



Ask Any Cobot: Human Workers Cost More Than Wages

Cobots don't have 401Ks, health or dental plans, they never work from home, never have maternity leave, never ask for a raise, never militate for a promotion, and pay absolutely zero employee taxes. Plus, ask any cobot if renting a cobot is a good thing, and you'd get two thumbs up...if they had thumbs. **Join us for renting robots and why that's a good thing.**

Back in our [September podcast, our article *The Problem with Cobots*](#), spoke about a new trend on the rise for getting cobots into the hands of SMEs who might otherwise not be able to afford a chance to automate their operations.

Renting robots, which some call RaaS: Robots-as-a-Service. "Robotics-as-a-service is an elastic concept." says ABI Research, "and can mean different things. It refers more broadly to robotics providers that do not simply sell their products, but rather rent or lease their products.

Rental, lease, contract out or RaaS, who cares? The main point is that YOU don't own them. Someone else does and you pay an hourly rate to utilize their automation capabilities for your company's needs.

"Though the robotics market continues to grow, ongoing pressure on robotics vendors to maintain margin means that they are looking to widen market opportunities beyond just selling robots as products.

Overall, ABI Research estimates that the installed base for RaaS will grow from 4,442 units...to 1.3 million by 2026. The yearly revenue from RaaS providers is expected to increase from \$217 million...to nearly \$34 billion in 2026. "


The biggest benefit of RaaS is that end users can now shift their capital expenditure (CAPEX) to an operational expenditure (OPEX), allowing them to deploy solutions without large upfront costs. RaaS providers, in turn, benefit from a steady stream of income. The benefits of RaaS are undeniable for end users and providers alike, and ABI Research forecasts that it will become much more popular in a very short space of time.”

[Formic Technologies](#), one of the industry newbies offering a RaaS plan says this:

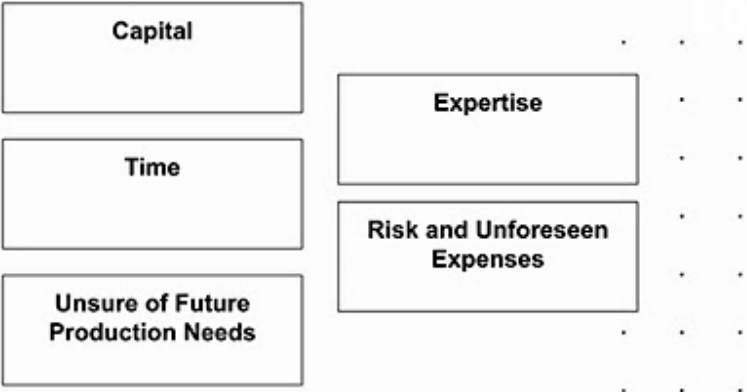

“We didn’t invent automated systems, but we democratized them. Because technology doesn’t change the world until you make it accessible to those who need it most. Automation is a necessity, not a luxury. And our mission is to continue the American legacy of innovation by making it your reality. Our team has deployed over 500 systems, and our 100+ System Integrator partners have more than 5,000 deployments under their belts, making us the ideal partner for any automation job.”

For podcast listeners, here’s Formic’s Malcolm Kerr with a 90-second introduction to what his company does.

For our readers, here’s the chart that Kerr uses: Overcoming the five barriers to entry with robotics.



Manufacturers Face 5 Barriers to Entry with Robotics



The diagram consists of five rectangular boxes arranged in two columns. The left column contains three boxes: 'Capital', 'Time', and 'Unsure of Future Production Needs'. The right column contains two boxes: 'Expertise' and 'Risk and Unforeseen Expenses'. To the right of these boxes is a vertical grid of dots, with each dot aligned with a barrier.

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Polar Manufacturing is a Formic RaaS customer. Last year, to meet rising demand amid a shortage of workers, Polar hired its first robot employee.

“Jose Figueroa, who manages Polar’s production line, says the robot, which is leased from a company called Formic, costs the equivalent of \$8 per hour, compared with a minimum wage of \$15 per hour for a human employee. Deploying the robot allowed a human worker to do different work, increasing output, Figueroa says.”

Figueroa was interviewed for a Wired article titled: [Now You Can Rent a Robot Worker—for Less Than Paying a Human.](#)

He goes on to say: “The fact that Polar didn’t need to pay \$100,000 upfront to buy the robot, and then spend more money to get it programmed, was crucial. Figueroa says that he’d like to see 25 robots on the line within five years. He doesn’t envisage replacing any of the company’s 70 employees, but says Polar may not need to hire new workers.”

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