

AEVION QVenture — Investment Memo

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CargoFlow

Marketplaces / Platforms · seed · US · raising \$5,000,000

Score 66.9/100 — WATCH (conviction: medium)

Investment memo

Verdict: watch with a conditional lead—we should engage now but stage capital tightly rather than fund the full round. The single strongest reason for is the genuine liquidity signal: 40% touchless bookings at a 14% take on \$1.1M monthly GMV proves the automation works and network effects (moat 90/100) are forming in a \$3.5T market. The single strongest reason against is take-rate durability: once shippers and carriers match on recurring lanes they route around the 14% fee, and non-circumvention clauses are weakly enforceable—capping LTV against zero-take-subsidizing incumbents like Uber Freight and DAT. Concretely: lead \$2.15M for ~10% at the ~\$16.5M pre-money anchor, hard cap exposure at \$2.5M, and reserve ~\$3.2M for pro-rata. Structure the initial check as a first tranche gated on two milestones—repeat-lane retention data proving take-rate stickiness, and verified E&O/contingent-auto insurance with a hired compliance lead—before releasing follow-on. Size at ~2.1% of the fund.

Narrative engine: live model (anthropic)

Entry strategy

Ticket: \$2,152,100 target (range \$1,076,050–\$2,500,000)

Target ownership: 10%

Valuation band (pre-money): \$8,405,600 / \$16,521,000 / \$33,042,000

Return: 6.97x expected (16.5x base) · ~32% IRR over 7yr · loss prob 58%

Deployment schedule:

- 40% — Entry: On close, after founder + IP + cap-table diligence.
- 35% — Milestone: Product-market fit signal (retention cohort / first repeatable revenue).
- 25% — Pro-rata: Reserve for next priced round to defend ownership.

Portfolio: Size at ~2.1% of a diversified venture portfolio (fractional-Kelly, conviction-scaled). Reserve 3,228,150 USD for pro-rata follow-on.

Score breakdown

Market size & growth — 78/100 (weight 20%)

~\$3500B TAM, 16% CAGR (Marketplaces / Platforms).

Timing / tailwinds — 60/100 (weight 10%)

Sector growth 16% vs. 12% neutral baseline.

Moat / defensibility — 90/100 (weight 15%)

Dominant defensibility here: network effects.

Unit economics potential — 61/100 (weight 15%)

~65% mature gross margin, capital intensity 50%.

Team / execution signal — 50/100 (weight 12%)

qualitative traction only

Scientific / tech feasibility — 59/100 (weight 10%)

matching/ranking ML, trust-and-safety graphs, dynamic pricing

Regulatory / legal headroom — 71/100 (weight 9%)

Regulatory intensity 45% (higher = more legal drag).

Competitive headroom — 48/100 (weight 9%)

Competitive intensity 75%. cold-start liquidity and take-rate ceiling from disintermediation.

Analyst council

Research Scientist — Freight marketplace with credible automation traction but faces well-capitalized incumbents and disintermediation pressure on take rate

+ Core tech (matching/ranking ML, automated OCR/doc handling, dynamic pricing) is mature and well-understood — not a research frontier. 40% zero-touch booking is a genuine execution signal, but the underlying ML (route matching, ETA prediction, rate forecasting) is commoditized and already deployed at scale by Uber Freight, Convoy (pre-collapse), Transfix, and Loadsmart.

+ \$1.1M GMV/month at 14% take rate implies ~\$1.85M annualized net revenue — early but real. However, 14% take rate is high for freight brokerage (traditional broker margins run 12-18% gross but net ~3-5%); the 14% is at disintermediation risk once repeat shipper-carrier pairs form direct relationships.

+ Instant quoting requires accurate real-time pricing on volatile spot rates (DAT/Truckstop spot indices swing 20-40% seasonally). Mispricing risk is the key technical exposure — quoting below cost on committed loads erodes the 65% claimed gross margin. Convoy's 2023 failure (\$4B+ raised) shows unit economics, not tech, kill freight marketplaces.

+ Network effects (90/100 moat) are real but regional and fragmentable — 320 carriers is sub-scale liquidity. Cold-start dynamics mean density must be won lane-by-lane, not nationally, limiting the defensibility advantage until per-lane density is proven.

! Take-rate ceiling from disintermediation: once shippers/carriers match a few times, they route around the platform to avoid the 14% fee. No structural lock-in beyond convenience; document automation is replicable.

! Adverse selection on carrier quality despite 'vetting' — trust-and-safety graphs are only as good as the fraud/cargo-theft signal (cargo theft up ~57% YoY per CargoNet 2023). A single high-profile theft or default event can destroy shipper trust and liquidity.

! Well-funded competition (Uber Freight, Loadsmart, DAT/Truckstop) with vastly deeper data and balance sheets; \$5M seed is thin against players who can subsidize take rate to zero to win density.

Data Analyst — CargoFlow shows real freight-marketplace liquidity (40% touchless, 14% take) but TAM math and take-rate durability need scrutiny.

+ TAM/SAM/SOM: the \$3.5T figure is total US/global freight spend — not addressable. Digital brokerage SAM is realistically the ~\$85-90B brokered freight revenue pool; SOM at seed is regional-carrier mid-market. Current run-rate is only \$13.2M GMV/yr (~\$1.85M net revenue), so the thesis rests entirely on GMV growth slope, which is not disclosed.

+ Take-rate quality is the key metric: 14% is high for freight brokerage (typical net margins 12-18% of load cost, but digital pure-plays like Uber Freight/Convoy compressed to single digits). Gross margin claim of 65% conflates take-rate with margin — need carrier acquisition cost, insurance/claims reserve, and payment-float economics to validate true contribution margin.

+ Automation is the actual moat signal, not network effects: 40% zero-touch booking is the differentiator vs. legacy brokers (this drives opex leverage). Missing: CAC by side (shipper vs carrier), cohort GMV retention, load-repeat rate, and take-rate trend over the last 6 months — these confirm or kill.

+ Comparable multiples: freight-tech marketplaces trade on net revenue, not GMV (2-4x net rev in current market post-Convoy shutdown 2023). At \$1.85M net rev, a \$5M seed implies a >10x forward net-rev bet — pricing demands >150% net-rev growth to be defensible.

! Take-rate ceiling / disintermediation: once shipper-carrier pairs are matched, both sides route around the platform to avoid the 14% fee — repeat-lane loyalty data is absent and this directly threatens the revenue model.

! Cold-start liquidity is regional and fragile: 320 carriers is thin; a carrier defection or freight-recession demand shock (2023-24 freight downturn precedent) can collapse fill rates and the network effect reverses fast.

! Team score 50/100 with qualitative-only signal: no evidence founders can win a capital-intensive (50%), competitively brutal (intensity 75%) category where far better-funded incumbents (Uber Freight, DAT, C.H. Robinson digital) already operate.

Economist — CargoFlow: real liquidity signal in a \$3.5T freight market, but take-rate ceiling and incumbent density cap durable rents

+ Traction is credible for seed: \$13.2M annualized GMV at 14% take = ~\$1.85M run-rate revenue, and 40% zero-touch booking implies genuine automation-driven cost advantage vs. the 15-20% broker markup they undercut.

+ Freight brokerage is fragmented (top 10 <40% share) and structurally price-elastic — shippers switch on rate, so CargoFlow's economic wedge is operational cost, not lock-in. This favors an aggregator that lowers marginal cost of matching, but rewards accrue only at scale.

+ Network effects score (90) is overstated for freight: liquidity is regional and lane-specific, so effective 'network' fragments into hundreds of local sub-markets; 320 carriers is thin outside a few corridors. Moat is more likely data/routing (dynamic pricing, carrier reliability graph) than classic two-sided flywheel.

+ Take rate faces a hard equilibrium ceiling: 14% is near broker economics; as shippers/carriers grow repeat volume they disintermediate direct, compressing take toward 8-10% at maturity. 65% mature gross margin plus 50% capital intensity implies the real question is contribution margin per load, not headline take.

! Cold-start / lane liquidity: without dense carrier coverage per corridor, quote fill rates and price competitiveness degrade, forcing subsidy spend that seed capital (\$5M) can't sustain against Convoy-legacy, Uber Freight, Flexport, and traditional brokers (competitive intensity 75%).

! Disintermediation and take-rate compression: mid-market shippers and carriers with recurring lanes bypass the

platform once matched, capping LTV and eroding the 14% take toward high-single-digits.

! Macro/freight-cycle sensitivity: freight volumes and spot rates are cyclical; a soft rate environment squeezes both GMV and per-load economics, and thin gross margin dollars leave little buffer to fund growth.

Corporate & Regulatory Lawyer — CargoFlow: FMCSA broker-authority and carrier-classification exposure are the core legal gating items for a freight marketplace

+ Freight brokerage requires FMCSA broker authority (MC number) plus a \$75,000 BMC-84/85 surety bond under 49 USC 13906; a 'marketplace' that arranges transportation for compensation is a broker regardless of automation, so licensing is non-optional and the take rate is broker margin subject to bond/disclosure rules.

+ Carrier classification and vetting create liability: brokers face negligent-selection claims (see Miller v. C.H. Robinson, 9th Cir.) — vetting 320 carriers must verify active DOT authority, insurance (\$750k+ minimum cargo/liability), and safety ratings; F4A preemption of state negligence law remains circuit-split, a material tail risk.

+ Automated quoting/document handling (rate confirmations, BOLs) implicates truth-in-quoting and payment-timing; 40% zero-touch loads mean the algorithm, not a human, is making broker representations — build audit logs and human-override to defend against misrepresentation/UCC bill-of-lading disputes.

+ Data/privacy exposure is moderate (B2B, limited PII) but carrier data, pricing algorithms and the matching graph are the crown-jewel IP — protect via trade-secret regime + contractual carrier non-circumvention rather than patents, and confirm no CCPA/CPRA driver-PII collection.

! Disintermediation / take-rate ceiling: shippers and carriers who meet on-platform transact off-platform once relationships form; 14% take rate is defensible only with sticky doc-automation and payment factoring — enforceability of non-circumvention clauses against carriers is weak in practice.

! Negligent-selection liability with uncertain F4A preemption: a single fatal accident involving a booked carrier can produce multi-million-dollar exposure; verify E&O/contingent auto-liability insurance and indemnity flow-down before close.

! Regulatory reclassification / bond scaling: as GMV grows, surety and state-level intermediary rules (plus potential FMCSA broker-transparency rulemaking on load records) raise compliance cost; seed team shows qualitative-only execution signal (50/100), suggesting thin compliance function.

Market data sources

- Grand View Research (2025) — Proxy — B2C e-commerce to \$17.77T by 2030 at 19.1% CAGR (platform GMV)
<https://www.grandviewresearch.com/press-release/global-b2c-e-commerce-market>

Assumptions & limitations

- Market size / growth for Marketplaces / Platforms is anchored to Grand View Research (2025): Proxy — B2C e-commerce to \$17.77T by 2030 at 19.1% CAGR (platform GMV). Full citations are listed under "Market data sources".
- Stage norms reflect US-market seed deals; adjust for geography "US".
- Score is a screening signal, not a substitute for legal, financial, and technical due diligence.

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