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The Dawn of Self-Driving Rideshares Has Already Arrived

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Over the past few weeks Uber, Waymo, and General Motors have solidified their commitments to the next-generation of transit, one that involves their autonomous vehicles and services moving people around the city with near effortless ease. While Uber announced the plan purchase of 24,000 Volvo SUVs for the self-driving fleets, GM set a target of 2019 for the launch of a self-driving ride-sharing fleet built on their Chevy Bolt EV platform. Meanwhile, Alphabet's Waymo subsidiary has announced their intent to launch a fully-autonomous, Uber-like ride hailing service on Arizona streets in early 2018.

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Experts from the San Francisco Bay area think tank RethinkX predict that by 2030 over 95% of all vehicle miles driven in the US will be driven by autonomous electric vehicles. Experts predict that this will largely be due to their low maintenance and fuel costs as well as the ability to continuously operate while not being used by their primary consumer. It's the ability for continuous use which Uber, Lyft, and now GM see as a new market for ride-sharing and on-demand rides as the next major marketplace for automotive industry

Not only does the shift towards autonomous ride-hailing services have practical implications for safety of consumers and the potential for a public-like transit system with near-zero downtime, there are profitable, business benefits with to AV ride-hailing platforms as well. Ride-hailing services on the roads now, including those offered by Uber Technologies Inc. and Lyft Inc., cost consumers about $2 to $3 a mile, due to the cost of drivers equaling about three quarters of revenue generated. Once the driver has been removed from the equation, some estimates project cost will drop below $1-per mile driven. GM's plan to get self-driving cars to market in large numbers is anticipated to drop the costs of ride-sharing under $1 a mile by 2025. Once that happens many anticipate that 75 percent of the miles people drive each year could be through sharing or hailing services. This means not only does the cost of delivering the service drop, but the cost to consumers drops and the potential revenue for providers increases as well.

But, the business side isn't solely in the space of getting people from A to B. While GM acknowledges they could bring in revenue of several-hundred thousand dollars over the lifetime of each autonomous car in a ride-hailing business, compared with about $30,000 per vehicle sold now, the value of data generated is potentially far more valuable. As many have seen with the data-analytics approach of Google, Facebook, and other tech-giants, the data collected is sometimes more valuable than the revenue from the services provided. The cars of the future will capture information about traffic, consumer habits, how delivery services work and even what happens in car accidents. This information could help manufacturers, insurance companies, cities, and other organizations in other spaces, including increasing safety and various commercial and industrial industries. It has the potential to assist cities with reducing congestion, help emergency vehicles navigate busy streets during emergencies, and even diagnose road conditions and repair needs in real time.

In their most recent investor presentation, General Motors stated that the "[Autonomous Vehicle] will change the world" and GM considers autonomous vehicles to be the "biggest business opportunity since the creation of the Internet," a market with a "multitrillion" dollar potential that goes hand-in-hand with electric vehicles. This market is so attractive it's brought in the likes of Google and Apple, and created a new economy of ride-hailing contractors which did not exist a mere 5 years ago.