Uber Policy White Paper 1.0

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PRINCIPLED INNOVATION: ADDRESSING THE REGULATORY AMBIGUITY

RIDESHARING APPS

INTRODUCTION

Almost three years ago, Uber launched its transportation technology platform in San Francisco. As 'Everyone's Private Driver', Uber provides city residents with a convenient and efficient way to request transportation services from existing transportation providers. Although Uber does not own cars and does not employ drivers, Uber has helped create tens of thousands of jobs for drivers through its local transportation partners – and we have helped people get around in major cities around the world.

Over the last year, new startups have sought to compete with Uber by offering transportation services without traditional commercial insurance or licensing. Uber refrained from participating in this technology sector — known as ridesharing — due to regulatory risk that ridesharing drivers may be subject to fines or criminal misdemeanors for participating in non-licensed transportation for compensation.

In most cities across the country, regulators have chosen not to enforce against non-licensed competition which Uber has not engaged in to its own disadvantage. It is this ambiguity which we are looking to address with Uber's new policy on ridesharing:

1. Uber will roll out ridesharing on its existing platform in any market where the regulators have given tacit approval;
2. In the absence of regulatory leadership, Uber will implement safeguards in terms of safety and insurance that will go above and beyond what local regulatory bodies have in place for commercial transportation.

In the face of this challenge, Uber could have chosen to do nothing. We could have chosen to use regulation to thwart our competitors. Instead, we chose the path that reflects our company's core: we chose to compete.

The purpose of this white paper is to:
a) provide recommendations to policymakers to promote innovation in transportation services while ensuring the safety of the public;
b) introduce a principled approach to ridesharing, given the regulatory complexities;
c) envision what the law and/or regulatory framework could look like for ridesharing especially as it relates to safety.

INCUMBENTS

COMPETITION

Uber's success has not gone unnoticed. The incumbent taxi industry, widely reported to be corrupt, anti-competitive, and generally acting against the interests of the public and its struggling drivers, has launched a full frontal campaign to slow and/or shut down Uber. Their desperate tactics went to new heights last week with a claim that Uber discriminates against cancer patients. Despite these challenges, we continue to operate in cities across the U.S. because our technology respects existing regulation and promotes legal transportation services.

On the other end of the spectrum, a host of clone companies have emerged, most notably Lyft and Sidecar, whose goal is to offer incredibly low-cost transportation by working exclusively with unlicensed, non-commercially insured vehicles and drivers. This is **quite different** from Uber, which works almost exclusively with commercially licensed, insured and regulated entities (the only case where we haven't is in California, where we have obtained explicit written permission by the CA Public Utilities Commission to do so). Lyft and Sidecar call their approach "ridesharing".

RIDESHARING'S REGULATORY

In theory, ridesharing is generally good for cities and for society as a whole: cheaper, more reliable transportation for city residents, and more jobs for drivers. But given existing regulations, the Lyft/Sidecar approach is quite aggressive. The bet they are making is two-fold:

1. Uber, already a market leader, is too weary to enter the non-licensed market in the face of existing regulatory scrutiny.
2. Regulators for the most part will be unable to act or enforce in time to stop them before they have a critical mass of consumer support.

The first assumption has paid off nicely for Sidecar and Lyft. Uber already gets so much regulatory heat in markets where Uber's approach is clearly legal. In markets across the country, taxi companies have been pushing regulators and legislators to protect them by proposing new regulations that outlaw Uber. With such strong regulatory language against the 'ridesharing' approach, Uber restrained from competing with Lyft and Sidecar in the non-licensed transportation space for over a year.

The second bet the ridesharing companies made is also proving out. In the majority of cities that they have rolled out, the regulators have chosen not to enforce against them.

With Uber's approach, our partners have to buy cars, purchase commercial insurance, and spend thousands of dollars in order to get commercially licensed after going through mounds of red tape. In the ridesharing model, a driver can walk into their through bureaucratic red tape.

So over the last year we've stayed out of the ridesharing fray due to perceived regulatory risk and watched two competitors roll out in a few cities in which we already operate, without nearly the same level of constraints or costs, offering a far cheaper product.

REGULATORS' RESPONSE TO RIDESHARING

The regulators' response has been mixed. In Austin and in Philadelphia, regulators have chosen to aggressively enforce against non-licensed transportation. This has stifled innovation, but also minimized regulatory ambiguity.

In New York, Seattle, Chicago, Boston, and California the regulators have chosen NOT to enforce existing regulations against non-licensed operators. This is presumably for one or more of the following reasons:

1. The regulators believe that old rules don't apply to transportation apps with non-licensed

new rules to address this new sector and in the meantime they will see where the new innovation leads.

3. Regulators are exercising their discretionary power to enforce or not enforce their regs, and therefore, choosing to tacitly approve ridesharing by not enforcing against ridesharing.

To their credit, the lack of enforcement shows at least some embrace of this kind of transportation innovation. But the lack of real clarity has created massive regulatory ambiguity. Without clear guidance or enforcement, this ambiguity has led to one-sided competition in which Uber has not engaged to its own disadvantage. It is this ambiguity which we are looking to address with Uber's new policy on ridesharing.

UBER'S RIDESHARING POLICY

Uber will roll out ridesharing on its existing platform in any market where the regulators have tacitly approved doing so.

1. If a competitor is operating for 30 days without direct enforcement against

2. If clear and consistent enforcement has taken place within 30 days of a competitor rolling out a ridesharing service, then Uber will not roll out its platform for ridesharing in that jurisdiction.

In the absence of regulatory clarity, Uber will implement safeguards in terms of safety and insurance that will go beyond what local regulatory bodies have in place for commercial transportation.

1. At minimum, there will be a $1,000,000 per-incident insurance policy applicable to ridesharing trips. This insurance applies to any ridesharing trip requested through the Uber technology platform.
2. Extensive and strict background checks will be performed on any ridesharing transportation provider allowed on the Uber platform. The criteria for which a driver will be disqualified will be stricter than what any existing local regulatory body already has in place for **commercial** transportation providers.

CONCLUSION

Innovation and consumer safety are at the core of Uber's culture. Until this policy shift, Uber hesitated to engage in a market perceiving extreme regulatory risk. Finding the principles for engagement with such risk in this market was up to the innovation they are letting flourish. We look forward to ridesharing spreading across the country but look to do so only after first getting a read from regulators on this new relaxed approach to transportation licensing and enforcement.

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