbase

Estimation of GCC Gross Bookings for Ride Share Hailing

An estimate of the Ride Sharing Market in GCC, is prepared by us mainly using industry data published in news reports, operational data available about Careem that operates in MENAP, and economic & demographic data for countries in MENAP. Other available information is about Careem's Valuation in 2017 and the latest Careem valuation in 2019(Q1) when it was acquired by Uber is also helpful for this market size estimation. Another useful information is Ride Sharing market features of some of the global players like Uber, Careem, and Lyft, available from a HSBC research report. Using all this information, the estimate of Ride Sharing market size in GCC is made and is discussed in this section.

Analysis forming basis for Estimation of Gross Bookings

The estimated market size for Ride Sharing in GCC is estimated by two methods as explained below:

1. Method-1 for Estimation of GCC Ride Sharing Market Size

The first step was the Careem's market size estimation for MENAP countries. It was reported that Careem valuation was USD 2.0 billion in 2017 and this was increased to USD3.0 billion in the 2019(Q1). Also, the "Gross Bookings to EV trailing multiple" for Careem was mentioned as 4.8 X in 2016. Using this multiple and dividing Careem valuation in 2017 by this multiple, the Gross Bookings of Careem in 2017 is derived as USD 417 million. Therefore gross bookings of Careem in MENAP countries for 2017 are USD 417 million since Careem operates in MENAP countries.

The second step was, to use MENAP Gross Bookings in 2017 given above and derive its estimate for 2018, i.e. we needed the growth factor. The growth factor for Gross Bookings constitutes the growth in riders and the growth in usage of the service in MENAP. It is reported that the number of riders for Careem increased from 17 million in 2017 to 33 million in 2018, i.e. a YoY growth of 94.1% in riders. In addition, the usage rate growth for Ride Sharing is reported to be in the range 20%-25%. Thus, growth in market expansion from 2016 to 2018 is about 115%. Using this growth rate and the Gross Bookings data for 2016, Gross Bookings for Careem in 2018 are estimated at USD 1.926 billion.

In the third step, having obtained the Gross Bookings (GB) of Careem in MENAP during 2018, we needed to convert this into total Gross Bookings for MENAP countries. It has been reported that Careem is a dominant player in MENAP, however its market share is not disclosed. But information available shows that Careem is expected to have enrolled 64% of the Ride Sharing drivers in a large city like Riyadh, Saudi Arabia. We assumed that market share of Careem as 64% applies on average to whole MENAP region in which Careem is a dominant player. Accordingly, Careem's GB of USD 1.926 billion is divided by estimated market share of Careem of 64% to obtain the estimate of Gross Bookings in MENAP region of around USD 3.0 billion.

The last step was conversion of GB in MENAP to GB in GCC.

Ride Sharing is high in developed countries like US that have high per capita GDP as well as in less developed countries like Pakistan, though the underlying reasons are different for each. On one hand, with, high per capita the smart phone usage is more and therefore convenience, coupled with cost saving is driving usage of Ride Sharing in many GCC countries like Saudi Arabia. On the other hand, in low per capita GDP countries the usage of Ride Sharing is growing due to lower cost of Ride Sharing, where taxis hitherto were an expensive and unaffordable mode of travel. No doubt, the number of riders as a % of population, the average usage rate per month per user and the average check size will be different between MENAP and GCC. However, as mentioned below it can be expected that Gross Bookings as % of GDP can be expected to constitute same percentage in both categories of economies.

In the ultimate step of conversion of MENAP GB to GCC GB, we use ratio of Gross Bookings to GDP in MENAP countries to be applicable to the GCC countries also. GCC GDP is found to be 48% of MENAP GDP. The GB estimate for GCC is expected to be 48% of GB in MENAP. Thus, we need to multiply MENAP GB of USD 3.0 billion by 48% to get the estimate of GB in GCC.

On this basis of methodology, we estimate Gross Bookings for Ride Sharing in GCC to be USD 1.45 billion.

2. Method-2 for Estimation of GCC Ride Sharing Market size

The Gross Bookings in GCC Countries is estimated by us by an alternative methodology that is explained in the foregoing.

In this method our GB estimate is obtained by taking the number of riders per city, multiply it by average rides per rider to get total number of rides in the city which is then multiplied by the average check size per ride to get the estimated GB in the city.

In the first step of this method, to estimate number of riders per city, we make use of the information that Careem has 33 million riders in MENAP and that this emanated from operations in 100 cities in MENAP. However, we cannot use this information directly as the regions in which Careem operates consist of very large cities like Cairo, Istanbul and Karachi that have populations of 15-20 million, large cities like Riyadh and Lahore that have populations of 8 to 11 million, medium sized cities like Alexandria, Khartoum, Casablanca, and Amman with populations around 5 million, medium sized cities by population like Jeddah, Kuwait and Dubai in GCC as well as in MENAP, and several small cities by population including GCC cities like Dammam, Bahrain and also very small cities with much lower population sizes.

As we do not have Careem's riders classified by city and since we know different cities have different number of riders based on the category to which they belong, we first assume that 100 cities operated by Careem fall into Large (A), Medium (B), Small (C) and Very Small (D). Also, all 33 million Careem riders do not use Careem

regularly, therefore we estimate number of active riders who will be less than 33 million. We consider that active riders in richer countries like GCC may be more than MENAP as a whole. For this conversion, assumed that only 90% of the riders i.e. about 29.6 million are active riders and the remaining may be using lesser rides than an active rider.

Having assumed 4 city categories and 29.6 active riders, we use Pareto Principle (30% of cities account for 70% of its total riders) to estimate how the total 29.6 million active riders of Careem might be distributed among the four City categories of A, B, C, and D. Also using Pareto principle, we estimated how many cities belong to each category.

In the final stage of this step, we divide the number of active riders in each city category by number of cities to get the average riders using Careem in each city category. The data derived is shown below:

Table 4.1: Distribution of AREA by City Size Category (2018)

(Using Pareto Principle - 70:30)	City- Category	No. of Cities	Riders per Category MM	Average Careem Riders/city
Top 4.6 cities	A	4.6	7.9	1.29
Next 6.3 cities	B	6.3	4.9	0.58
Next 18.3 cities	C	18.3	6.9	0.28
Next 70 cities	D	70.0	9.9	0.11
Total cities covered by Careem in MENA		99.2	29.6	0.30

Source: Marmore Research

Next step was to estimate the active riders per GCC city by applying the MENAP active riders by city category given above. For this, we classified each of the GCC cities in which Careem is operating into A, B, C, or D category buckets. Thus, we arrived at Riders per City per each GCC city based on whether it is A, B, C, or D category. These Riders per City numbers were lastly adjusted by multiplying by 75% to arrive at adjusted numbers for GCC. The rationale of the adjustment was that shared transport in GCC cities would be used less by the population as compared to MENAP region. Since the main driver for shared transport is economy, we expected it to be more used in MENAP than in GCC.

We also built into our estimation an assumption that the usage rate and Check Size can be expected to differ across A, B.C. & D categories because of differences in affordability and distances required to travel in each of the categories. Data for minimum and maximum usage rate and average Check size was available from an HSBC report. We assumed the minimum values to be applicable for D category city and maximum values to be applicable to A category cities and in between values for C and B category cities.

Thus, we estimated the Gross Bookings for each GCC country and divided it by Careem's market share to assess the total Gross Bookings for each GCC City categories to arrive at the Gross Bookings for the Country.

Table 4.2: City-wise estimates for Saudi Arabia

Ride Hailing in Saudi Arabia	Assumed Category	Riders per city in Million	Rides per User per month	Check Size by Category (USD)	Total Careem Revenue	Total Market Size (USD mm)	Population in MM
Riyadh	A	1.3	4.4	9.1	399	623	7.7
Jeddah	B	0.6	3.2	7.0	99	155	3.0
Dammam	C	0.3	1.9	5.0	21	33	1.0
Other cities - (20)	D	2.1	0.7	2.9	33	52	20.6
Total estimated for Saudi Arabia in 2018		4.3	2.2	5.5	552	863	32.3

Source: Marmore Research

Lastly the exercise was conducted for all the GCC cities in which Careem had presence and the results are shown in the table below:

Table 4.3: Gross Bookings in all GCC Countries

Estimate of GCC Ride Sharing Potential (Gross Bookings) in 2018	No. of cities	Riders Million	Rides per User per month	Check Size by Category (USD)	Estimated Market Size USD Million	Population in Million
Saudi Arabia	23	4.3	2.2	5.5	863	32.3
UAE	7	1.9	2.4	5.8	352	9.3
Kuwait	1	0.6	3.2	7.0	155	4.0
Qatar	1	0.3	1.9	5.0	33	2.6
Oman (Untapped but included)	11	1.4	1.0	3.5	70	4.4
Bahrain	1	0.4	1.9	5.0	45	1.4
Total for GCC Countries	21	8.8	2.1	5.3	1,518	54.1

Source: Marmore Research

Thus, it is seen that the estimated Gross Bookings of Ride Sharing in the GCC countries is presently estimated at USD 1.52 billion. Saudi Arabia is expected to account for the largest market at USD 863 million as it has the largest population among the GCC members.

Conclusion - Estimation of GCC Ride Sharing Market Size

It is observed that the second methodology has given an estimate of USD 1.52 billion for GCC Gross Bookings of Ride Sharing, that is slightly higher than the estimate of USD 1.45 billion as per the first methodology. However, the two estimates are close to each other.

Regulatory Framework for Ridesharing Platforms

Sharing economy entails collaborative consumption that promotes concepts like community ownership, localized production, sharing and cooperation, growth of small-scale enterprise, improved economic and environmental consciousness. In an economic disruption, these new companies have posed a huge challenge to existing industries like taxis and hotels, which enjoyed nil or minimal competition.

To reap the maximum benefits from the sharing economy, each country needs a differentiated regulatory framework tailored to the market requirements of the region. Relevant ministries, departments should create an entity for overseeing the activities across sectors in the sharing economy that addresses market access requirements, legal liability, and consumer protection. Regulatory authorities will need to take differentiated approach to the sectors in the sharing economy to balance rewards, risks depending on the socio-economic preferences and practices in the region.

The major challenge of this new and emerging platforms within the sharing economy is that they do not fit into the existing legal and policy framework. The threat emerges from the fact that the legal system does not cater to collaborative organizations, activities or transactions. It only manages economic or market binaries like consumer and producer, employers and employee, public and private, landlord and tenant etc. In the sharing economy, however, there is an overlap of concepts and services based on multiple networks. Therefore, there is an increasing urgency for authorities particularly at the local and regional level to evaluate the extent of intervention of sharing platforms in the area and create specific policy measures factoring in the local economic, social, cultural and political dynamics. In certain instances, the new entrants of the sharing economy were forced to comply with the regulatory framework for the traditional industries due to a lack of new and apt one.

The sharing economy formally developed in the US as one of the responses to the financial crisis of 2008, when people needed to access things that they could not either afford or own.

Ridesharing platforms are placed within the Transportation Network Company (TNC), defined as digital application that matches potential riders with drivers in real time. Ridesharing platforms give opportunity to those who cannot afford the costs of owning a vehicle, maintenance, and fuel, a feasible and convenient method of commutation. However, there is still no consensus among policy makers about whether ridesharing platforms are communication platforms or taxi service. As many, TNC are expanding into other means of transportation like scooters or bike sharing, automobile based categorization becomes complicated.

Figure 5.1: Key Elements in TNC regulations

Pricing · Data · Metrics · Regional Coordination
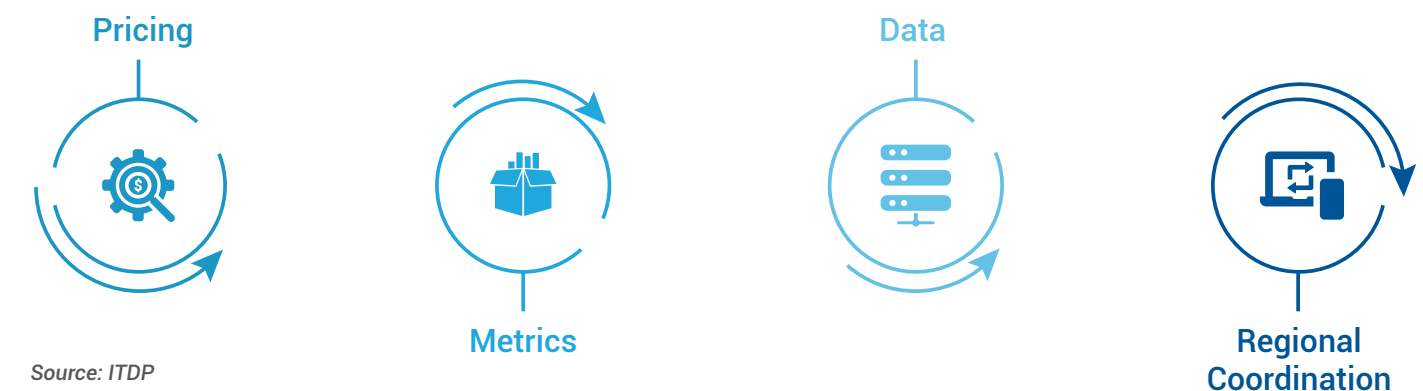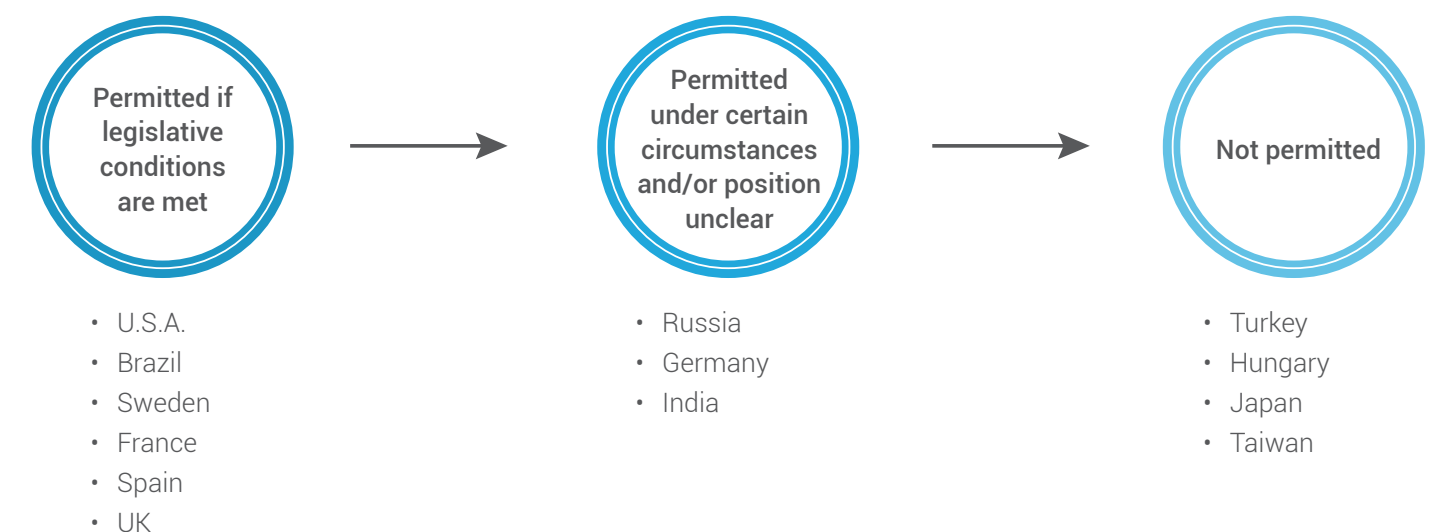
Source: ITDP

Pricing strategies should incentivize shorter, shared, and endless frequent TNC trips. Methods such as surcharges, congestion pricing, and pricing per kilometer can encourage certain behavior among the riders. Strategic pricing of TNCs can generate revenue to support public transit and achieve efficiency. Baseline metrics that evaluate equitable access, congestion, safety and emissions should be considered while framing the regulatory framework for TNCs. TNCs can cross municipal, state or even country borders, and hence require regional cooperation in ensuring outcome oriented regulations.

Table 5.1: Major Ridesharing Platforms across the world

Europe	Africa and the Middle East	North and South America
Germany – Uber	Egypt- Uber, Careem	Canada-Uber, Lyft, Taxify
UK- Uber, Addison lee, Gett, Ola	Nigeria, Kenya, Tanzania, Uganda, South Africa- Uber, Taxify	US- Uber, Lyft, Via, Gett
Spain- Uber, Cabify	Israel-Gett, Uber	Mexico-Uber, Cabify, Easy Taxi, Didi, Taxify, BlaBlaCar
France- Uber, BlaBlaCar, Taxify	UAE-Uber, Careem	Argentina, Chile, Colombia, Ecuador, Peru-Uber, Cabify
Russia-Yandex, Gett		Brazil- Didi, Uber, Cabify, Easy Taxi

Source: Forbes

Figure 5.2: Ridesharing Business Status across the Globe

Permitted if legislative conditions are met → **Permitted under certain circumstances and/or position unclear** → **Not permitted**

• U.S.A.	• Russia	• Turkey
• Brazil	• Germany	• Hungary
• Sweden	• India	• Japan
• France		• Taiwan
• Spain		
• UK		

Source: Bakermckenzie

Regulations across selected Countries

India

Following cases of safety violation by the passengers, Indian government issued a warning against allowing unlicensed online cab aggregators. In October 2015, the Ministry of Road Transport and Highways issued advisory for 'Licensing, Compliance and Liability of on-demand Information Technology based Transportation Aggregator or online cab aggregators. Through this advisory, detailed terms and conditions for cab aggregator to solicit, canvass and operate within the jurisdiction of certain State Transport Department were specified and State governments were advised to consider this advisory while modifying their existing schemes to bring online cab aggregators within their regulatory architecture. The Motor Vehicles Bill, 2016 defines aggregators such as Ola and Uber as digital intermediary or market place for a passenger to connect with a driver for the purpose of transportation. It also lays down conditions to obtain license by an aggregator.

India is also considering liberalizing taxi permits so that private cars can be converted and used on the ride sharing platform with ease. The Ministry of Road Transport and Highways developed 'New Policy Guidelines to Promote Urban Mobility' which provides the following recommendations[6]:

1. Legal status of cab aggregators: cab aggregators are categorized as traditional taxi operators

2. Tariff Regulation: State regulators can exercise control over fixing the fares of the cab aggregators

3. Surge Pricing: Range bound dynamic pricing is permitted based on demand and supply

4. Validity of Algorithms used in calculating fares: the algorithm used in estimating and finalizing the prices should be validated from Standardization Testing and Quality Certification (STQC) or any other certification agency authorized by the Ministry of Electronic and Information Technology.

5. Ride sharing: sharing of seats are subject to consent of passengers

6. Data Security Issues: Privacy of users should be protected, and the platforms should adhere to mandatory checks and audits.

7. Measures for ensuring safety of passengers, especially women: Mandatory fitting of GPS panic devices in the taxis, facility of SOS alerts by the passengers, mandatory requirement of display board in the cab with identification of driver along with the photo and the registration number etc.

Brazil

Brazil has various new mobility participants and business models. In 2017, Uber had the largest market share followed by Brazil's 99 and Cabify. In early 2018, 99 was acquired by China's Didi. Via launched services in Brazil with the support from Daimler. What makes Via different is that it collaborated with public transportation operator HP Transportes Colectivos to secure the expansion by providing improved shuttle services in the region. Brazil's Federal law 2018 defines ride sharing platform as private. Drivers fulfilling the following conditions are authorized under the law:

1. Holding a National Driver's License in category B or higher that contains information that they engage in a paid activity

2. Drive vehicle that meets minimum age requirements and the characteristics required by transit authority.

3. Issue and maintain the Vehicle Registration and Licensing Certificate (CRLV)

4. Present a criminal clearance certificate.

Spain

Uber first entered the Spanish markets in 2014 and suffered from the lack of a regulatory mechanism in place. This adversely impacted the existing taxi industry the most leading to widespread protests from taxi drivers forcing the company to withdraw its operation from the country. The transport authority of the country has failed to find a middle ground wherein the traditional taxis can coexist with the new entrants in the sharing economy.

Other components in the Ride sharing Economy

Role of Drivers

In a ridesharing economy, the drivers act as independent contractors, who do not get blocked by a single company. Gaining the trust and loyalty of drivers is important for a ride sharing company as they care about income and flexibility. Ridesharing companies need to invest in training programs for the drivers as it directly correlates with the customer rating.

While comparing the ridesharing markets, US, Singapore and India stand out in terms of regulations. In the US, most people own a car, and if in need of extra income, they can drive for a ride sharing platform for a few hours. In Singapore, owning a car is a luxury because of exceptional public transportation system and the existing multiple ridesharing options. Therefore, owners may opt for using their vehicles in a ride sharing platform for better utilization, for example Grab. However, these models are not applicable in India as commercial licensing is required for ridesharing vehicles.

Government's Role

In some countries, the development of a unified regulation for both taxis and ride sharing cabs are in place. In 2019, the Land Transport Authority of Singapore (LTA) proposed a new unified regulations to impose strict rules on private hire operators as there were no uniform regulations for private operators like Grab and GO-JEK before[7].

Further, ride-hailing companies face difficulty in receiving permissions to operate in different countries as each government establishes rules that specifically govern local transportation network companies. A notable instance is when GO-JEK was not granted permission to operate in Philippines as it did not meet the local ownership standards. In Singapore, the government has developed a model wherein a private car owner can

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[6] OECD

[7] MEDICI

provide two shared rides a day, whereas in the US, there is a cap on the money a car owner can make in a year through ride sharing services. Apart from cars, there are models that cater to the sharing of two-wheelers, buses, boats and other modes of transportation.

Other Areas of Expansion

It is not sustainable to have one single strategy and business model. Ride sharing platforms are planning on effective diversification into adjacent categories increase their customer base and popularity.

1. Delivery services

Uber has launched its food delivery service known as Uber Eats in India. Grab launched a food delivery option called GrabFood and a courier service called GrabExpress. GO-JEK has GO-FOOD for food delivery and GO-SEND for courier services. After acquiring Foodpanda, Ola in India is in its initial phase of expanding into medicine delivery.

2. Payments

Different service providers are providing payments feature that allows users to make payments in installments for purchases that they make on the platform. Grab launched its new cross-border remittance feature that will permit customers to remit money to other countries using the Grabpay wallet. Ola has added a feature where the payment gets accumulated and the rider completes it on a weekly or monthly basis. Platforms are offering subscription model based payment features as well.

3. Other Financial Services

DiDi Chuxing launched nationwide financial services that include mutual protection and donation-based crowdfunding for medical care, credit and lending, wealth management and auto financing services. Ola offers short-term credit services to outs customers.

In the long run, there is massive scope for ride sharing service providers to become an integral part of the city transport systems across the world. However, at present they're stuck in pending legislations. Regulatory mechanism should be developed in such a way that the nuances of the sharing economy, its volatile nature, the changing role of participants etc. are considered. It should take into account the interests of the user, provider, and the existing industries.

Conclusion

Sharing economy traces its origin and growth to advancement in technology and changing consumer habits. This has led to traditional sectors facing disruption due to newly formed companies in the sharing space. PwC identifies four main social and economic factors that contributed to the wide scale growth of sharing economy:

1. Advanced technology and digital platforms

2. More efficient use of material resources, and increased economic rationality

3. New consumer needs, closer cooperation, change in attitudes to ownership, and more environmentally friendly consumption choices.

4. Globalization and increased urbanization

Companies that operate in the shared economy builds a network through efficient mobile applications to connect the various entities involved, minimizing the need for ownership of the asset to be used. Ride sharing players such as Uber, Careem and Ola offer a cost-effective, safe and convenient alternative to conventional transportation options like hired taxis or public transport. Ride sharing, placed within the sharing economy is a model based on collaboration, owing to the capabilities enabled by the internet which promote consumption without ownership via matchmaking platforms. This has led to sustainably and efficiently managed network economy wherein the sellers and buyers are effectively replaced by providers and users.

The MENA region witnessed its biggest tech deal wherein Uber is acquiring Careem, the most prominent ride sharing player in the region in a deal worth $3.1 billion. Other key ridesharing platforms in the region include Easytaxi, eKar, and uDrive. In a more recent development, GP Solutions DMCC launched KiwiRide in Dubai, the first locally established platform to provide electric scooter sharing. KiwiRide scooters can be geo-located, used and paid for through the mobile application.

Based on Marmore research, it is seen that the estimated Gross Bookings of Ride Sharing in the GCC countries is presently estimated at USD 1.52 billion. Saudi Arabia is expected to account for the largest market at USD 863 million as it has the largest population among the GCC members.

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