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# Investment Memo Delta Logistics

AI-optimized last-mile delivery routing that reduces costs by 30% for e-commerce retailers

Seed Round | December 2024

## Executive Summary

Delta Logistics provides an AI-powered last-mile delivery optimization platform for e-commerce retailers and logistics companies. The platform uses proprietary algorithms combining real-time traffic data, delivery density optimization, and driver behavior modeling to reduce last-mile delivery costs by 30% while improving on-time delivery rates. Founded by an ex-Uber routing engineer and an ex-Amazon logistics manager, the company has signed 20 enterprise customers and achieved \$1M ARR in just 10 months. Delta Logistics is raising \$5M in Seed funding to scale the platform and expand its customer base.

## Key Metrics

Metric	Value
ARR	\$1.0M
Enterprise Customers	20
Deliveries Optimized	500K+/month
Cost Reduction	30% average across customers
On-Time Delivery Rate	95% (vs. 82% industry average)
Average Contract Value	\$50K/year
Net Revenue Retention	140%
Carbon Reduction	22% per route on average

## Company Overview

Last-mile delivery represents 53% of total shipping costs and is the fastest-growing segment of logistics spending. Most retailers rely on inefficient manual route planning or basic optimization tools that fail to account for dynamic real-world conditions. Delta Logistics' platform integrates directly with warehouse management systems and delivery fleet tools to provide: (1) Dynamic route optimization updated every 15 minutes, (2) Predictive delivery windows with 95% accuracy, (3) Delivery density clustering to maximize drops per route, (4) Real-time driver assignment based on capacity and proximity, (5) Carbon footprint tracking and optimization. The platform processes 500K+ deliveries per month and has demonstrated consistent 30% cost reduction across customers.

## Market Opportunity

The global last-mile delivery market is \$200B and growing at 14% annually, driven by e-commerce growth. The logistics optimization software market is \$15B and expected to reach \$30B by 2028. In the US alone, there are 1M+ delivery fleets making 2B+ last-mile deliveries annually. Key market drivers:

(1) E-commerce growth (20% of retail, growing), (2) Rising fuel and labor costs, (3) Customer expectations for faster, predictable delivery, (4) Sustainability mandates driving route efficiency needs.

## Founding Team

Name	Role	Background
Alex Kim	CEO	Ex-Uber senior routing engineer (6 years). Led development of UberEats delivery algorithm.
Diana Brooks	COO	Ex-Amazon Last Mile Operations Manager (5 years). Managed 200+ delivery stations.
Yuri Tanaka	CTO	Ex-FedEx principal engineer (8 years). Built FedEx's real-time package tracking system.

## Business Model

Delta Logistics charges a per-delivery fee model: \$0.15-0.35 per optimized delivery (based on volume). Enterprise contracts include a \$2,000/month platform fee plus per-delivery charges. Average contract value is \$50K/year. The company also offers a premium analytics tier (\$500/month) for fleet performance insights and carbon reporting. Current ACV breakdown: 70% per-delivery fees, 20% platform fees, 10% analytics.

## Financial Overview

Metric	Value
Current ARR	\$1.0M
Monthly Burn Rate	\$250K
Runway	10 months
Previous Funding	\$1.5M Pre-Seed (Y Combinator + angels)
Total Raised	\$1.5M
Cash on Hand	\$2.5M
Gross Margin	82%

## Traction & Milestones

- 20 enterprise customers including 3 top-50 e-commerce retailers
- \$1M ARR in 10 months from launch
- 500K+ deliveries optimized per month across customer base
- 30% cost reduction and 22% carbon footprint reduction demonstrated

- 95% on-time delivery rate (vs. 82% industry average)
- Named in Y Combinator's Top 10 logistics companies (W24 batch)
- Strategic pilot with a major US parcel carrier (NDA)
- Net revenue retention of 140% driven by volume growth and upsell

## Competitive Landscape

The route optimization space includes legacy players (Routific, OptimoRoute) with basic algorithms and large logistics platforms (Onfleet, Bringg) that offer optimization as a feature rather than core product.

Competitor	Differentiation
Routific	Basic optimization, no real-time updates. Delta offers dynamic 15-minute re-optimization.
OptimoRoute	Field service focused, not e-commerce. Delta purpose-built for e-commerce last-mile.
Onfleet	Delivery management platform, optimization is add-on. Delta's core AI is superior.
Google OR-Tools	Open source, requires significant engineering. Delta is turnkey SaaS.

## Key Risks

- Large logistics companies building similar capabilities in-house
- Integration complexity with diverse customer tech stacks
- Seasonality in e-commerce delivery volumes
- Competition from well-funded logistics tech startups
- Dependency on third-party data sources for traffic and mapping

## Funding Ask

**Amount:** \$5M

**Valuation:** \$20M pre-money

### Use of Funds:

- Engineering (45%): Expand AI team, build predictive analytics, improve real-time engine
- Sales (30%): Hire 5 enterprise sales reps, expand to logistics and grocery verticals
- Customer Success (15%): Scale implementation and support for enterprise accounts
- Infrastructure (10%): Cloud computing, data pipeline scaling