TRANSPORT AND LOGISTICS
Global Logistics Market

Transportation and logistics are engine that drive countless other industries by enabling the movement of goods and people and encapsulate everything from road, rail, freight and aviation. The sector makes makes up over 10% of the global gross domestic product\(^1\), with an estimated market size of $8.6 trillion.\(^2\)

However, like all other sectors, transportation and logistics are currently faced with an underlying shift brought on by technology, which has disrupted some of the traditional processes and streamlined them. The entry of new players and business models have brought in competition and altered customer expectations.

Yet, the sector continues to be dominated mostly by legacy players and processes as the size of the global logistics tech is only $17.4 billion,\(^3\) far below e-commerce, digital marketing or fintech. That said, over the past few years, the sector has seen notable activity from startups trying to solve different ends of the problem, from mobility to trucking solutions.

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\(^1\) https://data.worldbank.org/indicator/NY.GDP.MKTP.CD
\(^3\) https://www.marketsandmarkets.com/Market-Reports/digital-logistics-market-114784205.html
Global Logistics Market of $8.6 Trillion by Region

- Asia Pacific: 45.5%
- Europe: 19.1%
- North America: 23.6%
- Africa: 4.0%
- South America: 4.0%
- CIS: 3.8%

Source: Statista
Combined, tech-enabled logistics companies have raised a total of $93 billion across 5,277 deals between 2014 and 2021 – when funding hit a peak of $27.5B. Consequently, the sector has seen the creation of a record number of new unicorns – 26 last year, more than in 2017-2020 combined.

**Funding Raised in Logistics, Supply Chain and Delivery by Year and Deals**

![Graph showing funding raised in logistics, supply chain, and delivery by year and deals.](Source: Pitchbook)
Unicorns Created in Logistics, Supply Chain and Delivery by Year

Source: CB Insights Global Unicorn Board 2021

Most Valuable Logistics, Supply Chain and Delivery Startups

<table>
<thead>
<tr>
<th>Company</th>
<th>Valuation</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instacart</td>
<td>$39B</td>
<td>United States</td>
</tr>
<tr>
<td>J&amp;T Express</td>
<td>$20B</td>
<td>Indonesia</td>
</tr>
<tr>
<td>Lalamove</td>
<td>$10B</td>
<td>Hong Kong</td>
</tr>
<tr>
<td>Swiggy</td>
<td>$5.5B</td>
<td>India</td>
</tr>
<tr>
<td>Rappi</td>
<td>$5.25B</td>
<td>Colombia</td>
</tr>
</tbody>
</table>

Source: CB Insights Global Unicorn Board 2021
The State of Logistics in Pakistan

Pakistan is no exception in this regard as the transportation sector accounts for 23%⁴ of the services sector GDP which in turn makes up for almost 60% of the economy. This puts the industry’s size at $45 billion, responsible for over 6.2%⁵ of the jobs in the formal sector and 11.7% in the informal. However, most of the activity still remains fragmented as more than 85% of the players are owner-operators and no individual company holds even more than 2% market share.⁶

Given that the market is mostly manned by small players, the sector lacks formalization and the investments needed to modernize.

⁴https://invest.gov.pk/logistics
⁵Pakistan Labour Force Survey 2020-21 [Page VI]
⁶National Freight and Logistics Policy
Pakistan’s 2018 LPI Ranking Compared to Benchmark Countries

Even in terms of absolute score on LPI, which is scaled between a low of 1 and a high of 5, Pakistan has hovered below 3 with performance declining in 2018 when the data was last released.
The sector’s fragmentation is reflected in the lack of publicly listed companies on the stock exchange where the sector has only seven constituents including the state-owned airlines and shipping corporation. Its market capitalization has consistently declined over the past four years from around PKR 86 billion in January 2018 to just PKR 55B, making up less than one percent of the total market in large part due to state-owned units like the Pakistan International Airlines.

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*https://invest.gov.pk/logistics
*Pakistan Labour Force Survey 2020-21 (Page VI)
*National Freight and Logistics Policy
Public Sector Involvement in Transport and Logistics: An Overview

Transport and logistics is generally a capex-heavy sector, given the magnitude of investments needed to build that infrastructure. As a result, the sovereign around the world plays an integral role in developing the sector, be it through national airlines, railways, postal services or urban metros. Pakistan is no exception in this regard as state institutions have a deep involvement in transport and logistics, owning some of the largest organizations in the space.

Some of them have been early adopters of technology to not only simplify their internal business processes but to also leverage technology in order to directly reach the customer. For example, the national carrier has been using a web and mobile ticketing system that allows customers to book flights online, in addition to directly integrating with third-party platforms like Sastaticket. Similarly, Pakistan Railways has undertaken a series of initiatives from a booking platform to a live tracking app, ensuring better transparency and planning for users.

- Pakistan International Airlines
- Northern Areas Transport Corporation
- Pakistan Railways
- Pakistan Postal Service
- National Logistics Cell
- Karachi Port Trust
- Pakistan National Shipping Corporation
- Lahore Transport Company
- Pakistan Locomotive Factory
- Karachi Urban Transport Corporation

Net FDI in Transport Sector

Source: SBP
Startups Look to Disrupt Transport and Logistics

The new players have mostly focused on providing tech-enabled solutions, from last mile fulfillment and mobility to freight and trucking—trying to digitize the status quo. That change has been most visible in the last mile and mobility verticals where startups have scaled to now occupy meaningful market shares, such as Trax in the former and Bykea in the latter.

As a result, venture capital has poured into the tech-enabled transportation and logistics space with almost $108 million raised since 2019, making it the third most funded vertical after e-commerce and fintech.

However, the sector’s share in the overall funding has slipped significantly since 2019 when it accounted for over 81% of the amount and 25% of the deals. This is in large part due to astronomical growth in the total investment poured into local startups from 2020 onwards.

Transportation and Logistics Investment Activity

Source: Data Darbar
Within the sector, the lion’s share of the funding has been directed towards the mobility segment where Bykea leads with $32 million raised to date. But in the past two years, the focus has shifted more towards freight/trucking with the entry of multiple startups such as Truck It In, TruKKr, Bridgelinx among others. Combined, these have raised 30% of the sector’s total funding. International players, particularly from the Middle East, have also taken note of the opportunity and entered Pakistan both through setting up local offices and acquiring existing early-stage players such as Karachi-based Trucksher being bought out by UAE’s TruKKer.
# Most Funded Transportation and Logistics Startups

<table>
<thead>
<tr>
<th>Company</th>
<th>Funding Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bykea</td>
<td>$32M</td>
</tr>
<tr>
<td>Jabberwock Ventures</td>
<td>$31.6m</td>
</tr>
<tr>
<td>Truck It In</td>
<td>$17.5M</td>
</tr>
<tr>
<td>Airlift (Discontinued Bus Service)</td>
<td>$14.2M</td>
</tr>
<tr>
<td>BridgeLinx</td>
<td>$14.2M</td>
</tr>
</tbody>
</table>

*Source: Data Darbar*
Transportation and Logistics Funding Breakdown

- Mobility: 41.0%
- Delivery and Fulfilment: 29.2%
- Freight/Trucking: 29.8%

Source: Data Darbar

Zooming in on the sub-sectors of transportation and logistics, courier is among the most competitive categories with both local and international players vying to keep their market shares. Until recently, the industry revolved around document deliveries, but due to digitization and move towards a paperless environment as well as higher adoption of online shopping, e-commerce has become the key engine of growth. That is an area where tech startups have excelled with their nimble service, competitive rates, and digital experience.
A Push From the Top

Given the sector’s importance in driving the national economy, the government released a National Freight and Logistics Policy in 2020, which identifies 10 objectives to achieve including the promotion of e-logistics and the adoption of Intelligent Transport Systems (ITS). It discusses policy actions such as the recognition of electronic documents and digitization of payments and delegates their implementation to specific state institutions.
Objective 8. Develop E-Logistics

8.1. Reduce the cost of First Mile and Last Mile deliveries, which should incorporate e-commerce logistics considerations for the spatial planning, regulation on the use of the personal mobile devices and working protocols for the dispatch riders.

8.2. Promote Electronic and Mobile Payments, to reduce the risk and inefficiency of using cash for the transactions.

8.3. Encourage warehousing for small consumer goods to facilitate ease of shipment and reduce costs. The specific implementation actions are elaborated under the ‘E-Logistics’ in the Policy Actions.

Objective 9 – Adopt Intelligent Transport Systems (ITS)

9.1. Encourage Just in Time delivery through adoption of technology to decrease inventory and consequently working capital.

9.2. Support the implementation of the ITS and conduct trials and pilots for innovations to be implemented nation-wide.

9.3. Promote Smart Logistics, through the use of the technologies, such as ABCDs (Artificial Intelligence, Blockchains, Cloud Computing and Data Analytics).

9.4. Encourage and facilitate Track and Trace technologies by all parties involved in the logistics industry, this includes the public and the private sector. The specific implementation actions are elaborated under the ‘Information Technology’ in the Policy Actions.
<table>
<thead>
<tr>
<th>Action</th>
<th>Description</th>
<th>Lead Implementor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote supply chain management and automation technology</td>
<td>Promote supply chain management and automation technologies such as innovative robotic sorting solutions, automated sorting systems, Radio Frequency Identification Devices (RFID) Tags that incorporate data analysis, cloud computing, intelligent terminals and image processing technologies in order to shorten delivery time. Automation is essential to efficiently process bigger volumes. Tax incentives may be considered as labour cost is low in Pakistan, so the industry has little incentive to automate systems with current tax regime.</td>
<td>Federal Board of Revenue</td>
</tr>
<tr>
<td>Equal status for electronic documents</td>
<td>Amend laws and procedures to give electronic documents the same status as signed, physical documents.</td>
<td>Ministry of Law and Justice</td>
</tr>
<tr>
<td>Promote Electronic Data Interchange</td>
<td>Facilitate and define an incentive structure to implement Electronic Data Interchange (EDI) to allow for improved track and trace, reliability and predictability of shipments. This also enables Just in Time shipments. The role of the Pakistan Single Window and WeBoC can support this facility. Consider establishment of national EDI guidelines.</td>
<td>Federal Board of Revenue</td>
</tr>
</tbody>
</table>
| Promote the use of blockchain                                       | Promote and seek innovation with the usage of Blockchain in the Freight and Logistics industry. The blockchain can help significantly reduce cash realization cycle, cut transaction and administrative costs, increase LCL inefficiency by better consolidation of cargo and decreasing empty and partial loads, decrease temperature variation in cold-chain logistics and help track the cargo.  
  - Blockchain can be applied to trade finance. There are multiple parties such as shippers, carriers, regulators, banks, insurance companies, importers etc, and a multitude of documents such as commercial invoice and shipping documents. The use of Blockchain in trade finance can greatly enhance the efficiency of supply chain finance.  
  - Blockchain can be used in the food supply chain. As consumers become increasingly sophisticated, they need to know the origin of the production, the processes from ‘farm to fork’ which will provide transparency of the entire supply chain.  
  - Blockchain can be applied to land registry for titles, enables the title of the land to be recorded on a transparent basis that remains free from any tampering. | Federal Board of Revenue           |
<p>| Ministry of Communications along with private sector                | Artificial Intelligence for pre-Clearance Consider use of Artificial Intelligence for pre-clearance of shipments by Customs and other Border Control Agencies. This can enhance the quality of the checking and determination for the green or red channel.                                                    | Federal Board of Revenue           |
| Develop multimodal logistics in WeBoC                               | Improvement in WeBoC to enable it to process multimodal shipments, in particular in line with the TIR convention                                                                                                                                  | Federal Board of Revenue           |</p>
<table>
<thead>
<tr>
<th>Action</th>
<th>Description</th>
<th>Lead Implementor</th>
</tr>
</thead>
</table>
| Stimulate innovation by launching a LogTech fund | Stimulate innovation by considering launching a LogTech fund jointly with private sector associations to promote the adoption of EDI, ERP, Logistics Information Systems, Blockchain, Artificial Intelligence, Cloud Computing, etc. to process and facilitate logistics supply chain and accompanying transactions.  

- Establish the selection criteria
- Describe the application procedure
- Define the list of technologies to be supported
- List the financial support mechanisms (e.g. tax credit)  
In addition, the government shall also explore a grant or subsidy program to promote logistics information systems such as warehouse management systems, transport management systems and freight management system. The self sustaining LogTech may be developed. The LogTech fund will establish the selection criteria, application procedure and the list of approved technologies. The financial support mechanism includes co-financing, low interest long term loans or tax credits. | Federal Board of Revenue          |
BYKEA

Bykea

Bykea is an all in one app for transportation, logistics, and cash on delivery payments. It offers bike taxi services to commuters and helps individuals and businesses to move parcels and payments efficiently in a safe, reliable and inexpensive way. The startup has raised a total of $32 million since its launch in 2016, including a $13 million Series B led by Prosus Ventures, and $10 million raise in June 2022 from its existing backers.\(^7\)

Dosafar

Dosafar\(^8\) is a platform that lets commuters find buses from various transport providers and make their bookings. It also allows service operators to add their inventory and find new demand as well as people looking to carpool to discover others going on the same route.

Lorrryz

Lorrryz\(^9\) is a digital freight startup that provides on-demand transportation solutions to simplify road freight and eliminate waste. It operates in Pakistan and UAE and has raised over $1.4 million in funding.

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\(^7\) https://www.thenews.com.pk/print/969664-bykea-raises-10-million

\(^8\) https://dosafar.com/about-us

\(^9\) https://www.lorrryz.com/about
Batoor

Batoor\(^\text{10}\) is an on-demand delivery marketplace which delivers goods from the local market to your doorstep. They are currently catering to the food and retail industry and operate on a B2B2C model.

Truck It In

Truck It In\(^\text{11}\) is a digital trucking platform focused on simplifying road freight for businesses in Pakistan. The startup was founded in 2020 with the aim of digitizing companies’ pain points in road freight transport and has raised $17.5 million so far.

BridgeLinx

BridgeLinx\(^\text{12}\) helps Pakistan's largest shippers move thousands of loads each week through its freight marketplace. It was founded in 2020 and has raised $10 million in seed capital.

\(^{10}\) https://www.batoor.pk/
\(^{11}\) https://www.linkedin.com/company/truckitin/?originalSubdomain=pk
\(^{12}\) https://www.bridgeinxpk.com/
TruckSher

TruckSher<sup>13</sup> provides a digital freight booking platform that allows fleet operators/Carriers and shippers to connect seamlessly. It uses data and new-age tech tools to route any incoming load request to an appropriate fleet operator for effortless and timely delivery. Businesses can reap the benefits at a highly competitive rate, and with just a few clicks. The startup was acquired by UAE-based TruKKer in 2021, which has raised over $270 million in funding to date.

Rider

Rider<sup>14</sup> is an e-commerce logistics startup in Pakistan, giving online shippers across the country a tech-driven, customer-centric, solution to last-mile delivery that is quick, reliable and transparent. They have raised cumulative $5.4 million in seed funding and were part of Y Combinator’s accelerator programme.

Moveit

Moveit<sup>15</sup> is an intracity logistics platform that offers businesses on-demand delivery and cargo pooling. Its B2C model caters to people who want to transport goods, say, for moving houses.

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<sup>13</sup> https://trucksher.com/about-us.html
<sup>14</sup> https://withrider.com/
<sup>15</sup> https://moveit.com.pk/
Insta

Insta\textsuperscript{16} is a holistic quick-commerce solution provider for retailers and e-commerce vendors. It offers Amazon-like fulfillment and last-mile delivery service using a network of warehouses and fulfillment centers, agile last-mile logistics fleet, instant payment solution, and technology stack.

CallCourier

CallCourier\textsuperscript{17} was established in 2003 as a logistics company and now offers e-commerce solutions to businesses from building their website to shipping their goods and managing the inventory.

SHYFT Trucking

SHYFT Trucking\textsuperscript{18} is a freight marketplace that connects shippers and transporters through an online platform. It lets them bid for rates based on the cargo volume and distance and place the order online.

\textsuperscript{16} https://instaworld.pk/pages/about-us
\textsuperscript{17} https://callcourier.com.pk/about-us/
\textsuperscript{18} https://www.linkedin.com/company/shyft-trucking/?originalSubdomain=pk
Trella

Trella is a technology platform that removes the trucking hassle by connecting shippers with qualified carriers to move and manage loads seamlessly. Born out of Egypt, it has since expanded to Saudi Arabia, United Arab Emirates, and Pakistan. The startup has raised almost $43 million in funding to date.

HashMove

HashMove is transforming the logistics industry through its smart, multimodal, end-to-end digital platform where shippers and logistics providers can connect and transact seamlessly.

Their smart logistics marketplace provides digital portals for transporters and offers enterprise closed loop and cold chain solutions.

Open Port

Open Port is trying to solve one of the biggest challenges in the modern supply chain – the cash flow problem – by offering electronic proof of delivery.

It creates a direct relationship between shippers and transporters through their Open Enterprise Logistics (OEL) model which is attempting to digitize the paper-based proof of delivery.

19 https://www.linkedin.com/company/trellaapp/about/
20 https://www.hashmove.com/about-us.html
21 https://openport.com/about-us/overview/
TruckLoad

TruckLoad offers on-demand transportation and lets you order any type of truck required to move cargo or book heavier loads in Less than truckload (LTL) mode between Lahore and Karachi.²²

Diside

DISIDE²⁴ is an online platform to book trucks. Shippers can post truck booking requests to the marketplace through the app and get their cargo moved.

My Truck Online

My Truck Online²³ was founded in 2012 in Pakistan and has been providing trucking solutions for over eight years. Their services include latest trucks and live-tracking which allows the shipper to keep track of their cargo.

LoadOye

LoadOye²⁵ is trying to make it easier for truckers to book a load and move at capacity, while ensuring that shippers should have the complete transparency / visibility of their asset transition. The portal allows users to find and book daily loads with ease, along with transparent pricing. An efficient route planning helps optimize time and reduce fuel expenses of their fleet.
BlueEx

BlueEx is a one stop solution focusing on retail, logistics, e-commerce, digital & technology. They offer a range of services including operations and logistics, cash on delivery, retail warehousing, orders processing and fulfillment, digital conversion and optimization.26

Leopards

Leopards27 started its operations in Pakistan in 1983 with documents delivery and now offers logistics, courier and warehousing services. It has over 700+ express centers, 1,500+ service locations with 4,000+ strong fleet and handles more than 90 million packages a year.

Muller & Phipps

Muller & Phipps28 Pakistan is the largest multinational logistics, sales, and distribution company in Pakistan. They have been operational in the region since 1912 and represent leading multinational and local companies in the pharmaceutical, FMCG, and hospital care sector.

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26https://www.linkedin.com/company/blueex/?originalSubdomain=pk
28https://www.linkedin.com/company/muller-&-phipps-pakistan-pvt-ltd/?originalSubdomain=pk
TCS, or Tranzum Courier Service, is the largest courier company in Pakistan, headquartered out of Karachi. It was founded by a former Pakistan International Airlines flight engineer, Khalid Nawaz Awan, in 1983. Over the past few years, it has ventured into the digital arena through both incorporating technology in its processes as well as launching e-commerce (Yayvo) and other app-based services (Hazir).

Fowrry
FOWRRY is an online marketplace offering a smart delivery services platform that connects businesses and consumers through online ordering & delivery management.

Forrun
Forrun is a logistics company that was acquired by Arpatech Ventures and provides cash on delivery for businesses, documents shipment and cargo movement.

Tenthwheel
Tenthwheel is an Islamabad-based trucking marketplace that connects businesses with transporters through an online platform and lets them book their orders.

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29https://www.tcsexpress.com/
30https://www.fowrry.com/about_us
31https://forrun.co/
32https://tenthwheel.com/#about
Cubex Global
Cubex Global\(^33\) is a startup headquartered out of Oman with operations and team in Pakistan. It offers a digital marketplace for ocean freight and has raised a total of $1.1 million in two separate rounds led by Oman Technology Fund.

Their platform allows businesses to look and bid for shipment rates, place orders, and track and trace their cargoes from a single platform.

Movex
MOVEX\(^34\) is a logistics company offering a range of services including express cargo, transportation, e-commerce and warehousing solutions. The company has served over 4,000 customers and made more than 4.5 million shipments.

DHL\(^35\) is a German multinational logistics provider operating in Pakistan offering documents and goods delivery through its various service centres.

Jabberwork Ventures
Jabberwock Ventures\(^37\) is the parent company of online food delivery platform Cheetay Logistics and Swyft Delivery Solutions, which offers e-commerce fulfillment. It has raised around $30 million in funding to date.

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33https://cubex.global/web/press-releases
34https://www.movexpk.com/about-us/
36https://www.freight-tech.com
37https://www.cheetay.pk/?fbclid=IwAR3XQpi36B_J5zDV-i9-bDmVlZxMbXRP6MDiPTST4Fe37wk4GeActeithv8
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ABOUT THIS INDUSTRY ROUNDUP

Pakistan Software Export Board developed this paper by hiring services of an independent consulting firm to prepare this roundup on Pakistan’s Ecommerce sector. The paper focuses on Pakistan-based companies in this vertical and apprises the reader of the expertise available in Pakistan in the Transport and Logistics domain.

DISCLAIMER

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