

FCA – Google Collaboration Bellweather or Canard?

FCA and Google announced a small collaboration to deploy 100 Chrysler Pacificas with full autonomous driving capability. The press's response is at least as interesting as the event itself because it exposes the variety of opinion on the topics of autonomy and the intersection of the internet economy with the auto industry.

The majority opinion asks: Is this the first step on the path to auto industry commoditization by the network economy?

The minority asks: Is this the first step on the path to the auto industry gaining a meaningful, long-term stake in the internet economy and the internet of things?

The best plan, given the stakes for the auto industry, is to assume it's the first and work like crazy to achieve the second. Historically the auto industry has a foundational need for control backed up by a scale that is unachievable by new entrants or suppliers. This pattern fails when faced with the capabilities of the network economy where both control and scale are both much less important.

FCA is taking a lot of heat for "selling out." A closer view may show that FCA is attempting to achieve a balance between control and collaboration while working to maintain economically viable scale. By avoiding a direct confrontation, is this the balance that ultimately wins? FCA may be on the right track. Has FCA seen the value of collaboration ahead of the other OEMs? [Sergio Marchionne is looking forward on other fronts](#), in particular, cost-effective scale. Is he ahead here too?

FCA is not playing a one-size-fits-all strategy with control and scale as a key foundation, but seems to have broken down the problem facing the auto industry one step at a time. First fix capital utilization, next partner up with network economy players to advance consumer-valuable new content. Both of these are a win for FCA, its partners and consumers.

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