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Ford to Work With Baidu as It Seeks to Stop Slide in Chinese Sales

Once a highly profitable business, the auto maker's Chinese operations have been falling behind



The agreement between Ford and Baidu builds on an already existing partnership. Last year, Ford joined the Chinese search giant's open-source platform for self-driving software, known as Apollo. PHOTO: QILAI SHEN/BLOOMBERG NEWS

By Aisha Al-Muslim

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Ford Motor Co. [F -0.99% ▼](#) plans to team up with Chinese internet-search provider Baidu Inc. [BIDU 0.07% ▲](#) to develop new artificial-intelligence technology and digital services, as the auto maker looks to catch up with competitors and regain footing in the world's largest auto market.

Ford Motor (China) Ltd. and Baidu have signed a letter of intent to explore ways the two companies could collaborate in the Chinese market, including on technology and digital services for connected cars and digital marketing, Ford said in a statement Wednesday.

The alliance, if completed, would be a big win for Ford, which is lagging behind rivals in the Chinese market when it comes to in-car technology and connectivity. The partnership could help boost Ford's brand image in the country, where the auto maker's joint-venture sales continue to slide amid stiff competition from both local and foreign brands.

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Once a highly profitable business for Ford, its Chinese operations posted a loss in the first

quarter, in part because of the company's failure to appeal to the technology-loving Chinese consumer.

Ford Chief Executive Jim Hackett is working to expand the auto maker's expertise in new digital and connected-car services by forging partnerships across the globe. The company recently announced that it was exploring a strategic alliance with Volkswagen AG, including developing commercial vehicles.

The agreement with Baidu builds on an already existing partnership. Last year, Ford joined the Chinese search giant's open-source platform for self-driving software. Known as Apollo, the platform is similar to Google's Android system for smartphones.

Under the new agreement, Ford and Baidu will work together on new, in-vehicle "infotainment" systems and digital services for Ford vehicles in China, using Baidu's DuerOS conversational AI platform, which includes natural-language understanding and voice and image recognition.

The companies are also looking to set up a joint "connectivity lab" and explore opportunities in cloud computing, such as integration with Transportation Mobility Cloud, the open cloud-based platform being developed by Autonomic, a subsidiary of Ford Smart Mobility. Ford and Baidu also plan to explore ways to team up on targeted digital marketing.

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Separately, Baidu announced Wednesday that its board of directors has authorized a share repurchase program of up to \$1 billion over the next year. The company plans to fund repurchases from its existing cash balance.

—*Christina Rogers contributed to this article.*

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