

Uber in South Africa

American University of Beirut Consulting Team

Asiya, Matt, Narine, Souraya

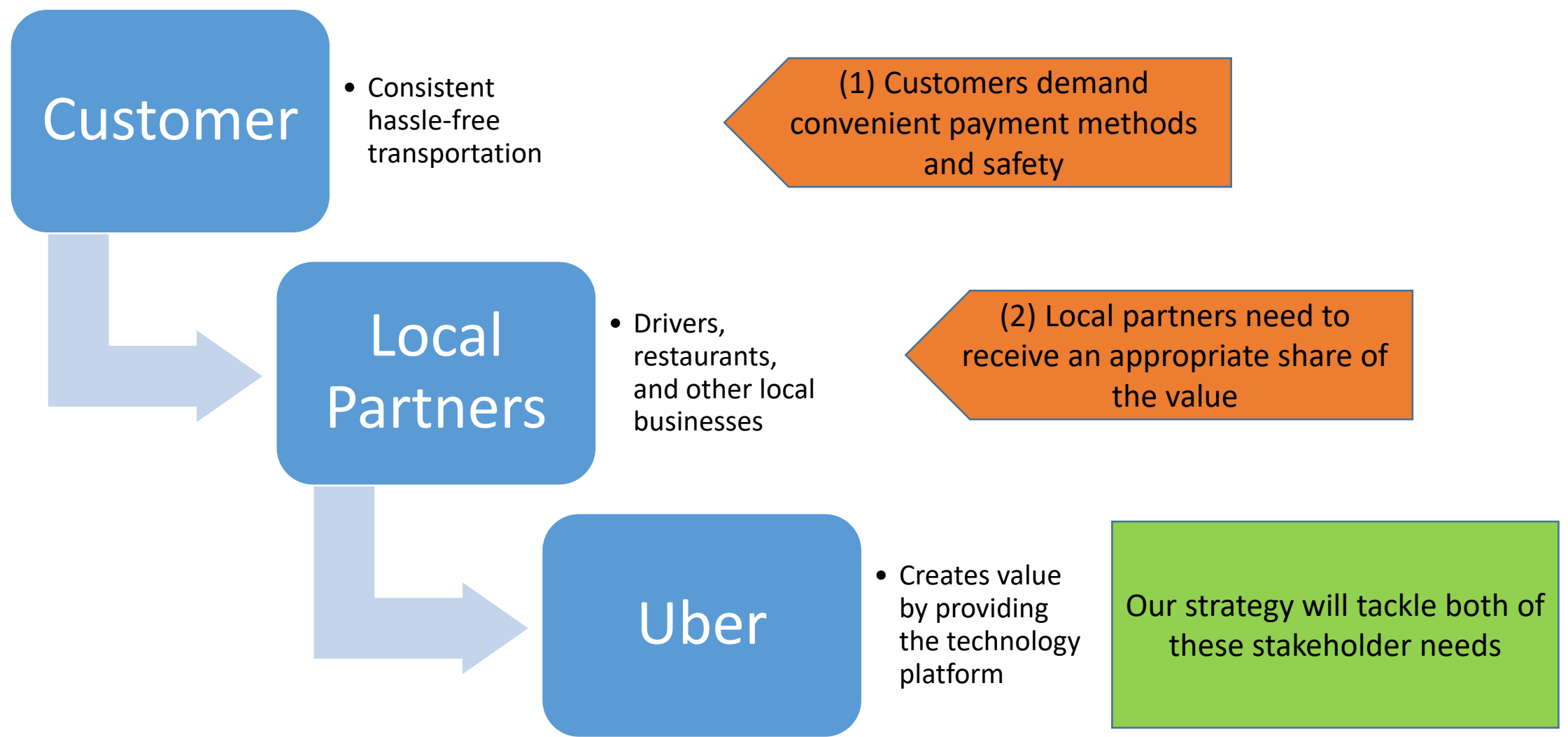
Uber in South Africa is facing backlash from disrupting the local transportation market

Our turnaround strategy responds to customer needs and creates new value for local partners by:

1. Competitive remuneration for drivers
2. Mobile payments
3. Expanding Uber Eats and other value-added services
4. Embedding safety to the core of Uber South Africa



Uber Value Chain



Alternatives

Business as Usual

- No change in business model

Alternative Business Strategy

- Tackle pricing, payment, safety, and competition

Withdrawal from South Africa

- Cut the losses and exit the market

Analysis

Recommendation

Implementation

Risks & Mitigation

Evaluation of Alternatives

| Criteria | Business as Usual | Alternative Business Model | Withdrawal |
|-------------------|-------------------|----------------------------|------------|
| Profitability | - | + | N/A |
| New opportunities | + | ++ | - |
| Risk | - | - | + |
| Total | - | ++ | Neutral |

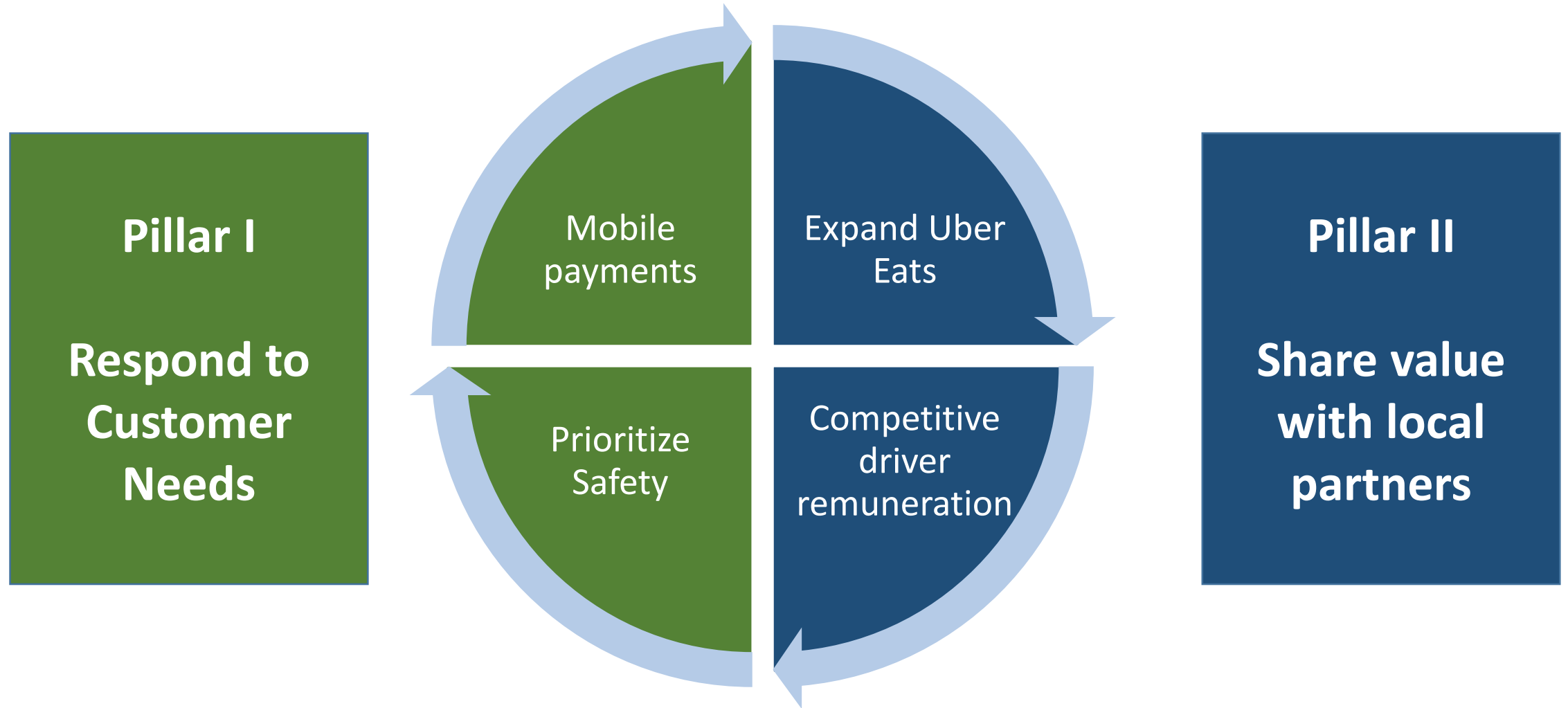
Analysis

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Risks & Mitigation

Two Pillar Strategy

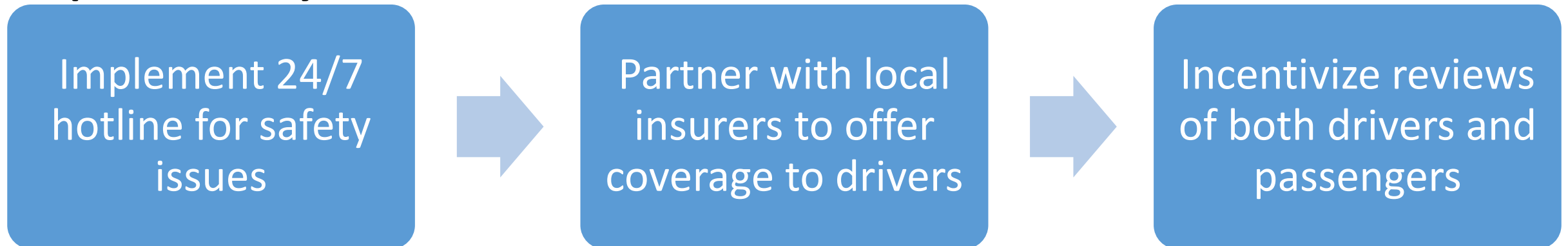


1: Respond to Customer Needs

Introduce Mobile Payment System



Improve Safety for Riders & Drivers



Analysis

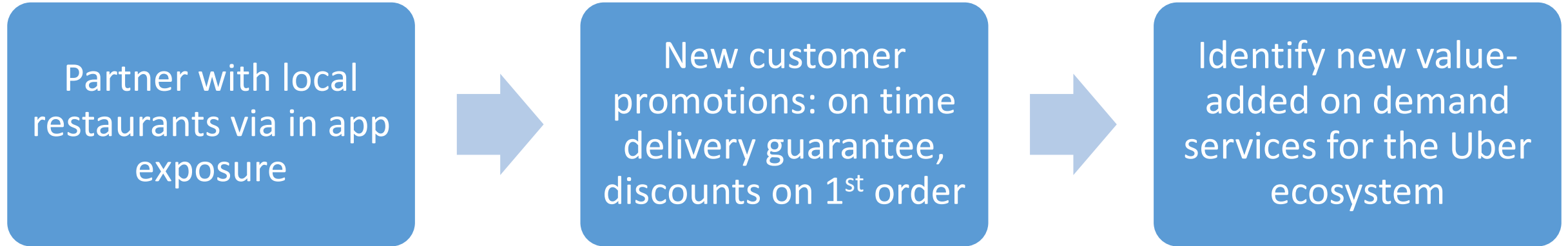
Recommendation

Implementation

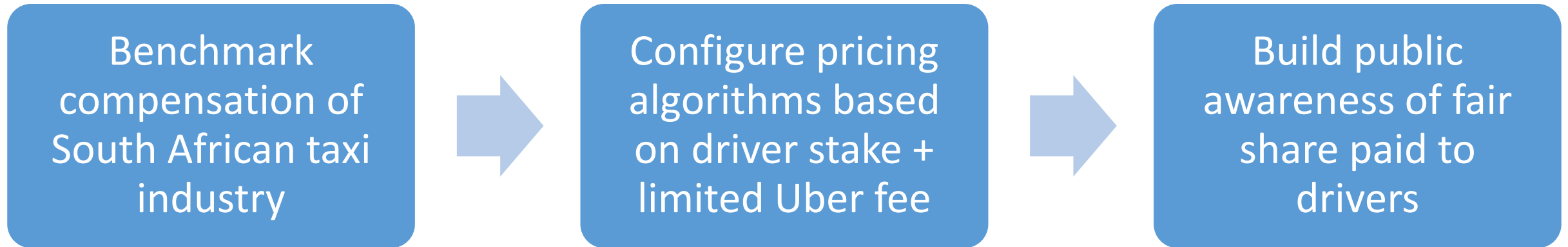
Risks & Mitigation

1: Share Value with Local Partners

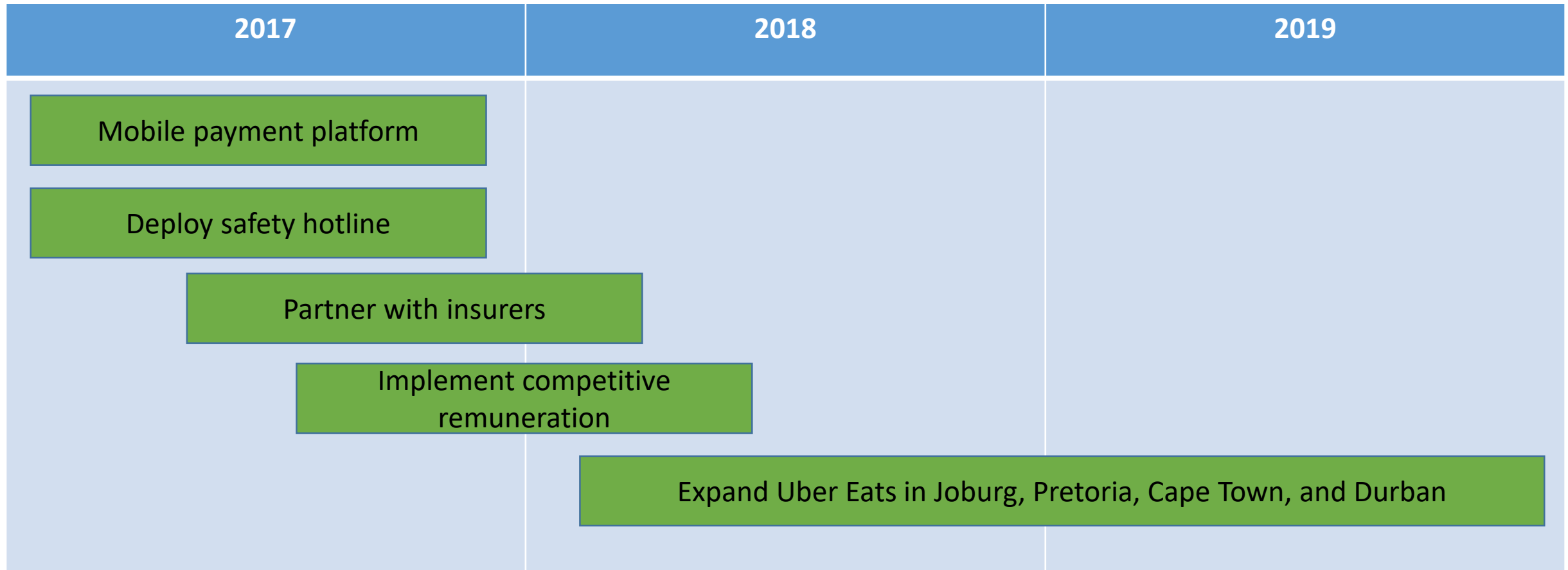
Double Number of Restaurants in Uber Eats



Competitive Driver Remuneration



Timeline



Financials – Revenues from Regular Taxi Service

Total taxi using
population = 7,075
units

Target share
captured by Uber =
30% = 2,123 units

Price per ride =
\$5/ride

Driver share =
\$4.5/ride

Uber share (10%) =
\$0.5/ride

Total revenues =
 $2,123 * 0.5 = \$1,062$ per
unit ride

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Financials – Costs

| Costs Incurred | Total in \$ |
|--|--------------------|
| Mobile payment partnership with local telecommunication provider | 1,000,000 |
| Modifying the app to include advertisement for partner restaurants | 50,000 |
| Acquiring new drivers (competitive remuneration) | 1,000,000 |
| Advertising and Promotion (including share of partner restaurants) | 2,000,000 |
| Insurance costs | 1,500,000 |
| Total Costs | 5,550,000 |

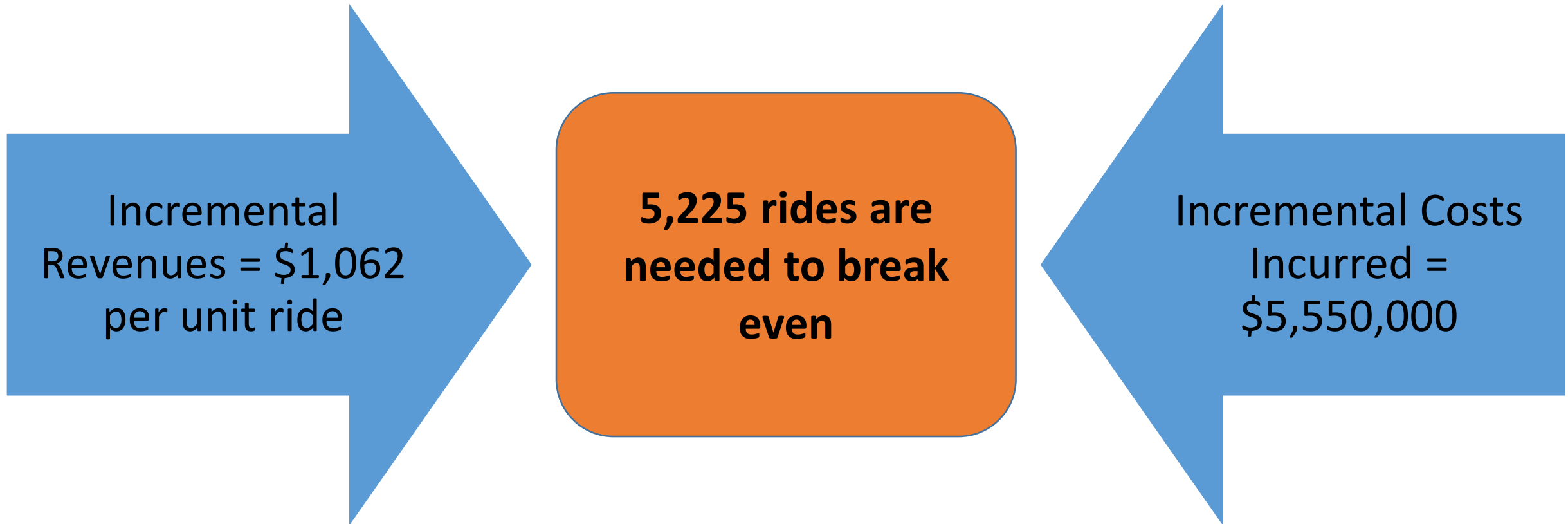
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Financials – Breakeven Analysis



Analysis

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Risks & Mitigation

Risks and Mitigation

| Risk | Probability | Impact | Mitigation |
|--|-------------|--------|---|
| Persistently low market share | Low | High | Expand into more B2B services and if needed subsidize drivers |
| Ongoing safety incidents | Medium | High | Raise awareness about the hotline and ensure direct connection to local police department |
| Persistent competition from Zebra cabs | Medium | Medium | Consider joint venture with Zebra cabs |

Analysis

Recommendation

Implementation

Risks & Mitigation

Uber in South Africa can recover from its current crises by responding to customer needs and creating new value for local partners via:

1. Competitive remuneration for drivers
2. Mobile payments
3. Expanding Uber Eats and other value-added services
4. Embedding safety to the core of Uber South Africa

Thank you!

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