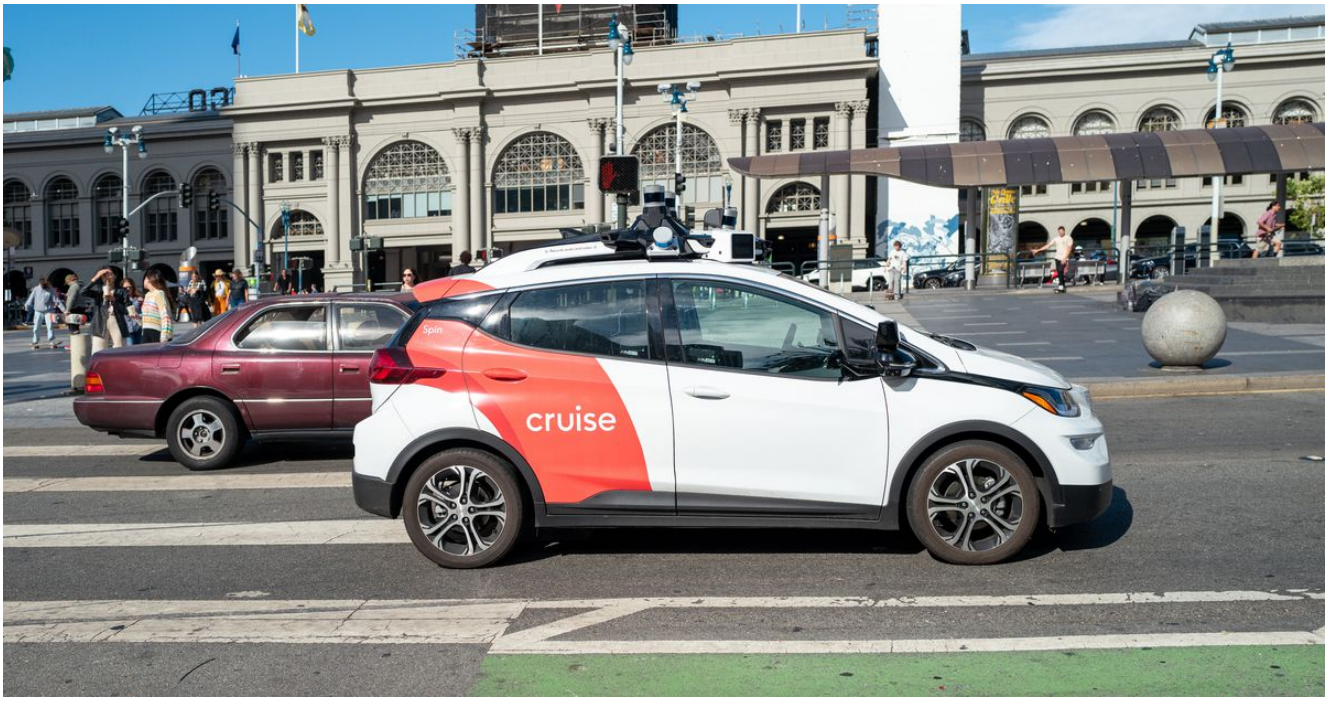
Cruise’s robotaxi service will likely shut down as GM pulls its funding



General Motors said it would no longer fund its Cruise robotaxi service as it seeks to focus its spending on autonomous vehicle development specifically for personally owned vehicles. Now Cruise employees will be combined with GM’s internal teams working on advanced driver assist systems, like Super Cruise, as well as its project to develop autonomous vehicles to sell to customers for personal use.

Ultimately, the project became too expensive for GM to justify the huge amounts of money spent to prop it up. And the automaker found it increasingly difficult to convince its shareholders that the money-losing operation would eventually pay off. The robotaxi subsidiary lost a staggering $3.48 billion in 2023 and has been seen by some as an albatross for the automaker, sucking up cash and lacking a clear path to profits.

“Given the considerable time and expense required to scale a

robotaxi business in an increasingly competitive market, combining forces would be more efficient and therefore consistent with our capital allocation priorities," GM CEO Mary Barra said in a call with investors Tuesday evening.

It's likely that GM's move will result in layoffs at Cruise, though none are being announced right now. What is clear is that Cruise's testing in Arizona and Texas will pause as the company decides its next move. GM will need to repurchase its remaining shares of Cruise (the automaker owns 90 percent of the company), and then Cruise's board will determine the next steps, which include restructuring, layoffs, or simply shutting down.

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GM's decision to scrap its robotaxi business comes after years of profligate spending in the hopes of creating a new mobility division that could bring in new revenues for the company. The automaker has invested approximately $10 billion in Cruise since first acquiring it in 2016, Barra said.

"You've got to really understand: the cost of running a robotaxi fleet, which is is fairly significant, [is] not our core business," she added.

Cruise's commercial robotaxi service has been on hiatus since October 2023, when one of its driverless vehicles in San Francisco struck and then dragged a pedestrian over 20 feet, severely injuring her. The company has since resumed autonomous testing with safety drivers in Arizona and Texas and had planned to relaunch in California as well.

But even as other automakers cut their losses, Barra doubled down. In 2022, she took the stage at the annual Consumer Electronics Show and boldly declared that GM would sell fully autonomous vehicles to regular people by the middle of the decade. (It seems unlikely the company will meet that deadline.) And while investors have encouraged GM to cut their

losses with Cruise, she has stuck by the project. This past year, Barra has directed a reorganization at Cruise, ousting its founders and replacing them with auto and tech industry veterans.

When it finishes acquiring the remaining shares, GM anticipates achieving cost savings of $1 billion annually, GM chief financial officer Paul Jacobson said.

https://www.theverge.com/2024/12/10/24318259/gm-cruise-shutdown-robotaxi-super-cruise