

CES 2020 Preview: Uber Elevate's Plan to Bring Ride-Sharing to the Sky

|
6 hours ago

Since its inception in 2009, Uber has been synonymous with the sharing economy, both the good (easy access to a ride) and the bad (worker exploitation). In the past decade, Uber has grown beyond ride-sharing into food delivery with Uber Eats, cargo and shipping with Uber Freight—and in the next five years, it's aiming for the sky.

At the 2020 Consumer Electronics Show in Las Vegas, Eric Allison, who heads up Uber's air ambitions as chief of Uber Elevate, will appear on several panels and is expected to discuss the future of air travel.

The company has previously announced that this year it will begin testing Uber Air, an on-demand service that'll offer travelers an option similar to a helicopter: an electric vertical takeoff and landing aircraft (eVTOL).

While it remains to be seen what Uber Elevate will contribute to CES, in 2019 the ride-sharing company unveiled a prototype of its aircraft manufactured by Bell Helicopter called the Nexus.

Like its ride-sharing business—which has yet to turn a profit—Uber Elevate's ambition is complex, given the economics of air service. By the third quarter of this year, Uber provided 1.7 billion rides and food deliveries, but reported over \$1 billion in net losses. At the same time, Uber Eats saw

revenue grow from \$394 million to \$645 million, an increase of 64%.

While it's unclear what exactly it'll be flying, Uber Elevate hopes to test its vehicles in Dallas, Los Angeles and Melbourne, Australia.

Adjacent to Uber Air, Uber Elevate rolled out the Uber Copter this summer in New York, flying passengers between Lower Manhattan and JFK International Airport in Queens for about \$200 to \$225 a ride. But a helicopter service differs greatly from Uber Elevate's ambition of being entirely electric and, one day, autonomous.

According to Uber, by 2023, Elevate expects its service to be fully operational in one of the three test cities, with potentially 20 to 50 aircraft. Between 2024 and 2028, that could grow to as large as 25 cities with more than 100 aircraft. But, according to an Uber spokesperson, "timing, locations and footprint" will be in flux based on the tests it will start this year.

"Their timeline is incredibly ambitious, not because the technology is challenging—it is challenging—but the confidence that they can negotiate with every municipality everywhere they're going to want to put a heliport. The complexity of that is staggering," said Brad Berens, chief strategy officer for the Center for the Digital Future. "Even if you're getting four people per aircraft at \$90 a pop, that doesn't seem like enough money."

But, as Berens pointed out, Uber's strategy with Elevate differs from its ride-sharing service.

Instead of cleverly evading law enforcement where its ride-sharing service was discouraged, Uber Elevate has hosted an annual summit since 2017, inviting members of the Federal Aviation Administration and the aerospace community alongside Uber's own leadership.

“They are doing this in a different way than they did with ground transportation, not because they learned any particular lessons but because they don’t have any other options,” Berens said.

So far, Uber has partnered with companies like Boeing and NASA, as well as a bevy of private airplane manufacturers, to realize an electric vehicle that meets its requirements and ambitions.

“The transportation they are trying to create doesn’t exist. Not only would they have to solve standard regulation problems like licensing, they have to envision a new type of vehicle,” said Michael Ramsey, a Gartner analyst focusing on autonomous vehicles.

It’s also unclear who will own the vehicles. And even with the right vehicle, it still might not make a difference: A thousand people transported daily in Los Angeles or New York won’t make a dent in cities with populations of 4 million and 8.6 million, respectively.

“There are real limits to the value,” Ramsey said. “Maybe it’s valuable to a certain subsegment, but in terms of changing society and making things better, this doesn’t change all that much. What really makes a difference is having the subways run on time.”

<https://www.adweek.com/brand-marketing/uber-elevate-ambitions-flight-sharing/>