



This Potential \$100 Billion Industry Is About to Take Off

Description

You'd be hard-pressed to find a more innovative and future-oriented company than **Amazon Inc.** ([NASDAQ:AMZN](#)). For over 25 years, the Seattle-based technology giant has redefined the way people shop, creating a robust cloud service that is now used by much of the digital world and has helped create the richest man in history.

The underlying secret sauce has always been quicker and more efficient delivery. Amazon now owns planes, vans, and even a contractor-based delivery service, all of which help Prime customers get their goods in two days or less.

Now the company wants to make its blazing fast deliveries even quicker by leveraging a cutting-edge technology that still seems like science fiction: unmanned aerial vehicles.

Last month they unveiled a new model of their Prime Air delivery drones that can "fly up to 15 miles and deliver packages under five pounds to customers in less than 30 minutes."

Five pounds (or about 2.3 kilograms) may seem like a tiny amount, but experts estimate that roughly 75 to 90 percent of items shopped online weigh less than that.

According to **Goldman Sachs**, this solves a critical bottleneck in the modern logistics industry and the last-mile drone delivery service could be worth nearly \$100 billion by 2020 alone.

Fortunately for Canadian investors, there's a homegrown, publicly listed company dedicated to this industry – **Drone Delivery Canada** ([TSXV:FLT](#)).

Based in Vaughan, the innovative startup has been around since 2011 and has been working on creating its own line of delivery drones that can carry small packages across Canada.

DDC is still in the pre-revenue phase, but it has already finalized the design of its drone fleet and signed some [potentially lucrative deals](#) that could help it create value over the long-term.

Last year they partnered with the Moose Cree First Nation band government to test drone deliveries for the remote indigenous community.

According to both parties, a network of drones for unmanned deliveries to Moose Cree Island will create jobs, reduce the costs of goods, and expand access to medicines.

If the project is successful, investors could expect similar deals across Canada.

Another deal earlier this year was a step in the right direction for the company. **Air Canada's** logistics arm will market DDC's services as a premium offering to its customers. The agreement includes an exclusivity clause, putting DDC in the lead in this nascent industry.

Today, the company announced that it had been granted a patent by the United States Patent Office that covers the company's proprietary FLYTE management software system. Management called it "protection...for our "Railway in the Sky" concept."

A railway in the sky should sound interesting to investors for a simple reason: railways have built-in moats.

Building and operating a rail network requires upfront investments and a ton of capital, which raises the barriers to entry. Similarly, DDC's "railway in the sky" is likely to be dominated by the company alone, at least for the foreseeable future.

Each new exclusive deal and patent added to DDC's portfolio makes it more valuable. Even if larger tech companies like Amazon or **Google** enter the Canadian market in the near future, they may have to acquire DDC in order to gain regulatory approvals and certain intellectual property.

Bottom line

The bottom line is that DDC is the only pure-play drone delivery company in Canada and the company is rapidly consolidating its position as a dominant player here. The company should be worth far more than the \$165 million it is now, and investors should take a closer look.

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