



AI Hardware & Software Riches

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By Ian King, Editor, *Strategic Fortunes*

AFTER 15 years in the Wall Street trenches, I was exhausted from the day-to-day demands of trading. I also wanted to understand the bigger picture. When I took a step back, I realized I knew nothing about economics. I never took an economics course in college — I was a pre-med/psychology major.

Everything I knew about finance was through a front-row seat in the financial markets.

So, I decided to take some time off and give myself an education.

For the next two years, I chained myself to the kitchen table, consuming every relevant economics book I could get my hands on.

I took notes, compiling a stack of notebooks that I still reference today.

I sought out economists and financial analysts, asking them for book recommendations.

After thousands of hours reading, a dozen notebooks and countless podcasts, I realized that the pursuit of economics is a journey — not a destination. The more you learn, the more you realize you don't know.

But there was one big theme that separated humans from the rest of the animal kingdom:

We are capable of doing more with less.

Economics, in its simplest form, is the study of scarcity.

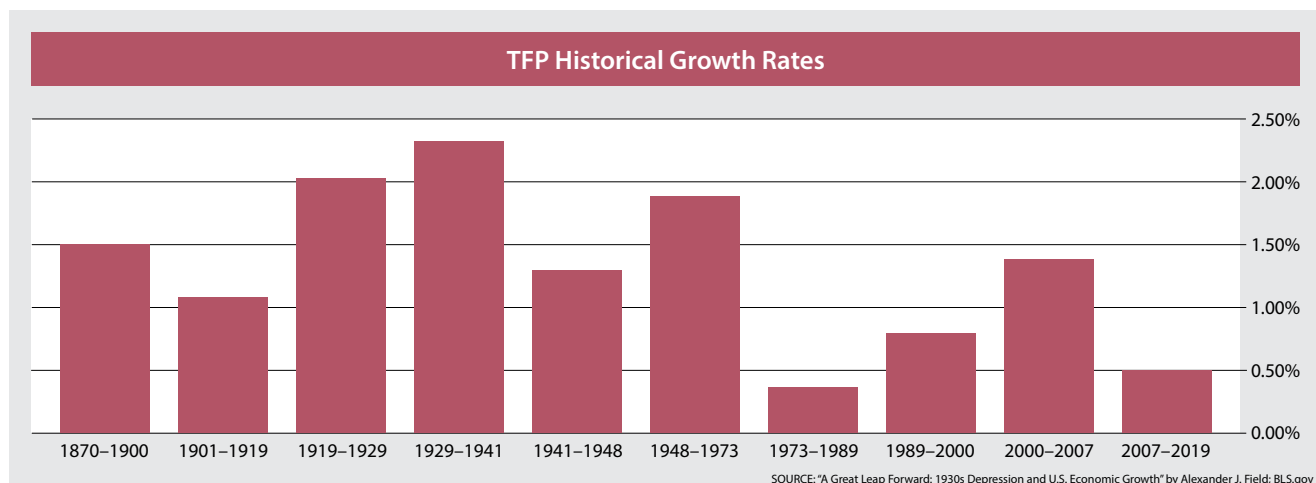
It also looks at how we optimize our behavior to improve our overall outcome.

Think about that.

Every innovation centers on the idea that resources are limited. As a result, humanity is forced to do more with less.

And there's no better measure for improvement than total factor productivity (TFP). This measures total output as a ratio of inputs.

As you can see in the chart below, our prosperity over the past 150 years comes down to a consistent increase in total factor productivity.



In fact, since the Civil War, measured TFP in the United States has grown at an average rate of roughly 1.6% to 1.8% annually.

Of course, that trend deviates when the economy falls off the rails. But even then, innovation and progress keep pushing us forward.

That's more important now than ever before.

In our uncertain economic environment, consumers and businesses are turning to companies that help us do more with less.

Of course, the most transformative technology these days is artificial intelligence (AI).

And I've identified an innovative firm that has developed AI-powered robotics hardware and software that automates warehouses.

Its clients are Target, Albertsons and Walmart. Over the next few years, Walmart — which already deploys its systems in 25 distribution centers — will be rolling it out to every one of its distribution centers across the United States.

You don't get bigger clients than Target, Albertsons or Walmart.

Right now, its robotics systems are currently used in over 1,400 facilities. What's interesting is, unlike most companies, it's very selective with who it does business with.

Currently, it only takes on the cream of the crop — one or two new customers per year.

Its solutions can help companies save up to \$250 million over the life of the system ... it's not surprising that this robotmaker has a \$23 billion backlog.

As competition among retailers continues to be fierce — and businesses continue to cut costs — demand will only continue to surge.

That's why I think this stock is poised to rise 300% in the next two years, which is why I'm recommending **Symbotic (Nasdaq: SYM)** today...

A Game-Changing History

This modern-day innovator didn't just appear overnight. In fact, its roots date back over 100 years.

In 1918, Israel Cohen and Abraham Siegel founded a small wholesale grocer in Worcester, Massachusetts.

They named it C&S Wholesale Grocers.

Back then, the business was just a local grocery distribution center. But over the past century, it's evolved to become so much more.

And part of its future success was an infusion of "fresh blood" — or a new family member joining the biz.

Nearly 50 years later, Richard "Rick" Cohen — Israel Cohen's grandson — joined the family business.

In an interview with *Forbes*, Rick shared that he initially had little interest in joining the family business.

His grandfather actually encouraged him to study medicine. But the younger Mr. Cohen soon found he had a gift for the business.



1918: The first C&S building on Winter Street in Worcester, MA.

Courtesy of C&S Wholesale Grocers

When Rick joined C&S in 1974, the wholesale grocer had \$50 million in revenue.

Cohen bought out his father and brother in 1990 and subsequently built the business into a \$25 billion revenue generator. It eventually grew to become a national wholesale grocery supply company.

Back in 2021, *Forbes* ranked it as the eighth-largest privately held company in the U.S.

But all that growth didn't happen overnight. It was all thanks to Cohen's eye for efficiency.

As the head of C&S, Cohen focused on improving efficiency. The grocery distribution business is known for its razor-thin margins, so cost-saving tweaks make a significant difference in the bottom line.

Ultimately, Cohen turned his attention to an innovation with huge potential.

I'm talking about the concept of robotic automation.

But there was only so far Cohen could get alone.

So, after years of trial and error, in 2007, Cohen partnered with John Lert — an inventor and retail robotics automation expert. He also owned a company called CasePick Systems.

Cohen bought CasePick Systems in 2009. The company was ultimately renamed "Symbotic" because of the inherent symbiotic relationship between warehousing and robotics.

Today, Symbotic is an automation technology leader that reimagines the supply chain.

It does so with its end-to-end, AI-powered robotic and software platform.

Symbotic's ultimate goal is simple. It's making the typical warehouse a *strategic* asset. And it does so for the largest retail, wholesale and food and beverage makers in the world.

The Retail Automation Leader

Do you ever wonder how your local grocery store or big-box retailer receives its products even in a supply chain-pinched economy?

The answer is likely Symbotic.

Symbotic revolutionizes the movement of goods using state-of-the-art speed, nimbleness, precision and competence. As a result, the company is the self-proclaimed **backbone of commerce**.

Large retailers — like Walmart, Target and Albertsons — use Symbotic's technology to make sure their supply chain processes run at optimal levels.

Combining software and hardware, Symbotic's goal is to transform the typical supply chain — and make the most efficient warehouse solution on the planet.

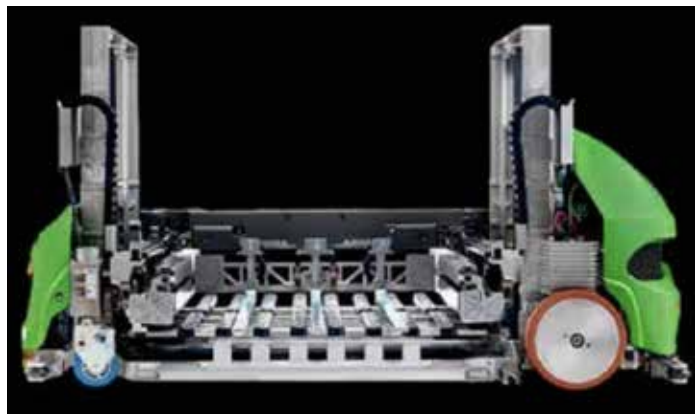
It all comes down to Symbotic's high-density warehouse automation.

This process, called **The Symbotic System**, is powered by robotics and AI.

Every day, Symbotic's autonomous robots — known as SymBots™ — get food and merchandise to thousands of stores across North America.

Similar to a self-driving car, AI-powered SymBots pick and place tasks with robotic arms and lifts.

At its Massachusetts test center, the Symbotic's warehouse robotics system consists of more than 400 SymBots. These move along 10 levels of storage and can complete more than 30 transactions per hour.



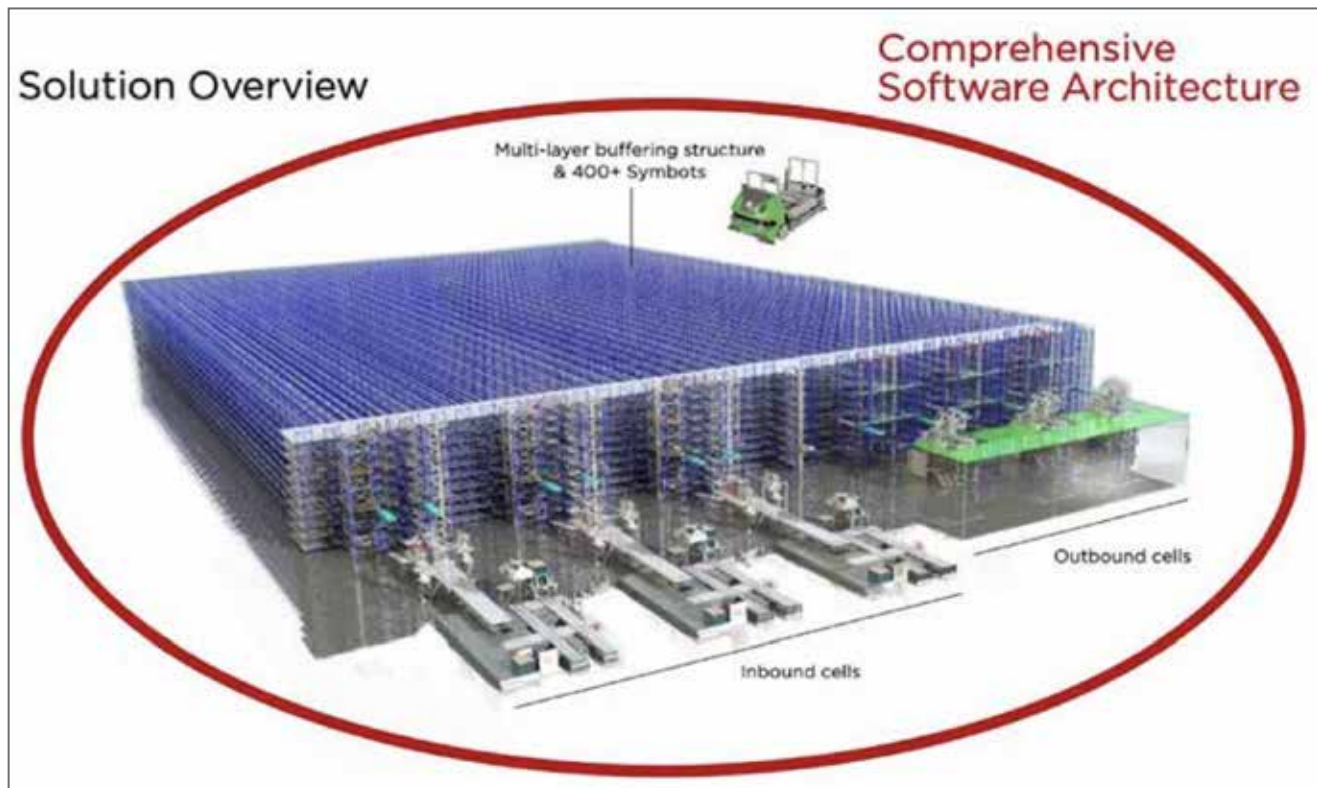
The SymBot is capable of parallel operations while the robot is still driving, increasing productivity.

Mr. Cohen describes these warehouse spaces as “a big Rubik’s Cube, a big Tetris game ... [that’s] the miniaturization of the warehouse.”

But these warehouse spaces aren’t limited to Symbotic’s test centers. They’re flexible, end-to-end platforms that retailers can purchase and implement to fit their supply chain needs.

You see, Symbotic’s warehouse robotics system is a modular design — meaning this system can be customized, moved and scaled to fit customers’ needs.

The Symbotic modular warehouse system is flexible enough to be implemented into a new or existing facility. And that’s great for retail companies of all sizes.



Boiled down to its simplest terms, the Symbotic System is comprised of four major elements:

- The inbound cell.
- The storage structure.
- Case retrieval.
- The outbound cell.

In the retail sector, pallets are essential. They’re an easy way to transport large amounts of merchandise in a stable way.

At Symbotic, its **inbound cell** system processes incoming pallets and sends them to storage. But with its AI system, Symbotic makes the process faster and more efficient.

In fact, its technology is “capable of processing 1,700 cases per hour.” Comparatively, in fully manual operations, humans can realistically pick between 90 and 250 cases per hour.

The second process in the Symbotic System is called the **storage structure**.

After pallets are processed in inbounding, they are moved over to what’s called the storage structure.

Here, SymBots — which can move at speeds up to 25 miles per hour — quickly retrieve cases from inbound cells.

These cases are picked up and routed across the warehouse storage structure. As a result, they're packed in a way that maximizes vertical and horizontal storage density.

This is one of the key features of the Symbotic warehouse structure — its ability to strategically fit an enormous number of products into small spaces.

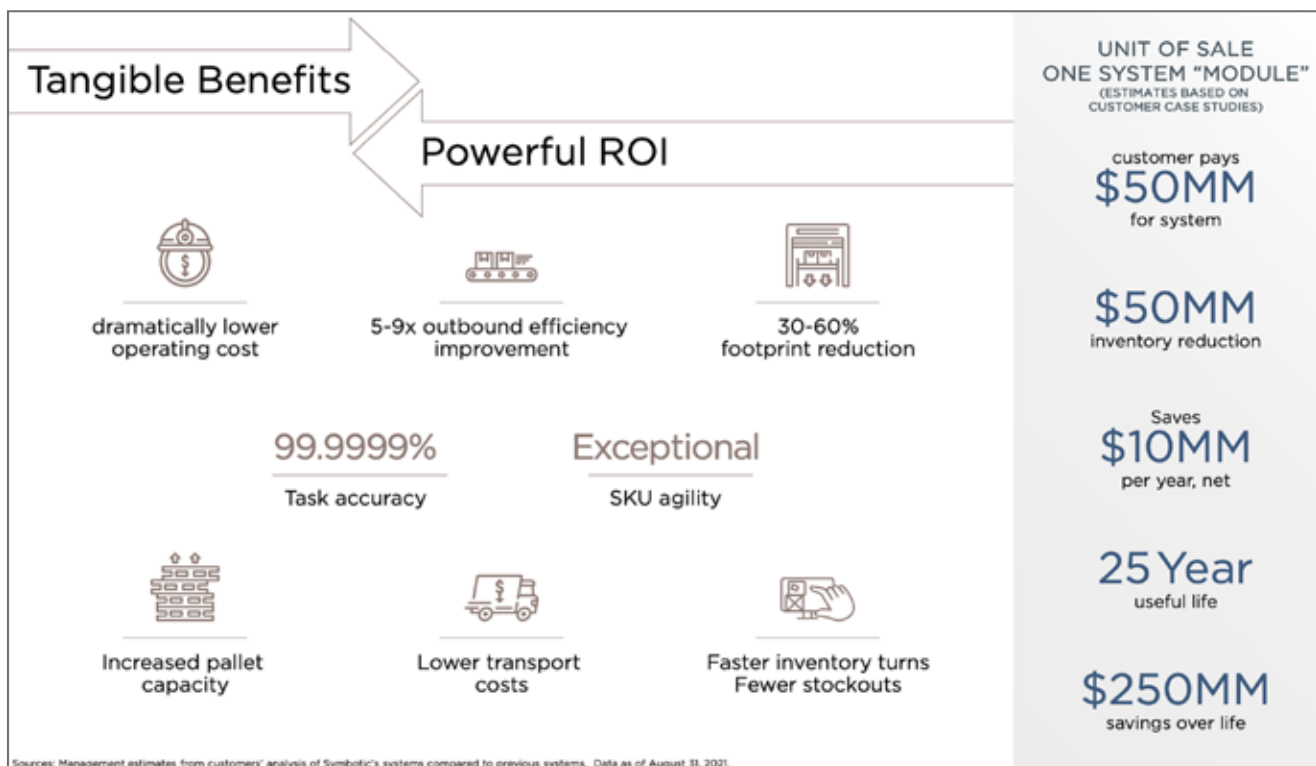
These tightly packed products allow retailers to increase their warehouse's storage volume — without increasing its real estate footprint.

Typically, a grocery warehouse holds about 10,000 items. But a grocer that purchases Symbotic's technology could pack up to 300,000 into two-thirds of the space!

The third process in the system, called **case retrieval**, delivers cases to outbound lifts. They are then intelligently sequenced for delivery to the outbound cells. At this point, robots build pallets specifically designed for shelf-stocking efficiency unique to each store location.

The fourth and final process of the fully integrated, end-to-end Symbotic System is the **outbound cell**.

Retrieved cases are delivered to the outbound cells, where they are intelligently palletized by density and stability at a cell rate of 1,350 cases per hour.



At first glance, all these steps can seem overwhelming.

And just how much time and money is it even saving the customer?

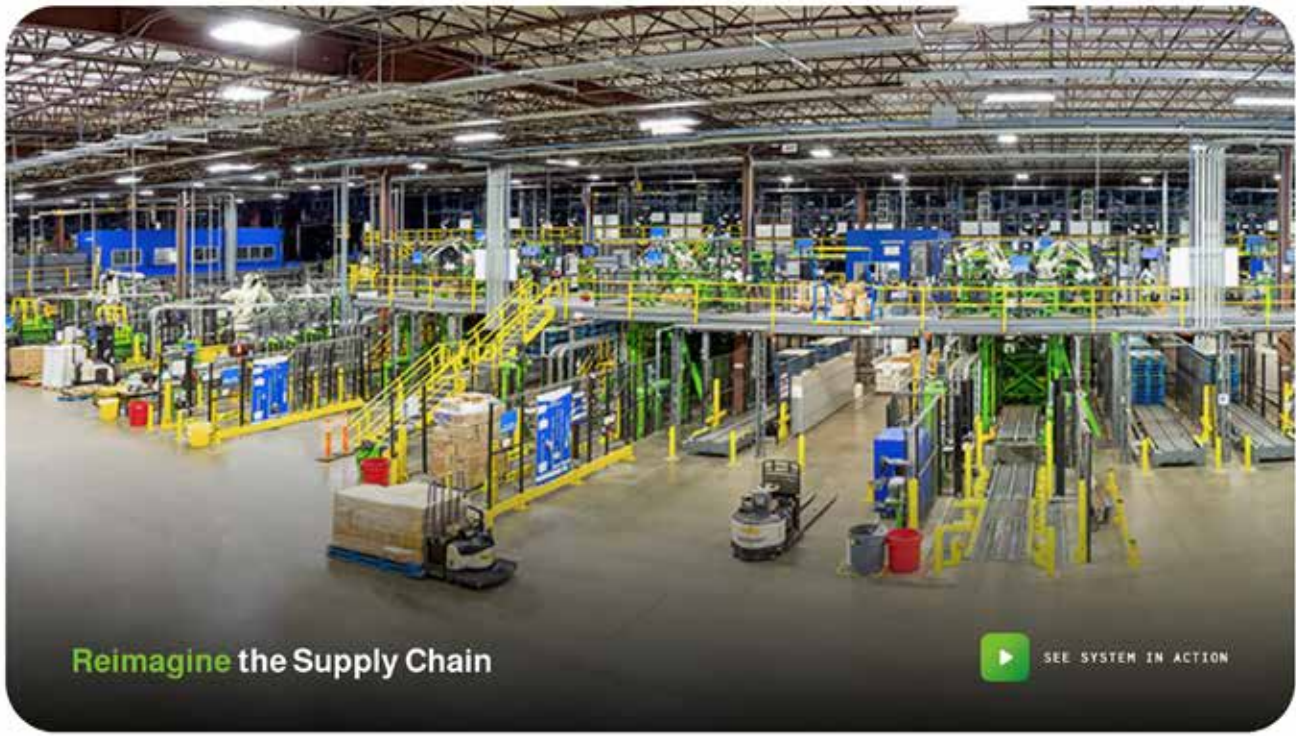
As it turns out — *millions*.

For example, a \$50 million Symbotic System purchase can pay for itself in inventory reduction alone.

This system, which has a useful life of about 25 years, is estimated to help retailers save nearly \$10 million per year in operating savings.

That means customers could save *\$250 million* over its operating life.

High-Density Meets High-Speed Robotics



Plus, these autonomous robots have the ability to travel 20,000 miles on a peak day. That means the cost of moving products can drop from \$0.55 to \$0.05. That's enormous cost savings.

And, as it turns out, the biggest box retailer of them all took notice...

Walmart's BIG Stake in Symbotic

Today, Symbotic's software is used by 2,600 stores.

Its customers are scaled across the grocery, retail and wholesale industries. Its roster includes Albertsons, C&S Wholesale Grocers, Giant Tiger, Target, UNFI and Walmart.

A testament to how well Symbotic's robotics warehouse automation system works can be found in its relationship with Walmart.

In 2017, Symbotic started working with Walmart at its distribution center in Brooksville, Florida.

In July 2021, Walmart introduced Symbotic robots to 25 of its regional distribution centers.

In May 2022, Walmart announced its plans to retrofit and install Symbotic's robotics and software automation platform in all 42 of its U.S. distribution centers. This process will take about eight years.

In the companies' joint press release on the deal, David Guggina, Executive Vice President, Supply Chain Operations, at Walmart U.S. said:

The need for accuracy and speed in the supply chain has never been more visible, and we're confident that now is the time to move even faster by scaling Symbotic's technology to our entire regional distribution center network.

Using high-speed robotics and intelligent software to organize and optimize inventory, the Symbotic System helps us get products to our customers quickly and seamlessly by revolutionizing how we receive and distribute products to stores.

We love to see news like this for our recommended companies. With legendary retailer Walmart on board, it's only a matter of time before Symbotic becomes a household name for retail automation.

In April of 2023, Guggina announced that about a third of its stores would be serviced by automated distribution centers by the end of the year.

Within three years, that is expected to increase to 65% according to Guggina and 55% of volume at fulfillment centers will also move through automated facilities.

Symbotic & My Strategic Fortunes 4-Step Strategy

In *Strategic Fortunes*, I use a 4-step strategy to find disruptive companies set to soar. Here's my criteria and how Symbotic stacks up:

No. 1 — Tipping-point trend. A catalyst that's going to be bigger than people realize. Something that's going to impact all industries, like social networks, smartphones and PCs did.

✔ **Yes.** As I've written in the past, I believe deglobalization is going to be a huge trend throughout the next few years.

As the deglobalization narrative plays out, especially here in the U.S., companies will need to become more flexible and technologically savvy to beat the competition.

Symbotic's warehouse robotics solutions help companies save up to \$250 million over the life of the system.

That's a business-changing figure.

With robots in one system able to travel up to 20,000 miles a day, customers can beat their competition by driving down costs and increasing efficiencies.

No. 2 — X-factor. A unique edge that no other company has. It could be something like an auto parts supplier that's the only company manufacturing a vital component for autonomous vehicles. Or an e-commerce company located in the fastest-growing country in the world.

✔ **Yes.** The market opportunity for Symbotic is immense.

Based on its current product portfolio, Symbotic could be implemented in as many as 50,000 distribution centers worldwide. This amounts to an approximate \$500 billion total addressable market (TAM). With a current company market cap of \$21.7 billion, Symbotic has room to grow.

Per Northland Capital Markets: "As Symbotic expands its technology portfolio, the TAM grows."

At last check, Symbotic has little to no demand issues as it currently boasts an \$11 billion backlog. It also has the potential to triple its backlog based on current customers alone.

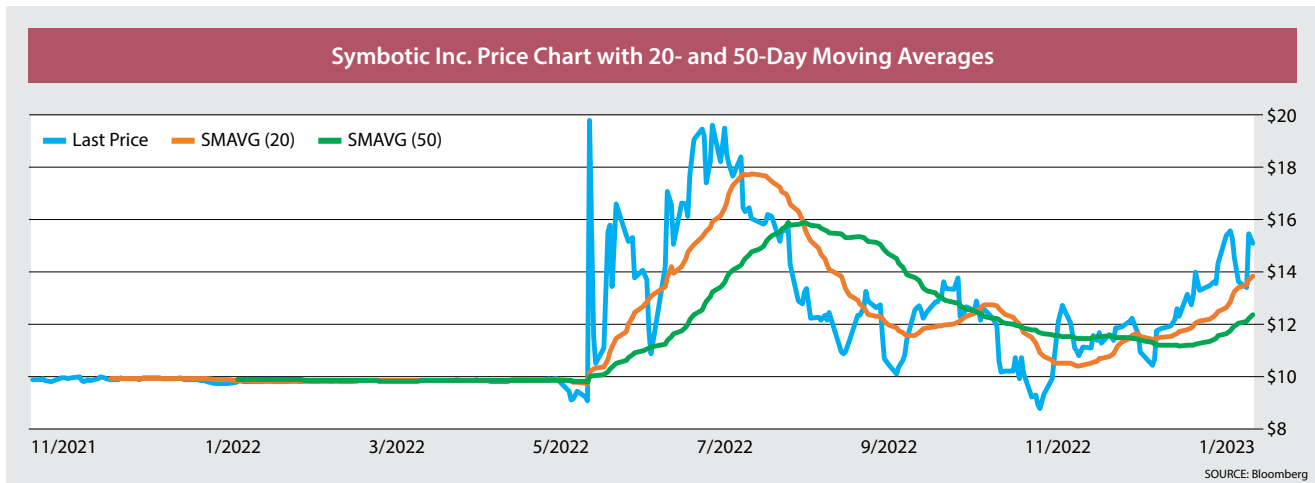
Symbotic is selective in who it takes on as customers.

Currently, the company chooses one to two customers per year.

Considering its backlog level — and the fact that potential clients are going to have a greater need to cut costs in the future — Symbotic is well-positioned to thrive in a potential recessionary environment.

No. 3 — Momentum. The company's stock must already be going up ... trading above its 20- and 50-day moving average. That means it has momentum behind it ... and is likely to keep soaring higher.

✔ **Yes.** Symbotic is currently trading above its 20- and 50-day moving averages.

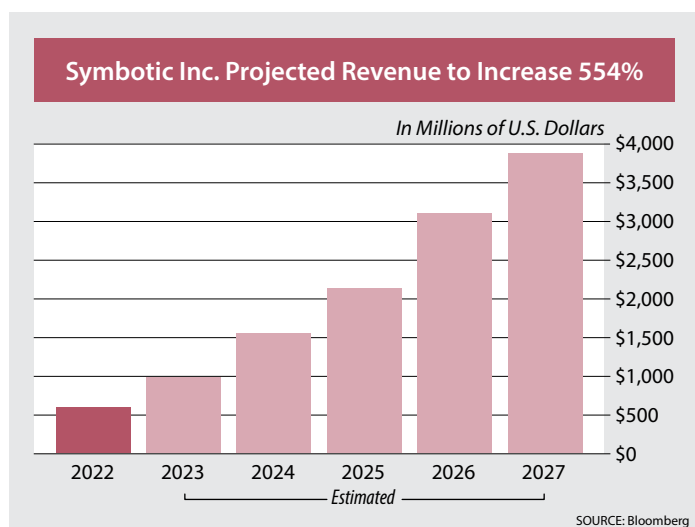


No. 4 — Beat the Street. I want to see a company that is consistently beating Wall Street’s earnings estimates. This tells me that “the Street” is underestimating the company’s growth potential.

✗ Not yet, but annual earnings per share projections are healthy. Annual earnings are projected to reach \$0.51/share by fiscal year 2025 from \$-0.13 in fiscal year 2022.

The company’s revenue is poised to grow from \$502 million in 2022 to \$4.15 billion by 2027. However, given the \$500 billion total addressable market, and the race by companies to do more with less, I think those numbers are easily beatable.

That’s why I think shares could easily return 300% within the next two years.



Your Trade for a Deglobalized Economy

One of Symbotic’s mottos is “every operation, tuned to perfection.”

Symbotic has one of the world’s highest-production customizable warehouse solutions.

By leveraging a power-packed software combination of computer vision and machine learning — along with modular flexibility, scale and high-tech SymBots — Symbotic is set up for success in the years to come.

Simply put, its business has the potential to grow in the supply chain world across a variety of industries.

I’m talking about from apparel to automotive to retail.

Action to Take: Buy Symbotic (Nasdaq: SYM).

That’s all for now, but if you have any questions, please send them to StrategicFortunes@BanyanHill.com.

We’ll try to answer your questions in our weekly updates, which you can find [here](#).

Regards,

Ian King
Editor, *Strategic Fortunes*



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