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PRO VC NEW MONEY

UPS Ventures Invests in Self-Driving Trucking Startup

UPS, startup TuSimple expand partnership to test transportation of goods in autonomous vehicles



UPS began a partnership with TuSimple in March for the startup to carry truckloads of goods between Phoenix and Tucson, Ariz. Above, a handout photo of a TuSimple truck. PHOTO: TUSIMPLE/REUTERS

By Marc Vartabedian

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United Parcel Service Inc. 's venture-capital division, UPS Ventures, has acquired a minority stake in self-driving trucking startup TuSimple Inc., signaling the delivery company's continued push into autonomous driving.

In addition, UPS will expand a partnership it began with TuSimple earlier in March for the startup to carry truckloads of goods between Phoenix and Tucson, Ariz., said UPS Ventures Managing Partner Todd Lewis. TuSimple's trucks operate autonomously with a human operator on aboard to take over if needed.

The two companies are looking to add more routes to run self-driving tests in the Western U.S., said Chuck Price, chief product officer of TuSimple.

Mr. Lewis said the collaboration with TuSimple is intended to help UPS figure out how it could implement fully autonomous trucks in its freight network.

“Our work with TuSimple has no end date in sight,” Mr. Lewis said.

The investment deal and partnership between the two companies comes as postal and freight companies ratchet up experimentation in the self-driving sector, which touts its ability to cut costs and boost logistics efficiency.

Competition is heating up between logistics incumbents and Amazon.com Inc. as the e-commerce giant builds its own delivery network. Last week, FedEx Corp. said it was ending its contract to deliver Amazon packages through its ground network.

For TuSimple, the UPS investment is an extension of a \$95 million Series D funding round in February that valued the company at \$1.095 billion. This is the first time UPS has invested in TuSimple.

Earlier this year, the U.S. Postal Service joined with TuSimple to test self-driving trucks on a more than 1,000-mile mail run between Phoenix and Dallas. The two-week pilot was the postal service’s first use of the technology for long hauls. TuSimple said it is scheduled to discuss future collaboration with USPS next week.

Some delivery companies are testing other technology. FedEx, for instance, joined last year with Volvo Trucks North America to test platooning technology, which allows trucks to follow one another closely to save fuel.

Founded in 2015, TuSimple is developing technology that would allow shipping companies to operate self-driving class 8 tractor-trailers—those that exceed 33,000 pounds and typically have three or more axles. The company, with offices in the U.S. and China, uses cameras mounted on truck cabs.

TuSimple’s Series D round in February was led by Chinese firm Sina Corp. , with Hong Kong-based investment firm Composite Capital Management also participating. TuSimple’s total capital raised so far is \$178 million.

TuSimple is among the handful of well-funded startups aiming to automate long-haul trucking. While personal vehicles have won much of the self-driving industry’s focus, startups such as Embark Trucks Inc., Starsky Robotics and truck-platooning company Peloton Technology Inc. are drawing interest from investors and shipping companies for their potential to cut costs. TuSimple, for instance, says it could cut transportation costs by 30%.

Dan Hoffer, managing director of Autotech Ventures LLC, a transportation-focused venture firm, said ballooning valuations in the sector have led his firm to fund autonomous truck

startups that serve construction and mining sites.

Many in the sector say commercial trucking could be an easier application for self-driving technology than inner-city driving because there are fewer variables for systems to account for.

TuSimple expects to begin commercial driverless operations in late 2020 to 2021, Mr. Price said.

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