

INTERVIEW

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LUCA DE MEO, PRESIDENT CEO OF SEAT

“COOPERATION IS KEY TO PROMOTE A EUROPEAN MODEL OF INNOVATION”

In recent years, technological and organizational innovation and digitalization have transformed society and the economy as never before. At the same time there is an intensification of the demand for mobility, especially in large cities.

How does SEAT face this double challenge?

It's a fascinating challenge. The digital environment and the new era of connectivity open up a world of possibilities to redefine our product and our services. In our sector that's precisely what it is, going one step beyond manufacturing vehicles and starting to offer mobility services.

SEAT has become a holding organization. This allows us to be more agile at an organizational level and to move forward towards the mobility of the future. Connected and shared cars or apps that facilitate urban mobility are some of the answers we provide for this demand from the big cities.

SEAT is leader in Catalonia in R + D + I. Talking about the automotive industry, what was the role of technological

and organizational innovation in its evolution and its current state?

Without a doubt, a fundamental role. The automotive sector has undergone a transformation at all levels in the last decades. The effort in investment we've made to be at the forefront in the era of digitalization has turned SEAT into the Spanish manufacturing company that invests more in R + D. This makes us very proud and at the same time it implies an enormous responsibility because we have a commitment to continue generating value to society.

In the same way, organizationally. Being efficient at an industrial level has allowed us to design systems to be more flexible and more agile.

How does SEAT want to continue driving innovation and design?

Our DNA is made up of innovation and design. We allocate 10% of revenues to innovation and we have more than a thousand engineers and designers at the Martorell Technical Centre. But we do not want to stop there. The new market



requires us to be flexible and agile and that is why SEAT has created XMOBA, to identify, test, market and invest in new models focused on mobility.

It's the same with design. SEAT designs all vehicles in Barcelona, a city recognized worldwide in terms of creativity and design. Having the creative capacity in our own headquarters and in a unique centre in Southern Europe, and also working with entities such as Barcelona Design Centre or ELISAVA, allows us to ensure a constant recruitment of talent, increasingly important in the corporate environment.

And what would you say is SEAT's role in the development of the Catalan economy in the next ten years? Is the Barcelona factor fundamental?

SEAT is a fundamental driver of the economy, employment and investment in Catalonia and will continue to be so. More than 15,000 people work for us and we currently represent 4.1% of the GDP of the Catalan territory, and our target is to keep this impact in the future.

Barcelona plays a key role. It is a pioneering city in terms of digitalization, design and creativity, for example. These values are directly linked to the SEAT brand, and having this environment's talent offers us another lever to predict a future of growth.

Does SEAT support strengthening the clusters as a way of promoting the automotive sector? Since some time ago, the automotive cluster of Catalonia groups together companies from the industry -including small and medium-sized companies. Do you consider clusters to be a good tool?

The automotive sector in Catalonia is at a unique moment and these types of associations allow us to reinforce the competitiveness of our industry and create a win-win relationship between companies with common or complementary interests.

According to the data of the Automotive Industry Cluster of Catalonia, the global turnover of the automotive sector will increase this year by 6% compared to 2017. This evolution would not be possible without the collaboration of the companies in the sector and in addition it allows us to continue at the forefront of innovation and adaptation to the fourth industrial revolution we are in.

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Recently, an open innovation platform called Start4Bbig has been formed by Aigüesuas de Barcelona, CaixaBank, Naturgy, SEAT and Telefónica. This platform looks for start-ups with disruptive solutions. What is the strategy and what role does SEAT have?

The creation of Start4Bbig responds to the need to look for start-ups with disruptive and innovative solutions through challenges that the driving companies put forward. The key lies in the fact that it's the first time five major companies have worked together to promote innovation and give entrepreneurs the opportunity to access the market in a more agile manner.

SEAT has opted for this formula as a way of incorporating talent. We attract the best talent and entrepreneurs have the opportunity to develop their ideas with large companies like us.

Since 2008, more than half of the world's population lives in urban areas of more than 300,000 inhabitants and it is expected that by 2040 all regions of the world will be mostly metropolitan. Thus, issues such as urban mobility will become key issues. In this sense, you have promoted the SEAT Metropolis:Lab Barcelona. What is exactly its goal?

Metropolis:Lab Barcelona was born with the aim of developing intelligent solutions that facilitate mobility in cities. This is the only digital lab of the Volkswagen Group outside German borders -together with the one in San Francisco-, and bringing it to Barcelona was a great milestone for SEAT. It's located at Pier 01, a building where around a thousand people from more than a hundred companies and start-ups coexist daily. This allows us to generate and benefit from synergies so that we can be more disruptive.

In fact, the knowledge shared between XMOBA and Metropolis:Lab -the two SEAT companies dedicated to developing mobility services- will soon emerge.



We are developing multiple projects related to urban mobility from here. One of the first ones is About It, an app that shows charging stations for electric vehicles, cycle parking or black spots with the highest concentration of accidents in the city of Barcelona.

SEAT has also created the CARNET hub (Cooperative Automotive Research Network) together with the Universitat Politècnica de Catalunya (UPC) and the Volkswagen Group. What is the status of this knowledge hub on urban mobility? Are you satisfied with the evolution of international networking?

The collaboration between the partners in CARNET is very positive. Our objective is to continue participating in the development of this large research and innovation hub focused on the automotive and urban mobility of the future in Barcelona.

The Autonomous Driving Challenge was one of the most outstanding projects carried out. It was a competition aimed at rewarding young talent responsible for developing the

technology of the future. More than 50 students from seven Spanish universities worked for six months in the creation of a software that allowed autonomous navigation of scale cars along a limited route. It's a great example that shows the success of the collaboration between companies and universities, in this case with the UPC.

CARNET continues working on new interesting initiatives that contribute to improving mobility in the city, but it's still too early to give more details about future projects.

Do you think that digital hubs should be encouraged more from the Administration? Is there a lack of pro-activity by the public sector?

Each actor has its role in the digital development. Companies, Public administration, financial institutions and social agents have to work hand in hand as cooperation is the key to promoting a European model of innovation. This includes the creation of new collaborative environments, clusters or innovation hubs that compensate small and medium-sized companies for their

lack of dimension when facing challenges and addressing Industry 4.0.

Here in Europe, we must aspire to catch up with models such as the ones in Israel or the United States. Those models promote these formulas and have become major references in digitalisation. It is essential to have a policy that favours the development of leading sectors, competition and business growth.

Carrying on with the topic of mobility, new fuels such as liquefied or compressed natural gas are being called to replace diesel and gasoline? What is SEAT's differential strategy in the fight against climate change?

The energy transition we are experiencing is unprecedented in the history of the automotive sector. There have never been so many and at the same time so sustainable alternatives available to customers and, therefore, it is a unique moment and we need to make the most of it.

For the next ten or fifteen years we'll have a huge range of fuels such as gasoline, diesel, natural gas, biogas, electricity, plug in hybrids, and so on in the market. Nevertheless, we must not forget that, in the end, the client will decide which options have come to stay.

Throughout all this process, success will be achieved by those who know how to adapt to such a changing environment and to the new needs of the customers.

The sector is also characterised by the rise of new forms of use based on "sharing", such as car-sharing. How do you think the collaborative economy is affecting the automotive market?

Today mobility -and therefore the automotive sector- are fully linked to the concept of collaboration and sharing. The collaborative economy and the new forms of mobility -such as car-sharing- are a reality that responds to the needs of users and to the active search for alternatives and new models in cities, by companies and institutions.

At SEAT, for example, we have launched initiatives such as the purchase of the car-sharing company Respiro, the integration of car-sharing systems at Martorell's production facility or the development of apps such as Justmoove which integrate a set of services for booking and paying parking lots, tolls or supplies,

for example. In short, offering customers solutions to improve their daily mobility.

SEAT's process of internationalization is exemplary. It went from being a company focused on the Spanish internal market to exporting most of its production -particularly to the European Union. To what extent does this "new internal market" need to be expanded? What is SEAT's strategy for the southern shore of the Mediterranean? After the success of SEAT in Mexico, is Latin America within SEAT's horizon of as a place of reference?

Indeed, globalizing the brand beyond European borders is one of SEAT's priorities. This year sales have grown 26% and 28% in mature markets such as the United Kingdom or Germany respectively; but we want to go one step further. Currently we are present in more than 80 countries on five continents and we want to focus in areas such as North Africa. In fact, the Volkswagen Group has relied on SEAT to lead the strategy in North Africa after the success of the project started last year in Algeria.

Latin America is also part of this strategy and we are analyzing the possibilities of strengthening our presence in the countries where we already have a presence and studying the possibility of entering new markets. ■