

When you own a car, your vehicle sits idle 90% of the time.

BNP Paribas Personal Finance invites you to discover *On The Way*, the podcast that explores the paths of responsible consumption. Entrepreneurs, people from the world of business and researchers, *On The Way* gives a voice to those who, day after day, are helping to develop more sustainable consumption. Welcome, and I hope you enjoy listening!

Bonjour On The Way. I'm Jean-Claude Seigneur. I'm the director of Smart City for Mobilize group which is a Renault group brand that will be dealing with new mobility issues.

I've had a very, very long career in the Group, as I've been with the company for 34 years. I've done several different jobs in my career. That's the advantage of a large group. You can try out several jobs. And I've been entrusted with many areas. First, in finance where I joined RCI Banque, which is the Group's financial subsidiary. After, I was in the IT department of the Renault group, as I was originally trained as an IT engineer. And then I joined real estate, and within real estate, I had several hats, one where I was in charge of large tenders on everything related to business trips and travel and reducing budgets. After that I was more concerned with the buildings and general services for all the buildings at Renault headquarters. And three years ago, Renault was asking itself a lot of questions about new mobilities and the transformation we need to undergo in relation to these new mobilities and the conversion around property uses.

So, within this framework, a new department was created called the World Mobility department at the time, which was in charge of dealing with all the new aspects of mobility within the Group.

By chance I met someone who was very knowledgeable in these subjects. We had a chat. He told me about the Group's ambitions in this area and I found it really interesting. I eventually offered to join him and that's how I got into the subject of new mobilities. It's obviously an area undergoing profound change. The group had to find itself a bit at the beginning.

I now work for the Mobilize brand which was created to deal with these subjects. The trigger for me was that a major auto manufacturer, which ultimately sells vehicles and cars, was concerned about these issues, because we actually sell more services than cars. And I found this new approach innovative for a large industrial group, a cultural shift that had to be made, given the regulatory constraints that will be imposed on us. And then there's the environmental constraints that we have to deal with today. I think it's a fascinating area that we'll have to tackle in future with public players and regional players, to try to design a more eco-responsible and sustainable city. I realised this is a niche that will take off.

The first figure to bear in mind is that when you own a vehicle, it sits idle 90% of the time. In fact, you only use it 10% of the time. But it still takes up space in regions and cities; it costs money. You don't use it that much at all. The second point is that today, the residual value of a vehicle after three years is 50% of its initial value, which is still a lot. There is a significant financial loss over the first three years. It's also to support decarbonisation, i.e. we want to reduce our CO2 footprint by 10% in the coming years, 2030, 2040. To support this, we need to first of all, push electric vehicles. And second of all, to reduce the number of vehicles in cities and regions.

When our new boss arrived, Luca De Meo, he reorganised the group into four brands: the Renault brand, the car brand, and the Dacia brand which is the accessible brand - what we call *Global Access* for people with limited financial means. And then there's the Alpine brand, which is more about being a sports brand. We still needed to create a fourth brand, which is the Mobilize brand, and which addresses new mobility. And in this new mobility section, what do we find? We find all mobility-related services. This is a big area. Then there's a part that was linked to energy because they'll be all-electric vehicles. They have to be recharged so recharging stations will have to be deployed. And then the third aspect is more about data because these vehicles actually feed back a lot of data which we will need

to exploit and share with partners. Regions and cities can demand this data so they can optimise traffic in a city, for example, which is another aspect to deal with. So, basically, there are three sectors.

Focusing on the mobility services section, there are two types of services: free-floating car sharing services. What does free-floating mean? You ultimately find your vehicle's location through an app on your mobile. And then you open the vehicle with your phone. You have a key inside, you start your vehicle, you drive somewhere and drop off the vehicle anywhere in the city. So typically this is what we've launched in Paris and Madrid. In Madrid, we have more than three years' experience with this. Paris is much younger. We launched it at the end of the first lockdown. We took advantage of lockdown to test our solutions and system with the *Assistance Publique-Hôpitaux de Paris*, which had significant travel needs.

After that, we have what we call Mobilize Share within the brand and these are car-sharing services. Then we have stations, where you pick up the vehicle at a station and drop it off at that station. This is what we are deploying in certain regions like the cities of Nice and Caen. These are more like short term rentals. So it's a journey, but more like for a day, half-day or weekend. In general, this type of service is aimed more at medium-sized cities, whereas free-floating is aimed more at large cities. This is the mobility service part.

We then have a whole range of vehicles that will come out from the beginning of 2023 to 2026. We now have four vehicles that will be badged Mobilize, which will not be available for purchase but which can be subscribed to, i.e. leasing, or subscribers able to operate these vehicles. One of the major vehicles for cities is the Duo, a very small urban vehicle. I don't know if you've heard of the Twizy, but it's a closed vehicle able to make short urban trips. It's 95% recyclable, which is quite an achievement. It will be the first urban vehicle that we release under the Mobilize brand. After that, we have the Limo which will address all taxis and VTCs. Of course, all these vehicles are electric. None of them have combustion engines. Finally, help with the transport of small parcels through two utility vehicles, the Bento and Hippo. The Bento which has a relatively small load capacity of 1m<sup>3</sup> and the Hippo which has a load capacity closer to 3m<sup>3</sup>.

This will be aimed more at Amazon or similar people who deliver in neighbourhoods and will be able to use this type of vehicle.

On the energy side, we have an entity called Mobilize Power Solutions, which is there to support the deployment of recharging and charging stations. This may be in the regions, but also with companies that need to install charging stations. We know how to support companies in installing charging stations. We realised that recharging infrastructure will become a crucial issue anyway. We now think recharging infrastructure is insufficient, and regions are doing a lot to deploy them, as are cities, and I believe Paris City Hall also has a fairly ambitious deployment plan. In the next few years, we need to boost the deployment of charging stations.

According to Ademe, transport now accounts for 30% of CO<sub>2</sub> emissions and of this 30%, vehicles account for about half. This transition from ownership to use will have to be supported because owning a vehicle, even if it's idle 90% of the time, is convenient because it's right there when you need it. We know it's there, we know we can use it. With car-sharing, it's a bit different because you actually consume when you need to. And people are always a little afraid it won't necessarily be available when they need it.

And it's this cultural shift that we need to take and operate. Typically with free-floating, for example, we try to put a large fleet of vehicles on the road in a city. So when you're in Paris, for example, you can use a vehicle anywhere, quite easily, and it's available. This means availability is becoming a crucial issue. If every time you did a search there was no vehicle, that would be annoying. So consumers need reassurance on this. That's something we're going to have to deal with, and that's why we've planned to deploy enough vehicles so that the service is always accessible.

I personally think that, in the end, using or consuming kilometres offers users more freedom because there are no constraints related to vehicles, parking, purchase costs, and so on. In the end you only pay for what you consume and what's necessary. I think in this respect we have to try to support this change and make users understand why this new mode of consumption is so interesting.

Young people - I have a son who is 18 today - are more interested in this type of consumption. He doesn't understand why I have a vehicle just sitting in my car park. I tell him you can use it whenever you want, but he's not interested. He says there are other accessible means of transport. At the end of the day cars give a little extra. They reach areas that are inaccessible by public transport, so there's a little way to go. And this is dealt with either by soft mobility like bicycles and scooters, but can also mean cars for when it's cold, for example. So, I think young people have already got used to this transformation.

In fact, it's more difficult for people who are used to owning their own vehicle. In any case, it will happen much faster in the major cities where public transport is good. And in medium-sized or rural towns, it may take a little longer.

The financial question linked to purchasing a vehicle is essential because finance comes at a significant cost. Regarding the purchasing part, but also regarding everything else like parking, maintenance, a number of things. The advantage of an electric vehicle is that it costs less to maintain than one with a combustion engine. This means our services also integrate this. The cost of use is relatively low because you pay per kilometre and you don't tie up money over a fairly long period of time, with depreciation, the value in use decreases rapidly - about 50% in three years, which is enormous. So I think pay-as-you-go is best for everyone.

Complaints about electric vehicles today concern recharging because we don't necessarily have infrastructure where we want it, and vehicle autonomy isn't much compared to the combustion engines we're used to. And then there's the battery, because the recyclability of batteries is a question many people ask. To deal with and address the autonomy aspect, we created Mobilize Power Solutions. The idea is that in the future we'll be able to recharge our vehicles anywhere and quickly. These are the two things that are important to remember. So now, with Mobilize Power Solutions, we'll have charging passes for the end customer. For example, on the new all-electric Mégane, which will be released this year and allow users to use recharging infrastructure. There are currently several brands; Tesla, which has stopped this recharging infrastructure, Ionity and many suppliers offer recharging, but each one has its own recharging card and subscription. The idea is to bring this all together and give consumers access to recharging infrastructure immediately and without having multiple subscriptions.

The second thing is to develop our vehicles and batteries so they can be recharged much more quickly. Today, you have several power charging stations available, ranging from your home plug to one with very high power levels. Obviously, the costs vary depending on the terminals you use. But globally, it's estimated that if you want to recharge your vehicle from 20% to 80%, you have to be able to do so while you're at the petrol station, when you stop for a coffee and then leave. So, what's that? Between 20 and 30 minutes. The basic idea is to be able to recharge your vehicle as quickly as possible. And now we have the infrastructure to do this.

As a car manufacturer, Renault is well ahead when it comes to recycling. We've worked very hard on this issue and have made huge investments in battery recycling. We have a circular economy plant in Flins which allows us to recycle both the vehicles and the batteries.

So what do we do with the second life of batteries? Somewhere along the line, these batteries, when they reach the end of their life, are destined for what we call storage. Take the example of islands, like Porto Santo which are islets. We're only really concerned with sustainable energy. What we do is use these batteries to store energy for times when the sun goes down.

There are also companies that use this kind of thing to provide energy at certain times of the day, to reduce their consumption. So we recycle batteries in this way. So this is something we're working on at Flins to address this issue. There's also the vehicle aspect, because when we talk about an electric vehicle, it has a much longer lifespan than traditional vehicles, but may need to be reconditioned at any time with a newer battery, or the bodywork might have to be done, maybe even the engines replaced. In Flins, what we plan to do is to recondition all the second-hand vehicles that need to be reconditioned in the factory so they can be put back on the road.

This would be for fleets like Zity or Mobilize Share, but also for individuals. This is called retrofitting, for example. You've probably heard of it. It's when you bring the car up to date, a used car that you've been driving for five or ten years, to extend its life. So it's a fairly virtuous cycle.

In terms of the lifespan of an electric vehicle, there is less wear and tear on the mechanical parts, with internal combustion engines you have erosion, it gets worn, which is not the case with an electric motor because it's just energy that is supplied. So your engine has a much longer life.

In fact, I have quite a strong real estate background with my roles which is why I naturally came to the new mobilities. We'll have to work with big players in construction, investment in cities and others to optimise and integrate mobility into neighbourhoods and homes.

That's why I now work a lot with developers and investors to try to integrate these new mobilities upstream in their projects and in urban programmes. We work with players like Bouygues, Nexity, and others. The idea is to offer residents of these apartments mobility solutions that ultimately do not require them to buy a vehicle.

Already, the finance is handled by these developers, by building fewer parking spaces, because there will be fewer vehicles. But there will be an integrated mobility service and dedicated vehicles available to tenants and owners of the property. It's just starting out but all the investors and developers we're in touch with are asking us to help integrate these solutions into their urban or residential programmes.

In general, what happens in these business models is that the developer or investor invests in the vehicles at the outset and we ultimately receive a fee for the tenants and owners using them, who pay on a pay-as-you-go basis. I'm talking about residential, but they may be in eco-neighbourhoods which are under construction, often out of town and where there is little public transport, or in any case, accessibility to public transport is quite remote and therefore an integrated mobility service is required. This is something we are now trying to deploy. I think this partnership between developers and investors, and ultimately us as mobility specialists, makes a lot of sense for tomorrow's housing.

In the future, when you buy or rent a house, this mobility service will be integrated and you'll be able to consume as you go.

Major cities, and even medium-sized cities, will have what are called low-emission zones. This means that the city centre will no longer be accessible to petrol or diesel vehicles at all. It will essentially be electric vehicles driving around and even in certain cases, centres won't even be accessible to vehicles, only soft mobility, i.e. scooters, bicycles etc. This means we must be prepared, if we want coherent mobility services in cities, to be able to deploy car-sharing services and allow city residents to consume and move around easily.

This regulation, in Paris for example, was planned for this year. I think it's been postponed for a year, but next year we'll get it and I think all European cities will be in the same situation. In the future, with the LOM law, there are also a certain number of facilities that are finally being offered to users. Among

other things, you have the possibility of receiving subsidies from your employer if you use scooters, bicycles etc. They'll be open to this in the future too. They've already opened the FMD, the sustainable mobility package, for electric car-sharing cars. Imagine, you leave your house, you don't have public transport and you need a short drive to catch to a bus or train. You'll locate and drive an electric vehicle, and park it a little further away. This journey will be paid for by your employer under your sustainable mobility package, with a budget of €500 per year that you can use for this type of mobility. With future regulations, we'll no longer be able to see cities in the same way. We're going to have to find associated services that still allow people to get around. So, how do we see the city of the future? We'll live in a place where we have a station at the foot of your building with vehicles, whether bicycles, scooters or even cars, which you can use to get from A to B.

Then when you finally get to point B, you do whatever you're doing. You have access to public transport. So you take public transport. In the future you'll have immediate access to mobility, no matter where you are. We could go even further, because I'm talking about cities with a high concentration of people, and you're going to ask, but what about rural towns? The experiments we're doing today make sense even in the small, isolated villages of France. You can make a few electric vehicles available with recharging stations to allow residents of these rather isolated places, where cars makes a lot of sense because they have no public transport. To be mobile without necessarily having to buy a vehicle and use it only 10% of the time, to have a shared mobility service that allows you to travel in rural areas.

I think when you've already experience electric vehicles, they're so comfortable, so quiet and you have power. Paradoxically to what one might think, an electric vehicle is very powerful. Once you've experienced it, it's very difficult to go back and switch to combustion engines.

The final word, I think there's a huge transition taking place in cities. We need to work together, with local authorities and major urban players such as the developers and investors who build the cities of tomorrow. And that with mobility players. Because mobility is essential in a city. This multi-stakeholder partnership will enable us to design a new way of consuming that is completely different from what we know today, but which I believe will be financially more advantageous for everyone.

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