

## Toyota Grab a further share of the action

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As a supplement to the recent thought leadership article by the Hogan Lovells Singapore Corporate Team on 'Venture Capital and Private Equity in Asia-Pacific in 2018', Stephanie Keen (Singapore Managing Partner) and Michael O'Halloran (Associate, Singapore) have prepared a brief follow-up to this article reporting on the latest key development affecting South-East Asia's dynamic tech sector.

### **Toyota Grab a further share of the action**

The ink was barely dry on Hogan Lovells' latest thought-leadership piece – which queried what the next twist would be in the tale of the Go-Jek / Grab power struggle in ASEAN – when, on 13 June, Toyota provided a resounding answer by **announcing** that it was investing US\$1 billion in Grab. This latest announcement follows the investment of an undisclosed sum in Grab by Toyota's trading arm in 2017.

The Japanese behemoth's US\$1 billion represents the largest investment ever by an automotive manufacturer in the ride-hailing sector. Grab will also benefit from Toyota's collaboration in the technological sphere through the utilisation of several connected services based on data recorded in Grab's vehicles by Toyota's data-transmission driving recorder and uploaded to Toyota's mobility services platform. In return, Toyota will be the lead investor in Grab's ongoing financing round (launched following Grab's acquisition of Uber's operations in South-East Asia in March), as well as appointing an executive to Grab's board of directors and seconding an executive officer to Grab's offices.

Toyota's investment is indicative of a rapid shift in the automotive industry as car-makers realise the existential threat to their business models posed by the rise of artificial intelligence and the disruption of the personal mobility market by the world's largest technology companies. In response: General Motors has invested in the US ride service firm Lyft; Fiat Chrysler has a partnership with Waymo to develop self-driving vehicles; and the Renault-Nissan-Mitsubishi Alliance announced at the Consumer Electronics Show (CES) in January that it will set aside US\$1 billion to invest in start-up technology groups during the next five years. Such rapid shifts in long-established norms are compounded in the ASEAN region by emerging economies and young populations with whom established industry players do not have the same deep-rooted goodwill as can be found in the Japanese, European or North American markets, developed over generations of car owners.

From Grab's perspective, Toyota's investment will – they hope – help Grab bring to bear the financial firepower that will allow them outstrip Go-Jek in South-East Asia, not only in the personal mobility sphere, but also in online-to-offline (O2O) operations as ASEAN's leading food delivery service (GrabFood) and payment platform (GrabPay). The odds of Grab achieving this aim – pre-eminence amongst ASEAN's personal mobility and lifestyle apps – are considerably shortened by the support of an industry-leader driven by a mortal fear of its orthodox market approaching a technology-drive "adapt or die" juncture.

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