Mandaê

Shipping made simple

Karim Hardane | karim@mandae.com.br

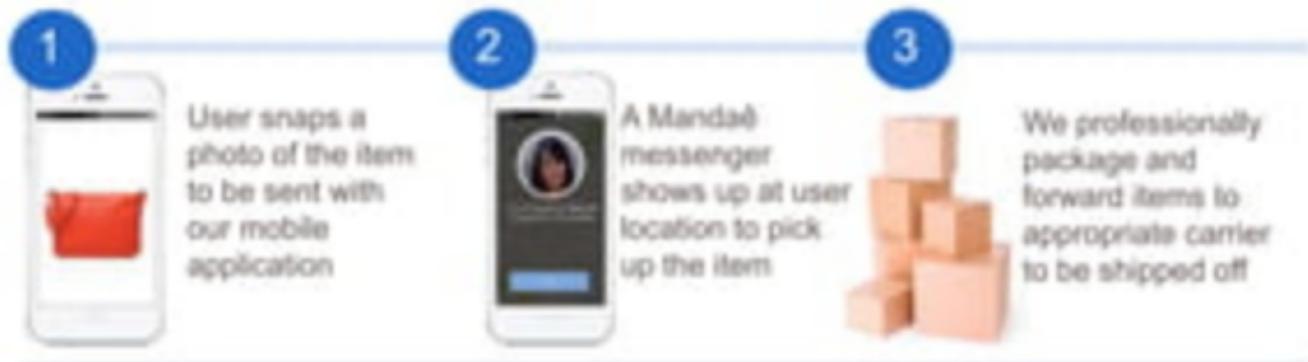Marcelo Fujimoto | marcelo@mandae.com.br

The problem

Shipping stuff is a HUGE hassle

- Finding & purchasing packaging

- Carrying stuff to the post office

- Having to wait in line

A waste of valuable time and resources for individuals, and **especially for online merchants and small e-commerce operators** who go through this on a daily basis

The solution

1 User snaps a photo of the item to be sent with our mobile application

2 A Mandaê messenger shows up at user location to pick up the item

3 We professionally package and forward items to appropriate carrier to be shipped off

- User pays us the same price they'd pay the post office
- Free pick up for 2 or more items (R$ 10 fee for one-item pickups)

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Our model and unit economics are possible due to volume discounts and back-end logistics

Unit economics (per item)

	R$	%
Avg. shipping revenue	20	77%
Pickup fee (wtd avg)	6	23%
Revenue per package	**26**	**100%**

	R$	%
Shipping costs	9	35%
Pickup costs	2	8%
Packing & Materials	1	5%
Payment processing	1	4%
Total costs per package	14	52%
Contribution / package	**12**	**48%**

1

40-70% discounts vs. full price

- Volume discounts on shipping costs with Correios, Total Express and other major carriers
  - Utilizing e-Sedex and other volume contracts

2

Lower pickup costs

- Logistics system to optimize routes
  - Lower total pickup times & maximize driver utilization
- Future sub-systems include demand prediction and driver load utilization

Why you should believe in our model

We tested it and it worked.

In 28 days and with 4 customers, we generated
revenues of R\$ 2,644 and gross profit of R\$ 1,075

	Week 1	Week 2	Week 3	Week 4	Total
Customer #1	21	15	12	16	64
Customer #2	5	4	6	4	19
Customer #3	5	2	3	2	12
Customer #4	2	2	3	2	9
Total shipments	33	23	24	24	104
Total revenues	**R\$797**	**R\$618**	**R\$548**	**R\$680**	**R\$2,644**
Pro forma costs					
Shipping	R\$340	R\$237	R\$248	R\$248	R\$1,073
Pickup	60	60	60	60	240
Packaging & materials	40	28	29	29	126
Payment processing	39	30	27	33	130
Total costs	R\$479	R\$355	R\$364	R\$370	R\$1,568
Contribution	**R\$318**	**R\$263**	**R\$184**	**R\$310**	**R\$1,075**
% margin	**40%**	**43%**	**34%**	**46%**	**41%**

- Testing was done with 3 small e-commerce businesses and 1 power seller in Rio de Janeiro over the course of 4 weeks

- All revenues are real, but costs are stated on a pro forma "as-if" basis

  - Shipping costs stated as if e-Sedex rates had been applied

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Although there are significant "last-mile" players, the "first-mile" market remains untapped

Research & scheduling	"First-mile" providers	Carriers ("Last-mile" providers)	
• Correios is default option for most people	• Correios and other transporters offer pickup, but are expensive / only for volume clients	CORREIOS	Total
• New startups making shipping research easier, mostly for small business:		direct	TEXLOG
CARGOBR	• No other options; most must do themselves	TRANSFOLHA	jad log
SONTRA		FedEx	& 12,000 other transporters
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Online commerce growth is fueling the industry

Total Brazilian transport industry

R$ 29 billion

Segmented addressable market (2012)
R$ 9.1 billion

Small e-commerce	Online sellers	Individuals
R$ 3.4 billion	**R$ 1.1 billion**	**R$ 4.6 billion**
• 67 million shipments	• 21 million shipments	• 127 million shipments (PAC & SEDEX)
• By 29,000 stores	• By 3 million+ sellers	• By 54 million households
• Avg shipping cost of R$51	• Avg shipping cost of R$53	• Avg shipping cost of R$36
• 2,319 shipments / year per store	• 7.1 shipments / year per seller	• 2.3 shipments / year per household

Mandaê

People that sell online ship a lot, which means high lifetime values (LTV) for us

Small e-commerce	Power online sellers	Individuals
LTV:	LTV:	LTV:
R$ 1.575	R$ 409	R$ 43
• 120 shipments / year	• 24 shipments / year	• 3 shipments / year
• Small-volume stores utilizing platforms such as:	• Power sellers on marketplaces such as:	• Common, everyday shipments, such as:
		- Gifts for friends & family
		- E-commerce returns
		- Important documents

Note: See appendix for further details and assumptions regarding LTV calculations, and the Market page for macro statistics on average shipments per category. Average shipments for for online sellers have been adjusted up to account for greater concentration of power sellers within our customer base. Average shipments for small e-commerce have been adjusted significantly downwards here for conservatism (assuming just 10 shipments / month here despite macro statistics showing a 20x higher average).

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Distinct customer segments and high LTV's provide several distribution options

CAC could be as low as R$ 2 (CPI), with justification to spend much higher to acquire online sellers and small e-commerce businesses

Channels	Small e-commerce	Online sellers	Individuals
Mobile ad platforms (Pay-per-download)		✓	✓
Other PPC (Facebook, AdWords, etc.)	✓	✓	✓
Inbound marketing (SEO, blogging/content, earned social media)	✓	✓	✓
Viral / referrals - Each box sent contains Mandaê branding & flyer			✓
Blogger & influencer outreach (Startups, e-commerce & tech)	✓	✓	
Direct email marketing / messaging	✓	✓	
Partnerships with marketplaces & e-commerce platforms (including API development)	✓	✓	
Personalized sales calls	✓		

Mandaê

In addition to our early beta testers, we have a pipeline of customers eager to use our service

- **100+** power sellers and small e-commerce businesses signed up to use our service

  - Based in São Paulo
  - Ship on average 1x / week
  - = R$ 100+ in potential monthly revenues from each

- Partnership discussions with e-commerce platforms & marketplaces eager to offer our service to their users

  - **nuvem**shop — The **Shopify of Latin America**, with **thousands** of small e-commerce stores in Brazil

  - **kauplus** — **1,000+** small e-commerce stores using their platform

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What also excites us? The potential services we can build on top of our platform

We'll pick up your stuff and sell it for you

- We come to your place and pickup your box of unwanted items
- We publish them on existing marketplaces
- Commission-based revenues (~30% of product value)

Same-day delivery

When our logistical "web" covers enough geography, other significant markets become game:

- Same-day local delivery market ("motoboys")
- Local/same-day delivery solution for large e-commerce

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We generate revenues from Day 1 with initial focus on small e-commerce and power sellers

Legend: ■ Revenues — Users
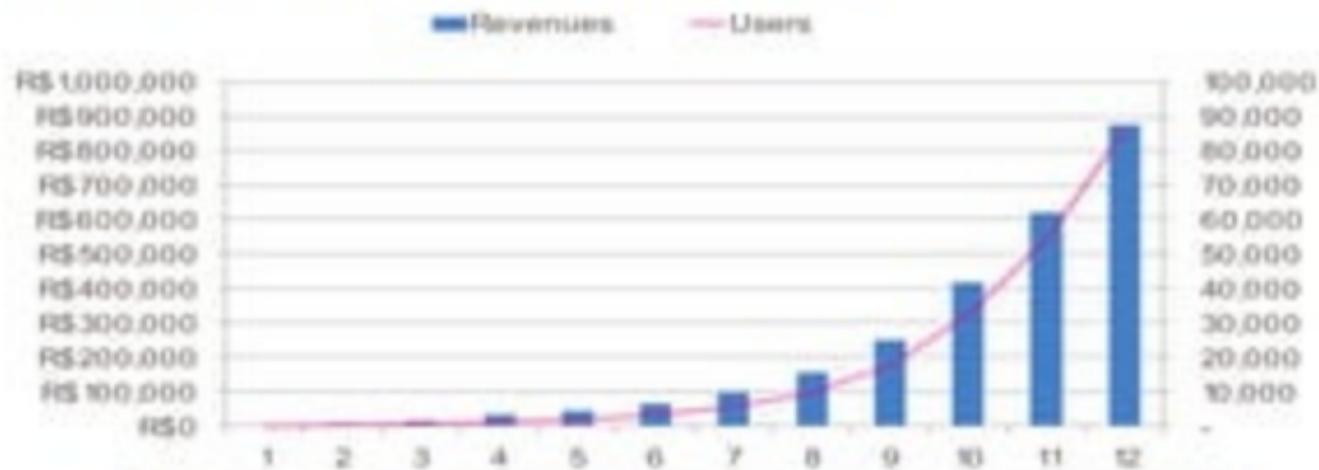
Small e-commerce and power sellers
✓ Minimum pickups and higher shipping volume
✓ Regular shipping which generates monthly recurring revenues
✓ Predictable volumes for optimized routes
✓ Provides a steady base to pursue individual users later in the year

Note: See appendix for a more detailed look at our assumptions.

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Our fundraising round and milestones

USD $200,000

($1 million post-money valuation)

Uses of funds

12%	
35%	
39%	
13%	
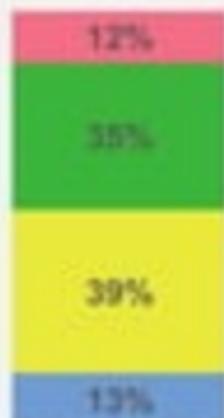
- ■ Setup & Other
- ■ Technology
- ■ Business Dev
- ■ Marketing

Execution plan

- Immediate setup and launch of operations in São Paulo (utilizing current web app) with Beta testers who already signed up from Vila Mariana and Pinheiros
- Focus on acquiring e-commerce and power seller users within the same geographical area
- Development of back-end and operational infrastructure
- Acquire individual users via our mobile app (month 4)
- Expand geographical reach

Key milestones (month 6)

- **3,000** users
- **1,800** pickups, 4 full-time messengers
- **R$ 100,000+** in revenues

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Why Mandaê?

✓ Large market with frequent usage and high recurring revenue
- **127mm** shipments by **54 million** households
- **21mm** shipments by **3+ million** sellers via marketplaces
- **67mm** shipments by **29,000+** e-commerce stores
- **R$ 30 ~ R$ 53** average shipping cost

✓ Solves an obvious pain point and takes friction out of shipping

✓ Business model has been successfully tested with satisfied beta testers and 100+ customers on our wait list

✓ Longer-term opportunity to create a full-service local logistics solution

✓ Great team with logistics, e-commerce and growth experience

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Mandaê is a collaborative consumption model that strips inefficiencies out of the system

Individuals & small businesses currently send stuff like this...
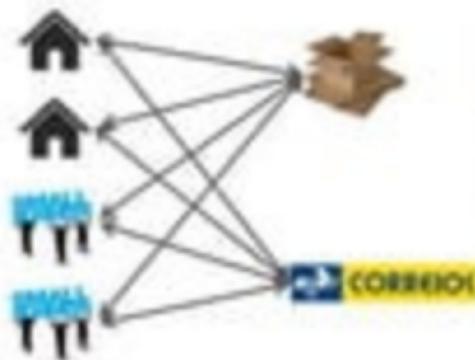
- Each sender must find/purchase their own packaging
- Each takes their shipments to the post office (with each making round trips)

... but pooling shipments makes the system more efficient

- Optimized pickup routes to/from each sender & one pickup from carrier = reduced distance/time travelled
- Pooling of shipments = increased shipping discounts
- Volume purchases of packaging from wholesalers
- Savings of time, resources and money across system

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Our market is **NOT** the same as the local-delivery market (couriers / motoboys)

Scheduling
• Several motoboy scheduling apps have appeared and received funding within the last 6 months:

vamoto — R$2 million from various angel investors

Loggi — R$2 million from COO of Uber, Bolt Ventures and others

Others: **MOTOS** **MOTOMAN**

Motoboy industry
• Over 1.5 million motoboys throughout Brazil
• Over 500,000 in São Paulo (state) and 200,000 in São Paulo (city) alone
• São Paulo state market estimated to be R$2.2 billion

- **The market we participate in is larger**
- But the motoboy market is one we could enter in the future

Unit economics calculation

Unit economics (per item)	R$	%
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Costs per package	14	52%
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Notes

- Assumes scenario of modestly higher volumes, which implies a degree of optimization.

- Pickup fee stated on a weighted average basis, assumes 60% of pickups are 1-item pickups, 25% are 2 items, and the remainder split evenly between 3-, 4-, and 5-item pickups.

- "Packing & materials" includes estimated labor costs of packaging the items plus packaging material costs.

- Payment processing costs assume use of an optimized payment system, which includes a payment processor and credit card storage/repeat-billing service provider such as Cielo / CobreBem (based on their actual rates).

- Pickup costs are based on mobiboy & fuel **costs** (NOT mobiboy **retail prices**, which are over 2x costs). Also note that this calculation is on a per **item** basis; with our routing system, *several items may be picked up at each stop, and each trip may include several stops*. As we optimize the number of stops and items per route, pickup costs per item decrease substantially.

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Historical growth proxy of our customer segments

Brazil e-commerce
Number of e-Commerces (thousands)

08	09	10	11	12
12	14	17	20	23
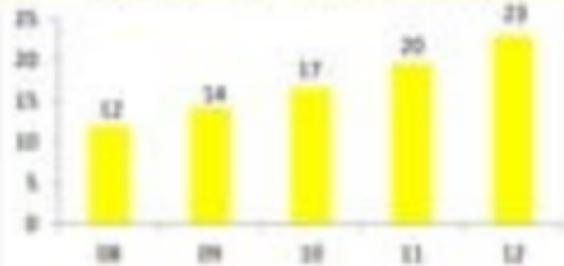
Mercado Livre
Revenues (US$mm)

08	09	10	11	12
137	171	217	299	378

Correios
Revenues (US$bn)

08	09	10	11	12
4.69	5.31	5.85	6.56	6.70

Items sold (mm)

08	09	10	11	12
21.1	29.5	39.2	52.8	67.4

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Growth in target markets and projected Mandaê customer base

		Year 1	Year 2	Year 3	Year 4	Year 5
Target markets	BRL targeted market (R$ bn)	9.1	10.0	10.9	11.7	12.6
	No. of households	54,000,000	54,810,000	55,577,000	56,299,000	56,975,000
	No. of internet sellers	3,000,000	3,450,000	3,915,000	4,385,000	4,846,000
	No. of e-commerce stores	29,000	36,250	45,000	56,500	71,000
	Total	**57,029,000**	**58,296,250**	**59,537,000**	**60,740,500**	**61,892,000**
Mandaê customer base	Individual users	82,000	1,125,000	2,200,000	3,300,000	4,300,000
	% market share	0.2%	2.1%	4.0%	5.9%	7.5%
	Internet sellers	2,900	45,000	150,000	330,000	600,000
	% market share	0.1%	1.3%	3.8%	7.5%	12.4%
	E-commerce stores	250	3,500	6,250	9,500	13,000
	% market share	0.9%	9.7%	13.9%	16.8%	18.3%
	Total	**85,150**	**1,173,500**	**2,356,250**	**3,639,500**	**4,913,000**

Note: Projected revenues (shown earlier in this presentation) were calculated based off of these customer base projections using the same assumptions that were used to calculate the LTV's of our customer segments (weighted average shipping revenue of R$24 / item, utilization % and annual shipments). Target market growth rates were estimated using various projections(Conexis' growth rates, projected growth rates of marketplaces such as MercadoLivre, and projections for Brazilian e-commerce growth

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By making shipping easy, our vision is to help more people ship even more stuff

Projected Mandaê gross revenues

(R$ millions)

Legend:
- E-commerce (yellow)
- Online sellers (green)
- Individuals (pink)

Year	Value
Year 1	$3
Year 2	R$53
Year 3	R$163
Year 4	R$389
Year 5	R$898
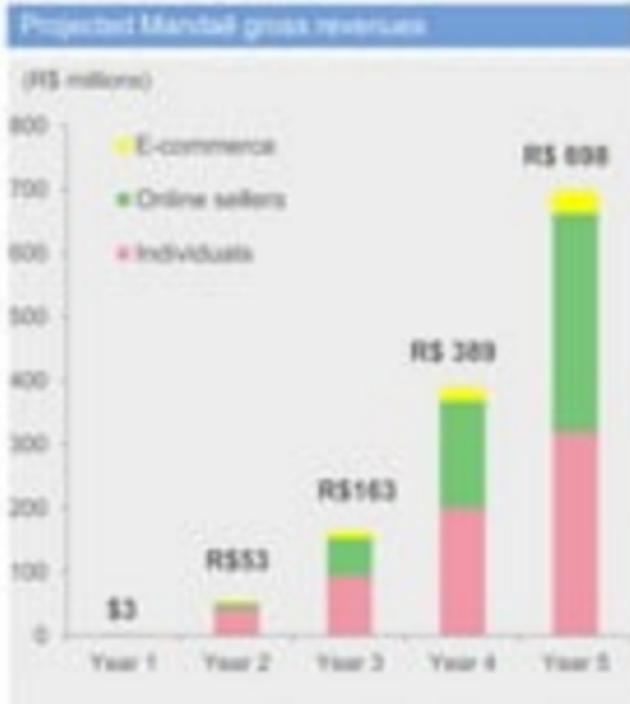
This creates value for everybody...

➔ More people and e-commerce stores can sell more stuff online, benefitting the broader economy

➔ More shipment volume for Correios and other carriers, thereby increasing the size of the entire shipments "pie"

...which in turn accrues to Mandaê

➔ Compelling solution creates a case for high adoption, usage and revenues

Note: See appendix for further details regarding market, customer base and revenue forecasts

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Customer lifetime value calculations

General assumptions

Revenue per shipment R$26		Inflation / price increases	6%
Contribution margin	40%	Discount rate	15%

Per segment LTV calculations

Year	1	2	3		Total
Discount factor	0.5	1.5	2.5		
Individuals					
Yearly sales	R$60	R$43	R$31		
Gross profit	R$24	R$17	R$13		
Present value of sales	R$56	R$35	R$22		R$60
Present value of gross profit	R$22	R$14	R$6		R$43
Internet sellers					
Yearly sales	R$578	R$419	R$417		
Gross profit	R$231	R$163	R$167		
Present value of sales	R$538	R$335	R$147		R$854
Present value of gross profit	R$216	R$133	R$61		R$675
SmaLe commerce					
Yearly sales	R$2 891	R$2 532	R$...		
Gross profit	R$1 156	R$...	R$...		
Present value of sales	R$6 478	R$3 542	R$...		R$6 573
Present value of gross profit	R$2 651	R$1 407	R$60		R$...

Segment assumptions:
- % utilization of Mandaê — 75% / 90% / 90%
- Packages per year — 3 / 24 / 205
- Yearly attrition — 15% / 15% / 60%

Note: Use an Market for details on Segmented Addressable Market for each customer segment. The assumptions used above fall within general macro statistics or have been reasonably adjusted for customer type. E.g., average shipments by internet sellers is 7/year; we adjusted to 24 to account for greater power seller concentration. Average shipments per e-commerce store is 2,519; we used a significantly more conservative estimate of 120. We also used a more conservative average shipment cost estimate; average industry shipment spend per package is between R$20–R$50.

First-year monthly forecast

Five-year projections

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Key modeling assumptions

- General pricing assumptions assume average shipping revenue / item of R$ 20 (with 6% annual inflation increases), plus a R$10 pickup fee for 1-item orders

- Customer segment assumptions:

  - **Individuals**: 3 shipments / year, 75% utilization of Mandaê, 33% annual attrition rate, 1.1 items per pickup, R$ 32 in revenues per pickup. CPA of between R$ 2 and R$ 5.
  - **Online sellers**: 24 shipments / year, 90% utilization of Mandaê, 33% annual attrition rate, 1.8 items per pickup, 1.1 visits per month, R$ 40 in revenues per pickup. CPA of R$ 5.
  - **E-commerce**: 120 shipments / year, 90% utilization of Mandaê, 50% annual attrition rate, 2.9 items per pickup, 3.5 visits per month, R$ 58 in revenues per pickup. CPA of R$ 5.

- Shipping costs conservatively calculated using standard contract pricing tables published by the Correios (Brazil's postal service)

  - Costs are based on published contract tables, not hypothetical volume discounts
  - Costs decrease quickly with incremental volume increases
  - Our aggregate shipping costs will vary depending on the shipment destinations. We used conservative assumptions, meaning we assumed unfavorable routes and discounts. We anticipate that in reality, we'll be able to realize higher cost-savings than what's assumed in our financial plan.

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Thank you!

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Mandaê

Shipping made simple

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Mandaê is a service for small e-commerce, online sellers and individuals that provides the easiest way to ship your stuff.

Our driver shows up, picks up all items, then takes them away to be professionally packed and shipped via the appropriate carrier.

Our team

Karim Hardane - Co-founder & Co-CEO / Product & Operations

Launched Wimdu's operations in the U.K. (a Rocket Internet company). Formerly investment banking (TMT) at JPMorgan. Co-founded LaVoisier, a tourism and leisure company in Lebanon. MSc. Int'l Management & CEMS from HEC–Paris / FGV-São Paulo and Bachelor of Engineering (Programming & Networking), St. Joseph University.

Marcelo Fujimoto - Co-founder & Co-CEO / Customer Development / Acquisition

Significant experience in Brazilian e-commerce and logistics. Co-founder of Babycub, a Brazilian kids' subscription commerce startup. Former private equity at Prospect Partners and investment banking at JPMorgan. MA Accountancy and B.S. Management from Case Western Reserve University.

Advisor

Hans Hickler

25+ years in the transportation, express and logistics industries. Ex-CEO of Agility Logistics (Asia Pacific region) and ex-CEO of DHL Express USA.

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[1] See appendix for more details

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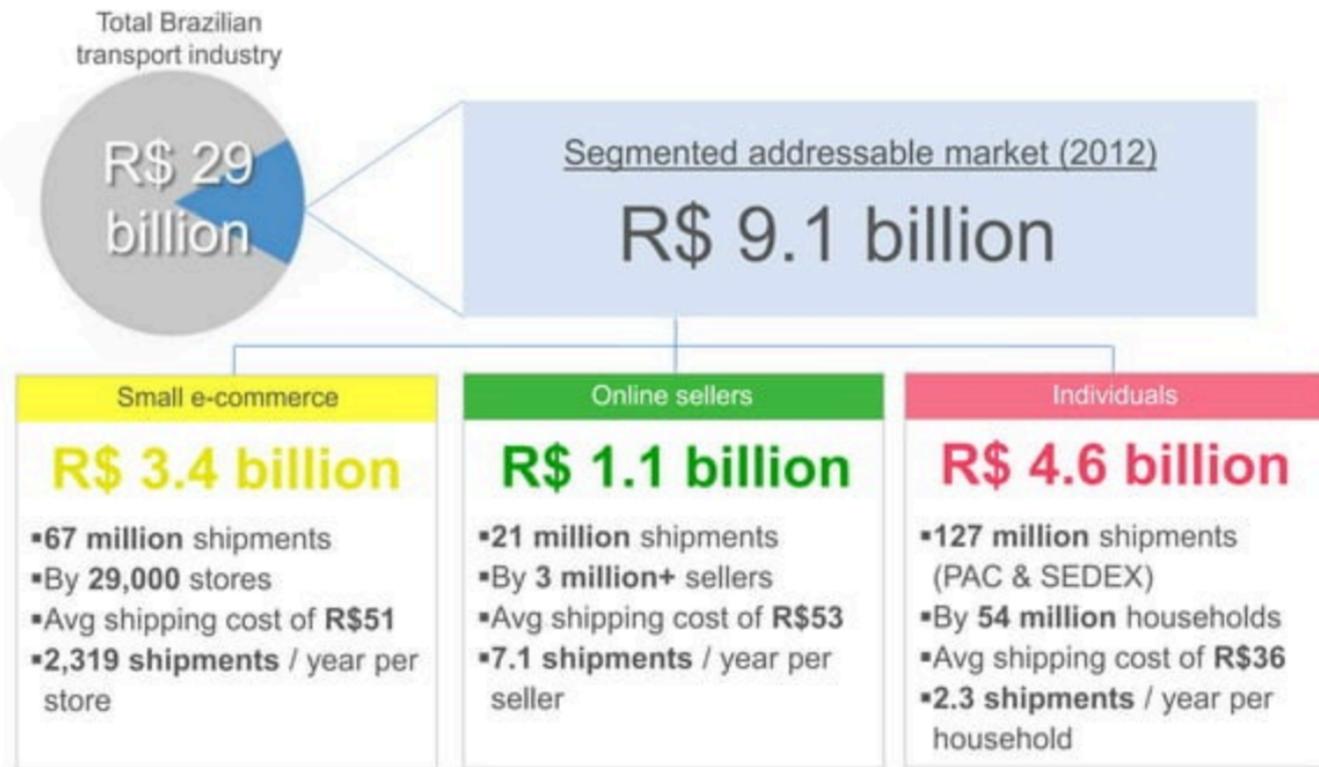 - Shipping costs stated as if e-Sedex rates had been applied

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Mandaê

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🏠 ▶ **Post office / carrier** ▶ 🚚 ▶ 🏠

Research & scheduling	"First-mile" providers	Carriers ("Last-mile" providers)
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Total Brazilian transport industry

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R$ 9.1 billion

Small e-commerce

R$ 3.4 billion

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- By **29,000** stores
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Online sellers

R$ 1.1 billion

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Individuals

R$ 4.6 billion

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- By **54 million** households
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nuvemshop LojaVirtual Magento dotstore likestore kauplus	OLX mercado livre bomnegócio.com Airu elo7 ebay	- Gifts for friends & family - E-commerce returns - Important documents

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Other PPC (Facebook, AdWords, etc.)	✓	✓	✓
Inbound marketing (SEO, blogging/content, earned social media)	✓	✓	✓
Viral / referrals - Each box sent contains Mandaê branding & flyer			✓
Blogger & influencer outreach (Startups, e-commerce & tech)	✓	✓	
Direct email marketing / messaging	✓	✓	
Partnerships with marketplaces & e-commerce platforms (including API development)	✓	✓	
Personalized sales calls	✓		

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