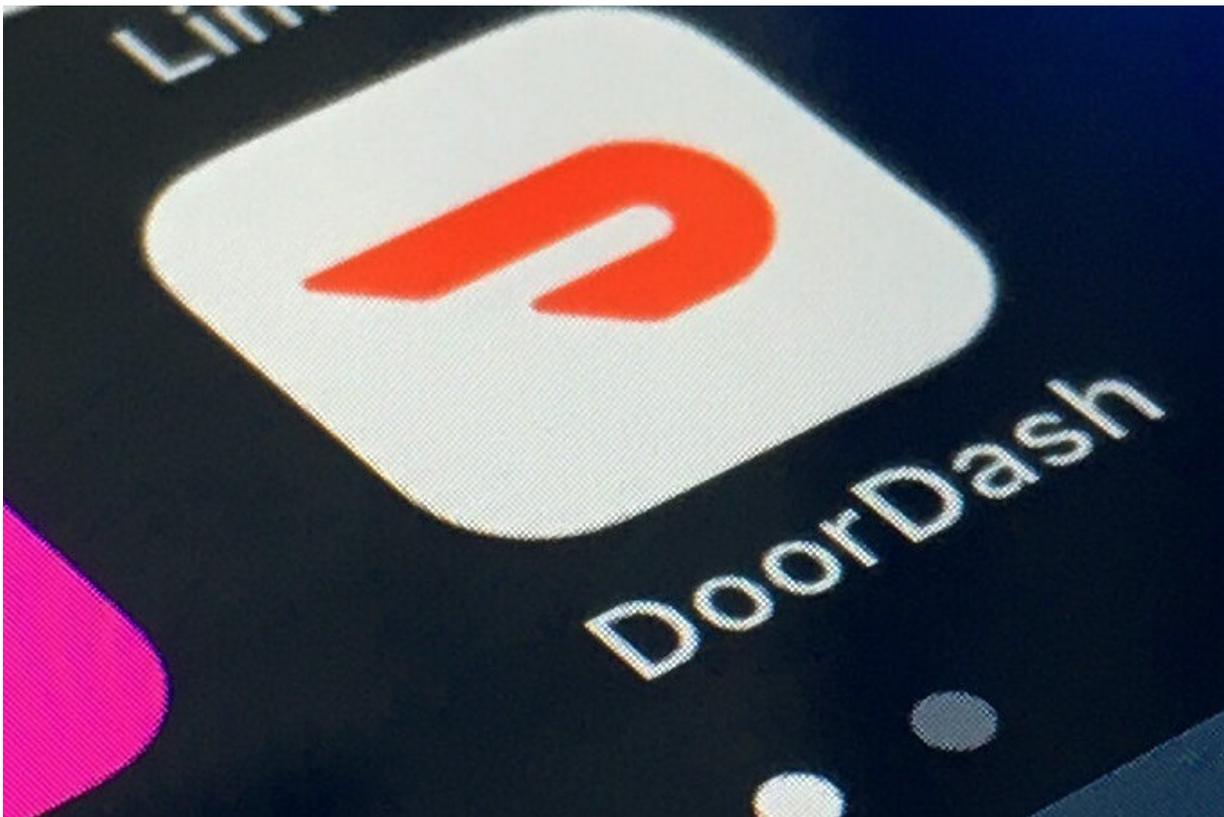


# Delivery giant DoorDash takes step toward public offering

February 27 2020, by Alexandra Olson

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The DoorDash app is shown on a smartphone on Thursday, Feb. 27, 2020 in New York. The food delivery giant has taken a first formal step toward a stock market debut. The company announced Thursday that it has confidentially filed a draft S-1 form with the Securities Exchange Commission related to a public stock offering. (AP Photo)

Food delivery giant DoorDash has taken a first formal step toward a stock market debut.

The San Francisco-based company said Thursday that it had filed paperwork with the Securities Exchange Commission outlining its proposed public stock offering. There was no proposed date for an initial offering, which could be a long way off. Last year, rival Postmates delayed plans for an IPO, citing unfavorable market conditions.

DoorDash Inc. has overtaken Grubhub as the top digital food delivery company in the U.S., according to data analytics firm Second Measure, capturing 38% of monthly food delivery sales in January, compared to 31% for Grubhub.

Analysts have said both DoorDash and Postmates are burning cash and need money-raising options as the third-party delivery business becomes more fragmented and competitive.

DoorDash was valued at about \$13 billion after a Nov. 13 funding round that raised \$700 million, according to PitchBook Data.

Wall Street has been wary of fast-growing, money-losing companies. Ride-hailing company Uber—another major delivery player through Uber Eats—has traded well below its IPO price since going public last year, as has rival Lyft.

Besides Uber, Grubhub is the only publicly traded digital food delivery company. Grubhub saw its stock plunge last fall after slashing full-year revenue expectations, citing costs associated with gaining customer loyalty in a crowded field.

Food delivery apps are fighting over a growing but still small market. Delivery represents only about 3% of all restaurant orders, according to

market research firm NDP.

Delivery companies are also facing legal battles over business practices that critics say harm both restaurants and freelance workers that deliver meals.

DoorDash has pledged \$30 million to fight a new California law that would give contractors workplace protections of full-fledged employees. In New York, the City Council is considering a legislation to cap the commissions that food delivery apps charge restaurants.

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