

Start-ups, IT giants explore auto world of tomorrow

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A connected Mercedes car is pictured at the booth of German telecommunication giant Telekom at the "Mobility World" hall during the 66th IAA auto show in Frankfurt am Main, western Germany, on September 16, 2015

For a glimpse of the automobile of the future, take the escalator up to Hall 3.1 at the IAA motor show and step into the "New Mobility World".

This is the world of the new buzzwords—connected car and automated

driving.

This year for the first time one of the vast exhibition halls of Frankfurt's sprawling trade fair grounds has been dedicated to small hi-tech start-ups, but also IBM and Deutsche Telekom, not names usually associated with car shows.

Perched high above the other halls where the world's carmakers recruit long-legged, scantily-clad women to show off their latest models, the New Mobility World is home to geeks—firms such as Blabla Car, Drivy and Carzapp, active in geeky sounding fields like "urban solutions," "digital infrastructure" and "multi-modal markets".

Driverless, intelligent cars

According to the consultancy firm AT Kearney, the market for the self-driving car could be worth more than 500 billion euros (\$566 billion) by 2035.

The completely driverless car may still be a long way off, but, fast-evolving technology is being used to make driving safer and less stressful via a whole range of different assistant capabilities.

For example, German behemoth Deutsche Telekom, with its own stand at the IAA for the first time, is showing off its solutions for the intelligent or connected car.

On top of bringing the Internet into the vehicle, Deutsche Telekom has developed applications pointing drivers to the cheapest petrol stations in the vicinity, or the best tourist sites. It even allows them to open the garage door for when they arrive home and set the heating.

It is an area where Silicon Valley giants Google and Apple are also

active.

They may not have their own exhibit at the IAA yet, but their apps and technologies are almost omnipresent among new cars on display. And Google executives have come to Frankfurt this year to participate in round-table discussions.

If the two US tech giants are cooperating with automakers, they are also seen as potential rivals, as Google is working on a [self-driving car](#) of its own and there are rumblings about an Apple electric car.

'Smartphones on wheels'

"Carmakers, very strong in the traditional world of the automobile, are seeking to maintain their position," said Stefan Bratzel, director of the Center for Automotive Research.

"But groups like Google and Apple are also trying to move into the market. And the industry takes them seriously given their financial firepower and strength of innovation."

In the area of alternative powertrains, the success of startups such as Tesla, the US maker of luxury electric cars, is also forcing traditional manufacturers to sit up and take notice.

Electric cars are still very much a niche market, both in the United States and Europe.

But with double- and even triple-digit growth seen in some countries, German carmakers, for one, are determined not to be edged out of the race.

Martin Winterkorn, head of Volkswagen, said that Europe's biggest car

maker was "in the process of reinventing itself".

"We will launch 20 new electric and hybrids by 2020 ... and by the end of the decade, we will have transformed all of our new cars into smartphones on wheels," he said.

Changing relationships

Another trend the industry is watching is the changing relationship between people and their cars.

As cities become ever more crowded, fewer and fewer people see any advantage in actually having their own car. And they no longer see it as the status symbol it once was.

That means business models such as car-sharing are mushrooming and manufacturers like Daimler and BMW are keen to get a slice of the action.

Drivy is a small French start-up making its first appearance at the IAA.

Launched in 2010, the company allows [car](#)-owners to rent out their vehicle to other people when they are not using it themselves. And Drivy describes itself as the European leader in the field.

"Fewer people are buying cars and are interested in new concepts of mobility like ours," the head of Drivy's German operations, Gero Graf, told AFP.

Experts say that the combined forces of cooperation and competition have always driven the industry forward.

Still, "manufacturers may have to reinvent themselves at the risk of

becoming mere parts suppliers and leave the creation of added value to Google," said German auto expert Ferdinand Dudenhoeffer.

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