Mobile apps reshape urban taxi landscape

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Peter Faris, CEO of Szabo Faris LLC Transportation Solutions, stands in front of one of his vehicles while holding a smart phone with an app that orders up his sedan service February 14, 2013 in Washington, DC. Faris, an independent driver who works with Uber, a technology firm which has created a mobile app which allows consumers to use their device to request a nearby taxi or limousine.

Before the smartphone, riders summoned a taxi by waving an arm or calling a dispatcher—but mobile apps are changing that, helping both drivers and passengers.

A number of new services have sprung up in recent years 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.

"It gives the passenger control and incentivizes the driver to provide excellent service," said Yonis Benitez, general manager in Washington for MyTaxi, a German-based firm which has recently expanded to the US market.

"It's no longer anonymous. They know the driver's name and the driver's rating," from customer reviews which can be seen on the app.

MyTaxi was founded in 2009 in Germany, and in October began service in Washington, one of 30 cities worldwide where it operates.

The apps offer the promise of increased business, especially in areas where vehicle and cab traffic is low.

"We've been well-received in DC," Benitez said. "Our numbers have doubled month over month in terms of numbers of people joining and passengers."

San Francisco-based Uber offers a mobile app connecting passengers and taxis in six cities, including Washington, and operates in 27 cities worldwide with a "black car" service, which it says costs more than taxis but less than comparable limousine services.

Uber founder and [chief executive](#) Travis Kalanick said drivers like the system because "they make more money, they can fill out their downtime and can invest and grow."

Like other services, Uber has no cars of its own but partners with taxi or limousine drivers who agree to use the app.

"We are like Open Table for restaurants or [Expedia](link) for travel," he said.

Uber has faced some well-publicized regulatory hurdles, and in New York temporarily suspended taxi service, while maintaining its limo operations, as city officials consider regulations on the "e-hailing" of cabs.

In Washington, the city council approved a measure last year to clear the way for app-based taxi and limo services.

"The DC law is cutting edge, it's pro-innovation, and a lot of cities are starting to follow," said Rachel Holt, Uber's manager in the city.

Uber, which has venture funding from Amazon's Jeff Bezos and Goldman Sachs, has been expanding globally to cities like Paris, Melbourne and Stockholm while competition heats up in the United States.

Washington driver Peter Faris said he has been able to build a car service with three vehicles around the Uber app.

"We've grown as Uber has grown in DC," he said. "There's an amazing vibe. It's hard to communicate the enthusiasm it has created. It has filled a need."

Hailo, launched in London in 2011, claims to be the largest taxi app, with some 30,000 drivers in Boston, Chicago, Toronto and Dublin. This year it plans to launch in New York, Tokyo, Madrid, Barcelona and Washington.

"The drivers have 30 to 60 percent down time, depending on the city, and customers find it difficult to get a cab," Jay Bregman, the New York-born founder of the Britain-based company, told AFP.

"This is a pattern you find all over the world. It's one of the last bastions of inefficiency," said Bregman, who launched the idea after studying at the London School of Economics.

Hailo says it has grown to more than $120 million in annualized sales, and has raised $50 million in venture capital, including from Twitter-backer Union Square Ventures and British mogul Richard Branson.

Bregman said Hailo only launches in a city after it has recruited enough drivers to provide an adequate supply.

He said the app helps drivers by serving as a kind of social network, alerting other cabbies about traffic or accidents, and of events or neighborhoods where taxis are needed.

Hailo has some 5,000 cab drivers in New York ready to roll, assuming city authorities resolve regulatory issues and lawsuits challenging app-based services.

"This is a positive technology with almost no drawbacks," he said. "It doesn't destroy the other industries, it makes them more competitive."

Bergman said Hailo works with regular taxis, and is not seeking "to upsell a more expensive luxury service."

The apps can offer the convenience of fast service for the rider and allow the driver to waste less time.

"I spoke to a driver in New York who said he took someone to the Bronx and for the first time in 20 years had a ride back," Uber's Kalanick said. "It's a really good outer borough story."

But Kalanick said efficiency is not just a matter of luck.

"People see they can push a button and a car magically appears. But they don't realize all the math and logistics in making that occur," he said.

He said Uber's technical team includes "two nuclear physicists" and others who crunch numbers to ensure "that you get the ride quickly but the driver always has a customer.

"We have to develop algorithms for this, and calculate things like traffic congestion."

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