

# BidShip startup to become the Uber of logistics

 By Cari Van Wk

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Rion Henning, founder and managing director of [BidShip](#), started his journey in the logistics industry over 13 years ago and has worked for some of the largest South African logistics companies in various roles. In 2009/10 he won the South African Freight Forwarder of the Year Award (Logistician) and later went on to represent South Africa in the international version of the award where he received the runner-up position.



Rion Henning

We asked Henning to tell us more about BidShip, how it works, the role it plays in the logistics space and how this innovative new model will change things.

## *Tell us the BidShip story*

**Rion Henning:** The idea around BidShip started out in April 2013. Having spent many years in the logistics industry, I realised that transport is very traditional and has not changed much in the last 20 years. I saw the opportunity to design a platform or marketplace which connects shippers and transporters. Essentially offering an auction marketplace where transporters with excess loads or space available on their trucks could offer this up to customers that want goods shipped.

If one looks at how Uber has disrupted the taxi industry and how Airbnb has disrupted the accommodation and hotel industry, then it should be clear that there is a massive space in between the traditional environment of suppliers and consumers. The other fundamental characteristic of these types of marketplaces is that they are not like your traditional asset or capital intense business models. Again Uber is claimed to be the world's largest taxi company yet they don't own any taxis and Airbnb is the largest accommodation provider but they don't own any rooms. They rather rely on a third party exchange marketplace which is not controlled by sellers or buyers.

## **▣ What is BidShip? How does it work?**

**Henning:** BidShip is a business-to-business (B2B) online transport marketplace which offers shippers and transporters a platform to acquire transportation services in the most efficient and cost effective way. The process is easy: transporters and shippers simply go and register on [BidShip](#). From there the shipper simply lists their shipment requirements which allow qualifying transporters, registered for the BidShip services, to bid on your consignment. This introduces a massive saving for the shippers. The marketplace also offers ample opportunities for transporters with a small portfolio, which are sometimes overlooked, the opportunity to compete to transport these consignments.

The service is based on free market principles purely driven by supply and demand which has an immense benefit for shippers as they no longer pay set transportation prices but rather dynamic prices purely based on supply and demand. The BidShip platform operates on the reverse-auction model which, unlike conventional auction, drives the price down.

Transporters offer their return loads (empty legs) up for auction which results in a saving of up to 50%. Transporters are provided with the opportunity to generate income on previous "empty legs" of transport. Many smaller transporters also don't have the sales and marketing reach to gain new business and the BidShip platform provides them with a free-market environment to bid on loads for customers they would not normally have access to.

▣ ***How do you compete with similar companies such as eShip?***

**Henning:** There is currently a great boom within the e-commerce space and more specifically the logistics industry. Cognisance is given to the offerings currently on offer in the market which is based on the reverse auctioneering principles, focused on disrupting the e-commerce market. Companies such as ParcelNinja reported a 450% growth in e-commerce delivery through 2015.

eShip is a business to consumer (B2C) solution and on face value looks very similar to the BidShip model. Although all these models are aimed at revolutionising the transport industry, I think all of them play in a very clear area of the market. One common goal we share is that all of us want to provide businesses and consumers with a more affordable and efficient solution when it comes to the transporting of goods. Most of our competitors are focused on the so-called “soft freight” (such as courier, personal effects and express parcel deliveries) which is in our opinion already fiercely competitive. We are aiming mainly at the larger and more commercial type loads.

BidShip aims to address the inefficiencies in the logistics industry whilst offering a complete logistical experience from start to finish through its efficient processes. Value is added throughout the whole value chain and these value and savings are transferred to the different participants along the value chain.

▣ ***With a growth in like-minded platforms, what differentiates or will differentiate you from your rivals?***

**Henning:** What differentiates BidShip is the fact that we offer a seamless logistical service that is customisable to fit in with your supply chain. We also believe that some of our competitors are really technology companies whereas BidShip is a transport company. We are after all trying to revolutionise the transport industry and not the technology industry.

That said, we also believe that our competitors are industry partners and believe that healthy competition is needed between all the like-minded platforms. We could share loads and customers over multiple platforms similar to those that estate agencies rely on. We all have the same common goal of revolutionising the industry and together we will achieve this much easier than as individual companies.

▣ ***How will BidShip change the industry?***

**Henning:** For the last two decades not much has happened in the transport industry and companies have continued to entertain inefficient practices. One such inefficiency is the empty legs currently experienced by most transporters with research showing that 30% of all trucks traveling on South African roads are empty.

Another problem is the fact that prices are currently derived from the competitive powers vested in transporters and shippers which promote unfavourable market practices. BidShip offers transporters with a small portfolio the opportunity to compete for consignments which in the past were not allowed.

Companies get transport services at a reduced price as transporters that had no means to obtain loads can now compete

on the platform on equal footing. There is no cost or licencing fees involved with being part of the BidShip family. Another add-on bonus is the fact that all transporters registered on the BidShip website are vetted and go through an intense due diligence process offering consumers piece of mind.



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■ ***What is the biggest challenge you're facing regarding growth and expansion, especially with freight and transport suffering under the current economic climate and inefficient trade policies?***

**Henning:** Firstly the adoption of technology in the field of transportation is quite challenging but most people have come to realise that the only constant is change and that technology is there to improve the way we do things.

On the point of the economic conditions, we see the glass as half full here. Some of the most successful businesses in history have been created in tough economic times. This gives businesses and consumers reason to look for better and more innovative solutions to reduce cost and to be sustainable. We believe that creativity loves constraint so with the tough current and future economic situation we believe our timing could not have been better.

With more vehicles sitting idle looking for work this will mean that these transporters can offer their loads at reduced rates to the customers by increasing the supply of vehicles available versus demand. In times of economic downturns, it is very important to put forward the most compelling value proposition to our customers to help them optimise their own supply chains.

■ ***What does the future hold for BidShip?***

**Henning:** BidShip plans to become the first 'logical logistical choice' of anyone looking to transport anything. We want to become the Uber of logistics by bridging the gap between technology and transport. We are gaining massive ground on our road transport offering but we are already working on further offerings which relate to other areas of the supply chain like road exports, airfreight, ocean freight and warehousing.

## ABOUT CARI VAN WYK

Cari Coetzee is a contributor to Bizcommunity Tourism, Agriculture and Lifestyle.

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