<?xml version="1.0" encoding="utf-8" ?><timedtext format="3">

<body>

<p t="330" d="3180">The name iRobot might not

be as well-known as its</p>

<p t="3510" d="2310">main product, the Roomba,

which has been made</p>

<p t="5820" d="2700">popular in part by

shows like American Dad,</p>

<p t="8550" d="2250">Arrested Development and

Gilmore Girls.</p>

<p t="11250" d="1530">Did you put googly

eyes on the Roomba?</p>

<p t="12930" d="2310">I just find my housekeeper,

but I&#39;ve already found</p>

<p t="15240" d="840">a replacement.</p>

<p t="16270" d="1400">You know if we

died right now and</p>

<p t="17670" d="1810">decomposed, it would

vacuum us up.</p>

<p t="19740" d="2250">The company just launched some

big updates to its</p>

<p t="21990" d="2580">product line, including a

new mopping robot</p>

<p t="24570" d="1950">called the Braava jet m6.</p>

<p t="26670" d="2310">It also will soon release

a lawn mowing robot</p>

<p t="28980" d="800">named Terra.</p>

<p t="30040" d="2660">iRobot is building a

complete home cleaning robot</p>

<p t="32700" d="2520">fleet so you never have

to mow, mop or vacuum</p>

<p t="35220" d="2880">again. But since the

beginning, iRobot has dealt</p>

<p t="38100" d="2880">with competition and knockoffs

— lots of them.</p>

<p t="41220" d="2400">And now, with higher tariffs

on goods produced in</p>

<p t="43620" d="2640">China, iRobot has to

stay more vigilant than</p>

<p t="46260" d="3210">ever. CNBC got an inside look

at its lab to see</p>

<p t="49470" d="2220">the latest products in

development and to learn</p>

<p t="51690" d="2280">more about its goal to

have a self-cleaning home</p>

<p t="53970" d="2130">filled with robots to take

care of our dirty</p>

<p t="56100" d="500">work.</p>

<p t="60070" d="2430">iRobot has had a material

impact on the market by</p>

<p t="62530" d="1440">creating it, in

my opinion.</p>

<p t="64180" d="3330">The Roomba began cleaning

homes in 2002, but</p>

<p t="67560" d="2200">iRobot was quite

busy before then.</p>

<p t="70020" d="4030">iRobot was founded back in

1990 based on the</p>

<p t="74050" d="3510">notion that it was about

time that these robots</p>

<p t="77590" d="2940">that we had been

promised became a reality.</p>

<p t="80620" d="2910">When Colin Angle co-founded

iRobot, the company</p>

<p t="83530" d="1920">was focused on

military robots.</p>

<p t="85690" d="2610">It then started making

toy robots and lessons</p>

<p t="88300" d="2610">from both led the company

to create the first</p>

<p t="90910" d="1020">robotic vacuum.</p>

<p t="92200" d="2370">Everyone thought of Rosie

the Robot from The</p>

<p t="94570" d="3570">Jetsons and this idea that

the thing that robots</p>

<p t="98140" d="3150">were supposed to do for

us in our everyday life</p>

<p t="101500" d="1200">was clean the house.</p>

<p t="103000" d="2610">It wasn&#39;t hard for us

to recognize that this was</p>

<p t="105610" d="2040">a good idea, we just didn&#39;t

know how to do it.</p>

<p t="108070" d="2310">And the Roomba actually

was the coming together</p>

<p t="110380" d="3390">of technologies from work we

had done in the toy</p>

<p t="113770" d="2910">industry, learning to make

low cost complicated</p>

<p t="116890" d="3150">devices; from the defense

industry, where we had</p>

<p t="120040" d="2370">designed algorithms that would

allow a robot to</p>

<p t="122410" d="1740">go sweep a minefield.</p>

<p t="124270" d="2310">And so the algorithms on

Roomba that make sure it</p>

<p t="126580" d="2940">goes everywhere in the

room actually were</p>

<p t="129520" d="1800">mine-hunting algorithms.</p>

<p t="131470" d="3570">A couple of years later

in 2002, we launched the</p>

<p t="135040" d="870">first Roomba.</p>

<p t="136480" d="1380">Roomba robotic floor vac.</p>

<p t="138100" d="1800">If it&#39;s down there,

we&#39;ll get it.</p>

<p t="140650" d="3810">This is the original

Roomba called Scamp.</p>

<p t="144520" d="1200">It wasn&#39;t yet a vacuum.</p>

<p t="146380" d="3180">It had a little bit of

a sweeping system on the</p>

<p t="149560" d="2520">inside. Here&#39;s the

original Roomba.</p>

<p t="153670" d="3270">This was the first Roomba

that was launched and</p>

<p t="156940" d="3510">sold. Worldwide sales of

consumer robots reached</p>

<p t="160450" d="4650">5.6 billion dollars in 2018,

and it&#39;s expected to</p>

<p t="165100" d="3540">reach 19 billion dollars by

the end of 2025.</p>

<p t="168850" d="2550">And that&#39;s in no small

part thanks to iRobot,</p>

<p t="171460" d="2310">which has a market

cap of 2.5</p>

<p t="173770" d="570">billion.</p>

<p t="175150" d="2250">iRobot is one of the

first companies to offer a</p>

<p t="177400" d="4290">product that does the

automation of domestic</p>

<p t="181930" d="1390">tasks in the home.</p>

<p t="183850" d="3020">And so I think it is

a market leader. It is</p>

<p t="186910" d="1020">a pioneer.</p>

<p t="188290" d="2460">And people get really

attached to these autonomous</p>

<p t="190750" d="990">cleaning machines.</p>

<p t="191860" d="3570">Humans have an amazing

ability to anthropomorphize</p>

<p t="195580" d="1560">almost anything. Probably</p>

<p t="197140" d="3510">within three weeks, 90

percent of Roombas have</p>

<p t="200650" d="3660">been given a name or are

called Roomba as if it</p>

<p t="204310" d="3240">were their name, and

a bond appears.</p>

<p t="207580" d="2820">We&#39;ll get these phone

calls to customer service.</p>

<p t="210670" d="2310">My Roomba is broken.</p>

<p t="213040" d="2130">Send it back we&#39;ll send

you a new one.</p>

<p t="215740" d="4170">No. No, I&#39;m not

sending you Rosie.</p>

<p t="220240" d="3600">Can&#39;t you send

out an ambulance?</p>

<p t="223900" d="3450">Which is a bit

different from most</p>

<p t="227710" d="2010">consumer-product

interactions.</p>

<p t="230110" d="2160">The newest addition to

the iRobot family of</p>

<p t="232270" d="3540">cleaners is the Braava jet

m6, a mopping robot</p>

<p t="235810" d="2790">that has a larger

tank and improved connectivity</p>

<p t="238660" d="1110">over its predecessor.</p>

<p t="240160" d="1890">For the first time ever, we

have what we call our</p>

<p t="242050" d="900">iAdapt 3.0</p>

<p t="243040" d="1040">navigation technology.</p>

<p t="244120" d="2040">So not only does it map

your home, it also learns</p>

<p t="246160" d="500">your home.</p>

<p t="246700" d="2610">We&#39;ve expanded the range,

so now instead of</p>

<p t="249310" d="2280">cleaning a single room,

it can actually clean</p>

<p t="251650" d="1710">your whole home up

to 1000 square feet.</p>

<p t="253900" d="2550">And we have much larger

pads and much better</p>

<p t="256450" d="900">cleaning performance.</p>

<p t="257680" d="2400">This is the wet single-use

pad and the robot</p>

<p t="260110" d="2130">automatically knows what kind

of pad is on</p>

<p t="262240" d="1680">there, so it&#39;ll have

the correct behavior. If</p>

<p t="263920" d="2230">it&#39;s a dry sweeping

pad, it knows obviously</p>

<p t="266150" d="890">enough to spray water.</p>

<p t="267400" d="2160">If it&#39;s a wet pad, it

knows to spray, but it also</p>

<p t="269560" d="1770">knows to notify you if

you don&#39;t have water in</p>

<p t="271330" d="500">the tank.</p>

<p t="272260" d="2390">Some concerns about privacy

have been raised,</p>

<p t="274660" d="3330">though, as newer iRobot

products map a user&#39;s</p>

<p t="277990" d="2820">house in order to clean

it more accurately, and</p>

<p t="280810" d="2100">that data can

make consumers uneasy.</p>

<p t="283240" d="3480">Privacy concerns associated

with these household</p>

<p t="287050" d="3450">robots are common

across all consumer</p>

<p t="290500" d="1260">electronics.</p>

<p t="291760" d="4680">So, in order for Roomba

to vacuum the kitchen, it</p>

<p t="296440" d="3600">actually needs to know

where the kitchen is.</p>

<p t="300240" d="2920">And, you know, that&#39;s

some information which the</p>

<p t="303160" d="2760">users need to feel

in control of.</p>

<p t="306640" d="1950">If you don&#39;t want us to

collect the data in the</p>

<p t="308590" d="2400">first place, you don&#39;t have

to go give us</p>

<p t="310990" d="910">permission to do so.</p>

<p t="311920" d="1590">The robot just won&#39;t

know where your kitchen</p>

<p t="313510" d="2130">is. It will still

vacuum very, very well.</p>

<p t="316030" d="2490">But now more than ever,

between the long list of</p>

<p t="318520" d="2670">similar, cheaper products,

and the escalating</p>

<p t="321190" d="2850">trade battle with China, iRobot

has to make sure</p>

<p t="324040" d="3120">consumers know what sets

its products apart from</p>

<p t="327160" d="1950">the long list

of similar products.</p>

<p t="329350" d="2190">Naturally, there have

been copycats.</p>

<p t="331600" d="3120">So the question for iRobot

is, how does it</p>

<p t="334720" d="2940">maintain a distinct

competitive advantage with</p>

<p t="337660" d="2460">its existing product line,

and how does it</p>

<p t="340120" d="2930">continue to expand into

other product lines?</p>

<p t="344840" d="4050">25 percent of all money

spent on vacuum cleaners</p>

<p t="349430" d="2760">are now spent on

robot vacuum cleaners.</p>

<p t="352280" d="2550">The Roomba is the

number one selling vacuum</p>

<p t="354830" d="2070">cleaner in the United

States, which is amazing.</p>

<p t="356960" d="2640">And of course that&#39;s

invited in and attracted</p>

<p t="359690" d="3320">copycats and competition

into the marketplace.</p>

<p t="363080" d="3360">One of the lessons

that our competition always</p>

<p t="366440" d="3630">learns very quickly is that

building a robot is</p>

<p t="370070" d="720">really hard.</p>

<p t="370940" d="3360">Trying to build a robot

at lower prices often</p>

<p t="375230" d="2700">leads to robots that don&#39;t

have the durability or</p>

<p t="377930" d="1380">effectiveness.</p>

<p t="379310" d="1740">Perhaps even it might

be worthwhile to explore</p>

<p t="381080" d="2400">other products that would

be integrated into</p>

<p t="383480" d="2220">these products, just like

what Apple has done</p>

<p t="386000" d="4260">with its products, to be able

to make a very high</p>

<p t="390260" d="3090">barrier to switching over

to other competing</p>

<p t="393350" d="600">products.</p>

<p t="394280" d="2790">iRobot has had to deal

with tariffs before, in</p>

<p t="397070" d="1830">2018 when the U.S.</p>

<p t="398900" d="2640">enacted a 10 percent

tariff on products produced</p>

<p t="401540" d="570">in China.</p>

<p t="402380" d="2580">Back then, iRobot decided

to absorb the higher</p>

<p t="404960" d="2610">cost of its products, but

today it might have to</p>

<p t="407570" d="870">find another way.</p>

<p t="408620" d="3240">The tariffs and the

recent increase is very</p>

<p t="411860" d="3390">challenging for the

consumer robot industry.</p>

<p t="415320" d="2480">You know, these tariffs are

not free, they&#39;re not</p>

<p t="417800" d="1080">paid by China.</p>

<p t="419060" d="2790">They&#39;re largely paid

by the U.S.</p>

<p t="421850" d="2700">consumer. That makes this

great new technology</p>

<p t="424550" d="3180">more expensive and slows down

the growth of this</p>

<p t="427730" d="780">new industry.</p>

<p t="429290" d="2160">iRobot continues to

innovate through the</p>

<p t="431450" d="2990">challenges. Along with the

new Braava mop, iRobot</p>

<p t="434540" d="3090">has also previewed Terra,

its lawn mowing robot</p>

<p t="437930" d="2070">which will start selling in

Germany this year and</p>

<p t="440000" d="1770">will enter beta testing

in the U.S.</p>

<p t="441770" d="720">this year as well.</p>

<p t="442690" d="2470">Terra is finally, we&#39;ve been

working on this thing</p>

<p t="445160" d="2040">for 10 years,

is finally launching.</p>

<p t="447680" d="3330">With these three horsemen,

the Roomba, the Braava</p>

<p t="451040" d="3660">and the Terra robots, we

could see a much larger</p>

<p t="454700" d="1290">business in a few years.</p>

<p t="456410" d="2880">Companion robots have

revolutionized many things,</p>

<p t="459290" d="2820">from cleaning our houses to

mowing our lawns to</p>

<p t="462110" d="990">keeping us company.</p>

<p t="463100" d="1150">You&#39;re hungry.</p>

<p t="465140" d="2700">And iRobot wants to stay

at the forefront of this</p>

<p t="467840" d="570">revolution.</p>

<p t="468590" d="4260">We&#39;ve created a new

level of intelligence because</p>

<p t="472850" d="2550">we know where we are

and we&#39;re starting to know</p>

<p t="475400" d="990">where things are.</p>

<p t="476840" d="5100">It&#39;s like a whole new

chapter in robotics was</p>

<p t="481940" d="930">just begun.</p>

<p t="483230" d="2790">And so for me, for

iRobot, it&#39;s a very</p>

<p t="486020" d="780">interesting time.</p>

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