

German automakers buying Nokia's HERE map business

August 3 2015, by Geir Moulson

A consortium of German automakers Audi, BMW and Daimler announced Monday it is buying Nokia Corp.'s HERE map business in a deal that values the unit at 2.8 billion euros (\$3.1 billion) and secures their access to technology that could eventually be used for driverless cars.

Nokia, based in Finland, has refocused its business on producing equipment for wireless networks after selling its mobile phone handset operation to Microsoft Corp. The company said it expects to receive slightly over 2.5 billion euros from the sale, with the purchasers being compensated for HERE liabilities totaling nearly 300 million euros.

The three rival German automakers said that HERE is "laying the foundations for the next generation of mobility and location based services." They added that "for the automotive industry this is the basis for new assistance systems and ultimately fully autonomous driving."

The automakers said in a joint statement that they will each hold an equal stake in HERE and "none of them seeks to acquire a majority interest." They said that HERE's management will remain independent, with the goal of being a platform "open to all customers," and the consortium will not interfere in its operational business.

"High-precision digital maps are a crucial component of the mobility of the future," Daimler CEO Dieter Zetsche said. "With the joint acquisition of HERE, we want to secure the independence of this central

service for all vehicle manufacturers, suppliers and customers in other industries."

Analysts at IHS Automotive noted that HERE, along with TomTom, is one of two companies supplying navigable maps globally as an alternative to Google and Apple. The purchase will give the consortium the advantage of owning its own data.

They said in a research note that the purchase by a consortium "may establish a de facto standard, giving the industry a unique opportunity to rally around specifications or processes that could ... hasten the onset of a connected and automated future mobility ecosystem."

Matthias Machnig, a German deputy economy minister, said the acquisition is of "enormous significance from an industrial policy point of view." He added that it is "important that an open platform emerges that is open to further European manufacturers."

The deal is expected to close in next year's first quarter. Nokia had said in April that it would review options for HERE in the wake of its decision to purchase French telecom company Alcatel-Lucent.

Nokia shares were down 0.8 percent at 6.38 euros in Helsinki trading. The three German automakers' shares were slightly lower in Frankfurt: BMW was off 0.3 percent, Daimler 0.1 percent and Audi parent Volkswagen 0.6 percent.

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