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Tech Giants' Entry

Pioneering innovations, new business models, outstanding design, intuitive operation and a lot of prestige are associated with Apple. This claim is based, in particular, on the iPhone, which turned several industries upside down and brought down big players. It is therefore hardly surprising that the concept of an Apple car has been causing excitement and fuelling fantasies for years. The entry of Apple and other tech giants' into mobility is about nothing less than dominating the ecosystem. The automotive industry has long been dominated by a few OEMs orchestrating a multitude of suppliers. However, that era is coming to an end. The automotive ecosystem is emerging anew, and the elements are already visible: The classic system is being supplemented with software and services, as well as by supplies for autonomous and electric driving – the combustion engine will disappear in the long term. Of particular importance is access to the end customer and mastery of disruptive technologies in the powertrain, as well as in automation and digitization.

Apple and Alphabet are in the special situation that they already have access to the end customer and their data, albeit in a different environment. The decisive question is therefore what role or what business model is being sought in the new ecosystem. This could be a lot clearer and easier to answer for Alphabet, since its pronounced strength in

deep learning, its existing business model, and the positioning of Waymo point to a position as a pure software player. Apple's profile to date, on the other hand, points more in the direction of an OEM: The strengths here are design, mastery of the ecosystem, and the integration of technical innovation. But building an advanced battery or a fancy infotainment interface won't be enough to replicate success in building an Apple car brand. The public expects a holistic revolution in driving, the experience of a vehicle and mobility. The rumors surrounding the Apple Car, which point in many directions, expose the complexity of the project here and are representative of the entire industry's struggle to find the right way forward.

For example, it still seems unclear whether Apple is looking for a contract manufacturer, as it did for the iPhone, or wants to build up its own production capacities like Tesla did. Similar questions arise for the vehicle base and drive components: Should the company push for a badge solution and upgrade a largely existing vehicle to an Apple vehicle, or see it as the basis for its own further developments? Apple is at a similar crossroads to that of OEMs. The giant from Cupertino will also have to measure itself against the balancing act between hardware, software competence, and the high expectations for new mobility services.