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The E-boom Leads to Distribution Battles

The Covid-19 pandemic is giving the breakthrough of electric vehicles in Europe a powerful jump-start. By 2030, more than 40 million private electric vehicles (BEVs and PHEVs) will be registered in Europe. Automotive OEMs are converting their fleets at full speed – ultimately to meet the EU's climate targets. The willingness to buy electric vehicles is increasing rapidly, and the pandemic incentive packages from various governments give electric mobility an additional boost. Without the incentive measures, only 33 million registered electric vehicles would have been expected by 2030.

Thus, there should be no doubt that the age of internal combustion engine passenger cars will soon come to an end. The success of electric vehicles will be followed by a battle over the charging business, which is worth billions of euros. The rapid growth of BEVs has massive implications for the ecosystem around charging infrastructure and energy supply. The market volume of revenues from charging ecosystem will skyrocket to around 36 billion euros a year in 2030. This is equivalent to a sevenfold increase on the 2021 annual figure and implies a growth rate of round 25 % per year. Of these, around 15.7 billion euros will come from sales of hardware and installation of charging devices. In addition to these one-off revenues, 20.3 billion euros in recurring revenues will be

generated in 2030, for example, from operation of charging infrastructure or the increasingly important energy services. These are not cumulative values, but annual forecasts.

The conquest of electric mobility is opening up an entirely new ecosystem, which will offer highly attractive potential within just a few years and bring many competitors onto the scene: For hardware providers, car manufacturers, energy giants and traditional utilities, it is essential to explore as quickly as possible which services can be covered along the emerging value chain. Only those competitors that exploit economies of scale at an early stage will survive in the long term. It will be crucial for them to secure key roles along the value chain and benefit from their own strengths. At present, many competitors are facing high investment costs in order to gain a foothold in the race for the charging business. In fact, the goal for all players must be to capture a significant share of the new ecosystem as quickly as possible. The opportunities are large enough to take the risks into consideration. Taking both attractiveness and dynamics in the market into account, both speed and determination are essential for success. OEMs, in particular, whose aftersales businesses are being disrupted by the e-revolution, should secure their places in the e-ecosystem early by making investments and building alliances.