

Israeli electric car company CEO steps down

October 2 2012, by Josef Federman



In this Wednesday, March 23, 2011 file photo, Israeli-American entrepreneur Shai Agassi, founder and CEO of "Better Place", a project developing electric vehicles and a network of charging points, stands at an electric charging station in Kiryat Ekron, central Israel. Israeli electric car company Better Place is replacing its founder and chief executive, Shai Agassi. The circumstances surrounding his departure were not immediately clear. In a statement Tuesday, Oct. 2, 2012, the company said it had achieved its goals under Agassi and had reached a "natural point in the company's evolution to realign." (AP Photo/Sebastian Scheiner, File)

(AP)—He has been the poster boy for Israel's powerhouse technology industry and a leading proponent of a great dream—to end the world's addiction to oil.

But on Tuesday, Shai Agassi stepped down as chief executive of Better Place, the Israel-based electric car [company](#) he founded with great fanfare five years ago. He leaves behind a firm that won great accolades

for its bold vision but has burned through hundreds of millions of dollars as it struggled at times to meet the lofty expectations it had set for itself.

In a statement, the company gave few details about the circumstances of Agassi's departure, saying it was a "natural point in the company's evolution."

But a senior company official confirmed Agassi had clashed with the board about future strategy. After years of research and development, it is completing nationwide networks of charging and battery-swapping stations in Israel and Denmark and has begun to offer [electric vehicles](#), built by partner Renault, to the general public.

Agassi had favored focusing the business in the near term on these two core markets with an eye toward Europe, while others were pushing for a rapid global deployment that included countries like China and the U.S.

The official, who spoke on condition of anonymity because he was discussing internal corporate deliberations, said Agassi decided to step down in order to allow a new CEO to pursue the strategy he sees fit.

The company said the head of its Australian operations, Evan Thornley, would take over, while Agassi, still a major shareholder, will remain on the board of directors.

Agassi, a former senior executive at German software giant SAP, launched Better Place in 2007, offering a vision of a world without gasoline-powered automobiles.

With battery-powered cars limited by range and long recharge times, he offered an elegant solution: a network of "swapping" stations that would enable motorists to change their batteries with fully charged ones in a matter of minutes. For day-to-day use, car owners could charge their

batteries in stations installed outside their homes, workplaces, shopping centers or theaters.

This network would allow travelers to traverse the country without worrying about their batteries running out of power. He chose densely populated Israel, where people don't have to drive long distances, as his first test lab.

The project won the support of President Shimon Peres, received financial incentives from the Israeli government and made Agassi, who is 44, into a dynamic celebrity CEO.

He was a central character in "Start-Up Nation," a best-selling book about Israel's high-tech industry; was named to Time Magazine's list of the 100 most influential people; and became a fixture at international conferences such as the World Economic Forum in Davos, Switzerland.

In a brief statement issued by the company, Agassi said, "Very few people are blessed to see such a grand vision become a proven reality within a relatively short time frame."

"I am proud of the Better Place people and the team that I am leaving behind who will take this company to the next chapter," he said.

Altogether, Better Place says it has raised \$750 million from investors like General Electric Co. and HSBC Holdings PLC and recently secured a 40 million euro loan from the European Investment Bank.

While praised abroad, Better Place has experienced a number of delays, burning through its cash pile and facing reluctance by consumers to embrace the new technology.

The privately held company does not release full financial details, but

said it has invested more than \$500 million on design, development and testing. It is expected to seek a new round of financing next year and hopes to go public down the road.

In its early days, Agassi expected the Israeli network to be complete by 2011, with thousands of cars on the roads. Today, it says a total of about 750 all-[electric cars](#) are on the road in Israel and Denmark combined.

Better Place officials have said the delays were caused by bureaucracy, production problems at Renault and repeated testing to ensure the system would work properly. They claim the company remains on solid footing. The company official said its most recent rounds of financing had valued Better Place at more than \$2 billion, three times the amount of money it has raised.

"Under Shai's leadership, we've successfully achieved our goals in the first chapter of Better Place, and we owe Shai our gratitude for turning his powerful vision into a reality," said Idan Ofer, chairman of the board. "It is almost five years to the day since Shai launched Better Place and a natural point in the company's evolution to realign for its second chapter and for the challenges and opportunities ahead."

Company officials noted that after a lengthy test period, the all-electric Renault Fluence has only gone on sale to the general public in recent months. In Israel and Denmark, the networks are almost complete, and the company says they are "effectively" nationwide at this point. It also has operations in Australia, the Netherlands, China, Hawaii and Japan.

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