RideLink Aims to Become "the Airbnb for Cars"

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Unless you've had your wedged firmly in some sand, you'll have noticed that Uber is having a tumultuous year. It's had to deal with persistent allegations of sexual harassment; and accusations of contempt for law enforcement. Various senior staff departed in the aftermath.

Furthermore, its technology development process hasn't gone smoothly – with rolled driverless cars, high-risk lawsuits, and extremely unfavourable comparisons to autonomous peers. In the last few days, Waymo's (Google's self-driving car tech spin-off) lawsuit has been upgraded to a potential criminal trial.

For those looking to invest elsewhere in the industry, there are rival visions of the future. Of course, there's Lyft – Uber's main rival. But there are also more oblique competitors. BlaBlaCar is one such firm, and it's recently announced that it's starting a commuter service. This will work very like catching the bus, with cars pulling up at fixed stops.

Today, we'll be looking at another vision: RideLink. Its CEO, Alexander Stevenson, will be explaining his firm, his transport vision – and what he thinks of the driverless future.

AL: Could you start by describing RideLink?

AS: RideLink is a peer-to-peer car-sharing marketplace. It's very much like Airbnb, except with cars. We let individual car owners rent their vehicles directly to members of the public, earning money in the process.

AL: What about the need for insurance?

AS: We've arranged a partnership with Allianz. Every rental is insured with a bespoke policy, which supersedes an owner's personal policy for the duration of the rental. We have grown quickly to be the largest service of this type in the UK, expanded to Spain and Germany, and are raising additional funds to expand further.

AL: This kind of disruption causes a lot of social friction. We've seen several crackdowns on Airbnb, and Uber appears to exist in a perpetual state of war with cities. What's your take on this?

AS: You're right about the challenges for Airbnb and Uber. You may recall that Uber pulled out of China due to government regulation, and recently got shut down in Italy as of last month. However, there's a difference between models that share people's time, like Uber, and those that share assets, like Airbnb and RideLink. These differences ought to be top-of-mind for investors considering market risks.

When time is shared you're usually replacing existing jobs, as Uber does with taxi drivers. This can create a lot of opposition from incumbents. These "gig economy" models often face a lot of pressure for regulation – so investor risk is high. This is why we've seen so much pressure on Uber. It's also why Uber is so impatient to get rid of drivers altogether – using the automation they're investing in.

Asset-sharing models are usually less likely to be regulated, but this can depend on what side-effects success brings. Airbnb happens to be sharing a scarce asset: residential housing. Because so little excess capacity of housing is available, Airbnb ends up creating competition between tourism and local housing. This can cause prices to rise for local residents – sparking protest.

RideLink's market is different. Urban vehicles are badly underused – parked upwards of 90% of the time. The sharing economy means people may eventually buy fewer cars overall. With fewer vehicles, we'll see more available parking spaces – and consequently improved traffic, since up to a third of congestion in cities is a result of looking for parking. The externalities – fewer vehicles, less traffic, and more parking – are actually beneficial to communities. Therefore, I don't think RideLink will face the same regulatory pressure that the likes of Uber has seen.

AL: That makes sense, but what about once manufacturers start shipping autonomous vehicles? Why would anyone own a car at all?

AS: Certainly, autonomous cars will make moot the current debates around Uber putting taxi drivers out of work. This change is really a question of when, not if. Still, it would be a mistake to assume that all personal car ownership will end.

While it is totally reasonable to expect personal car ownership in cities to decline, even large drops provide us with enough vehicles to supply our fleet. On the flip side, this implies a greatly increased renter base. Car ownership is unlikely to totally stop. Car purchases are still motivated by more than a coldly-rational consideration of how to get from A to B. This explains why the public doesn't typically buy the same models as taxi fleets. Consumer choice is heavily motivated by brand and appearance. This is also why the automotive industry has become expert at cosmetic customisation, using a sophisticated platform strategy to build dozens of different models from a single base platform, each to be sold under different brands. This is exemplified by VW/Audi/Seat/Skoda – which all use the same platforms.

Even if you worry that personal ownership will decline, it's worth pointing out there's nothing fundamentally stopping us from including vehicles owned by businesses either. More importantly for us, irrespective of vehicle owner, autonomous features bring increased safety which lowers our cost of insurance.

Still, I expect the future will see RideLink continuing to give individual owners the freedom to have exclusive access to their vehicle when they need it – but offset the costs of ownership when they don't.

AL: Ok, but what's to stop Uber from capturing this market before you get there? They're already working on autonomous vehicles.

AS: Reliable autonomous driving is an incredibly challenging problem, and is not one that Uber is particularly well equipped to solve, as compared to its more R%26D-focused competitors. Indeed, by all accounts, Alphabet's Waymo (aka "Google") is many orders of magnitude a of Uber – with a recent Guardian article claiming 5,000-fold better performance, as measured by the number of driver interventions.

Tesla, BMW and others are also a in R%26D. This suggests that we won't see only one solution to autonomy, and that several players will emerge with viable, competing solutions. This works well for RideLink, since we seek to unify demand for cars across many types of vehicles, and many different owners.

Lastly, it's worth keeping in mind that all of this will still take several years to change the landscape. Even if Tesla fulfills their commitment to ship additional autonomous features within a year, the average age of vehicles on the road is about eight years in the UK – and higher in Europe. Given the slow pace of vehicle replacement, and the fact that most cars sold in the next few years will still not be fully autonomous, it will be at least a decade before we see autonomous vehicles represent a majority of the vehicles owned.

In the meantime, RideLink will be hard at work expanding to new countries and building the best service for sharing vehicles of all types. We'll be ready for autonomous vehicles, when they arrive.

AL: Can you tell me a little more about the stage your firm is at?

AS: We're the largest peer-to-peer car-sharing player in the UK. We have recently begun expanding internationally – but are still very much at the early growth phase. We're mostly taking investment from financial investors, but have opened up part of this round to crowd investing, using the Seedrs platform.

Would you rent a car from an internet random – or let one rent yours? Let us know: andrew@southbankresearch.com.

Best,

Andrew Lockley
Exponential Investor