



AS IT IS

American Companies Rent Robots to Small Factories

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Better technology and rising wages are leading an increase in sales of robots to big companies all across America. But smaller factories have shown less interest in the devices. Robots are costly purchases.

Now, some investors are supporting a financial plan for a robot pay-by-use plan. This means smaller factories could pay to use a robot when they want its service, but they would not own the device.

Garry Tan's business Initialized Capital is one of the investors. He says he sees three important social and economic changes taking place now.

Tan said low-cost and better robot computer vision and other intelligence technology is growing more available. He said financing is available at low interest rates, also.

And, disagreements between the United States and China about supply chains have created more interest in robots, Tan said.

The investors' business plan puts much of the financial demand on new robot companies. These companies carry the risk of a manufacturer losing a business deal or changing a product. Smaller factories often produce smaller amounts of special products that do not need robotic support. And Silicon Valley Robotics, an industry group supporting robot startups, says that in the past, financing has been difficult.

Still, some powerful investors support the idea.

Tiger Global, the biggest financier of this year's new tech companies, has invested in three robot leasing companies in seven months.

Bob Albert's family owns Polar Hardware Manufacturing, a 105-year-old factory in Chicago. The company paid less than \$10 an hour for a robot. It paid the average human more than \$20 an hour.

Albert watched this month as a robot arm picked up a metal bar, spun around, and placed it in an older machine. Together, the machines created a door handle.

"If the robot works really well, we'll use it a lot," said Albert, who was pleased with the early results.

Westec Plastics Corp, in Livermore, California, got its first robot in January 2020 and now has three from Rapid Robotics. The company charges \$3,750 a month for a robot in the first year and \$2,100 a month starting in year two.

"Melvin runs 24 hours a day, all three **shifts**, and that replaced three full operators," said President Tammy Barras about the named robot.

She also said she is saving about \$60,000 in labor costs a year with one robot alone. "We've had to increase our wages quite significantly this year because of what is going on in the world. And luckily, Melvin has not increased his pay rate. He doesn't ask for a raise."

Barras, who has 102 employees, says robots cannot replace humans today because robots can perform only repetitive, simple jobs.

Jordan Kretchmer is cofounder and CEO of Rapid Robotics. He said he meets people who have doubts about robots. "A lot of times we've walked in and there's a **graveyard** of robots that they bought in the past," he said. But he added, "robots can be easy and they do work when they're in the hands of the right people."

I'm John Russell.

Jane Lanhee Lee reported on this story for Reuters. John Russell adapted it for Learning English. Katy Weaver was the editor.

Words in This Story

shift - *n.* the scheduled period of time during which a person works

graveyard - *n.* a place where old things are left or thrown away
