GM Investment in Lyft Shows Ride-Hailing Is Serious About Self-Driving Cars

By Bowen Xiao, Epoch Times | January 5, 2016 | Last Updated: January 10, 2016 9:23 pm

Competition in the ride-hailing market has now led to an open battle in dominating the self-driving car market.

Ride-hailing company Lyft announced on Jan. 4 that General Motors invested a landmark $500 million as part of Lyft's latest round of $1 billion in financing. Together, the companies plan to develop an on-demand network of autonomous vehicles. GM will also hold a seat on Lyft's board of directors.

Uber, Lyft's larger competitor and the undisputed leader in the ride-hailing market, started work on its own self-driving cars in February 2015, when it opened a research facility in Pittsburgh.

Lyft will also work with GM to provide rental hubs for drivers in various cities across the United States. GM will become the preferred provider for short-term-use vehicles for Lyft drivers who don't have their own cars to drive.

Even with GM's investment in Lyft, Uber is still far ahead of Lyft in terms of funding to date. Uber has reached a total of $6.61 billion compared to Lyft's $2.01 billion, according to Crunchbase.

GM President Dan Ammann said the future of transportation will be self-driving cars and the partnership with Lyft can achieve that goal.

"We see the future of personal mobility as connected, seamless, and autonomous," he said in a press release. "With GM and Lyft working together, we believe we can successfully implement this vision more rapidly."

But for Lyft drivers, the news may not be as welcome.

Michael W., 24, started driving with Lyft a few months ago in Dallas. He says Lyft's deal with GM is not beneficial to drivers.

"I'm not particularly satisfied that the company set up this system for drivers to 'benefit' so Lyft could … turn around and essentially fire us," Michael wrote via email, not wanting to reveal his full name.

Michael says he understands, though, why Lyft made the decision that will allow it to remain competitive in the ride-hailing market.

"This is really a double edged sword. The drivers have been reaped of their services and essentially tossed aside, but Lyft at the same time feels the pressure to innovate and stay ahead of their competitors. From a monetary stance it makes sense for the corporation to take the calculated risk on autonomous vehicles to prolong its own life."

For drivers, the future looks uncertain and the risk of mass cuts certainly seems plausible.

"There is no definite answer on what will happen. All I can say is that it doesn't appear to be promising and no one will be held responsible for displacing jobs at the end of the day," Michael said.
