

Uber, hard-hit by pandemic, sells its robot-vehicle division

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This March 20, 2020, file photo shows a parking lot full of Uber self-driving Volvos in Pittsburgh. Uber is selling off its autonomous vehicles development arm to Aurora as the ride-hailing company slims down after its revenues were pummeled by the coronavirus pandemic. Aurora will acquire the employees and technology behind Uber's Advanced Technologies Group in an equity transaction, the companies said Monday. (AP Photo/Gene J. Puskar, File)

Uber is selling off its autonomous vehicles development arm as the ride-hailing company slims down after its revenues were pummeled by the coronavirus pandemic.

Self-driving vehicle technology company Aurora will acquire the employees and technology behind Uber's Advanced Technologies Group in an stock transaction, the companies said Monday.

Uber will also invest \$400 million into Aurora, and Uber's CEO Dara Khosrowshahi will join Aurora's board of directors.

After the transaction, Aurora will be worth \$10 billion and Uber will hold 26% stake in the company, Aurora CEO Chris Urmson said in an interview.

"Our first product will be in trucking and freight, but we look forward to taking this great team that we have and accelerating that while continuing working on light vehicles and ride-hailing, and we'll ultimately see our vehicles deploying on the Uber network," Urmson said.

Uber will not have exclusive rights as a ride-hailing company to Aurora's technology, but the two companies will have a "preferred relationship," Urmson said.

San Francisco-based Uber will lose a critical piece of its company after the pandemic cut into its finances by suppressing demand for shared rides. Its path to profitability has often been linked with its plans to deploy autonomous vehicles and reduce the high cost of paying drivers.

The company's efforts around self-driving technology was marred in March 2018 when one of its automated test vehicles hit and killed a woman, the first death involving the technology. The backup Uber driver involved in the crash was charged with negligent homicide for being

distracted in the moments before fatally striking the woman in suburban Phoenix.

"There's no doubt they had a pretty rough couple of years a while back," Urmson said. "What's been impressive to me in meeting the team over the last little while is just how much the team has learned, and the tenaciousness, and determination of the team as they come to market in a thoughtful, safe way."

Gaining customers' trust is a huge factor, said Dan Morgan, vice president of Synovus Trust Company. "You have one or two bad accidents and people are like, 'I'm not getting into that thing,'" he said.

Aurora, based in Mountain View, Calif., is led by former Google, Tesla and Uber executives. Aurora also has partnerships with delivery giant Amazon and auto companies Hyundai and Kia, among others, but its partnership with Uber is its first official relationship with a ride-hailing company.

The move will help Uber find a quicker path to profitability, said Steven Fox, founder and CEO of Fox Advisors. "It accomplishes the best of both worlds for them. It takes away a big profit drag and keeps them strategically well-positioned for when they want to move parts of their network to be autonomous," he said.

The deal means San Francisco-based Uber will be entrusting a key piece of its future to a 3-year-old startup co-founded and run by one of the engineers who launched Google's pioneering work in self-driving cars more than a decade ago. Urmson was one of the most visible people involved in the once-secret project that Google initially dubbed "Chauffeur" before it was finally spun off into a separate company called Waymo. Google and Waymo remain closely aligned under the same corporate parent, Alphabet.

While at Google, Urmson also worked on the self-driving car technology with another top engineer, Anthony Levandowski, who defected to Uber in 2016 oversee its early efforts to build robotic vehicles.

As part of that effort, Uber bought Levandowski's startup, Otto, for \$680 million. That deal quickly disintegrated into a scandal after Waymo accused Levandowski of stealing its trade secrets and using them to help Uber to make the transition from human drivers to autonomous vehicles.

Uber denied the allegations, but eventually reached a \$245 million settlement with Waymo in 2018 after a few days of testimony during a high-profile trial in San Francisco. Before the settlement, Uber's former CEO and co-founder Travis Kalanick revealed he believed Google's self-driving car technology posed an existential threat to Uber during his dramatic appearance on the witness stand.

That fear drove Kalanick Uber's to open its own self-driving car division stocked with robotic experts from Carnegie-Mellon University as well as former Google engineers acquired as part of the deal with Levandowski. Uber eventually fired Levandowski in 2017 and Levandowski wound up being sentenced to 18 months in prison earlier this year after pleading guilty to stealing some of Google's trade secrets before he left the company in 2016.

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