This Company Promised to Transform Drive-Thrus With AI — But the Secret Powering Its Tech? Humans.

Artificial intelligence has been hailed as a game changer for many sectors, including the restaurant industry, which has dealt with soaring labor costs over the past decade.

The promise of using AI to lower labor costs is particularly appealing for fast-food restaurants with drive-thrus, where up to 14% of orders were placed inaccurately in 2023, according to a study from Intouch Insight. Fast-food chains, including Wendy's, have started using in-house or outsourced AI tech to take drive-thru orders.

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But according to new SEC filings from Presto Automation Inc., a major player in the AI-ordering game, “off-site agents” actually help ensure order accuracy in more than 70% of customer interactions, Bloomberg reported.

Presto’s sales pitch to its clients, which include Del Taco, Carl’s Jr. and Checkers, is that utilizing its tech to take drive-thru orders will free up workers to prepare food. It claims its “friendly, human-like AI voice assistant is available 24/7, always operates at peak efficiency, and never forgets to upsell.”

But it turns out the company is using a critical tool to ensure order accuracy — humans. It employs off-site employees in countries including the Phillippines to double-check orders in more than 70% of cases, according to Bloomberg. The company told the outlet in an email that this process “helps train its system and should reduce human intervention over time.”

“It highlights the importance of investors really understanding what an AI company can and cannot do,” Brian Dobson, an analyst for Chardan Capital Markets, told Bloomberg.

Presto, which was founded in 2008, went public in September 2022. Its tech is used in more than 400 restaurants. The company’s stock fell more than 10% as of Friday afternoon.

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