

Electric vehicles: catalysts for growth

*Q&A with Rui Ferreira, Vice President, Electric
Vehicle Fleet, Evezy*

Autovista
Group.....

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Car subscriptions – a catalyst for EV growth?

Rui Ferreira, Vice President Electric Vehicle Fleet at EV subscription start-up Evezy discusses the company's unique business model, the impact the coronavirus crisis might have on car subscriptions and the challenges of working in an untypical start-up. Christof Engelskirchen, Chief Economist at Autovista Group leads the conversation.



*Christof Engelskirchen,
Autovista Group*

Christof: Evezy offers nearly new electric vehicles via a subscription model. How does it work?

Rui: Evezy is an all-inclusive electric vehicle subscription solution, with no deposit and no long-term commitment. Included in the subscription is the car, a network charging card (free electricity at 7,000 charge locations in the UK) insurance, maintenance (including tyres, servicing and applicable taxes. In essence, everything that you need to drive the vehicle.

For most consumers to convert to an EV, there are still too many unknowns. Not the technical concerns but how you live with and experience an electric vehicle. Range anxiety. Can I



Rui Ferreira, Evezy

Rui Ferreira was scheduled to be part of the judging panel for the TCO Awards 2020. While we are unable to bring you the face-to-face event, Autovista is still committed to bringing you the same great insight from our judges, as well as the speakers scheduled to speak at the co-located Auto Mobility LIVE 2020 conference. To stay up-to-date with all of Autovista's judge and speaker insights and plans for future events, register at: www.automobilitylive.com.

charge my car at home? Is it hard to plug the car in at a public charger? Are there enough public charging points out there? Evezy gives customers the opportunity to experience an electric vehicle, without the significant upfront cost nor the long-term financial commitment, so they can overcome any of these apprehensions.

We are a catalyst for the growth of electric vehicles. Evezy is the convergence of two disruptive trends in automotive industry; subscriptions services (e.g. Netflix, Spotify) and electrification: delivered through a fully digital experience. This is what makes Evezy uniquely positioned in the marketplace.

Christof: Have your customers made up their minds about wanting to drive an electric vehicle or do you need to still sell them the idea?

Rui: I see three types of customers. One type is the people that come to us with a specific short-term mobility need. They are not necessarily looking for an electric car, but they found us when looking for a subscription. That is probably the smallest portion of our customers and what accounts for most of our churn, of around 3% of our fleet on a monthly basis.

The second type of customer is driven by tremendous curiosity and interest in electric vehicles (far greater interest than I had understood myself before I joined Evezy) but are reluctant to make a long-term financial commitment. Since our subscription eliminates the initial acquisition cost barrier this customer base joins us, experiences the electric vehicle and then stays with us for a long period of time for the convenience of our service.

The third group of customers are those that want an EV ownership experience without the ownership hassle, where the Evezy subscription takes away all the bureaucracy of

owning a car (maintenance, servicing, insurance renewals, taxation, etc.).

Christof: The car industry seems to be amongst the hardest hit industries during and potentially after the coronavirus crisis. What do you think the impact will be during Q2 and Q3 2020?

Rui: When you compare this crisis to the one in 2008/2009 there is one aspect that is fundamentally different. It's been the general stopping of all economic activity and for the first time ever, the closing of automotive factories. That is going to make a significant difference. In the previous crises, automotive production continued, creating a surplus of new cars for which there was limited demand. This is not the case now, so I hope and believe there will be a quicker recovery, but the question is, to what level? Whether it is going to be 95% or 90%, I am not sure. Obviously, there are going to be sectors of the economy that are going to struggle more than others, such as entertainment and travel. This, in itself will have an impact on the economy and overall automotive demand.

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Christof: What are the trends you see emerging out of this crisis?

Rui: When you look at March [2020] new car registration data across Europe, it is clear that



electric vehicles continue to grow exponentially. A record 4.6% of the total market registrations in the UK were electric vehicles and that shift to electrification continues in all major European markets. I believe this trend will accelerate.

People will come away from this coronavirus experience with a greater consciousness of climate change, our environment, what is really going on in the world, what is important. We will be more conscious of what we need to do as individuals to protect our environment. That will generate even more focus on electric vehicles. Other mobility solutions may find greater challenges. For car sharing, it was already difficult to make the business case work across Europe.

There are reports coming from South Korea that people are shying away from public transportation, increasing demand for cars. The rental industry will suffer from a significant

impact as leisure travel will inevitably decrease this summer season and business travel will take a while to recover.

A full digital experience [is now desirable] for people looking to satisfying their mobility needs

A full digital experience [is now desirable] for people looking to satisfying their mobility needs. [This] is another trend that our business model will likely benefit from. The entire customer journey at Evezzy is digital. Download our app, take a picture of your driver's license, put in your credit card details and select a vehicle. Once your booking is completed, you can operate the car with the digital key in the Evezzy app.

Christof: There are now discussions around introducing scrappage schemes. Would you support the idea?

Rui: We are interested in having a healthy automotive industry, so yes. If you help move vehicles out of the funnel, there is an indirect positive influence for all of us. The usual transactions we see in the automotive market should then continue to take place.

Christof: Non-ownership business models may benefit from the crisis, as people will not have to make long-term commitments but will still be able to try all the options that there are for vehicle access. But what about the trend towards electrification. Is there a risk that it will stall?

Rui: No, I do not think so. I think it will be accelerated. For the reasons we mentioned before, plus the amount of investment that automakers have put behind electrification is just so large. It is beyond the point of no return.

The charging infrastructure is also growing quickly across Europe and financial commitments have been made to build it up. The train has left the station.

Christof: Would you say that a subscription model makes more sense for the electric vehicle than for the internal combustion engine vehicle?

Rui: Absolutely. Subscription models for electric vehicles eliminate the fear associated with electrification from the consumer's eyes.

Christof: For Evezy's subscription model to work well, what areas are you focusing in operationally? Where do your challenges lie?

Rui: Purely from an operational point of view, we are quite fortunate, because the entire experience is digital. We do not require or have almost any brick and mortar operations. We have a number of specialised suppliers

that we rely upon for vehicle movements and vehicle preparation, so our ability to scale up is quite high. Our challenge is that we are not a typical start-up. Funding is something that we've had to work on quite hard, because it is not common for a small start-up to have so many assets on its balance sheet.

Christof: What positions held earlier in your career have defined you?

Rui: One was in the early 2000s, being the Managing Director for part of the Balkan countries: Slovenia, Croatia and Bosnia Herzegovina, at General Motors.

That was the first time in my career that I had to use various learnings and experiences across the different areas of sales, marketing, finance and place them together under one roof.

My years at Hertz were incredibly insightful, being part of the senior management team, understanding the dynamics of large corporations. And the sheer scale and size of the operations was impressive and very defining.

Christof: What put you on the path to Evezy?

Rui: Around the year 2000, when I was responsible for the dealer network development for all the GM brands, it was in those days already quite apparent that the traditional dealership model was going to struggle in the future. That the actual supply chain process of selling vehicle to the end user fundamentally had not changed in 100 years. It was getting harder and harder to justify all the huge investments that dealers were having to make to be able to sell cars.

When I left Hertz, having the freedom to do some consultancy I focused on what my passion was. All my attention was on mobility and that is when I found Evezy.

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