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# The Ride-Sharing War For Global Dominance Has One Clear Winner: Softbank's Masayoshi Son



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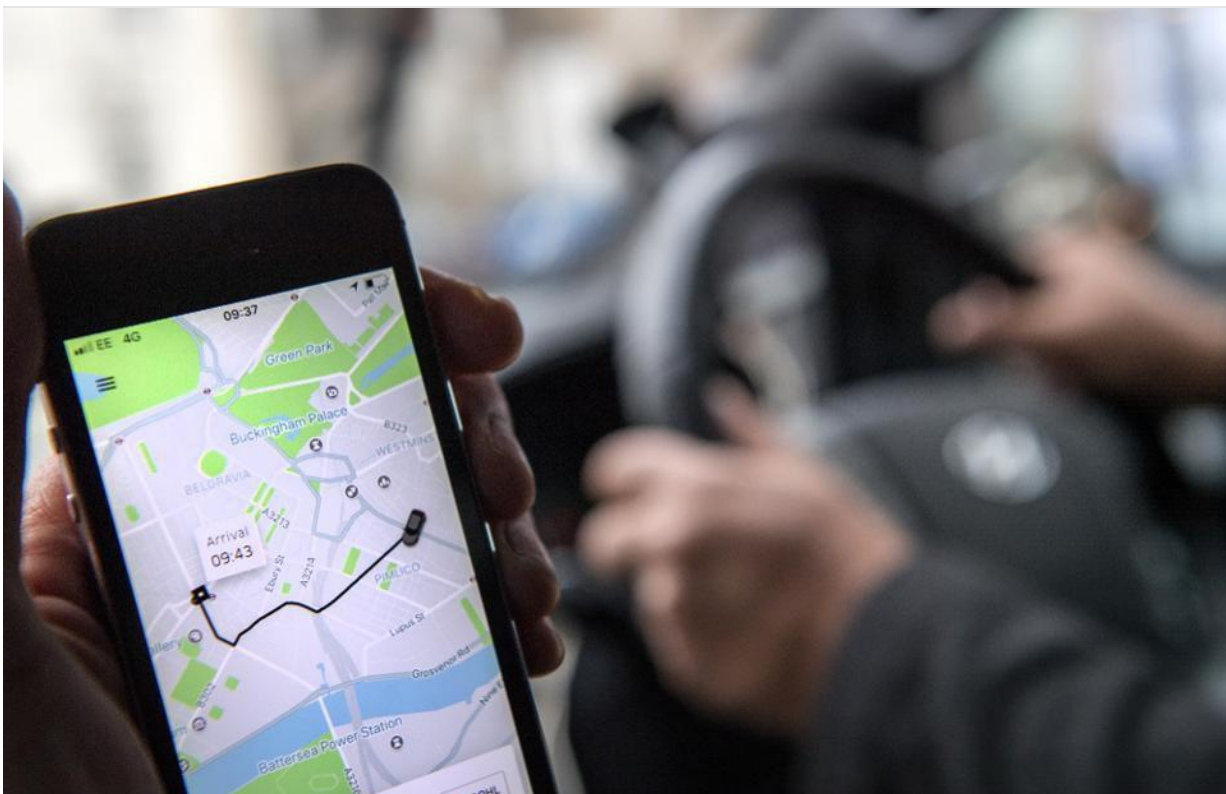
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Japan's Softbank recently acquired a 14% stake in Uber. (Photographer: Chris J. Ratcliffe/Bloomberg)

China's largest ride-hailing app Didi Chuxing has snatched up the remaining shares of Brazil's 99 car share service, Uber's main rival in Latin America. The news comes days after Japan's Softbank acquired a 14% stake in Uber, a move that helped the U.S.-based company shore up its shrinking balance sheet with fresh capital.


## Ballooning losses for Uber

Newly released data shows that the embattled Silicon Valley company has accumulated nearly **\$5 billion** in losses in its eighth year of operation -- doubling Uber's estimated losses of \$2.5 billion in 2015. The financials were released as part of a prospectus ahead of Softbank's acquisition.

While Softbank CEO Masayoshi Son may be seen as a white knight, his purchase comes at a bargain of \$33 a share, deflating Uber's valuation to \$48 billion from \$70 billion at its height in the summer of 2016. Despite the 30% discount from Uber's previous valuation, it's not a bad deal to take considering the money could help fund expansion and operations to combat competitor price subsidies.

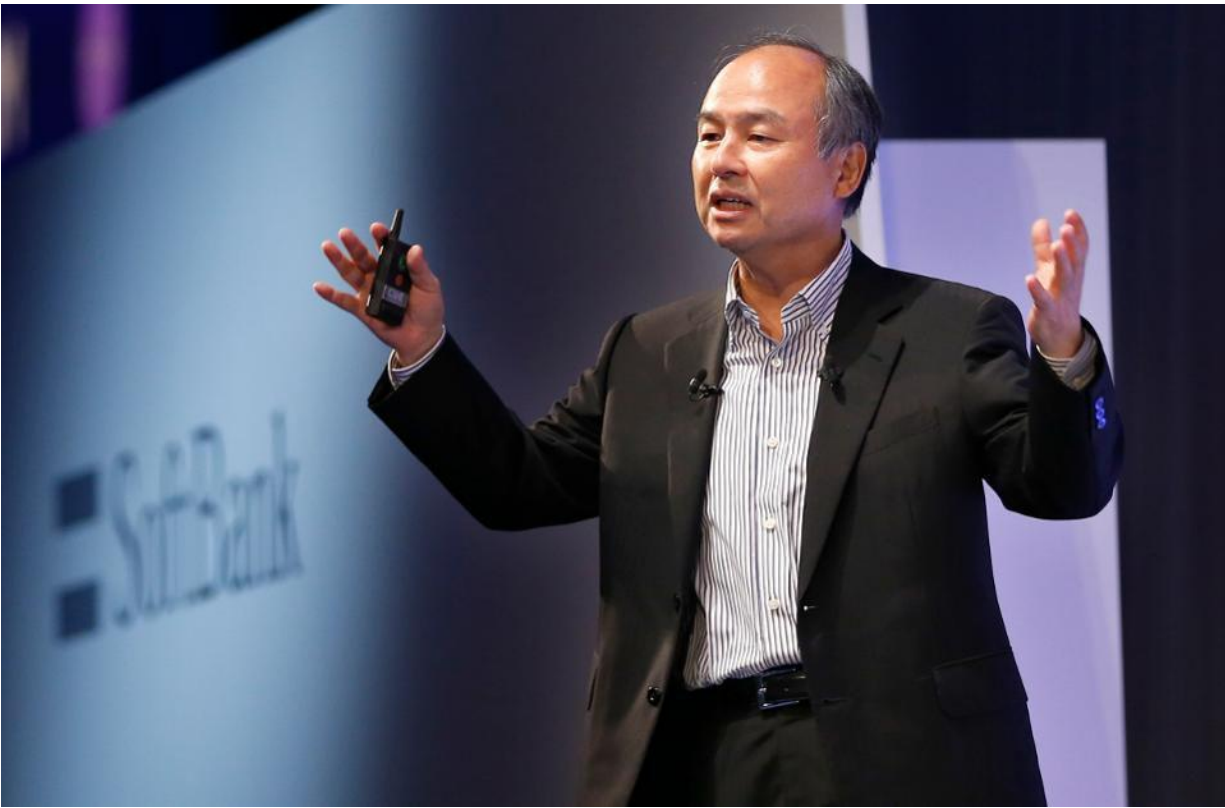
Son has been a force to reckon with in the tech world after wooing big backers from Saudi Arabia's crown prince and Apple's Tim Cook to Taiwan's Foxconn. He publicly warned Uber that if he didn't get the price he wanted, he would put his weight behind rival Lyft. A similar strategy was deployed when Son negotiated with Cheng Wei, chief executive of well-funded Didi.

### **Softbank buys all**

The Japanese conglomerate is not only an investor in Didi, Uber and Brazil's 99, but also in Southeast Asia's GrabTaxi, and India's Ola. "He's taking a page from Alibaba in 2014," doing a string of deals to strengthen its appeal says GGV Capital's Hans Tung of Son's 2017 buying spree. "He wants to play pope in the ride-sharing app world." 

(Softbank was an early investor in car service tech company Kuaidi Dache in 2000, which was later acquired by Didi Chuxing in 2015, which GGV is an investor in.)

While it may seem like a conflict to invest in companies competing against each other in the same space, Son is simply "betting the race track... investing in the number one player in each of the markets," says Xufei Ma, a professor of management at CUHK business school, giving the analogy of placing on all the leading horses -- so long as money is not an issue. Son is also famous for proving his doubters wrong with his early investments in Yahoo and Alibaba.



*SoftBank CEO Masayoshi Son (AP Photo/Shizuo Kambayashi)*

Hot on the heels of Softbank's cash injection announcement, Uber cofounder and former CEO Travis Kalanick, who has never sold any of his shares, is planning to [offload 29%](#) of his stake, reports Bloomberg. Kalanick was forced to resign last June following a string of lawsuits against Uber. A new CEO Dara Khosrowshahi stepped in to ease the tension, and the long anticipated Softbank investment finally went through.

But beyond pitting companies against one another and seeing what sticks, Son is also known for trying to figure out how to win through consolidation -- much like it facilitated Didi's acquisition of Uber China in 2016. "It's not uncommon in today's business world to justify 'coopetitor' (both a cooperator and competitor), and frenemy," [🐦](#) says professor Ma. He cited similar deals in the aviation industry between Cathay Pacific and Air China for the acquisition of Dragon Air and the equity participation of Air China in Cathay.

### **Didi's global ambitions**

Didi's venture into Brazil now marks the Chinese firm's first move outside of mainland China. Ma observes the curious timing of exactly one year since the Beijing-based company first invested in 99 as a minority shareholder. "The full control of 99 by this acquisition is a natural extension to last year's equity participation in 99... well designed by Didi."



*Didi's venture into Brazil now marks the Chinese firm's first move outside of mainland China. (MAURO*

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Though still a young unicorn, "Didi is a skilled driver in handling relationships with investors, competitors and partners," says Ma considering the investment in Middle East online taxi service [Careem](#) last year. The pair said they would cooperate on smart transport technology across 80 cities serving 12 million customers. Another similar investment with Estonia-based Taxify was made to cover Europe and Africa.

Closer to home, it's teamed up with taxi provider Daiichi Koutsu to tap into Tokyo, though the service will not be introduced until the spring and it specifically targets Chinese tourists visiting Japan.

Looking ahead, the ride-hailing behemoth has Mexico on its radar where Uber has a stronghold after doubling down following its China exit. Entering Mexico also means competing or possibly collaborating with Spanish company Cabify -- if Didi's past is anything to go by.

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