

Rideshare drivers strike as Uber poised to go public

May 9 2019, by Ali Bekhtaoui



Rideshare drivers for Uber and Lyft stage a strike and protest at the LAX International Airport, over what they say are unfair wages in Los Angeles, California

Thousands of Uber and Lyft drivers turned off their apps in a US-wide strike Wednesday over pay and working conditions, casting a shadow over this week's keenly anticipated Wall Street debut of ride-hailing leader Uber.

Uber is expected to launch its [initial public offering](#) (IPO) on Friday at an estimated valuation of some \$90 billion.

The launch will be a major milestone for the company, which has raised billions and disrupted the taxi industry in cities around the world.

It will also come in the rear-view mirror of a troubled market debut for Uber's largest US rival Lyft, which has lost more than 15 percent of its value since its March IPO.

Strikes that took place Wednesday highlighted a dilemma for rideshare firms, which have faced challenges from regulators and traditional taxi operators for using a business model relying on independent contractors.

One group protested outside the New York Stock Exchange, where Uber is set to list shares, with some signs reading "Invest in our lives—Not their stocks."

Similar actions took place in Boston, Chicago, Los Angeles, San Diego, Washington and in Uber's home town, San Francisco.

Protests were held in Britain as well with [drivers](#) in London, Birmingham, Nottingham and Glasgow called on to log off apps and demonstrate outside Uber offices, according to the Independent Workers' Union of Great Britain.

Rideshare companies maintain that drivers are able to thrive and maintain work flexibility, and that their business model would not work

if drivers were treated as wage-based employees.

Uber and Lyft did not immediately comment on the job actions.

"While we aim to provide an earnings opportunity comparable to that available in retail, wholesale, or restaurant services or other similar work, we continue to experience dissatisfaction with our platform from a significant number of drivers," Uber said in a filing with securities regulators.

"In particular, as we aim to reduce driver incentives to improve our financial performance, we expect driver dissatisfaction will generally increase."

Lyft shares skid

Uber's debut as a public company will follow the rocky market debut for Lyft.

Lyft's loss in the past quarter widened to \$1.1 billion, according to its first financial report as a public company.

Revenue for California-based Lyft nearly doubled from a year earlier to \$776 million and the number of active riders grew to over 20.5 million.



Members of the Independent Drivers Guild rallied at Uber and Lyft headquarters in New York as part of a protest to press demands for better pay and working conditions for the independent contractors

Lyft said its losses deepened as a result of \$894 million in costs that included stock-based compensation and related tax expenses in connection with its IPO.

Lyft shares finished the formal trading day Wednesday down 10.8 percent to \$52.91.

Uber last month pulled back on its ambitious valuation target, while still pricing its share offering in a range that would make it one of the largest tech market debuts in recent years.

The ride-hailing firm said in a securities filing it would sell 207 million shares in a range of \$44 to \$50 dollars, raising up to \$10 billion.

That would give Uber a market value of between \$74 billion and \$84 billion. Some [media reports](#) said the figure could be up to \$90 billion accounting for restricted [stock options](#).

But the pricing target—still subject to change—fell below earlier ambitions of a valuation of more than \$100 billion for the firm operating in some 700 cities around the world.

Uber will trade on the New York Stock Exchange under the ticker "UBER" sometime next month.

"We continue to view Lyft as a one-trick pony domestic ride sharing player and 'little brother' to Uber," Wedbush Securities equity research managing director Daniel Ives said Thursday in a note to investors.

Uber is "paving a similar road" to what Amazon did to [e-commerce](#) and Facebook did for [social media](#), he contended, expressing confidence in the company.

Amazon of transport

Uber envisions becoming the "Amazon of transportation" in a future where people share instead of owning vehicles.

If all goes to plan, commuters could ride an e-scooter to a transit station, take a train then grab an e-bike, ride share or e-scooter at the arriving station to complete a journey using the Uber smartphone app.

Of course, shared car rides would be an option, eventually driven by computers instead of humans.

Uber is also taking to the sky with an Elevate project to have electric aircraft carry people between "skyports," taking off and landing vertically.

Uber's platform moves cargo as well as people, with a "Freight" service that connects truckers with shippers in a way similar to how drivers connect with people seeking rides.

Uber is also seeing growing success with an "Eats" service that lets drivers make money delivering meals ordered from restaurants.

© 2019 AFP

Citation: Rideshare drivers strike as Uber poised to go public (2019, May 9) retrieved 26 April 2024 from <https://phys.org/news/2019-05-rideshare-drivers-uber-poised.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.