

Cargomatic's mobile technology connects truckers to freight and people nearby

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Truckers who own their vehicles loathe trips with an empty truck bed. But when Mishael Israel faced the money-sapping bind on a recent morning, he had a solution. An Uber-style solution.

Israel's first freight pickup awaited about 60 miles from his Los Angeles-area home. Before leaving, he accepted a \$30 pickup close by through an app called Cargomatic to deliver some sprinkler parts. He more than paid for the gas used for the longer-distance job without a significant detour, he said.

Cargomatic is aiming to do for short-range trucking what Uber and Lyft have done for [taxi](#) drivers: use the capabilities of smartphones to connect drivers to freight and people nearby that need moving. With more than \$3 million raised from Volvo's [venture capital](#) fund and others, the Los Angeles startup is already helping hundreds of companies.

Truckers are boosting income per mile, and picking up bigger profits, by slashing the time their trucks are on the road with little to no cargo. As the trucking industry struggles to hire enough drivers to meet demand, maximizing the time of those on staff is essential, experts said. Consumers could benefit from faster delivery of online purchases and improved air quality if, as hoped, hundreds of thousands of truck routes become more efficient.

Cargomatic promises to be another example of mobile technology's power to squeeze out excess inventory by better matching supply and demand. Smartphone apps like Uber and Lyft fill up empty seats in passenger cars. OpenTable, the restaurant reservations app that's proved a lot faster than calling around by phone, fills tables that might otherwise go empty. Cargomatic wedges freight into extra space in trucks that normally rumble past with a partial load.

The service still must prove itself outside Los Angeles - New York City is next - but analysts said

that stodgy transportation and logistics companies will be forced to embrace technology over the next few years and Cargomatic is poised as much as anyone to be a supplier.

"If you look at every industry out there, whether it's hotels, films, newspapers, the middleman is being eliminated," said Donald Broughton, chief market strategist at Avondale Partners. "Technology is allowing buyers and sellers to see one another very visibly."

In the case of Cargomatic, companies needing freight shipped submit their request online. The first trucking company that accepts with a driver in close range gets the job. The average order is moving 1 ton of freight 20 miles for about \$145. Cargomatic, which targets haulers with a fleet of 10 or fewer trucks, charges a 20 percent commission.

Trucking companies can be paid weeks sooner than normal because drivers confirm delivery through the app. Dispatchers don't need to call drivers as often because the app tracks their location. They also make fewer calls to traditional freight brokers who help secure extra loads.

The result is a dashboard cleared of paperwork and an ear spared of confusion, Israel said as he edged a six-wheeler through Los Angeles traffic on a summer morning.

"What Cargomatic has found a way to do is lower my cost of business without taking out any value," Israel said.

His company, UnitedWeShip, treats four or five Cargomatic orders a day as "filler" that's bringing him closer to a vision for a national brand. Having started in the delivery business as a 19-year-old on a scooter, the 45-year-old added a seventh truck and a new dispatcher this month.

Brett Parker, Cargomatic's co-founder and chief

operating officer, said smartphones have made big dreams ever more possible in "one of the last Wild West opportunities" to make a living.

Parker's family owns Triangle Group, a company that delivers apparel to distribution centers of major retailers. Two years ago, he told friend Jonathan Kessler about the time-consuming chore of finding and vetting drivers. In a pinch, Parker wanted a service that could connect him to pre-verified truckers that didn't come to mind because they lacked marketing budgets.

Kessler, an adventurer and technology tinkerer who's gone from being an Alaskan fisherman to building button-making machines in Ecuador, liked the idea of adding transparency to shipping. Cargomatic became the eighth startup in which the car-less, Uber-reliant Kessler has been involved - four of the companies have sold for a sum of nearly \$800 million.

Some truckers on Cargomatic say that it raises revenue by 15 percent to 25 percent, or about \$500 to \$2,500 more in the bosses' pocket each week.

The feeling that mom-and-pop trucking shops were being underserved by technological innovation led Volvo Group Venture Capital to invest in Cargomatic, according to investment director Jonas Landstrom.

"This model of connecting through the mobile app and a marketplace they are not paying for makes a lot of sense, and it has the possibility to add more services," Landstrom said.

At AC Freight Services Inc., Cargomatic has freed manager Sarah Chavez from her desk. She recently took pizza and gift cards to thank regular customers and made visits to prospective ones.

"This is the future," she said of apps. "I'm second-generation truck driving, and having to fax things and mailing things and calling, it's so old-school."

The rise in online shopping has broadened demand for same-day shipping, and truckers will need technology to keep pace, Chavez said.

"Maybe not Cargomatic, but there will be people similar like them," she said.

Through Cargomatic, shippers like Hudson Jeans can move goods within an hour for half the cost of an overnight FedEx or UPS delivery.

"As long as they keep the same business model - to fill a hole - everybody will make money," said Daniel Barcenas, senior vice president of operations at Hudson.

Truckers are also using Cargomatic to place orders. Where it might cost them \$100 to make a far-flung delivery for a prized customer, they could have a nearby driver from another company do it for \$30. Truckers turning the platform around is validation to Parker and Kessler that their effort to build a community is working.

Brad Delco, a trucking industry analyst at Stephens Inc., said the market for brokers such as Cargomatic is growing as shippers push harder for the cheapest price possible. As long as it can stay cheap and reliable while expanding quickly, he said, "a system like this could work."

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