



Automotive echoes

🕒 June 21, 2016 📁 Features 👤 Richard Jefferies

The mere mention of 'automotive' in Australia typically triggers an allergic reaction, so we won't be talking about it ... much.

That said, a glance in the rear view mirror gives us two truths as a starting point to move on beyond 'old automotive business-as-usual':

- Swapping conspiracy theories and finger pointing is a futile exercise, as we're counting down to the final shifts of traditional vehicle assembly operations. We're at where we're at.
- Willing customers are the vital starting point, and not some inconvenient statistical factor in an otherwise inspirational narrative.



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Let's stay with customers, collectively known as 'markets'. Global demand for Light Duty Vehicles – cars, vans and derivatives such as utes – is on a 2.5 times growth trajectory 2002-2030 that will require 'the industry' (in whatever future form) to supply tens of millions of extra units every year.

The customer base is not shrinking – and 75% of this stellar growth is happening in non-OECD markets. 'Commercial geographies' – production operations, supply chains and channels-to-market – will be quite distinct from the *modus operandi* of the first automotive century.

Ambitious and agile players can therefore target a share of additional volumes – the market pie is getting bigger. It's also very different. If we fast forward from 'old automotive business-as-usual' the next place we land should be more than just 'new automotive'.

Let's call this brave new world 'New Mobility'

Customer aspirations, needs and wishes are unquestionably evolving fast – driven by demographics, accelerating urbanisation, and ever more pressing imperatives on the alternative fuels / clean energy question.

'Mobility' is all about the movement of people and the delivery of goods and many services. Economies, industries and communities run on 'Mobility' – it's not optional, and it certainly cannot afford to be a licence for inefficiencies or profligacy in resource consumption. Paradoxically, the needs and interests of oil producing and oil consuming economies are increasingly convergent on future perspectives for sustainable transportation.

'New Mobility' has at its core 'E-Mobility'

What? Just about avoiding the skidpan of buzzwords, marketeers will recite 'Easy-Mobility', 'Energy-Mobility' or 'Eco-Mobility'. It's all those things, but primarily '**Electro-Mobility**' looks like the dawn of a new era of motoring, just 100 years on from The Detroit Electric car that broke new ground, had customer appeal in the face of high gasoline prices and then faded against the march of ever more efficient Internal Combustion Engines and the Wall Street Crash.

There is compelling evidence that E-Mobility is now becoming mainstream, with existing and new companies being taken very seriously. It's possible that a big Establishment player – cutting corners on emissions – has given the ramping up of E-Mobility an extra nudge, but the momentum was already building.

For now, we'll tag 'E-Mobility' as a catch-all covering Plug-In Electric Vehicles, Range-Extended Hybrids and potentially also Fuel Cell Vehicles – all 'EVs'. Granted, zero tailpipe emissions are not in all cases zero absolute emissions, but – for megacities in Asia or South America – detoxing gridlocked traffic systems depends on having nothing noxious coming out of a tailpipe. Clean power generation, plus a significant de-centralised or off-grid renewable energy content for recharging EVs, are massive opportunities that derive from taking the initiative in E-Mobility.

So now we're talking about some kind of 'green business'?

Not as such. We're focussed on deploying cutting-edge science and state-of-the-art technologies – both abundant in Australia if we work out how to activate them – for mobility products and

solutions on a commercial scale. That market volume part of the equation – multiplying ‘Clean Tech’ product offerings – then delivers ultra-low emissions on an absolute scale, optimises resource consumption and makes a positive contribution to the climate conundrum.

That still doesn’t make it a green business looking for customers, but timely positioning for a market-facing, entrepreneurial play results in ‘green deliverables’ – not to mention a range of qualified jobs across the entire advanced manufacturing cycle and owning some very useful know-how.

What’s any of this got to do with Australia?

- **Accessible growth markets exist** with volumes and dynamics we can realistically chase as our geography can now be turned to our (competitive) advantage – we are neither too small nor too remote.
- **We have capabilities and untapped potential in key design and manufacturing areas:** power- and drivetrain elements / advanced materials / lightweighting for volume production / 3D & AM, et al underpinning hype-free claims to ‘cutting-edge’ – mediocrity is never worth the trip!
- Being at where we’re at is a 2-sided coin: old-style assembly locations are no longer set in stone, and new manufacturing technologies are recasting supply chains and cluster configurations as we speak.
- The country that invented fast Wi-Fi and the black box Flight Data Recorder surely has great credentials as a pro-activist in the operating infrastructure for E-Mobility: hacker-proof ultra-connectivity, anyone?

Can we do it?

- **Capacity building is best achieved with ‘international friends’, i.e. highly collaborative development and commercialisation partnerships.**
- BUT we need to pass the ‘are they serious test?’ as a safe destination for FDI and players-of-choice in quality, long-term alliances.
- Key to that is a robust national ‘can-do mindset’. Admiring a pioneering new entrant from Silicon Valley who took on Detroit, or new business models for ride share / ‘wheels on demand’, is fine – but only to read the signals before rolling up our collective sleeves and launching our own initiatives.

The opportunity – to be missed, or grasped with both hands – is far greater than ‘just E-Cars. Orbiting the wheeled projectiles of ‘New Mobility’ – whatever they’re labelled when much of the driving may be done by chips, sensors and algorithms – are the synergy planets of integrated transport systems, renewable energy supply, energy-smart CBDs, new retail business models for ‘Mobility’ vs. ‘Cars’ and more ...

See you on the starting grid!

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