

Convoy, the 'Uber for Trucking' app, scores \$400 million in new round of funding

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Convoy, the Seattle-based company whose app promises to make the freight process more reliable and efficient, said it has raised \$400 million in its latest funding round, announced Wednesday.

Big names have been eyeing Convoy for years. Convoy's investors include its creators' former employer, Jeff Bezos, as well as Salesforce CEO Mark Benioff, Cascade Investment (in other words, Bill Gates) and Code.org founders Hadi and Ali Partovi. The new round was led by Generation Investment Management, which invests in sustainably-minded enterprises.

Dan Lewis, one of Convoy's cofounders, left Amazon in 2015 to pursue the venture. Lewis was once an operations consultant manager in the logistics and supply industry, and earlier he helped his grandfather operate a mom-and-pop office supply distribution company by driving different trucks around Seattle. Later on, he worked with national airlines on maintenance parts distribution.

When he left Amazon, he spent his time hanging around truck stops and warehouses to talk to truckers, dock workers and freight companies about inefficiencies within the business. He learned that drivers are expected to spend weeks on the road, field phone calls from unrelenting freight brokers, and wait for late payments that can take 30 to 60 days to come through. Truckers had to wait hours to get a new appointment and fill up their trucks.

"There's a lot of situations the truck drivers can't fully control that are pretty inefficient, that caused delays and caused a lot of waste," Lewis said.

Around 35% of trucks were driving empty on any given day ⁷ a concern considering trucks' huge contribution to greenhouse gases. The EPA reports that heavy-duty freight produces 205 million metric tons of carbon dioxide emissions every single year. Convoy says reducing the number of empty trips would reduce that carbon footprint.

"Everything moves on trucks and we rely on them every day," Lewis

said. "But it was an industry that had not yet adopted modern technology in many ways, and especially hadn't been able to take advantage of a smartphone in every truck and every driver."

Most companies conduct business over the phone or through text. Convoy says it uses [machine learning](#) and automation to match merchandise loads to trucks, allows freight companies to see real-time updates on shipments, and pay truckers within two days.

Joy Tuffield, partner at Generation Investment Management, said in a statement that Convoy offers an opportunity for "simultaneously increasing earnings for truck drivers and increasing service quality for shippers."

But for all its promises of improving wages for truck drivers, Convoy risks going down the same route Uber and Lyft have traveled before, as [truck drivers](#) compete and rates get squeezed, according to a recent Bloomberg News report.

Convoy isn't profitable "...yet," said Lewis. The company is in growth mode, hiring employees, opening up in more cities and investing in new technology. Its goal is to beat Uber Freight, which has 50,000 carriers. Uber displayed confidence in its Freight division in September when it announced a \$200 million investment into the program, even while its ride share business continues to lose money.

And unlike ride share, Lewis said, "trucking is a profitable business in and of itself."

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