Building under Rolling Wheels

Dear Reader,

The brave new world of electric mobility is being overturned: According to Reuters and others, Foxconn has long been considering an entrance into automotive manufacturing and has now done just that with Fisker as a partner. The Taiwanese company is one of the largest manufacturers of electronic goods and a contract manufacturer for just about all electronic OEMs of distinction and name. The plan is to manufacture up to 150,000 vehicles per year from 2023 at a Foxconn site in the USA. Target price: 30,000 US dollars.

The news lays bare a trend for established automotive manufacturers: In the long term, there will be an increase in the number of fish in the pool; Tesla and Chinese manufacturers such as Geely and BYD were just the beginning. The entrance hurdle is getting lower, and the pressure is getting higher; both the migration toward electric mobility with simpler powertrains as well as “cheap” money due to low interest rates for the already profitable electronics companies make it possible. In other words, automotive OEMs will have to dress warmly in the long run because the previous level of protection due to the high level of investment required in production facilities is falling continuously, and so is that of the expensive R&D in the domain of the combustion engine and overall vehicle. Diametrically opposed to this are the more affordable and flexible designs of electric mobility platform concepts including their electronic and software components. An entrance from the electronic and software side seems logical due to the levels of competence, with a self-confident approach, or ignorance, toward the mechanical aspects

of a vehicle from chassis to NVH – or it is merely due to the assumption that this can be easily bought. It is possible, as witnessed in the aforementioned cooperation with Fisker and their expertise, and also in activities such as those at Magna for the Sony Vision-S. Only time will tell. In my view, a layer of players could form adjacent to the established vehicle manufacturers who offer the visions of start-ups, electronic manufacturers, and others as a service for three, four or more wheels – an opportunity for growth; however, one that would enforce higher levels of readiness and speed of change.

Contract manufacturing could also be a possible future (additional) positioning for one or more OEM: as a way to be able to continue producing competitively priced units instead of slowly but surely ending up under the wheels.

Enjoy reading this edition.

Robert Unseld

Robert Unseld
Responsible Editor

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