

Moving Forward – Mobility in Flux

This article reflects the status at the time of its publication. The content may since have become outdated.

28/08/2020 Empty airports and train stations and the suspension of car production—the Covid-19 pandemic brought mobility to a halt in many parts of the world. The CEOs of leading mobility companies look to the future.

When the Covid-19 pandemic got underway, most airplanes were grounded and cruise ships were docked. Trains, trams, and buses often kept running, although with considerably fewer passengers and comprehensive social distancing measures. Car makers and suppliers were compelled to suspend production because of disruptions to their supply chains. In this edition of the Porsche Consulting magazine, company leaders describe how they responded to the difficult situation and what they expect for the future.

Marcopolo: Rethinking Mobility as a System

“Since we have industrial operations in eight countries and export to about forty countries, the biggest challenge of the pandemic was to adjust our business strategy to confront the new scenario. The peak of the pandemic occurred at different times in these countries, and we were forced to temporarily suspend the operation of most plants in Brazil and abroad. We had envisioned 2020 to become the most successful year ever in the history of the company and had hiring plans. Instead, we needed to furlough some of our staff and to reduce journeys and salaries. Personally, another great challenge was to mobilize leadership to face this new scenario and, fortunately, we were successful.

In response to the adverse scenario caused by the Covid-19 pandemic, Marcopolo extended the duration of the order book and quickly focused efforts on two major fronts: cost adequacy and cash preservation, as well as developing alternatives to enable our clients to operate safely again, with the launch of the Marcopolo BioSafe platform. This is a series of biosafety solutions developed to make public transportation safer against virus and bacteria contamination and to regain passengers' confidence that they will have adequate sanitary conditions when travelling.

Global mobility is undergoing profound changes, regardless of the pandemic. Public transportation systems in large cities are on the verge of collapse, so it is necessary to rethink the system and find new ways of planning cities and people's locomotion. Therefore, last year we created Marcopolo Next, an innovation division focused on developing solutions for the future of mobility, aligned with our 2025 strategic plan.

That's because we think of mobility as a system encompassing urban planning, modals, and various means of transportation—not just the bus, which is our core business. We believe that in this way, we can implement the transformation for our sector that we strive for—by raising the levels of competitiveness and sustainability of the various players, while adding to the comfort, safety, speed, and convenience of public transportation.”

The Marcopolo Group ...

... is a Brazilian multinational corporation and among the world's largest bus body and component manufacturers. With 14,000 employees at fifteen plants in Brazil and in other countries across the five continents, the company produces bus bodies and components for various brands and bus types ranging from large coaches for tourism and intercity travel to city buses and microbuses. In 2019, the Group achieved results of USD 790 million.

Leipziger Verkehrsbetriebe: Advancing the transformation of transportation

“The pandemic is hitting the economy hard, and the mobility sector especially so. As a public transportation company, we saw demand for our services drop dramatically, by 75 percent. But we lived up to our responsibilities. We adapted our services to keep transportation running for people doing essential work. And we had to take the right steps to protect our employees. At the same time, our passengers showed a high degree of solidarity, which I personally found very heartening. Like all companies, we are now facing the challenge of finding our bearings in this new reality.

Our goal is to take this as an opportunity. That includes adjusting our services to meet demand and working to regain the confidence of our customers. The mobility sector has therefore launched a campaign called #BesserWeiter (“BetterFurther”). It focuses on the employees, because without their commitment and confidence we would not have been able to handle the crisis.

And our work remains the same for the future—we want to bring about a shift to sustainable transportation in Germany. Public transportation is one of the answers and solutions needed to ensure environmentally friendly mobility and favorable living conditions in Germany.”

Leipziger Verkehrsbetriebe (LVB) ...

... is the public transportation company for Leipzig and the surrounding region. It has played a role in the development of this eastern German city for more than 140 years. With a tight network of thirteen tram and forty-six bus lines serving more than 150 million passengers a year, LVB is one of Germany’s largest transportation companies. An app and twenty-six mobility stations at highly frequented stops link tram and bus services to bike and car-sharing options as well as taxis. The company uses electric vehicles, and also operates charging stations for electric cars.

Kölner Verkehrs-Betriebe: Regaining passenger confidence

“The coronavirus pandemic has had a huge impact on our operations. Passenger numbers were way down for a while. They’re now back to an average of 50 to 60 percent of where they were, and somewhat higher on a few lines, but we’re still far from normal.

It was a huge challenge for all our employees to deal with this extraordinary situation, but we succeeded in keeping Cologne in motion during that critical time. Along with keeping our services running, our highest priority was and continues to be protecting the health of our employees and our passengers to the greatest degree possible. For example, we’ve installed protective screens for our bus drivers, distributed disinfectants and masks to our employees, done additional cleaning and disinfecting of our vehicles, provided masks to our passengers, made sure the masks are worn, and much more. We can

say that the vast majority of our passengers are responding to this difficult situation in a very responsible way.

The big challenge will be to regain people's confidence such that they take buses and trains again without hesitation. Various studies have shown that public transportation is safe, and it's now a matter of getting this message out. One step in that direction is the extensive country-wide publicity campaign called #BesserWeiter ("BetterFurther"), launched jointly by the federal and state governments, local umbrella organizations, and members of the Association of German Transport Companies (VDV) like us.

But of course it's also a matter of overcoming the enormous economic repercussions of the pandemic, which affect the entire sector. And we have to refocus public attention on the important role of public transportation in reducing air pollution and protecting the climate, in order to achieve the urgently needed goal of transforming transportation."

Kölner Verkehrs-Betriebe ...

... provides public transportation in Cologne and the surrounding area, with more than 700 vehicles on twelve municipal rail and sixty-nine bus lines. In 2019, the company reported a record number of 286 million passenger trips. Its network in this metropolis on the Rhine comprises 700 kilometers of bus and rail lines. It also operates 1,500 rental bikes.

DB Station&Service: Investing to make stations safe and inviting

"We at DB are pleased to see that more people are now taking trains again. In order for all our passengers to feel safe and at ease at our stations, we're focusing on hygiene, cleanliness, and social distancing. We were quick to shorten our cleaning intervals. Monitors, announcements, and posters remind everyone of the new rules. And we've installed plexiglass screens to protect both our staff and customers.

We're also testing innovative processes like using UV-A light to disinfect the hand rails on escalators. All our employees who have contact with customers wear masks. Our Group-wide campaign entitled "Safe travel. We'll get there together." is showing passengers that rail travel is safe during this difficult period if everyone pulls together. We're working together to increase the percentage of train travel, as part of a concerted effort to transform the transportation sector."

DB Station&Service AG ...

... operates, builds, and develops train stations in Germany. With around 6,000 employees, it welcomes about twenty-one million travelers and visitors every day at 5,400 stations, and enables 120 different rail companies to make around 400,000 stops. The company invested approximately €1.3 billion in

building and modernizing stations in 2019 alone.

Coroplast: Rediscovering individual transport

“We saw a dramatic drop in sales, especially in April and May, by as much as 80 percent in some areas. But when the automotive supply chain got moving again in June, that had a positive effect on us too. Speaking for myself, at our daily task force meetings I've witnessed a strong focus on essentials, a wholehearted desire to work together, and rapid advances in the use of digital communications and collaboration.

We started by getting a handle on the big picture, and then took specific steps for each site. The focus was on ensuring liquidity and reducing costs, but we also reevaluated our strategies and adapted them where needed. One difficulty had to do with the differing responses of individual countries to the pandemic. While governments in the U.S. and Europe provided funds to cover wages and salaries and production was able to continue, in countries like Mexico production was suspended but wages still had to be paid.

I don't expect orders in the automotive industry to reach the level of previous years all that quickly, in part due to policy-related developments . But I do think there will be a resurgence in individual transport as the most flexible—and safest—way of getting around. This is also reflected in developments in self-driving vehicles. When broad support for our highly innovative sector returns, the German automotive industry and its core areas of expertise will remain a leader on the world market. It will not only gain ground in software development but maybe become a leader there too. What's important, however, is that we as a society do not become our own greatest obstacle by burdening the automotive industry with too many regulations and interventions.”

The Coroplast Group ...

... is a globally successful family-run company that develops and produces technical adhesive tapes, cables and wiring, and wire harnesses for the automotive industry. The company's headquarters and main factory are located in the western German city of Wuppertal, and it has subsidiaries and production sites in Poland, China, Tunisia, the U.S., Mexico, and Moldova as well as service centers throughout the world. Coroplast has around 7,000 employees worldwide, and posted sales of around €540 million in 2019.

Mahle: Speeding up the shift to sustainable mobility

“We're in an extreme situation right now—not only with respect to the economy but also to human safety. Our two priorities are to provide the best possible protection against the virus for our employees at around 180 Mahle locations around the world, and to guide Mahle as a company safely through this

crisis. I'm very happy about the way our employees are dealing with the situation. Despite the strain, we're seeing high levels of commitment and responsibility, also outside of work. That gives me confidence and energy.

The special challenge of this pandemic is that it moves through different regions at different points in time and with different intensities. This means we have to keep adapting our strategies and adjusting the capacities at our sites in flexible ways. Thus far that has worked very well. We've been able to supply our customers the entire time.

We're assuming it will take many years for our businesses to reach pre-Covid levels again, and we're adapting to that right now. At the same time, we're also working hard on remaining the strong partner with the right technological products for our customers in the future. Our sector will change even faster in the wake of the virus. But despite the challenges I'm convinced it will succeed in this transformation, and will provide viable solutions for sustainable mobility and do its part to meet our climate protection targets."

Mahle ...

... is a leading international technological development partner and supplier for the automotive industry. The group seeks to actively shape mobility of the future by further optimizing combustion engines, promoting the use of alternative fuels, and laying the foundations worldwide for the introduction of electric and other drive systems such as fuel cells. Its product portfolio covers all major areas of relevance to powertrains and air-conditioning technology. With more than 77,000 employees at 160 production sites and sixteen large research and development centers in more than thirty countries, Mahle reported sales of around €12 billion in 2019.

Knorr-Bremse: Crisis-proven models for collaboration

"When the pandemic broke out, most of our customers' factories essentially closed down overnight which also meant our contacts were no longer available to handle the order-processing situations. Some of the trucks had to turn around because no one was there to receive deliveries.

I've never experienced anything like that. We immediately had to define ways of dealing with the situation. We quickly launched emergency operations whereby we only produced goods for which we were sure of delivery. Thanks to our outstanding customer relations and with the help of online meetings, we were able to put all the necessary measures promptly into place, both here and in other regions and countries.

The first priority has always been to protect the health of our employees. As soon as signs of the epidemic appeared, we introduced the AHA rules (Abstand, Hygiene, Alltagsmasken—"distance, hygiene, everyday masks"). We modified shifts at the factories, split teams in the overhead areas, and

took many other steps, including disinfecting important areas multiple times a day. That helped us achieve a comprehensive level of protection.

I hope the economic slowdown will only be temporary, so that important future-oriented projects like electromobility and autonomous driving will not suffer too much in the process. I also hope we can retain our collaborative models to a healthy degree, such as virtual and mobile modes of work, which have now proved themselves in a crisis. And of course I'm hoping to meet our customers in person again soon."

Knorr-Bremse ...

... is the world's leading supplier of braking and additional systems for rail and commercial vehicles. It reported sales of more than €6.9 billion in 2019. Headquartered in Munich and with 29,000 employees at more than one hundred locations in over thirty countries, the company helps to bring greater safety, efficiency, and reliability to roads and railways.

Würth: Fear is not a good companion in crises

"In light of the pandemic, the Würth Group is very satisfied with its stable development over the first half of the year. Total sales for the Würth Group declined by 3.1 percent compared to the same period of last year, and remained at nearly the same level for Germany.

Because skilled crafts and trades are essential activities, and because we had successfully established a digital infrastructure for our order and supply processes in previous years, we did not experience any bottlenecks and remained capable of making deliveries at all times.

My personal insight from the early days of the Covid-19 pandemic is that the media—in the words of Peter Weibel, who heads the Center for Art and Media in Karlsruhe—are like echo chambers that amplify actual events. That affects people's moods, and fear is not a good companion in crises. I therefore tried to remain optimistic, and to rely on the strength of our company. Confidence in the power of communication is another important factor that has proved effective over recent months.

Working with many sectors and business fields gives us a high degree of agency and agility, which in turn enables us to respond promptly to any market trends or changes such as those brought by the coronavirus. Our low share of the market means we have enormous potential for growth, so I'm confident that we will grow and gain further shares of the market over the next decade. With our corporate strategy and the experience we've gained from this pandemic, I'm also convinced we can handle any crises in the future."

The Würth Group ...

... is the world leader in sales of assembly and fastening materials. Headquartered in the southern German town of Künzelsau, it has more than 78,000 employees at more than 400 subsidiaries in over eighty countries. More than 33,000 of them are permanently employed sales representatives. Its core business, the Würth Line, contains more than 125,000 products for trades and industry, including everything from screws, screw accessories, and anchors to tools, chemical-technical products, and personal protective equipment.

Silvercar Inc.: Focus on new opportunities

"COVID-19 has impacted every American business, including Silvercar by Audi and Dealerware. While demand at our airport rental locations is significantly lower, our city locations have never been stronger. On the Dealerware side, the market's need for digital experiences is stronger than ever. The combination of strengthening car rental demand in cities (from displaced mass transportation demand) and the accelerated need for contactless experiences represents a huge opportunity for our company.

Our focus has always been on new opportunities. We have leveraged our Silvercar and Dealerware assets to prepare for a new go-to-market strategy that has allowed us to shift Silvercar's rental experience into the dealership. Our aim is to create a single screen for our dealer partners to manage all of their fleet needs. A vehicle at the dealership can be a courtesy vehicle, a rental car, an extended test-drive, or even part of a subscription program. We're confident in this new strategy and our ability to deliver.

Across the entire industry, OEMs and dealers are looking at the marketplace differently. We have seen more acceleration in the past six months on strategic road maps and management mindsets than we had expected over the next few years. I see the market's mobility needs increasing but vehicle ownership decreasing. The next decade will be won by the connected fleet and the mobility products and services enabled by fleet operators. We believe that OEMs have every right to build and scale daily, weekly, and monthly mobility for consumers. Dealerships across the industry have all of the operational requirements to enable mobility at scale, including fleets, operational hubs, and staff trained to deliver a great customer experience. I hope that the industry finds the confidence to pursue new go-to-market strategies in the interest of new customer demand."

Silvercar Inc. ...

... is paving the way for the future of mobility in automotive industry. The company's software platform connects cars, consumers, and dealerships, eliminating the cost and complexity associated with managing fleets and delivering exceptional mobility experiences. Silvercar Inc. currently manages over 30,000 vehicles, across twenty-six OEM brands throughout North America.

Porsche: Focus on solidarity and essentials

“Our goal is to get through this critical period in a systematic and responsible way. That includes how we responded very early on. As soon as we saw what the virus was doing in China, we convened a council of experts at Porsche.

This council is monitoring the situation around the clock, and has been making quite a few decisions. Our highest priority is always on protecting the health of our employees. We make no compromises in this regard. The health of our community is of paramount importance.

At first we planned to stop production for only two weeks. But it ended up being six weeks. One of the reasons had to do with bottlenecks in the global supply chains. That was very painful. But we won't be deterred: we're looking ahead and want to get back up to speed as soon as the crisis is over. I see major opportunities for Porsche in the future. Over the last few years we've launched a huge product campaign, including the Taycan at the end of 2019. It gives us a superb foundation to build on.

The optimism I see in so many people as they go about their work makes me confident about the future. Everyone is focusing on the essentials, and supporting each other. And it's times like this that produce dreams and needs. There might even be a greater need for sports cars when the crisis is over—that at least would be my wish.”

Info

Text first published in Porsche Consulting Magazine.

MEDIA ENQUIRIES



Jan Boris Wintzenburg

Director Communications and Marketing
Porsche Consulting GmbH
+49 (0) 152 3911 8663
jan_boris.wintzenburg@porsche-consulting.com

Link Collection

Link to this article
https://newsroom.porsche.com/en/2020/company/porsche-consulting-mobility-flux-21988.html

Media Package
https://pmdb.porsche.de/newsroomzips/9f50456d-e473-4396-bb4e-cf26fd74241f.zip

External Links
https://www.porsche-consulting.com/en/home/

Dr. Ing. h.c. F. Porsche Aktiengesellschaft
Porscheplatz 1
70435 Stuttgart