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Investors Go Shopping For Grocery Deliverers

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Relay Foods

Investors Go Shopping For Grocery Deliverers

Those who remember online grocer Webvan Group Inc., a symbol of the dot-com era's failures that went bankrupt in 2001, may be looking askance at recent e-commerce grocery investments by venture investors.

One difference now is that technology and logistics juggernauts are also testing grocery-delivery services. Notable examples are Walmart To Go, AmazonFresh and Google Shopping Express.

The latest digital grocery startup to announce new venture funding, Retail Relay Inc., known as Relay Foods, plans to expand beyond Washington, D.C., and cities in Maryland and Virginia where it operates now. The Charlottesville, Va., company recently raised $8.25 million in funding to market its service and create new mobile apps.

On RelayFoods.com, shoppers can order from merchants including local farms, artisanal bakeries and grocers like Whole Foods Market Inc. WFM -1.36%

Relay assembles the orders and makes them available for customers to pick up at set locations like churches, schools or corporate campuses.

"Parents love the convenience," said Chief Executive Zach Buckner. "Instead of having to drive all around town to get what they want, they just come to us, and get it all in one package."

For a fee, customers can have an order delivered to their doorstep.

Other e-commerce grocery startups that drew venture investments in the past year include Farmigo Inc., Good Eggs Inc., Blue Apron Inc. and DineInFresh Inc., known as Plated. The latter two deliver pre-measured ingredients and recipes.

What's driving investor interest, observes Battery Ventures General Partner Brian

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O'Malley, an early Relay backer, is "the sheer size of the market opportunity."

But he believes "the grocery business is logistically and operationally complicated. We'll see roll-up possibilities for Relay Foods…because a lot of the [other] startups are not going to survive."

—Lora Kolodny

OpenCoin

Hoping that virtual cash will become king, investors have been piling into startups involving the digital decentralized currency Bitcoin, even while its market value fluctuates wildly. OpenCoin Inc., a San Francisco startup that launched last week with seed funding, is developing Ripple, a distributed open-source payments system and a virtual currency its founders call a "second iteration" of Bitcoin. Using the Ripple protocol enables free payments in any currency including dollars, euros, yen and even Bitcoins. OpenCoin's investors include Andreessen Horowitz, FF Angel, Lightspeed Venture Partners, Vast Ventures and Bitcoin Opportunity Fund, an investment vehicle run by SecondMarket founder and Chief Executive Barry Silbert.

Quantance

Smartphones may soon get smarter about how much power they use, thanks to chip maker Quantance Inc. Its power-supply chips use a technology called envelope tracking to regulate the amount of energy going to a mobile phone's power amplifier and baseband processor. The result is less wasted power and a better signal to the cellular tower. The San Mateo, Calif., company, which recently secured $12 million in funding, expects to have mobile phones that use its devices on the market around the end of the year or beginning of next. Quantance's investors include DoCoMo Capital, 9437.TO +1.77% Granite Ventures, InterWest Partners and TD Fund.

—Compiled by the staff of
VentureWire, online at pevc.dowjones.com

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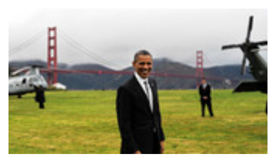

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