

blueshyft

Creating a bricks and mortar presence for e-commerce

blueshyft is a network of 1,200+ retail locations around Australia all equipped with an iOS based platform that allows customers to use cash to pay for digital goods and services. It has secured long term contracts with corporate bookmakers Ladbrokes, international money remittance group Bux.com, bitcoin operators such as CoinJar and parcel delivery companies Toll Holdings and TNT to use its network of 1,200 newsagents throughout Australia.

Background

Blueshyft was founded by Matt Handbury and Kain Warwick in 2014, initially to deliver a failed postal returns service, in-store collection service for TNT and Apple. Blueshyft developed a secure iOS-based platform for identify verification across a range of services which it then rolled out to the 1,200+ newsagents in its bricks and mortar network. This quickly expanded to offering a cash-in solution for corporate bookmaker Ladbrokes and international digital money transfer group Bux.com. The company recently secured News Corp and McPherson Media for in-store customer identification and acquisition.

Business model and strategy

Blueshyft's business model targets four core segments:

- Logistics – parcel delivery, sending and returns. Contracts with TNT and Toll paid on a per parcel basis with an initial guarantee period.
- Transactions – cash payments to Ladbroke cards, bitcoin.com.au, BUX payments and CoinJar with blueshyft paid a % per transaction
- Retail services – provision of inventory management for retail brands – SodaKING, McPherson Media
- ID Verification – systems delivery for ID verification initially developed for GoGet car and van rentals.

Blueshyft is paid on a per parcel, per transaction basis for many of its contracts and it, in turn, passes through a share of its revenue to its newsagents. It provides the hardware systems and platform to the newsagents free of charge. In FY17, the company posted a 100% increase in revenues to \$2.5m and was profitable for the last four months of the year.

Competition

Blueshyft's main competitors in the logistics space are ParcelPoint, funded by Blue Sky Alternative/Arden Point, and Hubbed which is backed by SingPost. In the transactions space, its competitors are e-Pay, which is part of Euronet Worldwide (EFT.NASDAQ), and pre-paid Visa and gift card group Blackhawk Networks (HAWK.NASDAQ), both of which are significant global players and both of which have cash payments options.

Share details

Investment to date	\$4.5M
Number of shareholders	10+

Market size

IBISWORLD estimates that the courier market, excluding Australia Post, is more than \$1bn a year. The wagering cash payments pool is an estimated \$120m in the \$18bn Australian online wagering market while international money transfers generate US\$600bn a year.

Upside Case

- Scalable platform
- Newsagents have the systems in place to handle large amounts of cash
- Not limited to Australia, potential to take the technology offshore

Downside Case

- Several competitors in the parcel return space
- Newsagents are still battling the decline of newspaper circulation
- Exposed to general economic cycles

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