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# PUDO CEO Frank Coccia talks to Cantech Letter

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With every technological advance in convenience comes a pushback.

Staring at smartphones all day has made us less social and much worse at driving. High-def security cameras invade our privacy. Safe and comfortable desk jobs make us obese at alarming rates.

The onset of online shopping was one of those things that was much-hyped in the years before it became a functional reality. But today, it's here to stay. In fact, a new survey

commissioned by UPS found that for the first time ever, [consumers made more online purchases than they did in physical stores.](#)

“There’s been a dramatic shift,” says retail expert Steve Osburn. “Over time, people are getting more and more comfortable”

But online shopping, like all conveniences technology brings us comes with a trade-off. In 2016 it’s still common to miss a package, be stuck sitting around waiting for one or, in what has become a larger

trend, have one stolen from your front door by a “Porch Pirate”.

Enter **PUDO (CSE:PDO)**, a service designed to remove the single glaring negative from the online shopping experience. The service has been rolling out across Canada, with an impressive 800 operating locations already up and running. We talked to CEO Frank Coccia about the company’s ambitious international plans.

**Frank, can you tell us how PUDO came to be?**

The original model was developed for couriers and we partnered with them to handle failed residential deliveries. The footprint we worked with were large super market chains. We realized after a few years trying to grow this model in this way, it was not going to achieve financial stability any time soon. As couriers typically want a retail last mile solution selfishly for themselves, we were finding that growing the model and being courier dependent was a recipe for failure. Going back to the U.K. we came across a convenience store model which made so much sense.

**Did you use that model as your own or did you alter it?**

The only thing we did not like about it was that the network was owned by one courier company and it the network could only be operated & accessed by that courier therefore retail businesses and their consumers were still hand cuffed to a courier and their network. The thought was if we could build a similar c-store network in North America, be courier agnostic and add a bit of simple technology to manage and monitor parcel Pick Up and Drop Off, we have a winner – PUDO! Instead of partnering with couriers, we have formed partnerships with the couriers customers therefore enabling them to obtain better distribution pricing via a retail bricks and mortar retail counter that a) made it more convenient for consumers and b) was a natural landing site, meaning non competitive to a retailers product. Our conclusion is that PUDO is a win win combination > the consumer wins, the retailer wins, the courier wins, the c-store wins and PUDO’s shareholders win.

**PUDO puts the consumer in control of their parcel, where and when they want it. There are**

**no missed deliveries due to the consumer not being home or even worse, the individual is home and did not hear the knock or door bell or simply did not get out of the shower on time.**

**What are some of the pain points for customers you think PUDO solves?**

The need to be held prisoner at home or office waiting for a delivery to arrive -time window or not. With PUDO you choose where you want your parcel to go to, maybe it is near your home or on your way to work. PUDO puts the consumer in control of their parcel, where and when they want it. There are no missed deliveries due to the consumer not being home or even worse, the individual is home and did not hear the knock or door bell or simply did not get out of the shower on time. Another big thing is answering the door to a stranger. If you think about it. Someone comes to your home to deliver a parcel, they know your name, your address, where you buy from, and maybe if you are or not at home. And what do you know about them? Nothing. PUDO takes all that away and provides a known place to securely have your parcel sent to and picked up from. Last, but not least is theft, they are calling them "Porch Pirates" 23 million parcels were stolen off of door steps last year, so not just one but two strangers to your home. PUDO solves that problem.

**I know I do a lot more online shopping than I did, say, five years ago. Do you have some detail on how much more often people are having packages delivered to them?**

Great question. Web sales have grown double digits for the past six years with continued strong growth projected Last year alone the increase was over 14 percent ( e-retailer) web sales were over 375 billion dollars and growing. More people are ordering from their mobile devices, in rural areas and more costly items. These all add up for the need of a PUDO delivery solution. Convenience, not being at home and security, PUDO provides it all and more. 35% of Canadians are not at home to receive parcels and 48% of online shoppers say they would order more if they had more delivery options.

**How did you roll this offering out?**

Nick, it was the proverbial "Chicken and the Egg" scenario. PUDO needed locations to be PUDOpoints but the locations wanted to know who would be using them and what was going to be shipped to them and how much and how big etc. etc. The retailers wanted to know how many PUDOpoints we had and so did the couriers. If we did not have hundreds it was no use to them and they were not interested. We had to pick one part and invest in developing it. We chose the location challenge and developed a program that would allow PUDO to build a network of PUDOpoints. The investment in time and money was overwhelming at times but we could see the plan coming together and that validated our plan. I can not go into more detail Nick because, well it is a trade secret. We are very proud of ourselves to figure out the key because it is not a small feat to have over 800 operating locations across Canada. Think of it, 800 of anything is a lot let alone a location that has your technology and is trained to use it and has your sign with name and logo in the front window of their store.

### **Where are you in terms of completing this rollout?**

In Canada, we are over 800 nationally now and have a pool of over 2200 to choose from as we strategically train our locations according to our retail customers need. In the U.S., we have a pool of over 3500 locations and we are starting our roll out the beginning of July 2016. This is very exciting for the PUDO team, we have proven the business model across Canada and have done a small test in the United States, now it is time to expand rapidly in the U.S.

### **What's the incentive for an existing business to become a PUDOpoint?**

Additional footfall leading to impulse or planned purchases. Revenue per shipment paid to them by PUDO, providing the PUDO service is a community service offering, plus PUDO has other revenue opportunities for our PUDOpoints that will be deployed once our network is fully built out. PUDO is also a green initiative, the savings in wasted fuel for 2nd and third delivery attempts is huge.

### **How does PUDO make money?**

For every parcel being picked up or dropped off a minimum of \$1.00 is made, U.S or Canadian. There are also other revenue streams that bring higher returns but we are not talking about them right now. Nick a number to think about is, in the U.S alone web sales were over 340 billion dollars. The average spend per purchase is about 80 dollars. That is a lot of parcels, PUDO only needs a small percentage of



that to be hugely successful.

**With our first mover advantage, we plan to dominate the last mile delivery solution in**

**North American for e-commerce consumers and retailers. PUDO will do this by implementing its rapid expansion plan, leveraging off the relationships it has built over the last two years plus, and by putting PUDOpoints across North America.**

**Where do you see you margins settling and when do you expect to be profitable?**

We expect to be profitable in 2017 and if we are talking about profit margins, that is the multi million dollar question. With my experience in developing niche industry courier systems obtaining net profit margins over 30%, PUDO is in the same space so I see profit margins reaching well over 30% and am really curious to see how high they can reach.

**Can you tell us a bit about the acquisition of Kinek? Do you think M&A will be a big part of your growth or do you see it being mostly organic?**

Kinek has provided us with a great team and revenue. PUDO has also has gotten an inside look at what lengths consumers will go to purchase products. Kinek has given us new International ambitions when it comes to removing the borders (customs) for International shoppers. Our growth will be mostly organic with the possibility of strategic acquisitions. Our focus is on North America right now, however e-commerce is exploiting all over the world and the PUDO business model will work in other countries.

**What about partnerships, like the ones you've made with CST Canada, Hasty Market, and Avondale stores? Do you see more of those in your future?**

Yes, corporate partnerships combined with many independents will always be the foundation of our community service offering. We have press released many of our partnerships and have several more in the works that will filled out the PUDO network. The key is to make PUDO convenient for the consumer to use, so a PUDOpoint on every corner would be nice.

**Do you have international ambitions? Are you using Canada as a kind of beta for these plans?**

Yes, Canada has been our testing grounds with the U.S. being our prime market focus due to retail demand and need in the U.S. We already have been approached from a number businesses expressing interest; e.g, Central & South America, Europe, Africa, Middle East, Asia, Australia & New Zealand, South Africa. E-commerce is a world wide phenomenon. There are many places were people have money, technology and no address, hello PUDO.

**What do you want to accomplish in the next 12-months?**

With our first mover advantage, we plan to dominate the last mile delivery solution in North American for e-commerce consumers and retailers. PUDO will do this by implementing its rapid expansion plan, leveraging off the relationships it has built over the last two years plus, and by putting PUDOpoints across North America. PUDO will build out the PUDO revenue model while creating a North American network that you will be able to put any item into it or take it out at the most convenient and cost effective way.

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**About Nick Waddell**

Cantech Letter founder and editor Nick Waddell has lived in five Canadian provinces and is proud of his country's often overlooked contributions to the world of science and technology. Waddell takes a regular shift on the Canadian media circuit, making appearances on CTV, CBC and BNN, and contributing to publications such as Canadian Business and Business Insider.