Tesla Acquires Maxwell Technologies – A Strategic Move Towards Broadening Its Consumer Base Amidst Rising Competition
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Tesla, founded in 2003, continues to be a powerful force amidst international efforts to reduce carbon emissions and move towards sustainable energy. In an effort to further its mission, Tesla has remained innovative and agile when it comes to reaching a broader consumer base. Most recently, Tesla acquired Maxwell Technologies, a company specializing in energy storage technology that can increase the efficiency of Tesla’s electric vehicle (“EV”) batteries and, ultimately, decrease the cost of Tesla’s EVs. This recent acquisition, however, is just one of Tesla’s deliberate steps toward making its EVs more efficient, affordable, and sustainable.

This $218 Million acquisition is a noticeable departure from Tesla’s traditional emphasis on producing EV batteries in-house. Maxwell Technologies specializes in dry electrode technology, which can be employed to develop ultracapacitors. This technology, when applied to EV batteries, has the ability to dramatically increase the efficiency of Tesla’s vehicle but will also help Tesla decrease the cost of its vehicles in the long run. This sudden shift from in-house EV battery development is likely attributed to Tesla’s rapidly growing list of competitors. Audi, for example, just recently announced its new Audi e-tron all-electric SUV which rivals Tesla’s Model X. However, Tesla and Audi are not the only EV players in the game. Chevrolet, Nissan, Volkswagen, BMW, Kia, and Hyundai have all come out with successful electric vehicles. Moreover, Tesla’s competitors have not only entered the luxury EV market, they are producing less expensive models in order to reach more consumers. While Tesla has made strides towards offering less expensive models, it has yet to offer a model that is financially comparable to that of its competitors.

Thus, this most recent acquisition is a significant stride towards remaining competitive in an increasingly diverse EV industry, broadening its consumer base, and furthering its core mission. However, it is still uncertain how quickly and effectively this acquisition will achieve those same goals. The most recent reduction in the Model 3 price, for example, was accompanied by cuts in Tesla’s workforce. As a result, 7% of Tesla’s full-time workforce was cut earlier this year while the Model 3, Tesla’s cheapest model, has yet to break the $40,000 threshold despite the most recent price reduction. This begs the question: how far is Tesla willing to go in its efforts to produce a more accessible electric vehicle? While this remains to be seen, what can be said for
certain is that the strategic acquisition of Maxwell Technologies is an effective stride towards lowering Tesla’s EV prices and enhancing EV battery efficiency.