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Webvan places \$1 billion warehouse order

By [Sandeep Junnarkar](#)

Staff Writer, CNET News.com

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update Webvan, a privately held online grocery merchant, placed an order worth more than \$1 billion with engineering firm Bechtel to build automated distribution and delivery warehouses around the country.

The warehouses will be similar to [Webvan's](#) current distribution centers which are considered highly automated facilities that process volumes equivalent to about 20 supermarkets.

In an effort to accelerate the national expansion of its e-commerce infrastructure, Webvan gave [Bechtel](#) the exclusive deal to build warehouses beginning with 26 new markets over the next 24 months.

The multiyear agreement, with capital expenditures expected to exceed \$1 billion, will allow Webvan to more aggressively roll out its distribution centers on a national scale by using Bechtel's engineering, design, procurement, and construction expertise.

The company operates a 330,000-square-foot distribution center in Oakland, California, which services the San Francisco Bay Area. Webvan is scheduled to begin operations in its second market, Atlanta, in early 2000.

Although Foster City, California-based Webvan was founded nearly two years ago, the company only began service, starting in the Bay Area, on June 2. Customers can place their order online around the clock, 7 days a week, and select a 30-minute delivery window at the time most convenient for them. Orders are hand-delivered to the customer on that same day, or up to five days later.

The company has a crop of influential investors, including Benchmark Capital, Sequoia Capital, Softbank, CBS, and Knight-Ridder.

The firm had been [rumored](#) to be trying to raise up to a billion dollars. Although a company executive declined to comment on its funding efforts, the company said its expansion strategy included an initial public offering.

The *Wall Street Journal* today reported that Webvan plans to raise as much \$1 billion by selling junk bonds over the next year, considered one of largest spending projects by an Internet-based company.

Other online grocers, currently serving different regions of the country, include the Jim Barksdale-backed [HomeGrocer](#), [Streamline](#), and [Peapod](#).

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