



## Drone Deliveries or Smart Security: Which Tech Startup Is Better?

### Description

Two stocks listed on the Toronto Venture exchange are building solutions for two very different problems. **Drone Delivery Canada** ([TSXV:FLT](#)) is trying to solve the bottlenecks in last-mile logistics infrastructure with delivery drones. Meanwhile, **Patriot One Technologies** (TSXV:PAT) offers a device that can detect concealed weapons in a crowd and alert authorities to reduce violent crime in our cities.

Both companies are relatively new startups in industries experiencing rapid growth in demand. However, from a pure investment perspective, it's worth taking a closer look to see which industry has the greater potential.

### Drone deliveries

Small unmanned aerial vehicles (UAV) are finally sophisticated enough to deliver tiny packages to locations within a restricted radius. In 2019, the average commercial drone can deliver payloads of up to 12 kilograms within a 15-kilometre radius. This means takeaway food and e-commerce purchases can be delivered within minutes at remarkably low costs.

Drone Delivery Canada's (DDC) fleet of UAVs and drone management platform are solving a critical bottleneck in the modern logistics system. The company already has an agreement with [the Moose Cree First Nation](#) for deliveries to remote communities across Canada. Eventually, DDC hopes to deliver medical supplies, spare parts, emergency packages, and products bought online through its network of drones.

While some estimates suggest the market for drone deliveries could be worth as much as \$100 billion by 2020, the sector is hyper-competitive. Tech giants from America and China already have their in-house delivery solutions and drone flight testing is currently ongoing in over 15 countries. Some of the biggest names in the tech industry have a fleet ready to deploy as early as this year. DDC's limited resources are no match.

It's also worth noting that logistics is a difficult industry to build a moat in. All drones are limited by the same battery technology and flight regulations, so building a unique competitive edge may be complicated. This leaves DDC particularly vulnerable in the near term.

## Smart security

By comparison, [Patriot One's smart security systems](#) seem to be better protected from competitive forces because of two key factors: the use of artificial intelligence (AI) and the accumulation of security data.

Patriot's weapon detection system relies on a proprietary software that combines criminal activity, material information, legal sales, and video surveillance data with an AI model to figure out if any individual in a crowd is carrying a weapon.

As far as I can tell, the company doesn't face any competitors. Also, I believe the federal and provincial governments will be more likely to trust a local Canadian company with sensitive surveillance data and infrastructure. As these devices are deployed across Canada, Patriot One will accumulate enough of data and improve its AI algorithms enough to create a durable competitive advantage.

According to GrandViewResearch, the physical security market was already worth US\$133.94 billion back in 2016. The market for AI alone is worth hundreds of billions. This means Patriot's total addressable market is far greater than DDC's drone market.

## Foolish takeaway

Not only is Patriot One an established leader in a market that is bigger than drone deliveries, but the company's AI models and collection of critical data gives it a competitive edge over rivals in the industry.

In my opinion, PAT is a better long-term bet than FLT.

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