

Uber taxi app valued at \$17 bn in new funding round

June 6 2014, by Glenn Chapman



A woman attempts to hail a taxi in New York City on February 13, 2014

Internet Age taxi app Uber upshifted to the elite ranks of Silicon Valley on Friday with a round of funding that gives the California-based startup a whopping \$17 billion value.

"With our growth and expansion, the company has evolved from being a scrappy Silicon Valley tech startup to being a way of life for millions of

people in cities around the world," Uber said in a blog post.

The startup maintained that its mission is to "enable a transportation alternative in cities that makes car ownership a thing of the past."

Since launching in San Francisco four years ago, Uber has spread to 128 cities in 37 countries, according to the company.

Uber said the latest funding round will result in about \$1.4 billion being raised and give the company a value of \$17 billion.

The stunning valuation is one of the highest ever for a technology startup, trumping home-sharing app Airbnb and the largest for a venture-backed group since social networking star Facebook.

Uber, launched in 2009, offers smartphone applications letting passengers connect with taxis along with a "black car" service.

Shaking up taxi landscape

Uber is the most prominent of the apps that are shaking up the traditional taxi landscape in cities around the world, having launched in cities from Beijing to Berlin to Bogota.

The company has faced significant resistance from regulators. In New York, for example, Uber's rates run afoul of fares set by the city's taxi commission.

Uber has also faced regulatory issues in Europe and protests from taxi operators who claim the service is unfair competition and fails to live up to standards set for such services.

Ride-sharing apps for smartphones are part of a "collective

consumption" trend in which people use mobile devices and social networks to find vacation lodging; rides around town, and more.

Such services threaten to disrupt traditional ways of doing business and pit fans against critics.

This week Colorado became the first US state to pass a law aimed at reining in the business of ride-sharing, where Uber and Lyft are front and center.

The law empowers a state commission to balance "openness to new business modalities with the need for limited safeguards" when it comes to ride-sharing.

Uber this week also received a cease-and-desist letter from the state department of motor vehicles in Virginia.

"We are surprised and disappointed by the DMV's actions," Uber said Friday in a blog post that noted it has been working with Virginia for months to modernize regulations.

"Uber will operate as usual, and we plan to continue full-speed ahead with our commitment to providing Virginians access to safe, affordable and reliable rides."

Worries prompted by Uber and other ride-share services include how to vet drivers and whom to hold responsible in accidents.

A girl died after being hit by an UberX driver in San Francisco earlier this year.

The driver was reportedly logged into the UberX application wasn't involved with fetching or transporting anyone.

The tragedy resulted in legal wrangling over whether the driver's insurance company is bound to cover costs stemming from the accident.

Uber is known for operating like a taxi service, except people summon and pay for transportation using smartphone applications.

A lower-priced version of the service featuring more modest car models launched under the banner of UberX.

A number of new services have sprung up that enable smartphone users to locate and request taxis with GPS. Drivers confirm they're on the way, and payment is made by mobile phone, with no cash changing hands.

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