



WAREHOUSE ROBOTICS

DRIVING OPPORTUNITY WITH RAAS

Robotics as a Service empowers warehouse logistics owners to scale and automate for the demand of tomorrow.



Have your warehouses, distribution centers or fulfillment centers been hampered by labor shortages and high turnover rates? If you're like 80% of your industry peers, that would be a rhetorical question. No doubt they have! As warehousing operations are stretched to manage the e-commerce explosion and the HR obstacles of the pandemic, it's easy to see why automation is becoming the go-to solution to manual labor issues and increasing warehouse throughput.

It's well established that automated warehouses do more with less and respond well to spikes in customer demand. Robotic technology helps operations run more efficiently, minimizes human error and even integrates data science for quick decision-making. Return on investment is realized quickly through greater inventory control, reduced handling and storage costs, and workplace safety among other measures of success.

And let's not forget, robots are designed to take charge of physically demanding and repetitive tasks. That means your people can be redeployed to more fulfilling work, which improves employee satisfaction. Factor in the improvements in customer service, like order fulfillment accuracy, and it's no wonder robotic warehouse solutions are a welcome change for everyone involved.

Of course, the shift to automation is expensive and many warehousing businesses just lack the funds, which is why Robotics as a Service (RaaS) is on the rise.



What is Robotics as a Service?

If you're familiar with Software as a Service (SaaS), you'll be able to appreciate Robotics as a Service (RaaS). It's how warehousing businesses across the U.S. are making robotic process automation affordable and manageable.

Essentially, RaaS is about giving people the choice to purchase, lease, rent or subscribe to be able to utilize warehouse robotic automation without the heavier upfront costs associated with full ownership.

RaaS is about choice and options for the buyer. Giving buyers the choice to own, rent, lease or subscribe means more business may have the ability to access the same technology, ROI and business opportunities as the larger more established companies.



Why is RaaS trending?
There is a warehouse
full of reasons.

1.3 million

installations of RaaS by 2026
across general industry

RaaS is becoming increasingly popular with warehousing businesses because of its flexibility, scalability, ease of implementation and lower cost of entry than traditional robotics programs. ABI Research forecasts 1.3 million installations of RaaS by 2026 across general industry. Here are some of the top reasons for the rise in RaaS popularity.



1 Lower cost of entry.

Historically, businesses have treated robotics as a capital investment and have purchased the technology through their capital expenditure budget. Remember, you don't own the robotics, so RaaS expenses fall within your operating budget. That means all the hardware, software and support services are acquired without a substantial capital outlay. RaaS agreements entail a flat, manageable monthly lease payment. Even small- and medium-sized warehousing businesses are able to benefit from robotics without the cost-prohibitive initial investment.

Thanks to RaaS, warehousing businesses are able to free up cash and keep their lines of credit open for revenue-generating opportunities. The time frame to achieve desired ROI is shortened from years to months because the initial investment is so low. What's more, RaaS lowers the barrier to entry for testing out and experimenting with robotic solutions, which is an important benefit for warehouses making their initial foray into automation.



2

Faster budget approvals.

You know the internal complexities of your organization's annual budgeting process. Making a business case for expensive, fixed assets, like capital equipment, requires many layers of management approval, which can grind progress to a snail's pace. A RaaS solution is a game changer!

By paying for your automation out of your company's operating budget, layers of organizational approvals are circumvented. The simpler budget approval process speeds procurement and deployment of your robotic solution, helping you to keep up with the competition.

3

Reliable, cost-effective productivity.

Operational downtime—the time when your workers are not actually working due to sick leave, lunch breaks, etc.—can be extremely costly. When you rely on robotics to perform the day-to-day tasks in your warehouse, you eliminate that downtime and even extend the “workday” to all hours of the night. Plus, your workers are freed up to boost productivity in other operational areas.

With robotics, you also eliminate the time and cost spent searching for laborers, training them and eventually replacing them when they choose to leave. Instead, you have a fixed monthly cost for a reliable, productive solution.



4

Measurable return on investment.

As you look to make a business case for automating your warehouse logistics, it's good to know that the KPIs of a RaaS solution can be easily measured thanks to the technology's ability to gather and analyze data. For example, Amazon's AWS RoboMaker includes machine learning, monitoring and analytics services.

Your RaaS solution can ensure you of accurate data on usage and throughput so you can gauge the productivity of your investment against your monthly expense. This kind of measurability along with the "pay as you go" financing terms makes a RaaS solution one of the rare things on which IT and finance departments agree.

A RaaS agreement also allows you to bundle your hardware, software and support services/maintenance all with one partner. That makes it easier to accurately account for monthly and quarterly expenses, and even isolate them by location or equipment type. And you'll avoid the accounting hassles of having multiple technology suppliers and maintenance contracts.



5

Exceptional flexibility for scaling.

No industry is impacted more by seasonal spikes and dips than warehouses and distribution centers. Fortunately, the flexible rental terms of RaaS give your organization the ability to scale up and down – quickly and easily – in response to changing market conditions and seasonal needs.

Some agreements allow for usage-based financing. Users are permitted to make lower payments when revenue drops, and higher payments when business spikes. With a variable rate of payment based on consumption, you can increase robot usage during peak periods like the holidays and idle or halt service during slow periods. And there's no waiting for rental term expiration dates to add on equipment. You can add on hardware at any time along with maintenance protection. The rental term can be adjusted so all your equipment comes to term ending at the same time (co-terminus).

Remember, you are purchasing a service rather than a good, thus with a RaaS solution you won't have to worry about investing in equipment that gathers dust during slower periods.

6

Maintenance can be included.

Your warehousing businesses could really benefit from robotics, but you don't have the in-house expertise to maintain them. No problem. A RaaS agreement can roll ongoing maintenance into your monthly expense, meaning you don't need to train and staff in-house robotic experts.

If the equipment breaks, you don't have to fix it. In fact, your RaaS partner will likely know of the issue before you do, through remote monitoring. They may be able to remotely troubleshoot the equipment and schedule onsite repair with no interaction on your part.



7

Turn key support & maintenance.

As the owner of the equipment, your RaaS partner remains responsible for updating it as needed to keep it in prime operational condition over the long run. Regular hardware refreshes also mean you never have to devote time away from your core business researching the latest technologies and planning for implementation.

By having your robotics technology refreshed as often as every two years, you can gain and maintain a significant competitive edge. Innovative advances in automation can mean a significant increase in productivity, speed and accuracy of work... all keys to differentiating your warehousing business.

8

End-of-term advantages.

As warehouse automation technology ages, it becomes a real liability for owners. Broken or obsolete equipment hampers productivity and can stress out your workforce. Maintenance costs tend to rise over time. And when this kind of equipment comes to the end of its useful life, you can't just throw it into the dumpster. You're stuck with the headaches of safe and responsible disposal.

On the other hand, with a RaaS strategy in place, regular updates reduce chances of breakdowns and eliminate other downsides of owning aging equipment. You have the option at term end to simply return the hardware, purchase the hardware at fair market value, or extend/renew your finance terms. Should you decide to renew and refresh, your old robotic equipment is reclaimed by your RaaS partner, so you never have to worry about end-of-life equipment disposition costs and hassles.

Prime Robotics, in partnership with River Capital Finance, is your go-to team for implementation and continuous optimization of your warehouse robotic operations.

When you add it all up, RaaS is the strategic, innovative, pay-as-you-go solution that makes it easy to add the very latest autonomous mobile robotic tech to your warehouse operations.

For more information on how Prime Robotics and River Capital can help you automate your business for the demands of tomorrow, contact:

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