

The Wealth Perspective

BY ANDY McCLUNG, CFP®

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Autonomous Automobiles?

Molly Welch was driving back to school at Auburn University in 2008. When reaching for a recording to assist in writing a piece for *The Auburn Plainsman*, she ran into the back of another vehicle. She was a distracted driver. She sustained Traumatic Brain Injury and she can't use most of her right side. Her recovery is as good as it's going to get, barring some new technology. She has been a tireless campaigner for legislation to get high tech gadgets out of our hands and our eyes where they need to be on the road in front. I asked Molly at a recent Rotary Club meeting if she had investigated working on mandated auto braking for cars and trucks. It's available now from most major manufactures at a steep price. She said that's a good idea and that she will look into it.

Auto braking may sound new to most of us. It's really not that new. Car manufacturers have discovered that it's a good way to sell more cars, or at the very least upsize the sell. This feature might be the very first that takes the car control out of the drivers' hands autonomously. Self driving vehicles are evolving in stages 1-5: one being rudimentary functions like emergency braking and five being a car without a steering wheel.

Why all the effort? Why all the investment? It's estimated that autonomous driving will grow from a 5 billion dollar industry today to a 285 billion dollar industry by 2030 according to Goldman Sachs. The leaders currently in the race to perfect the technology in order of how far along they are, according to most of the information I could find are as follows: Waymo (a Google spin off), GM's Cruise Holdings, Tesla and Uber holdings, Daimler in Europe, and everyone else. Waymo is on the back stretch and the others are playing catch up. Waymo has recorded 5 million road miles of autonomous driving in 25 different cities. GM's cruise made news recently when a Japanese investor ponied up 2.5 billion to help with their efforts. Brian Colie, head of Boston's automotive consulting group, predicts there won't be a ton of companies making the effort and first to market will be huge with the credibility it will bring. Wrecks have happened on many pilot efforts so far and most likely will continue as the technology gets pushed. Elon Musk and Tesla are following a different path than most of the other efforts. It's a soft ware and hardware issue for the vehicle. Musk maintains that as visual learning and visual AI get better and better the cars will get safer and safer. He feels that Lidar, which Waymo and most other efforts rely on, is a hardware crutch that will not be needed as software gets better. As software gets better his cars will have a much more effective and a considerable economic advantage. Lidar is getting cheaper, but it's still expensive. Musk insists that Tesla's autopilot will never be perfect, but could be 10 times safer than a human. He also at times berates regulators for not looking at the larger picture that proves that even at its worst, self driving efforts are still much safer than the average human driver. Self Driving regulations vary widely as 29 states plus DC have laws on the books; surprisingly 21 states have none. Eventually, all 50 states will need some sort of uniformity. Bureaucrats are cautious and slow by nature and when you throw in death as a possibility they become snail-like.

The day when people will not need drivers licenses, etc. is way off. The technology in today's self driving efforts costs much more than the cars it's installed in. Depending on which experts you keep up with, 5 to 10 years seems to be the range of estimates for when an affordable self driving vehicle will be here. My opinion is it will be 10 years or more before we can ditch the drivers license and steering wheel all together. The political will is not there to push the effort quicker. Money and profit will eventually win, and it will happen. The cars most likely will not be internal combustion, but electric as that effort picks up. Imagine a fleet of Robo cars picking up passengers, dropping them off and plugging themselves in to charge up. It's just not that far away, especially in cities and densely populated areas.

Who will win the business is anyone's guess right now. Where can an individual can go to invest in this revolution, is a great question, with not a lot of answers. Waymo has the lead right now, but others may catch up. Most likely it will be that iPhone type apps for the car will appear and their developers will be worth billions. There are way too many variables to predict right now.

Thanks,
Andy McClung CFP™

RE: *Advanced Transport Kristin Houser/Bloomberg 05/31/18/ Washington Post Drew Harwell/Electric Fred Lambert*

2018 Market Results

S&P 500	+5.72%
NASDAQ Composite	+12.91%
Dow Industrials	+2.51%
Russell 2000	+9.51%
Dow Global	-.86%

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