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LOGISTICS REPORT

Robot Trucks Are Seeking Inroads Into Freight Business

Startup Ike strikes a deal with several truck operators as pressure grows on self-driving ventures to show paths to profits

By Jennifer Smith

As autonomous trucking edges closer to market, technology providers and their potential customers are testing competing strategies for how driverless big rigs could help them make money in the real world.

Several startups are building out prototype fleets and hauling freight for big shippers that hope autonomous trucks could help cut transportation costs and speed up deliveries. Other companies with self-driving trucking technology are trying to plug into existing operations, striking agreements with truck makers and large trucking fleets that they believe could eventually buy thousands of autonomous tractors.

Transport operators Ryder System Inc., NFI Industries Inc. and the U.S. supply-chain arm of German logistics giant Deutsche Post AG are working with Ike Robotics Inc., a San Francisco-based startup that plans to offer its automated trucking technology through a software subscription model.

Those fleets, along with others whose names the startup didn't disclose, are collectively reserving the first 1,000 heavy-duty trucks powered by Ike's technology, the companies said Tuesday.

New Jersey-based NFI, whose services include port trucking and intermodal truck-rail transport, is evaluating how autonomous trucks would integrate with its dedicated trucking operations moving freight from customers' warehouses to retail stores. Self-driving big rigs could handle longer highway portions of those regional runs, such as the 250-mile trip between the Dallas-Fort Worth area and Houston, said NFI President Ike Brown.

Because autonomous trucks wouldn't be bound by rules that limit most commercial drivers to 11 hours behind the wheel, "We could use that asset, the truck, almost on a 24-hour basis," Mr. Brown said.

That would lower the costs, making over-the-road service more competitive with intermodal rail-truck service, which is typically cheaper, he said. "I think automated trucking is going to bite into the intermodal market."

Tapping into big carriers' logistics networks and operational expertise means Ike can focus



An Ike technician adjusts a sensor on the cab of a Ryder truck, part of a partnership to develop the startup's autonomous trucking technology.

PHOTO: IKE ROBOTICS

on the technology piece—systems engineering, safety and technical challenges such as computer vision—said Chief Executive Alden Woodrow.

"They are going to help us make sure we build the right product, and we are going to help them prepare to adopt it and be successful," said Mr. Woodrow, who worked on self-driving trucks at Uber Technologies Inc. before co-founding Ike in 2018.

The question of whether autonomous truck businesses will seek to drive around existing operators or work with trucking's array of equipment suppliers and logistics providers is growing as self-driving technology gets closer to widespread adoption. As companies show robot trucks can run on roads, they're under more pressure to show they can operate profitably.

Rival startup TuSimple Inc. is also working with big logistics operators but taking a different approach, bulking up its delivery business moving freight for companies such as grocery and food-service distributor McLane Co. as it builds a planned coast-to-coast autonomous freight network.

Starsky Robotics, an autonomous trucking venture that also ran its own trucking business, shut down this year, citing reasons including

"that investors really didn't like the business model of being the operator."

Karen Jones, Ryder's chief marketing officer, said Ike's business model factored into the decision to work with the startup, along with its approach to safety. "Not operating their own fleet—that's a win," she said. "It's important to us to work with companies that want to enhance [our capabilities], not compete."

Some ventures aim to automate trips door-to-door, while others, including Ike, are focused on highway moves with handoffs to human drivers to navigate surface streets, which experts say could provide a faster path to automation.

"Divided highway transportation, that's the easiest problem to solve and the most challenging for finding drivers," said Jim Monk-meyer, president of North American transportation for Deutsche Post's DHL Supply Chain, which is reserving several hundred Ike-equipped trucks.

Still, those vehicles aren't likely to form big fleets for a while, Ike said.

"It will be several years before automated trucks without drivers are operating commercially, and longer to reach any meaningful scale," said Mr. Woodrow.