



# The We generation: Volkswagen has big plans for its digital app ecosystem including retail tie-ups and Function as a Service (FaaS) in near future

Volkswagen has been steadily building up the capabilities of its digital We platform. The company was at the WebSummit 2018 expo in Lisbon, Portugal, to increase the number of partners and developers contributing to its growing portfolio of digital services. Paul Fisher met&nbsp;Christoph Hohmann, head of customer experience and communication at Volkswagen We, to&nbsp;discuss how digital services will bring new opportunities for OEMs.&nbsp;

PF: Volkswagen We is described as a "vision beyond the car", can you tell us what this means?

CH: It's a digital sub brand intended to create an ecosystem for mobility of the future.&nbsp;We realised we can't do this on our own, we can't hide behind thick walls and create true mobility services on our own. It's one of the reasons we are at WebSummit, to get partners. Quite simply, everybody's invited to join We and create new services and fill this ecosystem with us.

We&nbsp;have started many partnerships, with IBM for Watson artificial intelligence technology, Google for Quantum Computing and with Microsoft for our operating system.&nbsp;So we're partnering with big tech companies but we are also partnering with start-ups, one of which won space at our booth here as part of a competition.&nbsp;

On top of that we have opened offices in Berlin and in Tel Aviv to go "start up scouting", and created incubators where start ups get space in our offices, free housing and financial backing to work on their ideas with us.&nbsp;And this really is what We is all about; being joined up. We invite everybody to help us create services for this digital ecosystem.

Can you give us some examples of what has been created so far?

We Parking is a cashless way of paying for parking, and will also show you where there is a free parking space and price it by the second.&nbsp;We Share is a service we should start in June 2019 in Berlin - a very innovative car sharing service. I can't tell you exactly how but it will be very different



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from what the competition is currently offering. We Experience is an in-car service that will deliver AI-based (artificial intelligence) retail offers from merchant partners like petrol stations or coffee chains, which can be passed onto friends and family and also a reward scheme. We Deliver allows you to turn the trunk of your car into a parcel delivery station. So if you're not at home, you can get your packages securely placed in the car. No more missed parcels! We Connect will connect any VW Group car going back to 2008, to all the new services with a plug-in dongle - a bit like turning an old TV into a smart TV. And finally, We Charge is going to be an innovative charging service for our new all-electric vehicles arriving next year.

And are you working with rivals like Ford, Daimler or BMW on certain things or is it purely for the VW Group only?

Well in the press recently you've seen a lot of talk about the new co-operation with Ford, and you know in the past we've already worked for Ford on cars, like the Galaxy/Sharan MPV - that was the same car built in the same factory. You will see an announcement with them again soon, but it might also include other things, not just cars.

People are openly talking about the end of car ownership, but do you think that the future is different and people will still own cars?

I hope so! I like cars so I'm probably biased but I still think cars are more than just a means of transport. There's always another dimension, enjoyment and a sense of purpose, of family time. So for these other purposes car ownership will still be interesting and relevant, but it may also vary between different age groups and regions. I lived in China for a while, and there the car is still one of the most important status symbols. When people leave their hometown to go work in the big cities, they want to come home with a flash new car. This is a very big part of the success story too show to their friends and neighbours at home. Whether it will be like that forever I don't know, but I think there's still this joy in driving and owning a car and it's not going to go away quickly, but there will be different patterns of change in different regions and among different kinds of audiences and target groups.



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Do you think Sweden, the UK and other countries were too quick to put OEMs on notice to phase out petrol and diesel cars, that the EV deadlines are too soon?&nbsp;

When a new technology arrives you have three dimensions to it. The&nbsp;first dimension is what is technically possible, and when you talk about CO2 emission levels you need to take that into account.&nbsp;Then you need to take into account: what does the customer really want? The electric car has been around for a long time but only now is it becoming technologically feasible because the batteries are getting better and cheaper. And&nbsp;then the third element is legislation or emergency regulation, and that's a bit of a chicken and egg thing.

In the past, customers would say, well I would drive an electric car if only you gave me a proper solution but the manufacturers would say as long as diesel is being heavily subsidised, which in many European countries it still is, people want diesel so we have to give them diesel. I think governments need to give a clear path, clear direction and reliable time frames and realistic goals. That's what everybody needs in the car industry: clear priorities that are also stable and predictable and within achievable time frames.&nbsp;We value regulation and legislation to give us guidance but what's not so good is if it's keeps changing, that makes it more difficult.

Do you feel that European OEMs are at a disadvantage because most of the battery technology is being developed in China? You might have to move production to China to serve that market?

I think the European OEMs have been looking at this individually as well as, to some extent, collectively.&nbsp;Also, European governments have been looking at in and there is some interest in having manufacturing in Europe for batteries for geo strategic reasons, and for technological competency reasons. It's a catch-up game that and it will need a lot of investment.&nbsp;

So probably it will be too big for one individual manufacturer to do alone but cross OEM collaboration is difficult to orchestrate. But I think it's probably a good idea to be less dependent on suppliers, in critical parts of the industry.&nbsp;In principle, to have core competences in-house is a



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good thing. Perhaps there will be some sort of consortium, a concerted effort between European governments and European manufacturers to establish this somehow, but I repeat, European multi-stakeholder projects like that are not easy to orchestrate.

So where does We and digital services go from here? Will we see options such as heated seats activated over the air on a subscription or rental basis?

This will happen. Tesla is already doing this with a battery that can be upgraded for extra speed through an aftermarket, paid-for software update. We call this Function as a Service (FaaS) or Features on Demand (FoD). It's not without risk of course, building lots of hardware features such as heated seats into cars that may only be used rarely on a rental basis could be costly for the OEMs. But I think we will see very different models – it will likely be services rather than hardware offered. This could be very profitable if consumers are able to add new features and downloads to their cars that weren't available when they bought them - much like smartphone apps. It also means that new services can come to older models. It's an exciting time.

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