EDITORS' PICK | Jul 22, 2021, 04:55pm EDT | 83 views

Shares Of Warehouse Robotics Firm Berkshire Grey Rise In Nasdaq Debut: "There's This Enormous White Space"

Amy Feldman Forbes Staff
Manufacturing

Berkshire Grey's Tom Wagner

COURTESY OF BERKSHIRE GREY

Forget dancing robots. Industrial robots that can help retailers process orders ever faster are really hot these days.

Warehouse robotics company Berkshire Grey debuted on Nasdaq today following the completion of its merger with a SPAC backed by AOL cofounder Steve Case and former Congressman John Delaney (Dem.-Maryland) called Revolution Acceleration Acquisition Corp. By the close of trading, shares in the newly public robotics firm had risen 7.5%, to $10. In after-hours trading, they rose an additional 4.4%, to $10.44.

“There’s this enormous white space where there isn’t automation today,” says Tom Wagner, the company’s founder and CEO, whose 4.69 million shares would now be worth nearly $50 million. “The work that we automate exists today. This isn’t a hypothetical future.”

Wagner, 54, the former chief technology officer of iRobot, maker of the popular Roomba robotic vacuum cleaners, founded the company in 2013 to bring innovation to the warehouse space. A Michigan native who had worked at General Motors early in his career, he visited manufacturers, farmers and ecommerce fulfillment centers to see what they needed before setting up the company. “I had folks let me really walk the floors and understand the business,” he says.

Wagner spent the first five years building the technology and filing patents. The company came out of stealth in December 2018.

“It’s all very hard technically. You cannot use the same technologies you use for manufacturing.”

Picking up items of different sizes, shapes and weights in an unstructured environment is one of the hardest things for robots to do. That’s why automating warehouses has been so difficult. Berkshire Grey’s automation system includes large picking “cells” and mobile robots that can zip around the warehouse. This isn’t off-the-shelf automation, but rather 15 different modules that the company puts together in a variety of configurations for its customers.

“It’s all very hard technically,” Wagner says. “You cannot use the same technologies you use for manufacturing.”

He points to the basic polybag used to package clothing. It could be any variety of shape or size, and it could have a heavy or lightweight item in it. The robot needs to be trained to handle these different permutations, something that is far easier for humans to do than machines. Shiny objects, transparent packaging and even the color black all make it tougher for a robotic arm to grasp something.

Berkshire Grey's robotic sorting system in action

COURTESY OF BERKSHIRE GREY

The promise of bringing automation to retail warehouses is enormous as stores have faced a deluge of online orders over the past year and had struggled to keep up with Amazon and its ultra-fast delivery times.

Berkshire Grey's revenue reached $35 million last year, and is projected to hit $59 million this year, according to the company's investor presentation. Customers include Walmart, Target, FedEx and TJ Maxx.

The sophistication of Berkshire Grey's system means that "right now only the big companies can access those technologies," says Kent Yoshida, chief business officer at SoftBank Robotics, which has a partnership with Berkshire Grey in combination with SoftBank Vision Fund's investment in the company. "The current solution is more like cutting-edge technology, but maybe one or two years later it is going to be more commoditized."

The deal is the latest in an ongoing SPAC boom that has grown to encompass industrial startups, including manufacturing software companies Bright Machines and Fast Radius and 3D printing firms Desktop Metal and Markforged.

Follow me on Twitter or LinkedIn. Send me a secure tip.

Amy Feldman

I'm a senior editor at Forbes, where I cover manufacturing, industrial innovation and consumer products. I also edit the Next Billion-Dollar Startups list. Before rejoining Forbes in 2016, I was a senior writer or staff writer at BusinessWeek, Money and the New York Daily News. My work has also appeared in Barron's, Inc., the New York Times and numerous other publications. I'm based in New York, but my family is from Pittsburgh—and I love stories that get me out into the industrial heartland. Ping me with ideas, or follow me on Twitter @amyfeldman.