Big Tech to Extend Monopolies to Car Industry

Do you trust Google, Apple, and Amazon with your user data? How about with your car?

The major tech companies are racing to seal deals with the top car manufacturers to gain exclusive rights to program the software that will be powering the newest generation of automobiles.

Ford CEO Jim Farley recently announced that, beginning in 2023, his company's vehicles would come with Google Maps, Assistant, and Play Store preinstalled on its cars and trucks — part of a partnership Farley referred to as a chance to "reinvent" the automobile by giving it more connectivity than a phone or laptop.

Ford CEO Jim Farley (AP Images)

"We were spending hundreds and hundreds and hundreds of millions every year, keeping up with basically a generic experience that was not competitive to your cellphone," Farley said upon announcing the six-year deal with the search giant.

Ford and Google are pleased with the arrangement. The former gets the opportunity to appear cutting-edge and distinguish itself from competitors, while the latter will now be able to market its products directly to millions of Ford drivers.

But watchdogs are concerned tech companies will have the same effect on the car market that they had on the phone market — creating an inseparable bond between their exclusive operating systems and specific hardware products, resulting in an environment that forces competitors out of the game.

Google and Apple, for example, have essentially driven other firms out of the smartphone market. Now the two corporations, along with ecommerce behemoth Amazon, seek to extend that market dominance to the auto industry.

Politico notes:

> All three see autos as the next great opportunity to reach American consumers, who spend more time in the driver's seat than anywhere outside their home or workplace. And automakers, after years of floundering to incorporate cutting-edge technologies into cars on their own, are increasingly eager for Silicon Valley's help — hoping to adopt both its tech and its lucrative business models where consumers pay monthly for ongoing services instead of shelling out for a product just once.

> Now, having missed the boat as the tech giants cornered the market on smartphones, some policymakers and regulators believe the battle over connected cars represents a chance to block potential monopolies before they form.

In the United States, attorneys general who sued Google in 2020 for monopolizing online search are now warning about Google's foray into autonomous cars in their antitrust complaint. And on the other side of the Atlantic, the European Union's competition authority has initiated a probe into contracts related to connected cars.

"It's really hard to remedy anticompetitive conduct five or 10 years down the line," said Charlotte Slaiman, competition policy director for Public Knowledge. "For many consumers, buying a car is a long-term decision. If a consumer is going to be locked into services with a certain company because they bought a car that they are going to use for five to 10 years, that can make competition more difficult."

In the minds of tech companies, drivers will soon be able to engage in work, entertainment, and their daily to-do lists while in their vehicles. And the data coming out of those cars would go back into the firms' databases, allowing them to do things such as updating maps or sending out information about potholes on roads.

"The ride is no longer the point," said Jim Heffner, a vice president at Cox Automotive Mobility who specializes in autonomous and connected vehicles. "Data is the cornerstone…. Apple and Google and others want to be at the epicenter of that."

Thus far, car makers have largely outsourced their cars' entertainment dashboard features to smartphone developers, with nearly all of today's new cars supporting Apple's CarPlay or Google's Android Auto — giving the driver a choice as to what system to use.

This has largely been driven by the slowness of the automobile innovation relative to smartphone technology; it generally takes three-to-five years between the time a car design is finished to when the vehicle finally hits the road. Thus, the technology within a car is already out of date by the time it becomes available to consumers.

But tech companies want to do away with the current choose-your-own-operating-system and instead eliminate choice by building the software into the car itself.

Volvo, Stellantis — the parent company of Chrysler, RAM, Jeep, and Plymouth — and General Motors have all signed up for Google Automotive Services (GAS), an all-or-nothing deal under which a car manufacturer must install Google Play Store and voice assistant to get Google Maps in their vehicles.

Ford's deal with Google goes further by having the company's engineers work directly with Google software designers to embed technology into the vehicle while also creating a self-driving car. They called the collaboration "Team Upshift."

Apple has been working on a self-driving car project, known as "Project Titan," since 2014.

Amazon, meanwhile, has aggressively marketed its Alexa voice assistant to automobiles. Audi, Jeep and Land Rover have added Alexa to their vehicles, Alexa works alongside voice assistants created by carmakers such as Ford, BMW, General Motors and Audi, said Frankie Tobin, an Amazon spokesperson.

Moreover, Amazon has a 20-percent stake in electric car manufacturer Rivian, which raised $12 billion upon going public last month.

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