Stellantis wants to outfit cars with AI to drive up revenue

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The Stellantis sign outside is shown on Jan. 19, 2021 at the Chrysler Technology Center in Auburn Hills, Mich. Carmaker Stellantis announced a strategy Tuesday to embed AI-enabled software in 34 million vehicles across its 14 brands targeting 20 billion euros ($22.6 billion) in annual revenues by 2030. Credit: AP Photo/Carlos Osorio, File

Carmaker Stellantis announced a strategy Tuesday to embed AI-enabled software in 34 million vehicles across its 14 brands, hoping the tech upgrade will help it bring in 20 billion euros ($22.6 billion) in annual revenue by 2030.

CEO Carlos Tavares heralded the move as part of a strategy that would transform the car company into a "sustainable mobility tech company," with [business growth](#) coming from features and services tied to the internet. That includes using voice commands to activate navigation, make payments and order products online.

The company is expanding existing partnerships with BMW on partially automated driving, iPhone manufacturer Foxconn on customized cockpits and Waymo to push their autonomous driving work into light commercial vehicle delivery fleets.

Stellantis' embrace of artificial intelligence and expansion of software-enabled vehicles is part of a broad transformation in the auto industry, with a race toward more fully electric and hybrid propulsion systems, more autonomous driving features and increased connectivity in automobiles.

Ford and General Motors also are banking on dramatically increased revenue from similar online subscription services. But the automakers face immense competition for monthly consumer spending from movie and music streaming services, news outlets, Amazon Prime and others.

Stellantis, which was formed from the combination of PSA Peugeot and FCA Fiat Chrysler, said the software would seamlessly integrate into customers' lives, with the capability of live updates providing upgraded services over time.

New products will include the possibility to subscribe to automated

driving features, purchase usage-based car insurance or even increase the power of the vehicle with a tune-up to add horsepower.

Artificial intelligence will be able to automatically park a vehicle when a driver looks at an empty spot and nods their head, or it will close the garage door when the driver forgets to do so, the company said. Vehicles will collect data that Stellantis will use to come up with new features.

Yves Bonnefont, the company's chief software officer, said Stellantis is confident people will want to buy services directly related to their vehicles, despite competition. For instance, consumers will find value in charging packages for electric vehicles, navigation systems that connect vehicles traveling to the same place, and remote operation of vehicles.

As a baseline, Stellantis generates 400 million euros in revenue on software-generated services installed in 12 million vehicles.

To meet the targets, Stellantis will expand its software engineering team of 1,000 to 4,500 in North America, Asia and Europe. More than 1,000 of the expanded team will be retrained in house.

Stellantis also announced a new partnership with Foxconn to develop semiconductors to cover 80% of the company's needs and simplify the supply chain. The first microchips from the partnership are targeted to be installed in vehicles in 2024.

It is Stellantis' way of ensuring future supplies of computer chips to guard against another global shortage, which has forced nearly all automakers to temporarily close factories.

Tavares said the semiconductor deal came out of Stellantis' efforts to solve chip shortage problems that have vexed the auto industry. The company, he said, saw an opportunity to keep chip supplies flowing

while getting more sophisticated semiconductors that will be needed for increased use of software in the long term. "We are able to jump to the next generation of products, which will be at the higher level of performance," he said.

Although Stellantis is lining up partners for automated driving, chips and cockpit designs, it will develop software on its own because it will become a core business, Tavares said.

The automaker also said it's working on a new electrical and software system that will go into four new fully electric vehicle platforms. The company plans to use the platforms to make small, medium, large vehicles, plus body-on-frame for trucks.