

Berkeley Center for Law, Business and the Economy University of California, Berkeley School of Law 2850 Telegraph Ave, Suite 500 Berkeley, CA 94705-7220

Ph: 510.642.0532 – Fax: 510.643.7095 E-mail: <u>BCLBE@law.berkeley.edu</u> http://www.law.berkeley.edu/bclbe.htm

Ford Set on Winning the Race to the Autonomous Car Market By Nicole Saweres, J.D. Candidate 2019, February 15, 2017

Ford is putting its trust and money into Argo AI, a Pittsburgh-based artificial intelligence company, with the goal of getting fully autonomous vehicles on the road by 2021. This is the next big step that motor car companies are looking to take in order to prepare for the future of self-driving cars.

Ford showed its dedication to becoming one of the forefront providers of autonomous vehicles by investing \$1 billion in Argo AI and in turn becoming a majority stakeholder in the company. Ford leaves the rest to Argo AI's co-founders, Bryan Salesky and Peter Rander, who are the former executives on the self-driving teams of Google and <u>Uber</u>. Although Ford will own a majority, Argo AI will still function as an independent subsidiary with Ford software engineers leaving Ford to become Argo AI employees. This is being used as an incentive to allow automaker engineers to transition into the Silicon Valley environment and share a portion of the company.

Ford is making sure to give the motor engineers the best possible benefits because "there's a war for talent out there," says Ford Chief Executive Mark Fields. Buying into Argo AI was slightly risky for Ford because Argo is a small company that was formed only late last year, but the company aims to expand to about 200 employees by the end of 2017.

This is a power duo entering Silicon Valley, combining the speed of a startup and the technology of Ford, and they are already starting the process of developing their "virtual driver system' – the machine-learning software that acts as the brain of autonomous vehicles." Argo AI will work on this brain as Ford focuses on the hardware platform of the vehicle. Ford's vision of the self-driving vehicle is one without a steering wheel or brake <u>pedal</u>.

This move puts Ford in a competitive position with respect to its rival, General Motors, who invested about \$1 billion last year in Cruise Automation, a software company known for converting certain types of cars into autonomous <u>vehicles</u>. Both GM and Ford are treating this competition like a foot race: they have both set an ambitious goal and it will be interesting to watch who gets to it first.