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Bhavish Aggarwal
Founder & CEO, Ola

OLA'S ROUGH RIDE

DESPITE GOOD TRACTION IN SALES, BHAVISH AGGARWAL'S OLA ELECTRIC STILL
FACES SERIOUS CHALLENGES IN INDIA'S ELECTRIC
TWO-WHEELER MARKET. CAN HE OVERCOME THE ROCKY START?

TROUBLED JOURNEY

Ola Electric's path has been rocky so far

accusation that a faulty scooter led to the rider's accident. While a few complaints were related to safety concerns, many customers said the scooter didn't come with all the features promised at the launch. They were later told that much-hyped features such as digital key, navigation and cruise control would be available later. These features are currently in the beta phase.

"We're a social focussed brand. Our spend on marketing is zero. So, it's logical that complaints will also come on social media. But our complaints are not anywhere out of the ordinary. It's just amplified more. We've tried to break a norm, and that's why we're being targeted. Our model is unique in many ways," says Aggarwal.

"They are a new OEM that basically tried to fast-track things a little bit and are finding out that in the automotive industry, you can't curtail development time the way you can in software and other things. It's also largely a regulatory failure. They had all the required approvals, but it still wasn't good enough," says Subhabrata Sengupta, Executive Director of Avalon Consulting.

A big setback came in March 2022, when a video of a parked Ola scooter catching fire for no apparent reason went viral. Soon after, scooters of other EV makers also reported fire incidents. The Central Consumer Protection Authority (CCPA) sent notices to Pure EV and Boom Motors after their e-scooters started exploding in April. Okinawa, another leading electric two-wheeler maker, reported at least four such fire incidents, forcing the company to recall over 3,250 units. "A few cases after four to five years

- 1 In February 2021, Bhavish Aggarwal commenced the ambitious task of building the world's largest two-wheeler factory with 10 million annual capacity spread across 500 acres, 33 per cent of which is fully operational today
- 2 After having made bookings in July 2021, customers had to wait till December for the deliveries to begin. Then safety concerns, questions on quality and reports of senior-level exits surfaced
- 3 Ola Electric disrupted the traditional dealership model by establishing a direct-to-customer (D2C) model. This is what led to its initial delay in deliveries
- 4 At least 15 top-level exits have been announced in the past two years; former employees blame the company's tough work culture for the exits
- 5 As Ola Electric gears up to make an electric car next, Aggarwal needs to put the past lapses behind and strive towards course correction

doesn't define our quality; it's a new technology and a learning curve for everyone," says Jeetender Sharma, Founder and MD of Okinawa. "We'll follow whatever regulation is set by the government. It's good for the industry. Finally, the technology will benefit the customer and the environment. We should embrace it." The company aims to sell 300,000 EVs this fiscal and plans an investment of ₹1,200-1,500 crore over the next two years.

Experts say recent cases of fires could be due to defects in battery cells that might be unsuitable for Indian conditions; problems with design of battery packs and modules; and cost-cutting measures by some companies. Ola Electric, which sources its cells from South Korea's LG Energy Solution, recalled more than 1,400 of its EVs and has appointed an external agency to understand the safety issues better. "Almost all manufacturers have gone through it," says Aggarwal. "It's a fact that it's a mechanical and electronic

device. Our battery pack matches up to all industry standards in India—current and proposed. There will be these rare occurrences. It happens with petrol vehicles also. Data from other countries where EV penetration is much higher—like the US or UK or Europe—show that petrol vehicle fires are 10 times more than EV fires."

Aggarwal has a point. According to American firm Auto-InsuranceEZ, which studied the frequency of fires in automobiles in 2021, vehicles with conventional internal combustion engines reported 1,530 incidents per 100,000, while fully electric vehicles had just 25 per 100,000.

Nonetheless, the safety incidents have got the government to start a process of forming guidelines for EV companies. "It is most unfortunate that some people have lost their lives and several have been injured in these incidents. We have constituted an Expert Committee to enquire into these incidents and make recommendations on remedial steps,"

Transport Minister Nitin Gadkari wrote on Twitter. He added that if any company is found negligent in its processes, a heavy penalty will be imposed and a recall of all defective vehicles will be ordered.

NEED FOR SPEED

Bengaluru based Ather Energy was one of the first movers in the electric two-wheeler space way back in 2013. Unlike Ola, it went slow and steady initially, but is now ramping up production and distribution capabilities. "An EV needs a whole lot of testing in real world conditions, which a lot of OEMs bypass. Simulations don't work. There's no substitute for running for lakhs of kilometres, getting data, rectifying and refining till you launch commercially," says Ravneet S. Phokela, Chief Business Officer of Ather Energy. "Which is why it took us five years of development of the battery before we launched our first scooter in 2018."

Ather's first commercial launch was limited to Bengaluru with just 150 units per month initially to be sure of the quality before starting to scale up. "Our customers have driven 128 million km so far and we're already supplying 3,000 units on a monthly basis," says Phokela. Since the company turned unit profitable a few quarters ago, it's now adding four to five new cities every month and is targeting 90-95 cities with 120 experience centres by the end of this financial year. "It's not a one-year journey to get this right. [A] revolution takes time," says Phokela.

For Aggarwal, though, speed is everything. "We had to set up a national logistics, warehousing, and RTO [regional transport office] engagement system on Day

One, because we also wanted to sell and distribute nationally, which no brand has done in automotive. Incumbent brands go city by city, dealer by dealer. We wanted the whole country to experience the product at the same time. Why should a Bengaluru customer have priority over a Bagdogra customer?" he questions. This ambition, perhaps, is what helped him achieve the highest EV two-wheeler sales in April-May 2022. But there's much to deliver yet. When it opened bookings in July, Ola Electric had claimed to have received orders for 100,000 units for its S1 model in the first 24 hours. Cumulatively, since January, it has delivered 36,043 scooters till May 31, according to the Federation of Automobile Dealers Association (FADA). This means, around 60,000 customers are still waiting for their vehicles to be delivered.

"Traditionally, auto OEMs had a way of working. Ather and Ola are trying to bring in a different kind of culture and technology in the auto space: mobile dashboards and connectivity. There is a culture clash that's happening. Eventually, Ola will also mellow down and find an equilibrium," says Sengupta of Avalon Consulting.

D2C DISRUPTION

Another disruption is Ola Electric's direct-to-customer (D2C) selling model by bypassing the age-old dealership model. "Consumers are used to the D2C model in other domains but not automotive, because the industry is more complex and slower moving. It's expected that the incumbents will feel a little uncomfortable with our approach. We started in December. It was slower than

RAKING IN THE MOOLAH

WITH AGGARWAL'S HOLDING IN OLA CABS DWINDLING, HIS FOCUS HAS SHIFTED TOWARDS OLA ELECTRIC



tain kind of people who work well in that environment; those who are also ambitious and focussed on impact."

Several former senior employees have complained of unrealistic deadlines, midnight working hours and a verbal abuse culture in office. "I joined the company because I was told we were building the future of mobility, but what I got in return was absolute lack of respect and an abusive work environment. Because of the pandemic, the entire focus has shifted to Ola Electric and no interest was left in changing things on the internet business side," a former senior employee told *BT* on the condition of anonymity. "In one year, I probably aged 10 years."

There are others who speak less harshly. "It's a choice someone needs to make. You have to decide whether you want to be Tiger Woods or Michael Schumacher. We're not playing golf here; we're in Formula One. You have to be prepared for it," another former employee says. Most former employees *BT* spoke to said that Aggarwal is detail-oriented, over ambitious and a visionary, and that working at Ola is not for everyone.

Aggarwal's take is straightforward: "Obviously, Ola is a very ambitious company. We want to lead the industries that we're focussed on. The culture we have is that we want to experiment, take big shots. As long as most of them succeed, we're comfortable. If a person wants to do life-changing work, we're the best company to do that. We question the status quo a lot more than any company. Expectation on work is in general slightly higher than other places, and so is the reward."

THE ROAD AHEAD

Apart from getting the scooter right and also launching a sub-₹10 lakh electric car by mid-2023, Aggarwal is

DESPITE THE CHALLENGES PLAGUING THE ELECTRIC TWO-WHEELER SPACE, THE FUTURE IS BRIGHT WITH ANALYSTS PEGGING THE MARKET AT 7-8 MILLION UNITS IN FIVE YEARS

bubbling with big plans: "Our vision is to build the world's largest two-wheeler product portfolio and manufacturing scale, sell in India, also sell in key markets like Asean, LatAm, Europe, etc., and also build cars and focus on segments relevant to India like mid-sized and small cars. We're also setting up a very large cell innovation centre and have 100 engineers working on that because we want to control the technology. Over the next decade, we'll see a lot of innovation, be it solid state batteries, sodium ion batteries... we're looking to launch in two years from now and looking to build a fresh product, and also build the factory for it."

He says that taking on legacy four-wheeler players wouldn't be easy but he's up for the challenge: "Absolutely, we can take on legacy four-wheeler players. Have I built a car before? No. But had we built a scooter before? No. Had we done ride hailing before? No."

Most analysts feel that the bad days are behind Ola Electric. "Given the valuation they're commanding and the amount of money being given to them, my bet is they'll be able to turn it around. They will get it right eventually. That said, the thin-skinned responses and the way they have come out on PR hasn't helped. But they're trying out many things that will eventually be good for the

industry," says Sengupta. "Their product is not a disaster. They can fix this with some solid engineering work. My sense is their four-wheeler plans will be delayed a bit because it makes sense to first stabilise their two-wheeler business and then get into four wheelers."

Avalon projects the electric two-wheeler market to reach 7-8 million in five years. "Therefore, even if they hold their ground, they'll be able to sell 700,000-800,000 vehicles just like that. They have a viable product on ground. It needs some course correction, that's all, as long as the company is humble and willing to work with customers to resolve it," says Sengupta. "It's more like a blip than a long-term trend."

Starry-eyed Aggarwal says Ola is the world's most unique company in that it has a ride sharing business, auto retail capability, financing and insurance of vehicles, its own electric manufacturing and, now, even cell manufacturing. "The ride will always remain rough when you want to win in a big boys' game, and that's exactly what we've set out to do."

Whether he succeeds or not, one thing is certain: Aggarwal and Ola would have turbo-charged the EV ecosystem like none other. **BT**

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