

Sports boats set out on a voyage to electrify the waters in the same way Tesla electrified the roads

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Grant Jeide wake surfs behind an electric sports boat made by California-based Arc Boats on the Sacramento-San Joaquin Delta near Bethel Island, Calif. on Wednesday, July 31, 2024. Credit: AP Photo/Terry Chea

Grant Jeide looked like another dude riding the rollicking waves left in

the wake of a 23-foot (7-meter) boat ripping through the water at speeds of up to 40 miles per hour on a river in Northern California's Delta earlier this summer.

But Jeide was performing his aquatic acrobatics behind a different breed of boat—one powered by electricity instead of gasoline. Unencumbered by the din and acrid smell of a combustion engine, the boat's passengers could chat with Jeide as he surfed behind them while they savored the afternoon breeze wafting along the river.

"It's like a playground back there, you feel like you could just ride all day," exclaimed Jeide, part of the sales team at Arc Boats, a 3-year-old startup embarking on a voyage to electrify the waters in the same way that Tesla has already led the charge to electrify the roads.

As Tesla did with its first car 16 years ago, Arc Boats is starting with luxurious vessels likely to appeal to a small and affluent audience that isn't reluctant to spend large sums of money to own the latest advances in technology.

They're people like Jonathan Coon, a self-proclaimed geek who got rich after starting 1-800 Contacts in his college dorm room back in the 1990s and can afford to splurge on the sleek, high-powered vessels that Arc Boats is designing and building.



An electric sports boat made by California-based Arc Boats floats on the Sacramento-San Joaquin Delta near Bethel Island, Calif. on Wednesday, July 31, 2024. Credit: AP Photo/Terry Chea

After spending more than \$300,000 on a luxury cruiser called Arc One a couple of years ago, Coon is forking over another \$258,000 price to become the first customer in line to get Arc Sport—a model made for popular aquatic pastimes such as wakeboarding and water skiing.

It's something that Coon wouldn't have considered buying just a few years ago after renting gas-powered boats and riding on the gas-powered boats of friends and hearing about all the hassles that went into maintaining them, along with the cost to fuel up vessels that usually only get a few miles per gallon.

"My view on boats had always been that the best kind of boat is someone else's boat because they can be such nightmares," Coon, 54, said during an interview from Austin, Texas, where he is overseeing the development of a lakeside community. "But that's not the case now. These guys just nailed every little detail on an electric boat that's just fun to use."

Arc Boats CEO Mitch Lee is a long-time nerd, too. He grew up in San Jose, California—the cradle of Silicon Valley—where he began trading in currency exchanges when he was just 8 years old. After moving on to Northwestern University to study [mechanical engineering](#), Lee created a personal finance app called Penny that he sold in 2018 to Credit Karma, which is now owned by Intuit.



Mitch Lee, co-founder and CEO of Arc Boats, stands in front of an Arc Sport, an electric boat made by his California company, in Bethel Island, Calif. on Wednesday, July 31, 2024. Credit: AP Photo/Terry Chea

That deal helped provide Lee with the money to start Arc Boats in Southern California with Ryan Cook, a friend he met at Northwestern. Electrifying boats has been in the back of Lee's mind since Tesla rolled out its first car—the Roadster—in 2008 and started to wonder if the technology would eventually work on the boats he grew to love as the son of parents who loved to water skiing.

The success of Tesla's expanding line-up of vehicles along with electric cars made by other automakers finally created a supply chain of batteries and other parts needed to electrify boats, too. Arc Boats, founded in 2021, now employs more than 100 employees, including former engineers who worked for Elon Musk at two of his breakthrough companies—Tesla and rocket ship maker SpaceX.

After selling only a handful of the Arc One luxury cruisers, Lee has foresees being able to ramp up production to sell hundreds of the Arc Sport model across the country annually.

Besides its home state of California, Arc Boats is targeting other water-loving hot spots such as Texas, Idaho, Minnesota, Michigan and other parts of the U.S. with lots of lakes and people who want to have fun on them. The first Arc Sport is supposed to be delivered to Coon before the end of this year.



Mitch Lee, co-founder and CEO of Arc Boats, steps off an Arc Sport, an electric boat made by his California company, in the Sacramento-San Joaquin Delta near Bethel Island, Calif. on July 31, 2024. Credit: AP Photo/Terry Chea

"There's a lot of enthusiasm for a product like this, because it solves all these core pain points that gas boat owners have today," Lee, 35, said while piloting an Arc Sport on the San Joaquin River near Bethel Island, California. "It's quieter. It's far more reliable. It's way cheaper to operate. You're not inhaling fumes off of the back of the boat. And we're doing an interview on a boat here all you hear is the sound of the water."

Those same selling points are being made by a wide range of other boat makers trying to shift away gas-combustion engines that can easily cost

their owners \$300 to \$600 to fill up their tanks to spend a day traversing a lake or river. Some, like Sweden's Candela and another California startup, Navier, are selling electric-powered hydrofoil speedboats that probably wouldn't work as well for water skiing or wakeboarding.

A variety of other electric boats, in a range of different styles, are being made by a list of others, including Vision Marine, Ingenity, RS Electric, Duffy Boats and Rand Boats.

Compared to electric cars, the market for electric boats is a drop in the bucket. Worldwide sales of electric boats stood at just \$5 billion in 2021, and even with steady double-digit annual growth, are only projected to reach roughly \$17 billion by 2031, according to Allied Market Research. In contrast, global sales of electric automobiles surpassed \$250 billion last year.



Grant Jeide wake surfs behind an electric sports boat made by California-based Arc Boats on the Sacramento-San Joaquin Delta near Bethel Island, Calif. on Wednesday, July 31, 2024. Credit: AP Photo/Terry Chea



Mitch Lee, co-founder and CEO of Arc Boats, pilots an Arc Sport, an electric boat made by his California company, in the Sacramento-San Joaquin Delta near Bethel Island, Calif. on Wednesday, July 31, 2024. Credit: AP Photo/Terry Chea

Lee is trying to steer Arc Boats in the same direction that Tesla followed after barely making a dent in the auto market during its formative years

making [electric cars](#). Just like Tesla's vehicles, the Arc Sport will be equipped with a variety of technology that will make the boat akin to a floating computer.

The boat comes with display screens, sensors, wifi, a hydraulic system for raising and lowering the roof, a 226-kilowatt battery and software that can be updated over the air. Lee envisions those software updates making it possible to provide people who own the Arc Sport with upgrades as the technology improves and potentially makes it possible for the boat to autonomously dock.

The Arc Sport's hefty price tag is also an echo of the Tesla Roadster, which sold for \$80,000 to \$125,000. Now Tesla sells sedans in the \$40,000 range, with ambitions to lower the price even more.

"Over time, we expect our technology to get less expensive," Lee said of the Arc Sport as he prepared to show off the boat's 500-horsepower motor. "There are a lot of tailwinds here."

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