Teo Taxi

Business Analysis

Table of Contents

01 **Part 1**
Strategy & Environment

02 **Part 2**
BMC & Values

03 **Part 3**
Challenges

04 **Part 4**
Megatrends

05 **Part 5**
Ecosystem

Part 1

Given our **current strategic position**, what are the key aspects of the broader **macro and industry environment** that we might need to understand better, or in more depth?

Vision

Modernization of taxi industry and urban transportation

Red Ocean Strategy

(Kim & Mauborgne, 2005)

Taxi Industry

(Porter, 2008)

Threat of new entrant - Low

High barrier for entry

- Strict government regulations for cars & drivers
- High invest, to create own fleet

Bargaining power of customers - High

- Need quick and good-quality services
- Low switching cost for customers

Internal rivalry - High

- Lots of existing taxi companies
- Customers not loyal to one brand

Bargaining power of suppliers - Medium Low

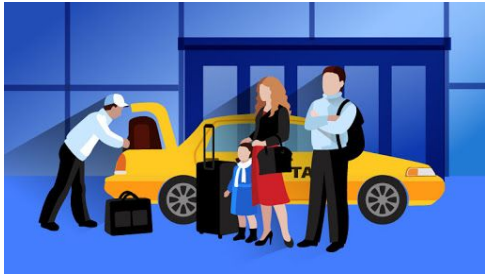
- Less training hours required to become taxi driver
- Employing drivers from diverse profile

Threat of substitute - High

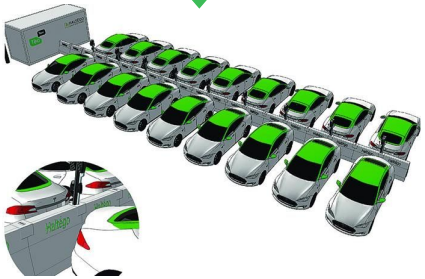
- Uber - quick service
- Other taxi service providers

Strategic Position

Differentiation & CSR



Good-quality customer service



Fleet of EVs

Decent wages and improved working conditions for drivers

Macro Environment

Political

Legal

- Government providing **less subsidies** to buy EVs (approx CA$8,000 per car)
- **Strict regulation** to get driver's license and taxi driver's permit (150 hours of training reduced to 35 hours of training)
- **High cost** to acquire taxi driver's permit (CA$178,000)
- **Limited number of taxi** (no more than 20 cabs)
- **Price regulation** (CA$3.75 - initial fee, CA$0.75 - price/km & CA$0.65 - price/minute waited)

Macro Environment

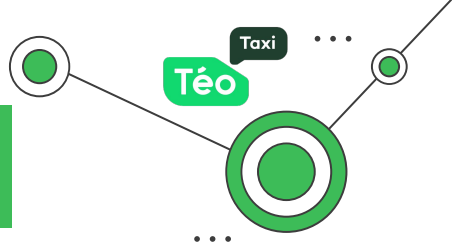
Technological

- New technology of EVs - **high cost**
- Less number of **charging stations**
- State-of-the-art **algorithm** to match supply and demand

Environmental

- **Climate change**: eco-friendly cars
- Less **awareness** among customers and government

Insights



01 Differentiation

strategy is required to beat the competitors

02 Strict government regulations

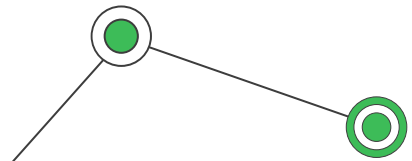
make it difficult to charge high value for differentiation

03 Inadequate awareness

among government and customer results in poor infrastructure and less demand

04 Technological advancement

in EV industry can assist to obtain sustainable business



Part 2

Critique our **business model** and analyse how effectively our company creates, captures and delivers **value**.

Key Partners

- Taxi permit owners
- Dialekta: digital advertising agency
- Orleans Express: intercity transit company

Key Activities

Operate a fleet to provide transport service.

- Maintain cars and equipment
- Train drivers
- Coordinate supply with demand to reduce time without client

Key Resources

- 125 electric cars
- 15 charging outlets
- 2 garages
- In-car equipment

Value Propositions

- Eco-friendly
- Good service
- Ethical for employee
- Revenue contributes to local economy

Customer Relationships

Aim to build long term relationship with customer

Channels

- Mobile phone app
- Website

Customer Segments

- Individual segment
- Corporation segment tried but failed

Cost Structure

Main cost:

- Employee/driver's salary
- Electricity
- Cab owner and taxi driver permits
- Vehicle depreciation

Revenue Streams

Providing transport service

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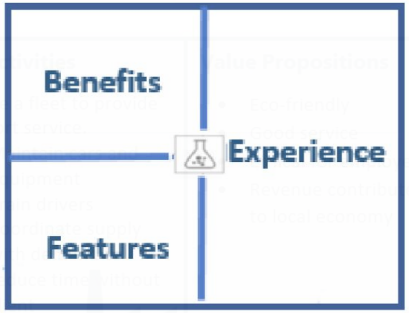

Value proposition

Customer

- Eco-friendly: using EVs
- Employee-based model
- High-quality service
- Good for local economy

- Need: quick and good service
- Fear: being late

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Revenue Streams

Providing transport service

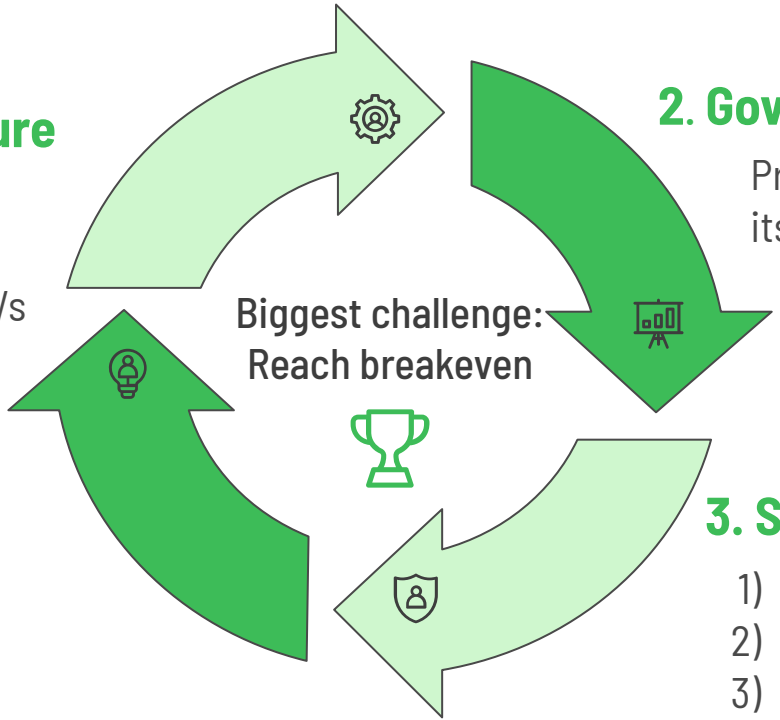
Part 3

What are the **biggest challenges** in our current competitive landscape? Which **competitors** should we be most concerned about, and **how** should we **respond to them**?

Challenges

1. Pricy cost structure

1) Costly taxes
2) High expense of owning a fleet of EVs
3) Employee benefits



2. Government restrict regulations

Prohibit Teo Taxi from increasing its price

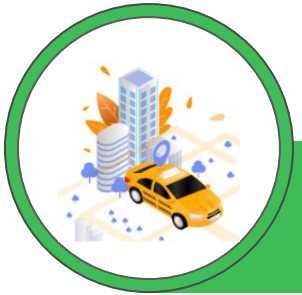
3. Synchronize supply and demand

1) A lack of charging stations
2) Long waiting time
3) Underestimated the idling time of its EVs

Competitor – Uber

	Uber	Teo Taxi
Price Policy	Dynamic	Strict Regulations
Tax	No Taxes	High Taxes
Business Model	Mutual	Employee-based
Customer Service	Unwarrantable	Quality Service
Working Condition	Bad (no schedules, insurances, or paid vacation time)	Superior

Competitor – Traditional Taxi



(Motaghi & Tremblay, 2018)

	Traditional Taxi	Teo Taxi
Source of Energy	Fossil fuels 100,000 tons of greenhouse gases/year	Electricity
Technology	Aging infrastructure Safety issues No technologies to optimize distribution	Free Wi-Fi access Security camera Cloud & App-based system
Business Model	Comprise 5 distinct models	Employee-based
Working Condition	Long working hrs Without vacations Diverse revenue streams & cost structure	Superior
Customer Service	Poor Reputation	Quality Service

Responses to Uber

Price Policy & Tax

→ **Tax relief**, **better subsidies** and **price de-regulation**

Business Model & Working Condition

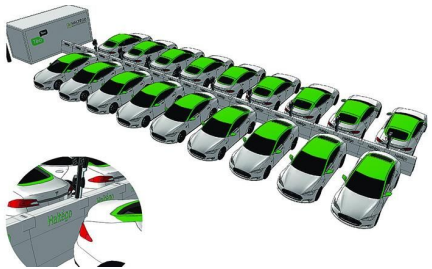
→ **Leasing** rather than buying EVs

→ Encourage EV owners to join Teo Taxi as a **full-time** or **part-time** with better salary and benefits than Uber

Customer Service

→ Cooperate with the government to **increase public interest** in electric taxi with **quality customer service**

Other Responses



Increase the number of **drivers and cars** to **reduce wait time** and **improve service coverage**

Cooperate with other EV companies (eg: Tesla, Nissan, Kia) to establish the **common-use charging stations**

Alternative services (eg: food delivering)

Part 4

Which two of the University of Sydney's SBI **Megatrends** are most likely to impact the business going forward? Why these two? How should we respond?

Megatrends in Sync with Teo Taxi

01

Impactful technology

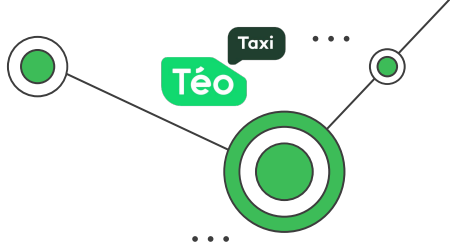
Route optimization enables business to **improve productivity and personalised service**

02

Climate change and resource security

Aids **growth of urban transportation** and is well aligned with tapping consumers who seek **sustainable alternatives**

The Power of AI and Machine Learning



01

Algorithms

A mere algorithm could make NYC taxi 4 times more efficient

02

Driver verification and ML to avoid incidents

Serves as a tool to provide unique buying motivation to consumers and address safety concerns

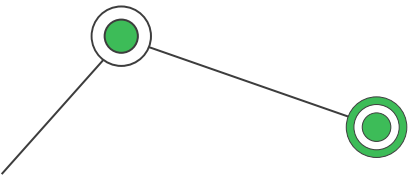
03

Self-driving technology

Could be a possible threat but due to low adoption rate, isn't a direct threat

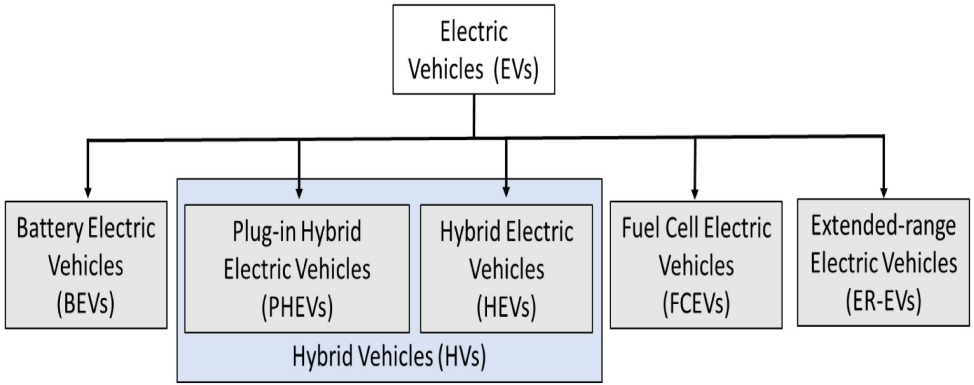
04

AI enabled tools will generate $2.9 trillion in business value

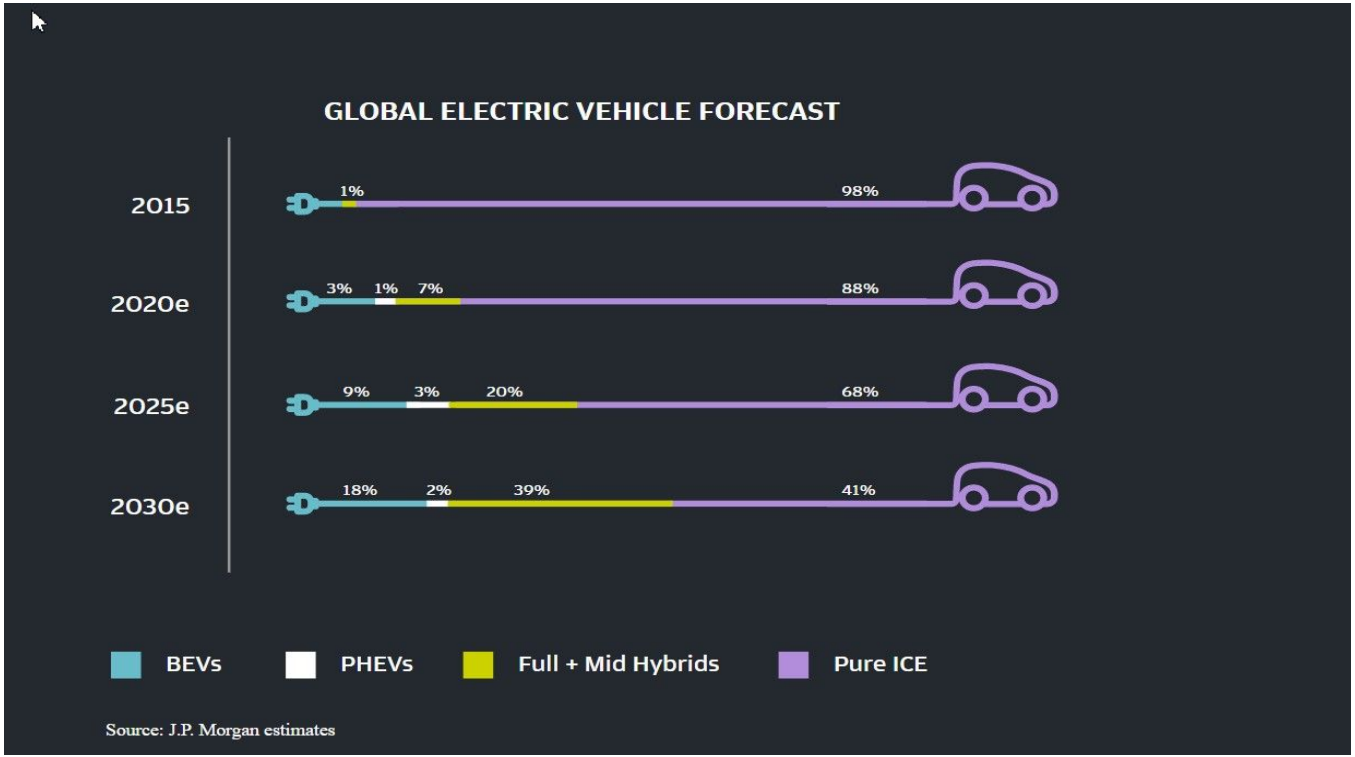


Impact of innovation on EVs

- **Driving range** - Technology of Tesla and benefit Teo Taxi's operation chain
- **Charging time**
- **Battery cost**
- **Bulk and weight**



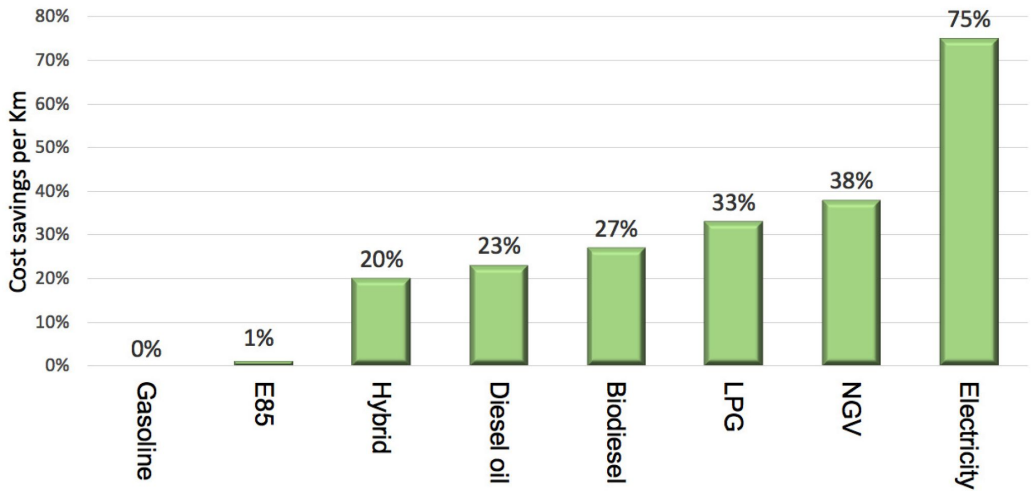
Shifting Gears to EVs



Climate Change and Resource Security

Features of this Megatrend:

1. Zero emissions
2. Simplicity
3. Reliability
4. Cost
5. Comfort
6. Efficiency
7. Accessibility
8. Local service and no sharing of profits

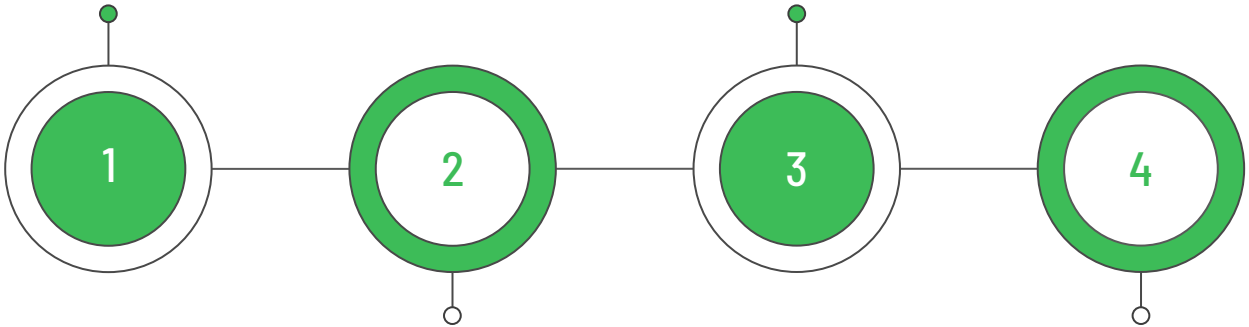


(Sanguesa et al., 2021)

Impact of Climate Change and Resource Security

Loss of insurance coverage

Rise in fuel and energy prices



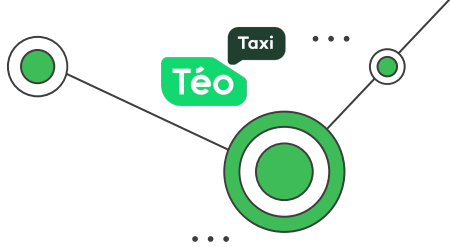
New sustainable business opportunities

Aids growth of companies vision and mission

Part 5

What are the main **transformational forces** redefining the industry and shaping its **ecosystem**? How should we respond to ensure ongoing success and mitigate risks over the next 10 years?

Transportation Ecosystem



Passengers/Goods

Public Transport

Trains, buses, ferries, others

Shared Transport

Micromobility, ride hailing, ride sharing, car sharing

Private Transport

Bikes, scooters, private vehicles, others

Vehicle Manufacturers

Tesla, Nissan, Kia, others

Impactful Technology

Teo Taxi

↑

EV Manufacturers

Tesla, Nissan, Kia, others

Cons

- Long charging time
- Lack of charging infrastructure

→

- Charge EVs in advance
- Predict demand

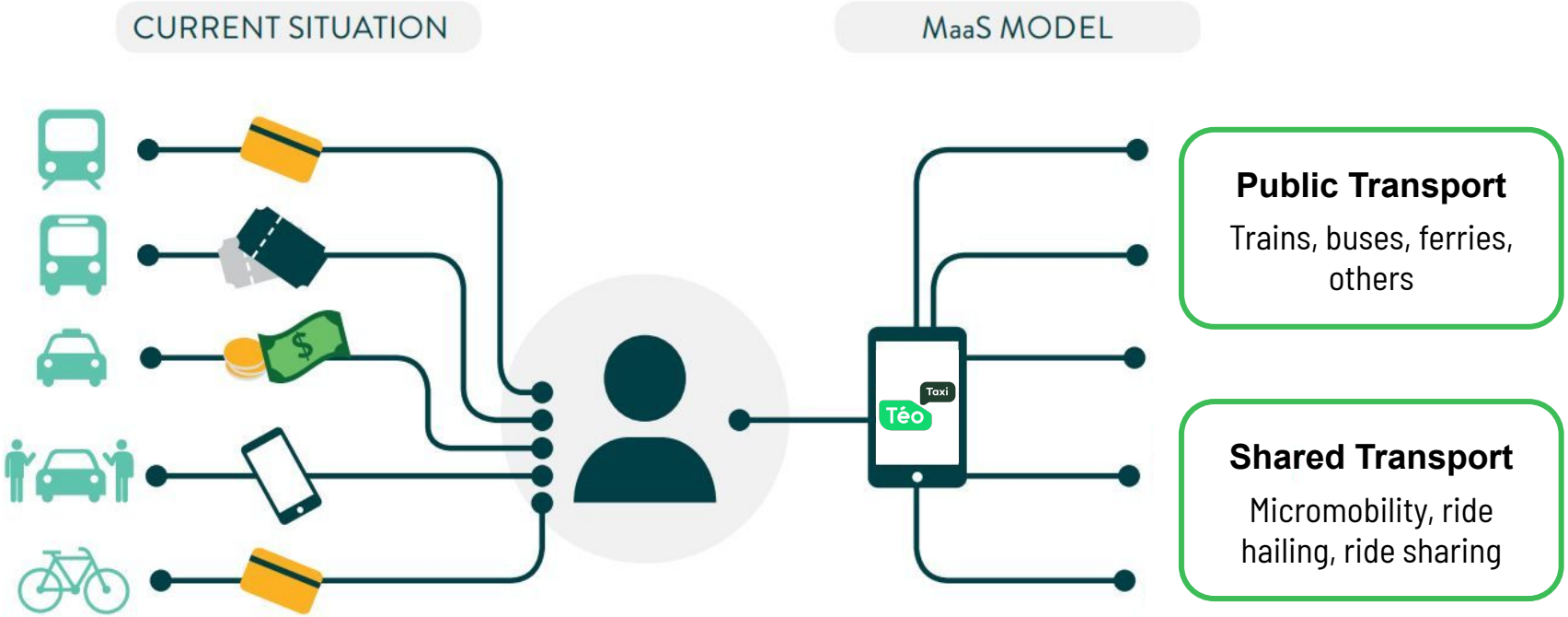
- **Limited driving range**

→

- Cooperate with Tesla and carry extra battery
- Mobility as a Service

Suggestions

Mobility as a Service



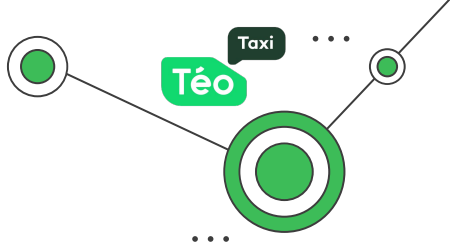
Public Transport

Trains, buses, ferries, others

Shared Transport

Micromobility, ride hailing, ride sharing

Disrupt Car Ownership



	Short Distance	Medium Distance	Long Distance
Distance	0-5 miles	5-15 miles	15+ miles
Travel Mode	Micromobility	Ride hailing	Ride sharing
Vehicles	Electric bikes and scooters	EVs	Tesla S with extra battery
	+ Public transport + Special needs		

(Binder, 2018)

Ecosystem

MaaS MODEL

Public Transport

Trains, buses, ferries, others

→ **Passengers**

Shared Transport

Micromobility, ride hailing, ride sharing

→ **Passengers** → Collaborate with hotels, airports

→ **Goods** → **Foods**

→ **Packages**

Long-term: Climate Change

Key to Success

Government's support to shift people's minds to more sustainable and eco-friendly dimensions

Benefits

- Decrease car ownership
- Save fossil fuels
- Decrease vehicle exhaust emissions
- Positively contribute to climate change

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Thank you

Q&A