

German carmakers team up to tackle 21st Century challenges (Update)

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Traditional rivals BMW and Mercedes-Benz maker Daimler have joined forces to develop self-driving cars

German high-end car giants BMW and Mercedes-Benz maker Daimler are banding together to catch up with American and Chinese competitors, with new cooperation on multiple fronts including electric cars and self-driving technology.

Munich-based BMW and Stuttgart's Daimler have been locked for years

in a near neck-and-neck race to top sales charts in the global luxury car market.

But on Thursday the latest building block of a structure of collaboration fell into place, as the groups said they would work together to develop automated driving and driver assistance systems.

The plan is first to focus on so-called level three and four systems on an internationally-recognised scale for automated driving.

They will for now stop short of targeting level five—which would see the on-board computer take over completely from the human driver under all circumstances.

Rather, the hoped-for technology will at first offer driving and parking assistance and limited autonomy on motorways.

"Instead of individual, stand-alone solutions, we want to develop a reliable overall system," said Daimler board member Ola Källenius, who is set to take over from departing chief executive Dieter Zetsche in May.

Only a week before, the groups announced a one-billion-euro (\$1.1 billion) investment in combining their carsharing and other apps into a joint scheme.

Some 60 million users of 14 separate apps will in future be able to book short-term rentals, parking spots and electric charging points, taxi and chauffeur hailing and journey planning via the joint suite of services.

Ecosystem future

Such unprecedented partnerships "shows how even one-time rivals see a pressing problem" in amassing the mammoth investments and precious

expertise needed to meet future challenges in the car industry, expert Stefan Bratzel of Germany's Center for Automotive Management told AFP.

"Different universes" are meeting as traditional carmakers find high-tech firms like Google or Alibaba, mobility services firms like Uber and Didi and even telecoms firms racing to set industry-wide standards.

In the new environment, companies "are forced to cooperate," Bratzel said.

"Otherwise you just can't tackle certain questions, networking, building up ecosystems" that bind together different technologies, he added.

BMW already works with Intel and Fiat on self-driving cars, while Daimler has linked up with components supplier Bosch, aiming to test highly autonomous vehicles this year in the US.

"Being open to alliances to share the burden of investments is an economic necessity," said Bosch chief executive Volkmar Denner last month.

On Thursday, BMW and Daimler said "other technology companies and automotive manufacturers" could be invited aboard their self-driving scheme in future, while existing schemes would not be affected.

International competition

Germany's biggest carmaker Volkswagen has been notable by its absence from the flurry of alliances on new technology within the country's car industry.

Rumours of a far broader partnership taking in VW, BMW, Daimler,

Bosch and components builder Continental have yet to materialise.

And this week, the Wall Street Journal reported Wolfsburg-based Volkswagen was close to a deal on autonomous driving with Ford, after the two groups agreed in January to build vans together.

For now the Wolfsburg-based behemoth has partnered with Aurora, a startup manned by former Google, Tesla and Uber executives which has also secured financing from Amazon.

The names of Silicon Valley tech titans are tied closely to autonomous driving as they look to challenge historic incumbents on their own turf.

Google subsidiary Waymo—seen as one of the most advanced projects—is working with Fiat Chrysler and Jaguar Land Rover, while Tesla, Uber and Apple as well as China's Baidu is each pursuing the technology.

The newcomers are also treading on established manufacturers' toes with their offerings in areas like carsharing or electric mobility—although alliances are possible, as in Volkswagen's development of an "automotive cloud" digital platform.

Meanwhile the French and German governments are looking to strengthen the car industry and others by encouraging the emergence of European "champions", with a homegrown battery manufacturer for electric cars first on Paris and Berlin's wishlist.

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