



Written by [Bob Adelman](#) on March 24, 2017

Austin Booted Uber and Lyft, Startups Struggle

Every year the South by Southwest (SXSW) conference held in Austin, Texas, in March celebrates one or more high-tech “breakout” companies. In 2007 it was Twitter, in 2011 it was GroupMe, and in 2015 it was Meerkat.

This was supposed to be Fasten and RideAustin’s year, two of the local ride-sharing companies that had allegedly “filled the void” when city council member Ann Kitchen ran off Uber and Lyft last year.



Thousands of attendees flew in for the conference, and they needed a lift (or Lyft) [but couldn’t get one](#). The technology glitches on the phone apps of Fasten and RideAustin blew up, showed outrageous “surge” prices, and left conferees stranded when drivers failed to show up as requested.

On the last day of the conference, Patrice Lee Onwuka, Generation Opportunity’s communication director, flew in to join in a panel discussion at SXSW. She said of her experience, “I spent a good half hour at the airport trying to get RideAustin to work, to no avail. As an ardent supporter of disruptive companies in the ride-sharing economy, I tried to make it work. Too bad the only disruption I experienced was to my schedule by a failed app that wasn’t ready for prime time.”

She finally gave it up and hailed a cab.

The phone app for Fasten failed altogether. Said Fasten’s CEO, Kirill Evdakov, “It wasn’t the greatest page in our history. Hopefully we can regain the trust.”

It all goes back to Ann Kitchen, the busybody on the city council who decided that Uber and Lyft were operating outside the rules that had turned the inefficiencies of local cab companies into an opportunity for these now well-seasoned and highly refined world-wide ride-sharing companies. Kitchen was in the pocket of the local taxi companies, who funded much of her election campaign. She claimed, of course, that those “contributions are not about favors, at all. My responsibility” she insisted, “is protecting the public safety of the community. We’re looking at all vehicles for hire and treating them the same.”

What she meant was that the same onerous rules that had made local taxi cabs inefficient and expensive had to be applied to the newcomers, Uber and Lyft. They had to have their drivers fingerprinted, the vehicles they used had to all have “trade dress” (look alike), they had to apply the same rules on fares and fees as Austin’s taxi community including a “gross receipts” tax, and limits on where they might pick up and drop off passengers. And there were onerous reporting requirements, to boot.

All of that was just too much for Uber and Lyft. Especially galling to them was the requirement about fingerprinting when they already had in place their own background-check system, which included criminal background checks going back seven years. They argued that fingerprint databases were not only often out of date but also biased against minorities because they might have been previously fingerprinted but never charged with a crime. Fingerprinting also slowed down the process of bringing on new drivers, leading to a drop in part-timers.

In other words, Kitchen and her cohorts wanted Uber and Lyft to look just like Austin’s Big Taxi, so in



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May last year they closed up shop and left town.

Enter the new local startups: Fasten and RideAustin, along with five other local ride-sharing services. Much was trumpeted about how they would take the place of Uber and Lyft. April Rinne, an “expert” on ride-sharing services, could hardly restrain herself: “The diversity and the choices that passengers have in Austin [since the departure of Uber and Lyft] are almost unparalleled. It’s a really helpful place where we’ve been able to hit the ‘hold’ button on Uber and Lyft and say: What else is possible? What else might happen?”

The mayor himself expressed similar disgust with Uber and Lyft and similar hope that the local startup services would succeed: “What happens in Austin is what you would expect to happen when a monopoly or a duopoly leaves town and creates an open market. You have competition and innovation.”

You also often get failure such as that experienced by Onwuka: waiting at the airport, trying to use an app that didn’t work.

The beauty of Uber and Lyft is that they are survivors, leaving behind the carnage the free market wreaks on startups as they try to learn how to survive before going bankrupt. When politicians and dreamers such as Kitchen interfere and want to “level the playing field,” what they are likely to get is a playing field at a much lower level, leaving customers cooling their heels at the airport.

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