

GM warns the Valley: Prepare to compete over driverless cars

October 1 2015, by Tom Krisher



In this Jan. 12, 2015 file photo, General Motors CEO Mary Barra talks about the 2016 Chevrolet Volt hybrid car at the North American International Auto Show, in Detroit. General Motors on Thursday, Oct. 1, 2015 told investors it plans to cut \$5.5 billion in manufacturing, purchasing and administrative costs during the next three years, helping to finance a big push into autonomous cars and car- and ride-sharing services. (AP Photo/Tony Ding, File)

Move that tiny self-driving pod out of the way. That might as well have

been the message Thursday from General Motors to Google, Apple and anyone else with designs on dominating the market for autonomous cars.

The 107-year-old automaker told Wall Street analysts Thursday that it intends to lead no matter what form of transportation people pick in the future.

GM already has millions of cars on the road that are connected to the Internet, and it has young engineers who are helping to develop new technology that will lead to autonomous driving, said Mark Reuss, GM's product development chief.

"No one has solved all the technical challenges or claimed outright leadership," he said. "We see this as a tremendous opportunity to lead."

Google has been testing bulbous electric self-driving pods in and around its headquarters in Mountain View, California, denying that it wants to get into the car-building business. Apple has reportedly been testing its own vehicles, too, as have auto parts makers and German and Japanese automakers. High-tech taxi service Uber has a lab in Pittsburgh that's also working on the technology. Google has a fleet of 48 robot cars that have logged more than 2 million miles on private tracks, highways and city streets.

But GM tried to even the score a bit Thursday, announcing that it would run a fleet of self-driving plug-in gas-electric hybrid Chevrolet Volts on its giant technical center campus in the Detroit suburb of Warren, Michigan, by late next year. The campus is undergoing a \$1 billion renovation, and GM will learn from the app-summoned cars as they transport employees amid the massive construction project, Reuss said.

Reuss said the company and partners are working to develop better sensor technology that can handle heavy fog or ice patches, as well as

artificial intelligence that can predict driver behavior and prepare for real-world problems. The company also is researching precision mapping to guide the cars.



In this July 14, 2015 file photo, an employee works on the assembly line at the General Motors plant in Arlington, Texas. General Motors on Thursday, Oct. 1, 2015 told investors it plans to cut \$5.5 billion in manufacturing, purchasing and administrative costs during the next three years, helping to finance a big push into autonomous cars and car- and ride-sharing services. (AP Photo/Tony Gutierrez, File)

GM said \$5.5 billion in manufacturing, purchasing, information technology and administrative cost savings will help to pay for the investment needed for the [new technology](#), even as the company increases its earnings.

"We have already developed a lot of this enabling technology because we saw this coming," Reuss told the analysts.

In addition, the company revealed a car-sharing program that allows residents of a 479-home luxury apartment building in New York City to reserve SUVs and park them in any of 200 garages in Manhattan. It also plans to launch a car-sharing service in an unidentified U.S. city early next year.

"Some might find this massive change to be daunting, but we look at it and see the opportunity to be a disruptor," CEO Mary Barra said.

GM President Dan Ammann told analysts that the personal car ownership model will remain in place for "quite some time." But GM is experimenting with [autonomous cars](#) "so we're right there every step of the way," once that model changes.

GM also announced that it would be the first in the auto industry next year when it reveals technology to weld aluminum to steel, helping to reduce weight in vehicles.



In this Jan. 12, 2015 file photo, the Chevrolet Bolt EV electric concept vehicle is unveiled during the North American International Auto Show, in Detroit. General Motors has promised to roll out the Bolt, a \$40,000 fully electric car with a 200-mile range, in 2017. (AP Photo/Tony Ding, File)

The company also predicted a 31 percent reduction in battery cell costs for electric cars that could speed price reductions. Currently its cost per kilowatt hour is \$145, but that will drop to \$100 by 2018, a reduction that could make the cars more competitive with internal combustion engines.

GM now sells the Volt, which can go about 40 miles on battery power before a gasoline generator kicks in. It also has promised to roll out the Chevrolet Bolt, a \$40,000 fully electric car with a 200-mile range, in late 2016.

The company also said during its annual investor presentation that global

growth initiatives will increase earnings per share to \$5 to \$5.50 next year. GM projects full-year earnings this year of \$4.50 per share this year, up from \$4.12 in 2014.

In China, GM expects total sales to slow to a 3 to 5 percent annual growth rate between now and 2020. The market had been growing at a 17 percent annual rate from 2008 through 2014. The company predicts that global auto sales will rise from 85 million this year to 130 million by 2030.

Reuss said the company expects to cut \$2 billion in material costs alone by 2018 as it reduces weight in all its vehicles.

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Citation: GM warns the Valley: Prepare to compete over driverless cars (2015, October 1)
retrieved 12 September 2024 from <https://phys.org/news/2015-10-gm-valley-driverless-cars.html>

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