

Zooming beyond cars

Pioneer in self-drive car rentals, ZoomCar's experiment on renting an auto for own use isn't only for kicks, say **Gireesh Babu & TE Narasimhan**

When ZoomCar launched a 'rent-an-auto' service many thought it was an April Fool gimmick. But, the start-up meant business. In the self-drive car business for three years, the company went in for the long haul.

It had branded the venture Zoom Auto and piloted it for a week. Customers were allowed to book an auto after a security deposit of ₹5,000 and drive for 20 minutes within a radius of one kilometre. This is preceded by a 10-minute training by fleet executives.

"The company will work with transport regulators in various states to pursue the service," says Greg Moran, co-founder and chief executive officer. The project was launched to assess the demand.

ZoomCar, founded by Greg Moran and David Back, from the US, claims to be India's first and largest self-drive car rental service.

The journey

"I wanted to do something with technology which involved minimal visits to government," says Moran, who has a background in the financial and power businesses. They identified an opportunity in transport as less people own a car in India and there was a market for a new model — taking cars only when you need one, he says. They started the business in Bengaluru in 2013.

From seven cars in the city, the company has expanded to the National Capital Region, Mumbai, Chennai, Hyderabad, Pune and Chandigarh. It has 2,000 cars and sees 1,200 rides daily. About 1,50,000 users have availed of the service, travelling 20,000,000 km and 26,000 destinations, it claims.

It has around 20 models and one can take a car for an hourly, daily or monthly basis. Moran says the company has been able to make a profit in every city within a few months of launch. While it owns a majority of the cars, it is now moving an asset-light model with tie-up with fleet owners.

In 2013, the start-up raised around \$1.5 million from Empire Angels and others. This was followed by funding of \$8 million led by Sequoia Capital and others such as former Infosys chief finance officer Mohandas Pai and Abhay Jain of Manipal Group in



Greg Moran (right), co-founder and chief executive officer of ZoomCar, with car racer Armaan Ebrahim

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In July 2015, ZoomCar raised \$11 million in a Series-B round from Sequoia Capital, Empire Angels and Nokia Growth Partners.

The company is planning to increase its fleet size to 50,000 cars in two years and expand to 30 cities. The focus, Moran says, will be on larger cities.

It is also simultaneously working on

the Zoom Auto model. For this, it would talk to various state governments and local authorities, to clear the regulations for starting operations.

Sectoral experts say the challenge

FACT BOX

Launch: February 2013

Area of Business: Self-drive car rental

Fund-raising: Around \$20 mn in three institutional rounds from investors, including Sequoia Capital, Nokia Growth Partners and Empire Angels

will be to improve customers' experience and satisfaction. Since the self-drive car rental is comparatively a new market, it is already crowded and customer expectations are high. There are several players directly competing in cities like Bengaluru and Delhi NCR.

For instance, Myles, a brand of Carzonrent, offers services in 21 cities with 1,000 cars. Revv is present in the NCR, Hyderabad and Bengaluru, while Autoriders International is in Ahmedabad, Bengaluru, Delhi, Chennai, Mumbai and Pune, among others. A few have also reached tier-II cities. Driven, which offers services in Hyderabad, is also present in Visakhapatnam and Vijayawada while U Drive reaches customers in Pune, Nagpur and Panjim.

Moran believes they have the first-mover's advantage, considering they introduced the self-drive car rental market and initiated several firsts in the sector. Customer experience, booking experience, whether on the website or on the app, depends on the technology," he says, indicating the company's focus.

EXPERT TAKE



The market for self-drive car rentals came into existence during 2010. There are Carzonrent, Avis India, ZoomCar, Car Club and Mi Car. Other

significant players include Myles, Auto Riders and Eco Rent a Car. The business is still in nascent stage in India, whereas in China and Brazil, the market has reached the growth level. In the US, the market has

matured. During the financial years 2010 to 2015, revenue rose at a compounded annual rate of 45.4 per cent. Additionally, the advent of mobile apps is likely to be a major driving force for the segment in the coming years. ZoomCar has been performing well through its mobile application, launched in 2013. It has partnered with auto manufacturers such as Ford and Mahindra, making it the first car rental company in India to offer an electric vehicle in

2013. It also works with locally established real estate developers, universities, hotels, and corporate information technology parks to secure parking facility for its vehicles and offer pick-up points to customers. In November 2013, ZoomCar in collaboration with Uber and the Ashoka Foundation launched a month-long campaign in Bengaluru to encourage car-rental and discourage drunk driving. Easy accessibility to the self-drive services

at a reasonable cost along with rising disposable income and urban population, specifically middle-income groups, has prompted people to avail of self-driving cars on a rental basis for long distance leisure trips, leading to a spurt in the growth of the market over the past few years in A Grade cities.

Meetu Bhasin, director — strategy and planning, Ken Research, a market research company