

VW has 'one shot' to survive shift to digital era: CEO

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A future tech giant, formerly known as an automobile maker

Volkswagen needs to make urgent changes to become more of a tech company as the industry enters the digital era, CEO Herbert Diess said Thursday, warning that the German car giant had just "one shot" at staying in the game.

"The time of the classic car manufacturer is over," Diess said in a speech to [senior executives](#), as the industry undergoes "radical transformation" to make cars greener and smarter than ever before.

"Volkswagen's future lies in becoming a digital technology [company](#)," Diess said.

He singled out US tech firm and electric car pioneer Tesla as an example of the kind of fierce and unorthodox competition the company was up against.

Diess's warning comes as the car industry is grappling with tough new EU emissions rules that came into force in 2020, pushing automakers to accelerate their costly switch to hybrid and [electric cars](#).

At the same time, companies are pouring billions of euros (dollars) into new technologies like self-driving and internet-connected "smart" cars—just as carmakers are smarting from weaker global demand.

To master the challenges, Diess said the group needed "a shared understanding of the radical nature of the changes" and be prepared to "slaughter holy cows"—a possible nod to future cost cuts.

"We have exactly one shot at securing our future. Let's use it," he added.

The 12-brand VW group, which includes Porsche, Seat, Skoda and Audi, has set itself the goal of selling 32 million electric and [hybrid vehicles](#) by 2029.

The group is investing some 30 billion euros (\$33 billion) in electrification over the coming years and is pinning much of its hopes on the "ID.3", VW's first mass-market, all-electric car.

Diess said Volkswagen had to avoid the fate of cult mobile phone maker Nokia, which "went under in the battle against Apple" because it failed to read the sign of the times.

"This exact scenario is repeating itself in the [auto industry](#)," he warned.

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