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Uber in South Africa

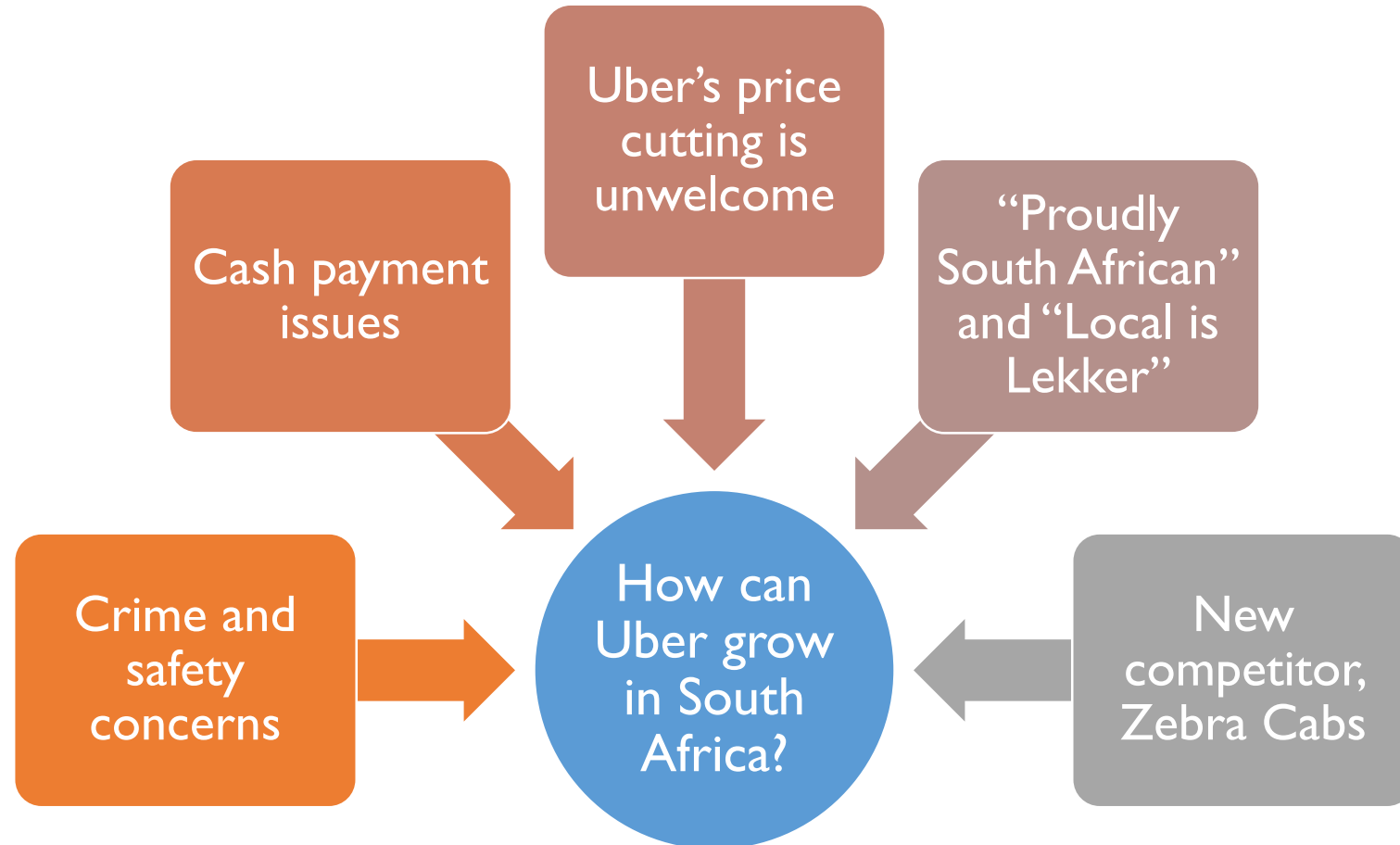
South African Strategy Team presentation to International Uber Team

University of Toronto - Rotman

Agenda

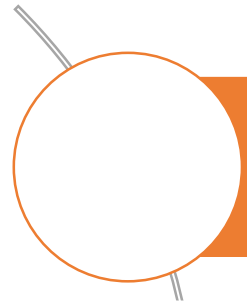
1. Challenge
2. Recommendation
3. Background
4. Analysis
5. Strategy
6. Financials
7. Risks & Mitigations

Uber is facing challenges in their South African operations and must decide to continue “business as usual”, pull out, or change their strategy



Recommendation: Uber should compete in the South African market should adapt to the local market with an alternative business strategy

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I. Offer a safer prepayment system

Recommendation: Uber should compete in the South African market should adapt to the local market with an alternative business strategy



1. Offer a safer prepayment system



2. Develop an innovative driver recruitment strategy

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1. Offer a safer prepayment system

2. Develop an innovative driver recruitment strategy

3. Acquire Zebra Car for mutually beneficial growth

The history of riding with Uber

Past

- Founded in 2009 by Travis Kalanick & Garrett Camp
- Technology platform connecting driver-partners with riders
- Rating based system
- Rapid growth

Present

- Worldwide service availabilities
- Increased service offerings, UberEats, etc.
- Disrupting taxi industry

Future

- Growing by offering service availability in developing nations
- Disrupting multiple industries

To continue to operate in the South African market, Uber must adopt to the following challenges...

- P** Politically stable, although challenging market.
- E** History of taxi-turf warfare. High use of public transportation. One of the most economically developed countries on the African continent with economic divide between rich and poor.
- S** Strong movement to support national and local industries, 'Proudly South African'. High crime and low employment opportunities encourages entrepreneurial individuals to enter the public transportation sector.
- T** Lower use of credit cards.
- L** Uber has a large legal team to lobby and fight against competitors.

Uber in South Africa makes sense because of South Africa's economic and social growth

South Africa is the most economically developed in the continent

Africa has potential for a huge market

Over 50% use taxi's as a transportation method, representing a great opportunity

Uber's new competitor, Zebra Cabs, has capabilities that are complementary to Uber

	Uber	Zebra Cabs
Company	Incumbent, global player facing challenges in South Africa	New entrant, but strongly promotes local
Strengths and Capabilities	<ul style="list-style-type: none">• Internationally recognized brand• High liquidity• Proven technological system• Strong lobby/legal team	<ul style="list-style-type: none">• Proudly local• Increased safety for women
Weaknesses	<ul style="list-style-type: none">• Little to no support for local heritage	<ul style="list-style-type: none">• Low cash as new business

Strategy Overview: Compete in the South Africa market by providing safe transportation and empowering the local community

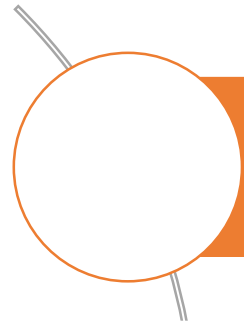


1. Offer a safer prepayment system

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Strategy Overview: Compete in the South Africa market by providing safe transportation and empowering the local community



I. Offer a safer prepayment system

Cash payment is currently a major safety concern for Uber in South Africa

South African customers aren't using credit cards

Drivers at the risk of being robbed when they carry cash

Drivers risk not being paid when they accept cash

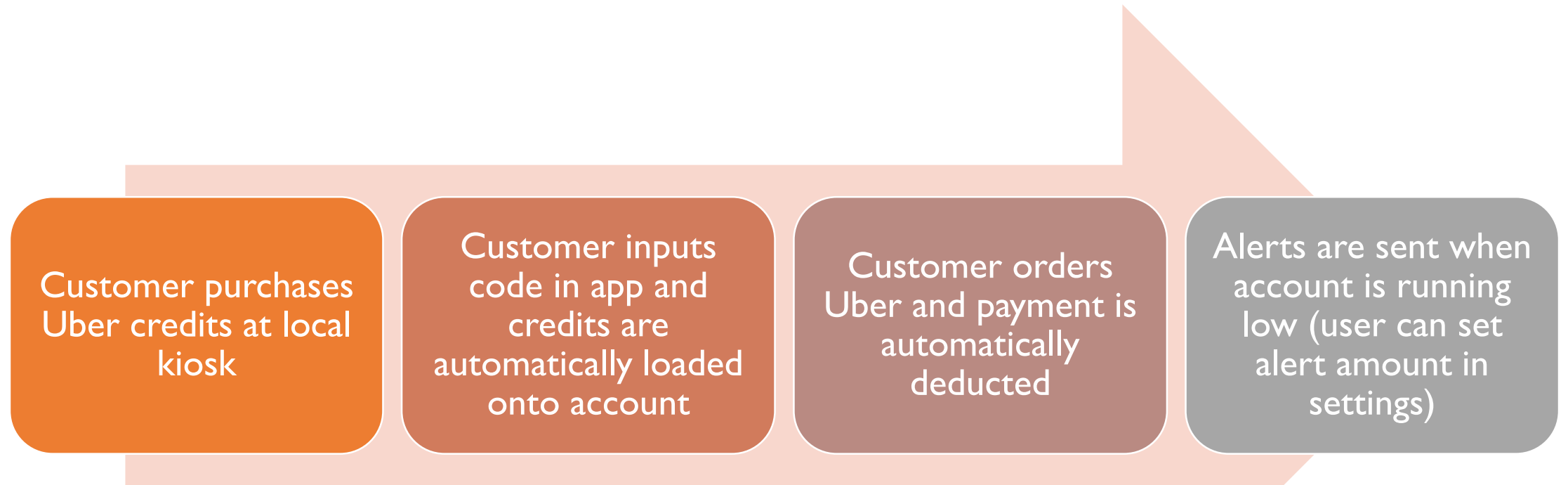
Establishing a prepaid method will be more inclusive for riders and address safety/payment concerns for drivers

Inclusion for
customers
without credit
cards

Improves safety
for both drivers
and passengers

Removes the
need for drivers
to collect cash
from passengers

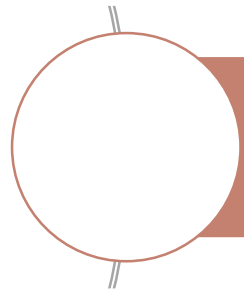
How prepaid will work



Resources & capabilities required:

1. Local stores and partnerships for kiosks
2. App adjustments, superior tech
3. Recognized international brand and strong lobby

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2. Develop a robust driver recruitment process

Uber can turn the tides on local drivers and riders

Taxi drivers are currently dissatisfied and riders feel unsafe in the Uber driving environments.

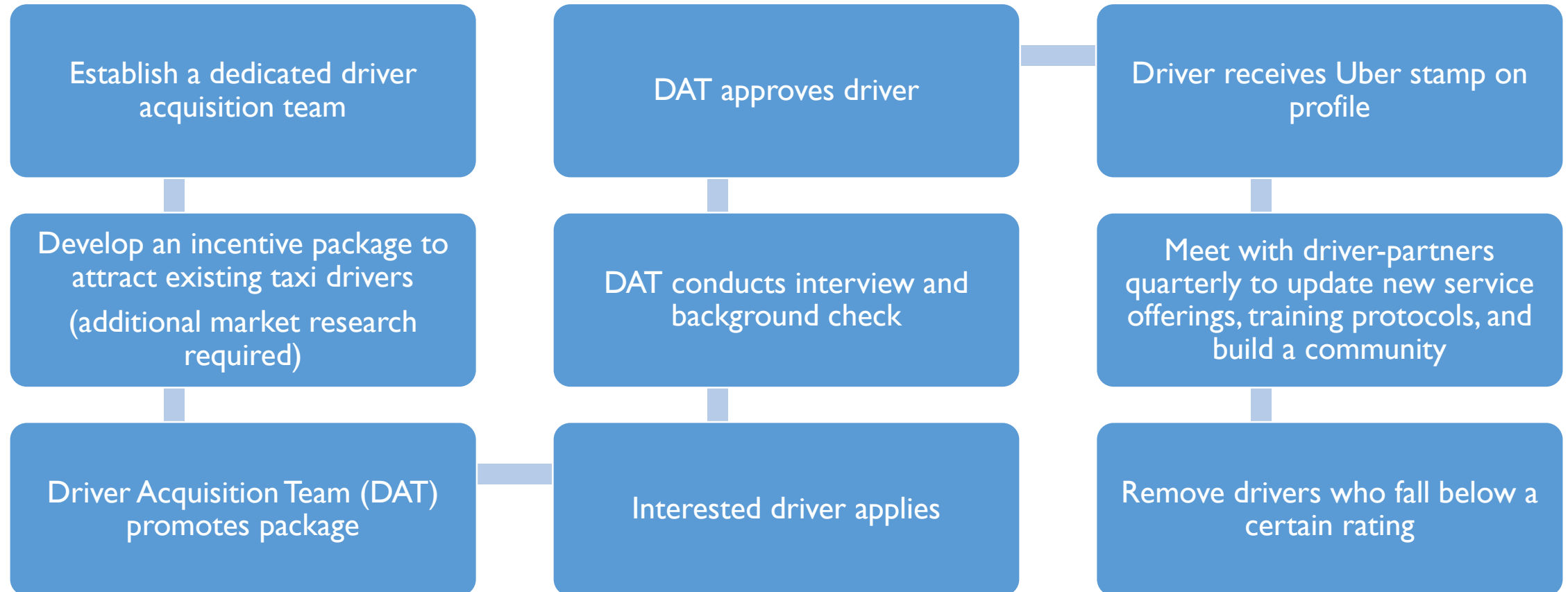
Leverage the local taxi talent and recruit them to join Uber

Uber pays a higher commission

Local taxi drivers help support national pride and employment

How to encourage drivers to become partners

Through a nine step recruitment process we will be a loyal base of driver-partners

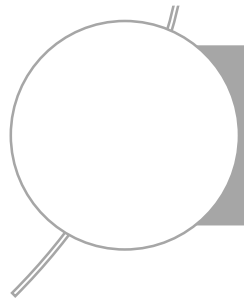


How we will make riders feel safe with Uber

Uber is well equipped to execute a rigorous recruitment process to ensure the safety of its riders.

Requirements	Resources & Capabilities
DAT	High liquidity High demand for Uber jobs
Screening process	Local connections with government (background checks & lobbying)
Platform update for approval stamp	Superior technology

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3. Acquire Zebra Car for mutually beneficial growth

Zebra poses to be a threat to Uber's market share in South Africa

Local heritage: "Proudly South African"

Offers a range of payment options, including in-car debit systems

Exclusive service for women

Uber can gain market share and Zebra's strengths through an acquisition

Empower
successful
entrepreneurs

Promotes and
supports local
pride

Leverages
local
knowledge
and talent

Uber will acquire Zebra Car by:



When conducting a valuation of Zebra Cab:

Ensure net present value price is positive

Consider cost of capital

Assumed growth rates

Projected revenues

Brand value

Costs

Synergies

Current market share

Multiples

Risks & Mitigations

Pre-payment services are slow to lift off

- Revise offerings to align with local customs
- Meet with banking officials to determine alternative options

Locals are less interested in joining the driver-partner system

- Offer higher incentives for the short run
- Drive competitors out of business then raise driver fees / profit margins

Zebra refuses to sell

- Lower rates for customers
- Increase marketing efforts
- Drive Zebra out of business

Summary: Uber will win in the South Africa market by providing safe transportation and empowering the local community



1. Offering a safer prepayment system

2. Developing a robust driver recruitment process

3. Acquiring Zebra Car for mutually beneficial growth



Thank you.

We welcome your questions.