



## The Drone Delivery Startup That Could Beat Amazon (NASDAQ:AMZN)

### Description

Nearly six years ago, e-commerce giant **Amazon** ([NASDAQ:AMZN](#)) unveiled an innovative new device that could change the retail landscape forever. Jeff Bezos's team had managed to create a series of small drones capable of carrying up to five pounds' worth of cargo. These tiny flying devices were meant to cover the last mile of deliveries for goods ordered online.

Yet all these years later, the skies are devoid of any drones or unmanned delivery vehicles carrying bags of toilet rolls to people's doorsteps. Despite its failure to live up to Bezos's predicted timeline, the company has confirmed that it is still working on making drones cost effective and compliant with air travel regulations to make these deliveries viable in the near future.

Meanwhile, other companies in different parts of the world have snatched the lead away from the Seattle-based giant. In Canada, **Drone Delivery Canada** ([TSXV:FLT](#)) seems to be the current market leader.

Vaughan-based DDC has been around since 2014 and has spent years creating drones and drone delivery management software for commercial purposes. According to the team's website, these delivery drones could be used to deliver medicines to the elderly, business critical documentation, first aid, spare parts for vehicles, and, of course, e-commerce packages.

There is a specific reason DDC stands a better chance at making drone deliveries viable than its peers in other countries.

Canada is the second-largest country in the world with a critical lack of population density in its rural and northern areas. Deliveries of food, medicine, and other essentials to these remote communities is often so expensive that the cost of living is noticeably magnified. The higher costs and lack of availability in these regions make drone deliveries commercially viable.

In 2017, the DDC team [signed a deal with the Moose Cree First Nation](#), a Cree First Nation band government located in some of the most remote parts of northern Ontario. The deal would allow the team to start making deliveries of essential goods directly to the communities this year. The technicians and drone operators required to manage this innovative new logistics system could also help create jobs for the community's youngest members.

Since then the company has unveiled a new drone model that can carry payloads of up to 400 pounds and tested several flights across the United States and Canada. According to its most recent press release, DDC could start commercialization and revenue generation this year.

While the company's slow progress and lack of sales may seem off-putting, it's important to note that this is a nascent industry where even the tech giants have failed to make a breakthrough. Nevertheless, experts from PriceWaterhouseCoopers and **Goldman Sachs** estimate the global market for drone deliveries could exceed \$100 billion by 2020.

To cement its position in this rapidly expanding industry, DDC has \$16 million in cash, a handful of interesting partnerships, regulatory approvals, a wide portfolio of products, and a head start in Canada. There's a non-zero chance of success here.

## Bottom line

Costs and regulatory hurdles may have prevented major technology companies like Amazon from making drone deliveries mainstream, but with its track record and industry partnerships, DDC seems to stand a chance of kickstarting the industry in Canada.

### CATEGORY

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1. NASDAQ:AMZN (Amazon.com Inc.)

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