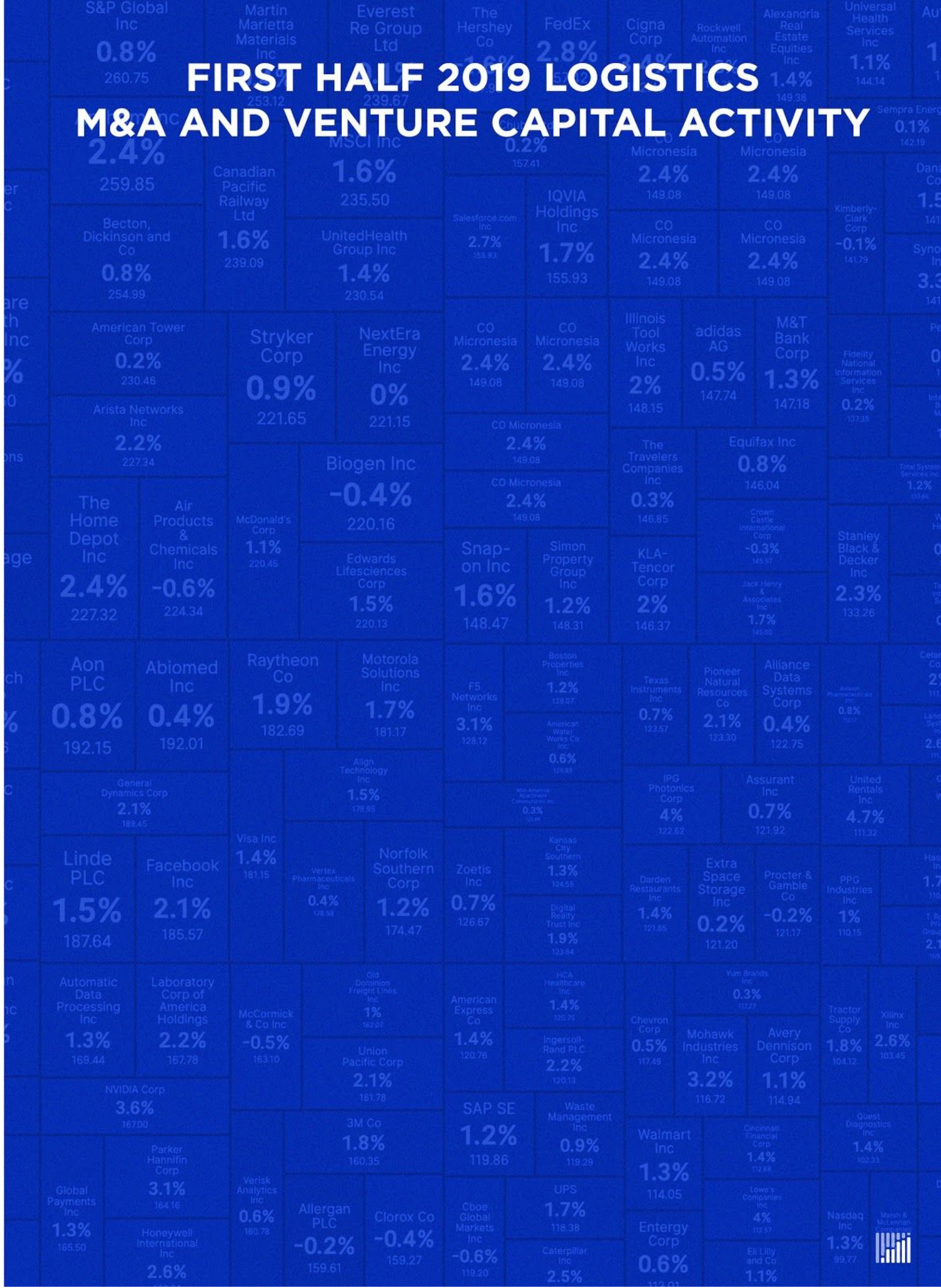


# FIRST HALF 2019 LOGISTICS M&A AND VENTURE CAPITAL ACTIVITY





## Executive Summary

The first half of 2019 was another boom time for mergers and acquisitions (M&A) and venture capital deals. In the first six months of the year, 141 M&A deals covering trucking, third-party logistics providers (3PLs)/freight brokerages and freight technology were closed, surpassing the 110 M&A deals that were closed for all of 2018.

Private equity continues to be a primary driver of M&A activity, especially for 3PLs and freight brokerages. This activity builds off the most notable leveraged buyouts in 2018, which included GlobalTranz, Redwood Logistics, Transportation Insight, BDP International, LEGACY Supply Chain Services and Nolan Transportation Group.

In the first half of 2019, private equity buy-outs include Armstrong Transport Group, GlobalTranz, Truckstop.com and Scott Logistics. In addition, backed by new private equity sponsors, Redwood Logistics and GlobalTranz have been busy with acquisitions as both are pursuing roll-up and bolt-on strategies.

On the venture capital (VC) side, deal values continue to rise as deal volumes decline, suggesting venture capital activity is trending toward later-stage companies rather than new start-ups. This trend stands up even if the mega Flexport funding of \$1 billion is removed from the analysis.

Listed below are the most newsworthy M&A activities in the first half of 2019:

**GlobalTranz** – The past 12 months have been a whirlwind for GlobalTranz. It was acquired by private equity firm The Jordan Companies in June 2018 for \$400 million. On April 2, 2019, it acquired Circle 8 Logistics. The very next day, The Jordan Companies sold GlobalTranz back to one of its original investors, Providence Equity. According to Pitchbook, the deal was valued at \$930 million, which means The Jordan Companies more than doubled its money in less than a year.

**Redwood Logistics** – CI Capital Partners acquired a majority stake in Redwood Logistics in early 2018. So far in 2019 Redwood has been on an acquisition spree with three deals under its belt – Eminent Logistics, LTX Solutions and Strive Logistics. These acquisitions represent investments in technology consulting, less-than-truckload (LTL) and full truckload. Growth is a top priority at Redwood right now, and its bolt-on strategy should only increase in the second half of 2019.

**Truckstop.com** – Truckstop.com joined the \$1 billion club in early April after ICONIQ purchased a majority stake in the load board. Don't feel bad if you haven't heard of ICONIQ. It is a secretive Silicon Valley private equity firm that manages money for the



founders of Facebook, LinkedIn and Twitter, among others. While details on the transaction are slim, FreightWaves believes the deal values the company at \$1 billion. If that news wasn't good enough for Truckstop.com, the company announced on the very same day that all employees would receive a bonus equal to their annual salary. Now that's a good day at the office.

Flipping over to the VC deals in the first half of 2019 we see deal values increasing as deal volumes decline:

**Flexport** – The digital freight forwarder raised \$1 billion in March. Yes, that's right. Billion with a capital B. This funding round was led by SoftBank's Vision Fund, and values Flexport at around \$3 billion. This is all about spending cash to scale up and lure customers away from established freight forwarders like Kuehne + Nagel, Expeditors, Panalpina, along with Amazon's freight forwarding business.

**Digital Freight Brokers** – Companies trying to digitize trucking continue to rake in VC money in 2019. Two of the top capital raises in the first half of 2019 include KeepTruckin at \$156 million and Next at \$97 million.

KeepTruckin plans to use this funding round to continue building a platform that integrates a suite of fleet management solutions. This, of course, includes its electronic logging device (ELD) offerings, along with fuel and maintenance services, dash cams, dispatch systems, etc. In addition, KeepTruckin has announced it is developing its own load matching app based on ELD location data.

NEXT Trucking is using its fresh round of capital to develop a product to increase asset utilization for drayage operations in ports. To do this, NEXT is developing a new software application. Its name is Relay, and it is designed to increase the number of turns drivers can make per day running containers from pickup to delivery points. During beta testing, drivers using Relay have noted an increase in earnings of 20 percent.

**Arrive Logistics** – VC funding isn't completely dominated by the pure-play digital brokerages vying to eliminate humans in logistics. Arrive Logistics, the Austin-based freight brokerage, closed a \$25 million Series B round in June. On the surface, Arrive has a traditional freight brokerage model that focuses on salespeople actively pursuing enterprise accounts as well as smaller shippers. Beneath the surface though, it is using venture capital to develop highly automated freight matching and visibility tools.



While the first half of 2019 has been an exciting year in M&A and venture capital deals, don't be surprised if deal activity does not get even more heated in the back half of the year.

## FreightWaves Freight Intel Contacts

**Kevin Hill**, Director of Research

(646) 731-4735, [khill@freightwaves.com](mailto:khill@freightwaves.com)

**Seth Holm**, Senior Research Analyst

(404) 840-2064, [sholm@freightwaves.com](mailto:sholm@freightwaves.com)

**Andrew Cox**, Research Analyst

(615) 495-4507, [acox@freightwaves.com](mailto:acox@freightwaves.com)

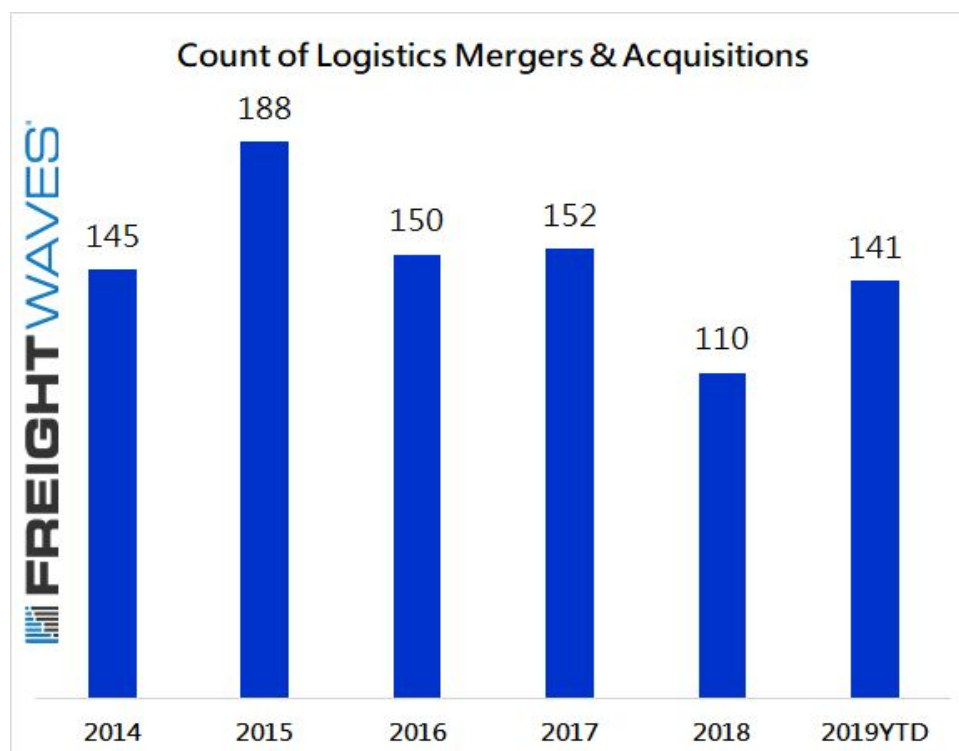


## Table of Contents

- 6. Logistics Mergers and Acquisitions by Year
- 6. [Link to FreightWaves Active M&A Database](#)
- 7. Most Notable Mergers & Acquisitions - First Half of 2019
- 11. Largest Venture Capital Deals – First Half of 2019
- 11. [Link to FreightWaves Active Venture Capital Database](#)
- 12. Venture Capital Deals by Funding Stage
- 17. Article by John Paul Hampstead: Private equity and venture capital activity in the logistics industry

## List of Figures

- 6. Figure 1 – Logistics Mergers and Acquisitions by Year
- 11. Figure 2 – Largest Venture Capital Deals – First Half of 2019
- 12. Figure 3 – Venture Capital Funding by Region
- 13. Figure 4 – Venture Capital Funding by Region (Excluding Flexport)
- 14. Figure 5 – Venture Capital Deals by Funding Stage
- 15. Figures 6 and 7 – Venture Capital Flowing to Fewer Deals With Higher Values

**Figure 1 – Logistics Mergers and Acquisitions by Year**

Source: FreightWaves analysis of Pitchbook data

- An unprecedented 2018 for the logistics industry coupled with low-interest rates and tax reform benefits have created a roaring merger and acquisition market in the first half of 2019.
- M&A deal counts are up 71 percent year-over-year in the first half of 2019, setting the stage for a record year.
- M&A deal values are difficult to determine as most are undisclosed private transactions.
- The live link below contains access to the full list of Merger and Acquisition activity, including deal values for publicly disclosed transactions.

[\*\*Link to FreightWaves Active M&A Database\*\*](#)



## Most Notable Mergers & Acquisitions – First Half of 2019

### ICONIQ Capital invested in Truckstop.com at \$1 billion valuation

ICONIQ, a secretive Silicon Valley equity firm managing capital for the founders of Facebook, LinkedIn and Twitter, among others, acquired a majority stake in Truckstop.com at a whisper valuation of over \$1 billion. The ICONIQ general partners have the capital, expertise and strategic vision necessary to rapidly build multi-billion dollar technology companies. According to Crunchbase, ICONIQ's portfolio of companies includes tech standouts DocuSign, Robinhood, SurveyMonkey and HeadSpin. Truckstop.com CEO Paris Cole told FreightWaves, "The number one thing they're telling us to do is move faster." Cole also said Truckstop would be making major investments into its development teams with the focus of bringing new products and features to market.

[4.3.19 - ICONIQ Capital invests in Truckstop.com at \\$1B valuation](#)

### Redwood Logistics made three acquisitions in five months

**LTX Solutions** – Redwood Logistics acquired Atlanta-based LTX Solutions in January to start an acquisition spree in the first half of 2019. This strategic investment not only strengthened its core less-than-truckload business, but also increased its presence across the Southeast. While Redwood has moved freight in and out of the Southeast for quite some time, this acquisition provides the company with strong operational presence in the region. Geographical expansion has been a key component of Redwood's overall acquisition strategy.

[1.23.19 - Redwood Logistics gains foothold in Southeast with LTX Solutions acquisition](#)

**Strive Logistics** – In February, Redwood acquired Strive Logistics; its second acquisition in as many months. The acquisition gives Redwood, a leading Chicago-based brokerage and third-party logistics provider, the scale it needs to compete at the highest level and cements it as a top-15 truck broker with over \$1 billion in freight under management. This acquisition also offers another geographic expansion for Redwood as it adds the Strive office in Austin, Texas.

[2.11.19 - Redwood Logistics acquires Strive Logistics in significant industry move](#)

**Eminent Logistics** – In its third transaction in five months, Redwood Logistics acquired Eminent Global Logistics, a Pennsylvania-based software consulting firm specializing in Oracle Transportation Management (OTM). Eminent consists of 37 subject matter experts with experience in hundreds of OTM implementations. This deal extended Redwood's menu of sophisticated value-add services offered to its shipper clients. Mark Yeager, Redwood's Chief Executive Officer, believes the OTM expertise acquired in the Eminent deal would be complementary and allow Redwood to create more value for larger shippers.



[5.9.19 - Redwood Logistics acquires Eminent Global Logistics, Oracle Transportation Management consulting firm](#)

## Two neighbors in Delaware merged to become 3PL powerhouse

**Burris Logistics** – In April, Delaware-based Burris Logistics acquired neighboring Trinity Logistics for an undisclosed sum. Although Burris specializes in temperature-controlled storage, it considers itself to be an end-to-end supply chain management provider and this acquisition solidified the company as such. In Trinity, Burris gained a top asset-based third-party logistics provider generating over \$550 million in revenue annually with 275 employees in five regional centers, 100 agent-owned offices throughout North America and a network of more than 40,000 carriers moving 350,000 shipments per year. Trinity will continue to operate under its established brand and will replace the Burris Freight Management division as the transportation business for Burris. Nick Falk, president of the \$100 million annual gross revenue generating brokerage division for Burris, said he expects the combined operations to benefit from increased buying power, scale and advancements in technology.

[4.4.19 - Burris Logistics and Trinity Logistics merge](#)

## J.B. Hunt expanded its final mile capabilities

**J.B. Hunt** – In January, J.B. Hunt strengthened its Final Mile Services Division by acquiring Cory 1st Choice Home Delivery for \$100 million via its revolving credit line. New Jersey-based Cory provides home delivery services of big and bulky products in the continental United States and U.S. territories using 14 warehouses and other customer-owned facilities. Cory utilizes more than 1,000 independent contractors, carriers and delivery drivers to complete over two million annual deliveries. Cory specializes in large-format deliveries that require two-person teams. This sector is a \$15.5 billion annual business, according to data from consultancy SJ Consulting. This acquisition strengthens Hunt's position in an ecommerce environment where consumers are purchasing larger items online, such as furniture and appliances and are expecting them to be delivered quicker than ever. With the addition of Cory, the Final Mile Division now has over 100 locations and 3.1 million square feet of warehouse and facilities space.

[2.18.19 - J.B. Hunt closes Cory 1st Choice acquisition](#)

## TFI International went on a first quarter shopping spree

**BeavEx** – Canadian-based TFI International expanded its last-mile footprint by purchasing assets of Atlanta-based courier BeavEx, which filed for bankruptcy protection on February 18th. BeavEx, which specialized in same-day deliveries and medical logistics services, announced that it had reached an agreement with TFI in





its Chapter 11 filing. BeavEx operated more than 80 facilities in 38 states and had a network of about 4,000 owner-operator drivers. TFI International has said it expected to add \$100 million to its annual revenue from the purchase.

[4.17.19 - TFI acquisition of BeavEX assets gets court approval](#)

**Toronto Tank Lines** – TFI International added Toronto Tank Lines to its portfolio of companies in the same week as Schilli and assets from BeavEx. Toronto Truck Lines operates storage facilities and a fleet of approximately 75 tank trailers and 45 power units, with tank storage operations including 15 insulated and heated tanks, each with a capacity of one million litres and each capable of receiving/delivering cargo from/to marine vessels, railcars and tank trucks.

**Schilli Corp.** – TFI International expanded its specialized truckload presence in the United States with the purchase of Schilli Corp., a bulk transporter based in St. Louis. Schilli operates in the Midwest, Southeast and Gulf Coast, with a fleet of more than 340 trucks and 500 trailers. Schilli, which has more than 400 employees and 22 facilities, will continue to operate as a stand-alone unit under TFI's Specialized Truckload Group. It will be TFI's sole U.S.-based unit within the specialized group.

[2.26.19 - TFI expands U.S. reach with purchase of Schilli](#)

**Aulick Leasing & ShirAul** – As Canada's largest transportation company, TFI International strengthened its specialized truckload business in the U.S. by purchasing Aulick Leasing and its affiliated trailer manufacturer, ShirAul. Nebraska-based Aulick has 120 tractors and 300 trailers that operate out of four terminals. It offers contract hauling of dry bulk, aggregate materials and food items. ShirAul produces the Bullet, an aluminum dump tank trailer.

[4.19.19 - TFI expands U.S. specialized truckload business with new acquisition](#)

## **AmeriCold Logistics consolidated cold storage**

**Lanier Cold Storage** – Lanier Cold Storage consists of two temperature-controlled storage facilities totalling over 14 million cubic feet located in Gainesville and Lula, Georgia. The acquisition complimented Americold's existing 3.8 million cubic foot temperature-controlled facility in Gainesville, Georgia. The current and new facilities in Gainesville are poultry-focused. The city is considered by some to be the "poultry capital of the world." The acquisition added nearly 30 percent more refrigerated warehouse space to Americold in a pivotal region for poultry storage and distribution. DEAL VALUE – \$82 million

**Cloverleaf Cold Storage** – Continuing consolidation of the refrigerated warehouse market, Americold gained 22 facilities totaling 132 million square feet across the Midwest and Southeast regions of the United States. The acquisition pushes Americold's totals assets to over 1 billion cubic feet. The deal broadened Americold's



protein segment. The move was an attempt to capitalize on the recent trends of increased poultry consumption. DEAL VALUE – \$1.24 billion

[4.16.19 - Cold storage firm Americold to acquire Cloverleaf for \\$1.24 billion](#)

## **Whirlwind 11 months at GlobalTranz**

**Our Freight Guy** – In January, GlobalTranz acquired Riverside, California-based freight brokerage Our Freight Guy. Our Freight Guy has been operating as a GlobalTranz agent for six years, and will now become GlobalTranz's first West Coast branch. This is the eighth acquisition since the buying spree began in January 2017.

**Circle 8 Logistics** – GlobalTranz added Chicago-based 3PL Circle 8 Logistics to its portfolio in March for an undisclosed amount. This was GlobalTranz's ninth acquisition since it began a roll-up strategy in January 2017. Circle 8 Logistics reported \$100.6 million in 2017 revenue to Inc.com. This latest chapter in GlobalTranz's expansion pushes its gross revenue above \$1.5 billion.

[4.2.19 - GlobalTranz acquires Circle 8 Logistics](#)

**Providence Equity Partners** – In June 2018, Providence sold GlobalTranz to the Jordan Company for \$400 million. The day after GlobalTranz acquired Circle 8, Providence repurchased GlobalTranz from Jordan for more than double what it sold it for less than one year previously. *The Wall Street Journal* reported Providence raised \$4.43 billion for its eighth equity fund by the end of 2018 – it was ready and able to bring GlobalTranz back into its portfolio. GlobalTranz outperformed its expectations by a factor of two under Jordan ownership. Renee Krug, CEO at GlobalTranz, stated it more than doubled EBITDA. She served as CFO before becoming CEO and led GlobalTranz's aggressive buying spree, including nine acquisitions since January 2017.

[4.3.19 - Providence Equity buys GlobalTranz back from The Jordan Company after just 8 months](#)



**Figure 2 – Largest Venture Capital Deals – First Half of 2019**

| Deal Date | Company          | Deal Size       | Deal Type      | Deal Type |
|-----------|------------------|-----------------|----------------|-----------|
| 4/5/19    | Flexport         | \$1,000,000,000 | Later Stage VC | -         |
| 1/14/19   | Yimidida         | \$ 266,150,000  | Later Stage VC | Series D  |
| 6/5/19    | Loggi TECHNOLOGY | \$ 150,000,000  | Later Stage VC | -         |
| 3/14/19   | BlackBuck        | \$ 150,000,000  | Later Stage VC | Series D  |
| 1/23/19   | NEXT Trucking    | \$ 97,000,000   | Later Stage VC | Series C  |
| 6/10/19   | YunQuNa          | \$ 70,000,000   | Later Stage VC | Series C  |
| 2/5/19    | FourKites        | \$ 50,000,000   | Later Stage VC | Series C  |
| 5/7/19    | Flexe            | \$ 43,030,000   | Later Stage VC | Series B  |
| 2/7/19    | Rivigo           | \$ 35,600,000   | Later Stage VC | Series E  |
| 5/2/19    | FreightHub       | \$ 30,000,000   | Early Stage VC | Series B  |
| 4/29/19   | FretLink         | \$ 29,130,000   | Early Stage VC | Series B  |
| 6/18/19   | Arrive Logistics | \$ 25,000,000   | Early Stage VC | Series B  |
| 1/15/19   | Bringg           | \$ 25,000,000   | Later Stage VC | Series C  |
| 4/16/19   | Zencargo         | \$ 20,970,000   | Early Stage VC | Series A  |
| 2/25/19   | FreightWaves     | \$ 20,130,000   | Early Stage VC | Series B  |
| 5/13/19   | Volans-i         | \$ 20,000,000   | Early Stage VC | Series A  |
| 7/10/19   | Ezyhaul          | \$ 16,000,000   | Early Stage VC | Series B  |
| 1/22/19   | Nexiot           | \$ 15,150,000   | Early Stage VC | Series B  |
| 4/6/19    | STORD            | \$ 12,300,000   | Early Stage VC | Series A  |
| 1/11/19   | FreightVerify    | \$ 10,300,000   | Early Stage VC | -         |
| 3/11/19   | CargoSense       | \$ 10,120,000   | Seed Round     | Seed      |
| 2/13/19   | Elroy Air        | \$ 9,200,000    | Seed Round     | Seed      |
| 3/13/19   | Xeneta           | \$ 8,470,000    | Later Stage VC | -         |
| 4/18/19   | Weengs           | \$ 8,360,000    | Early Stage VC | Series A  |
| 5/9/19    | Overhaul         | \$ 7,000,000    | Early Stage VC | -         |
| 4/6/19    | SupplyStack      | \$ 5,830,000    | Later Stage VC | Series A  |

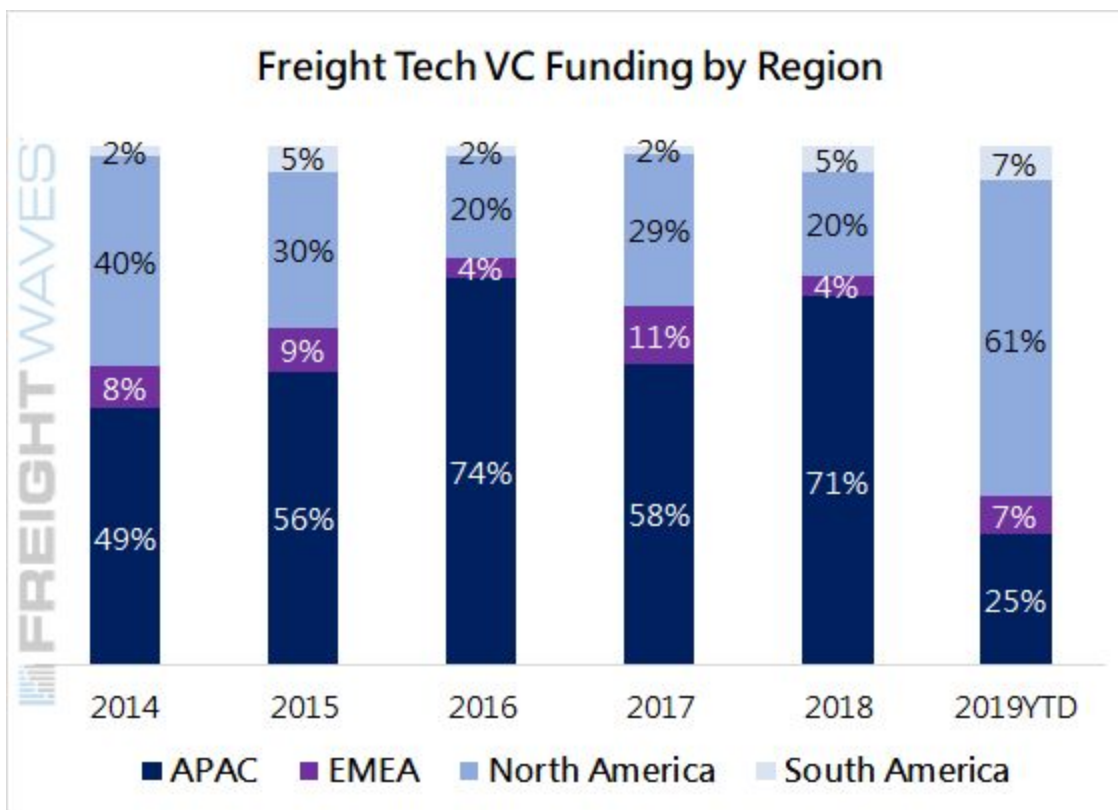
Source: FreightWaves analysis of Pitchbook data

- All but two of the 26 deals listed above are companies producing software and/or services (Volans-i and Elroy Air manufacture drones).
- The average company age is less than five years old.
- North America and Europe, Middle East and Africa regions account for most of the companies on this list with 13 and nine respectively.
- The live link below contains access to the full list of Merger and Acquisition activity, including deal values for publicly disclosed transactions.

[Link to FreightWaves Active Venture Capital Database](#)



**Figure 3 – Venture Capital Funding by Region**

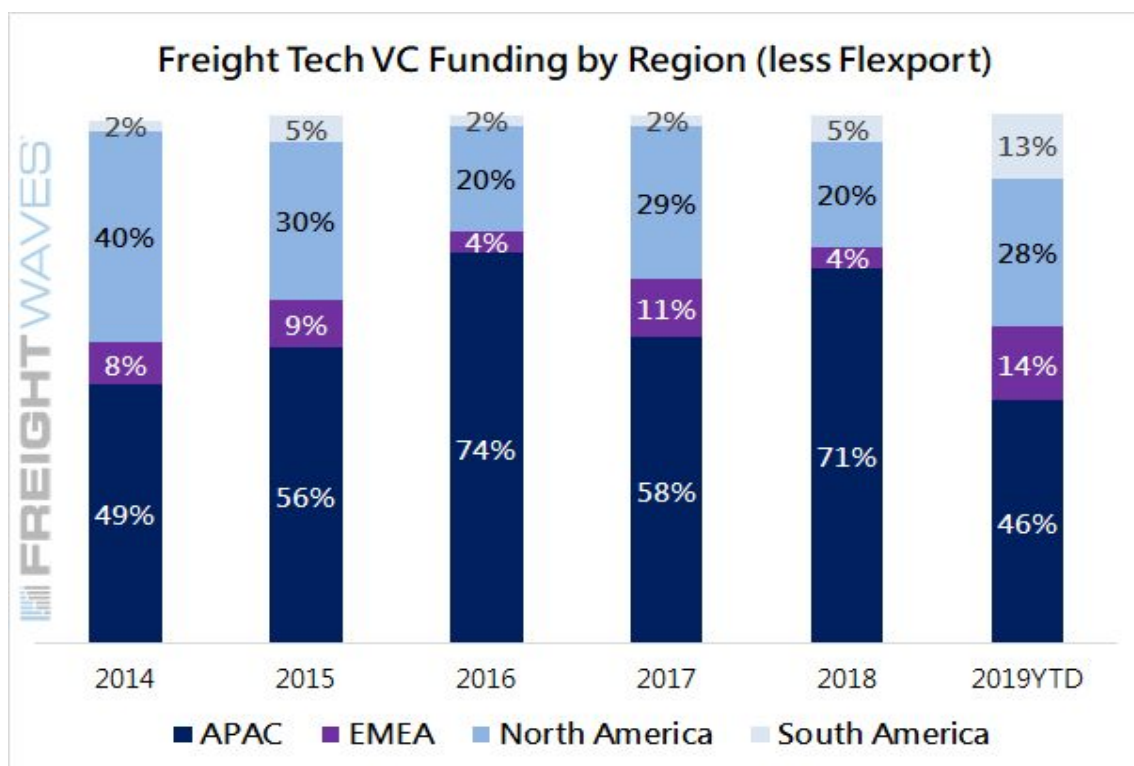


Source: FreightWaves analysis of Pitchbook data

- Is there a trend reversal occurring in 2019? No, APAC has consistently grown its share of funding over the past five years, but one Silicon Valley-based company may bring the streak to an end.
- In April, Flexport raised \$1 billion in a late-stage venture capital round led by SoftBank. The investment accounts for 75 percent of all North American freight tech funding year-to-date and comprises nearly half of all freight tech venture capital worldwide so far in 2019.



**Figure 4 – Venture Capital Funding by Region (Excluding Flexport)**

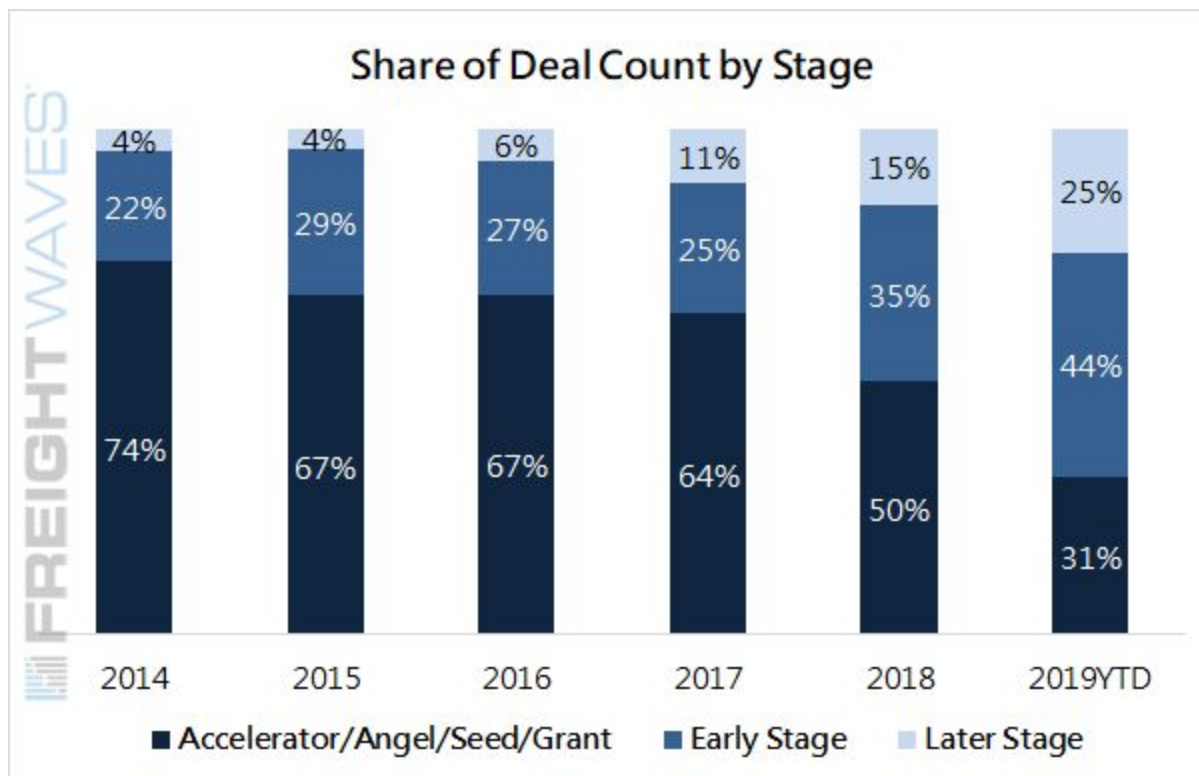


Source: FreightWaves analysis of Pitchbook data

- With the outlying Flexport round withdrawn, APAC regains the top position.
- South America may “out-raise” Europe, the Middle East and Africa region for the second straight year.
- Thanks to Brazilian companies Loggi Technology and CargoX, which together raised more than the EMEA region in 2018. Loggi is the only South American company to make the top-25 largest VC deals of the year so far.



**Figure 5 – Venture Capital Deals by Funding Stage**

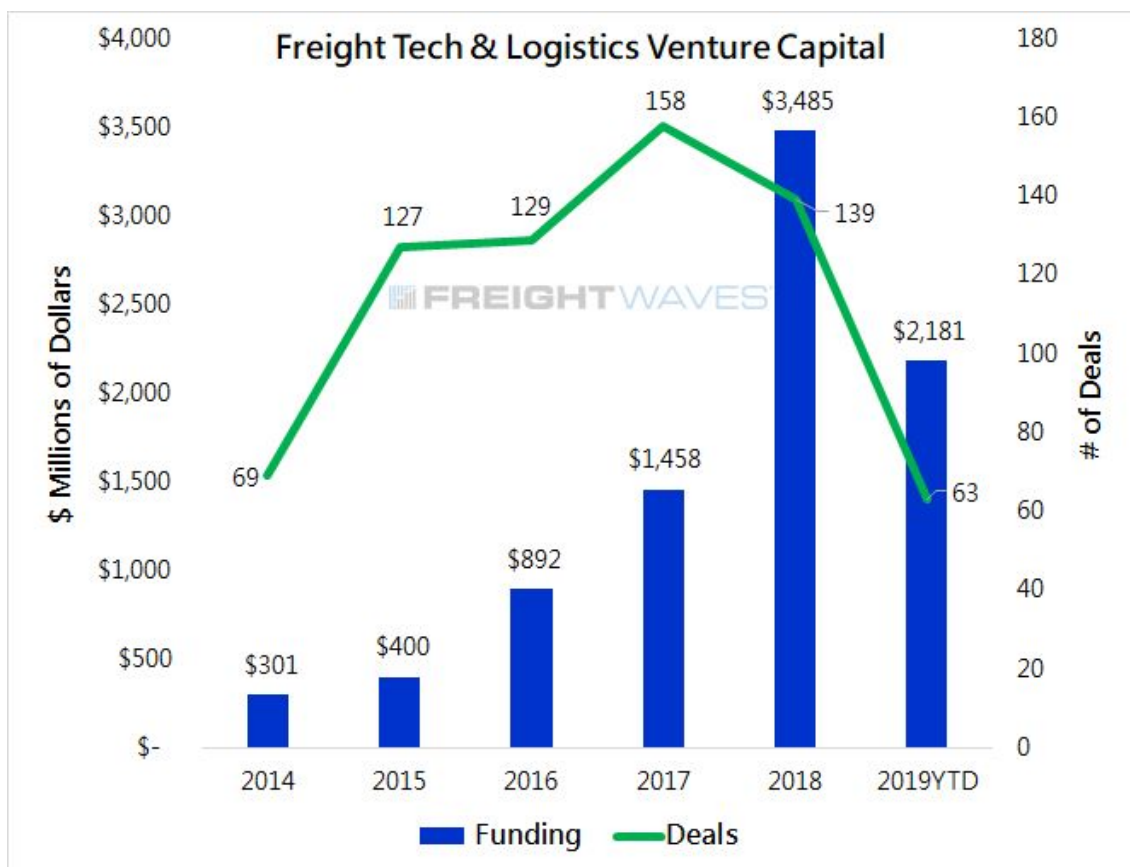


Source: FreightWaves analysis of Pitchbook data

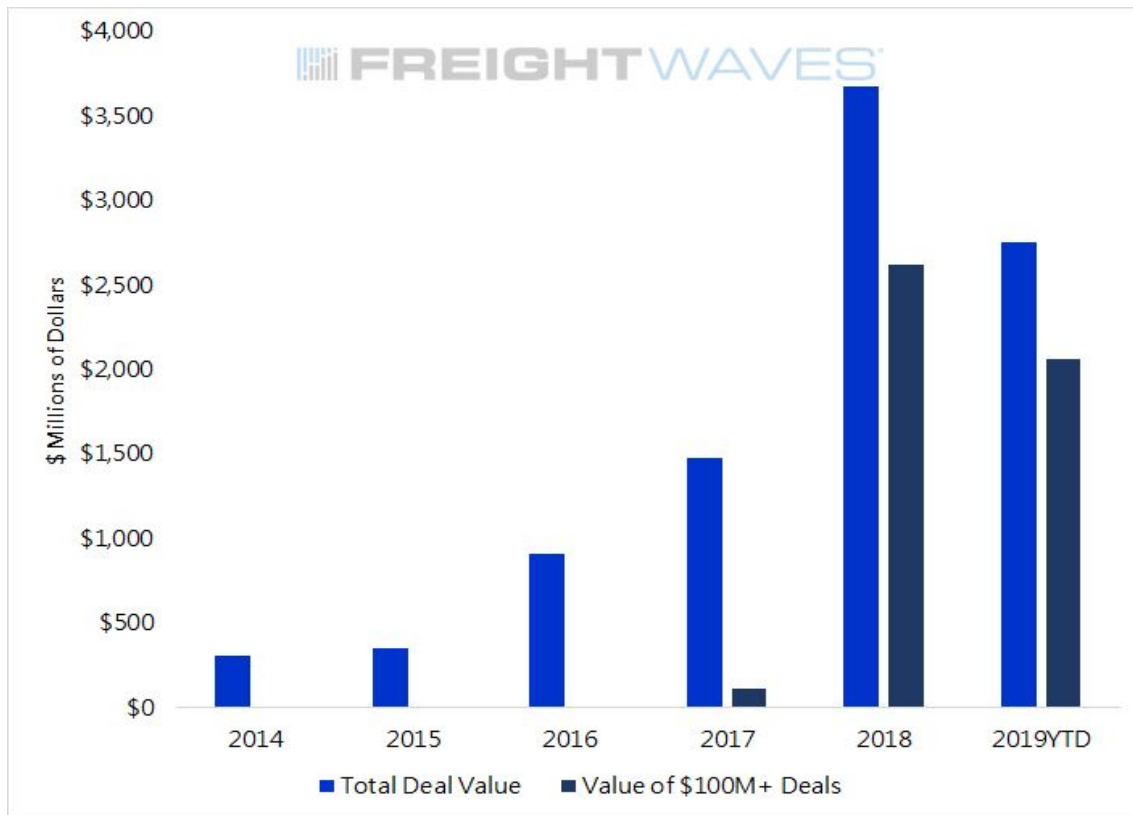
- 2019 will likely be the first time ever ‘Early Stage’ (Series A &B) funding has accounted for a larger share of the deals than Accelerator/Angel/Seed/Grant funding.
- ‘Later Stage’ (Series C and beyond) funding could account for one-quarter of all venture capital deals this year. This share of funding has doubled in three years.
- Staying private longer – only one freight tech IPO in the past six years (NYSE: BEST). Moreover, some companies that raised early-stage deals a few years ago are now raising later stage rounds.
- Some sub-industries are saturated with a few large players attracting a majority of the capital – digital freight brokerages for example.



## Figures 6 and 7 – Venture Capital Flowing to Fewer Deals With Higher Values



Source: FreightWaves analysis of Pitchbook data



Source: FreightWaves analysis of Pitchbook data

- Transportation and logistics investors are concentrating on later-stage companies so far in 2019.
- There have been four \$100+ million deals in 2019 from four different countries (Brazil – Loggi Technology, China – Yimidida, India – BlackBuck, U.S. – Flexport).
- At this pace, the number of \$100+ million deals might well double those seen in 2018.





## Methodology change for future FreightTech publications

In prior studies, we did not include companies that were involved in on-demand mobility (Uber for instance), because much of the investment was targeted towards personal mobility and not freight movement.

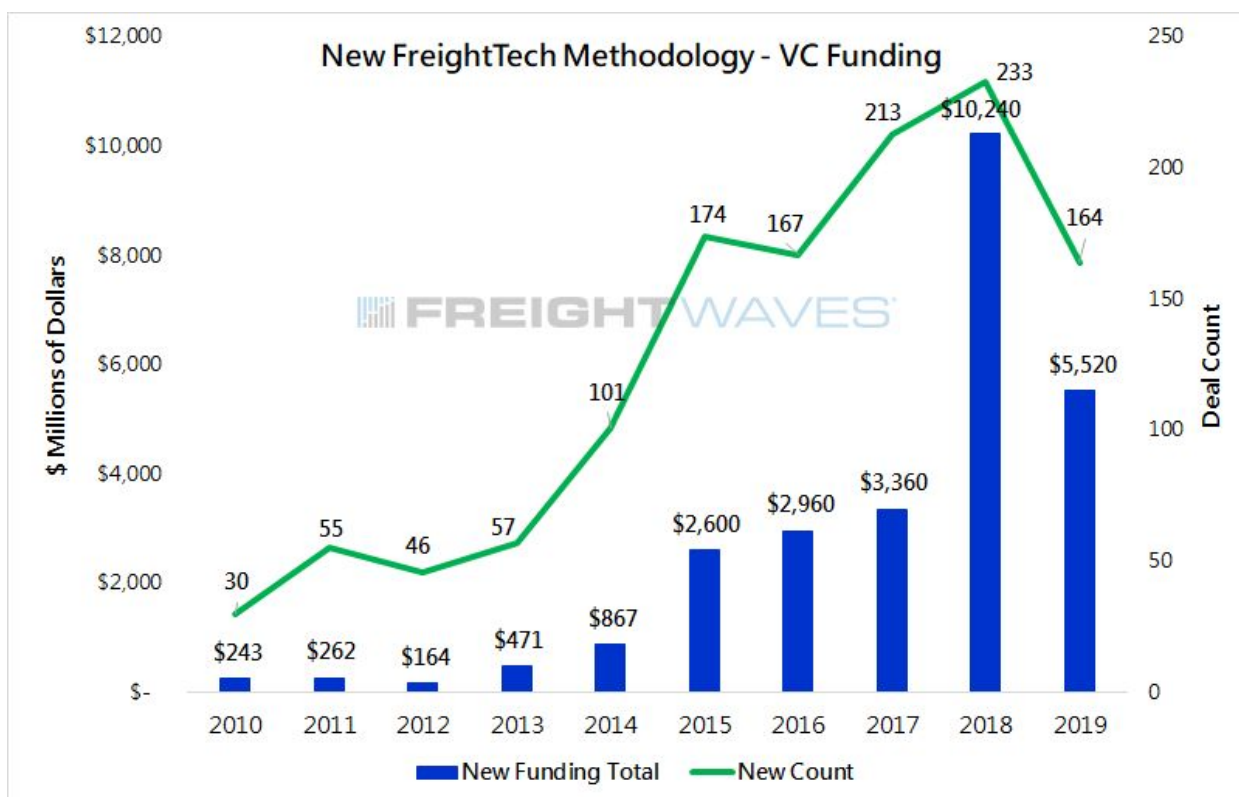
Recently, mobility and e-commerce companies have started to play a larger role in the freight innovation map, with significant resources deployed to expand their on-demand mobility networks and experience into the logistics sector. With companies like Uber, Amazon, JD.com, Alibaba and others building out freight networks and looking more like logistics companies, the lines between personal mobility and freight movement are starting to blur.

Going forward, we will include venture funded on-demand mobility companies in our venture capital data sets, as long as they include freight logistics as a core product offering. These firms have been some of the biggest freight innovators of all and excluding them because they do other types of mobility businesses leaves total investment under represented.

We feel we must establish a wider definition of FreightTech than we have in the recent past. The expansion drastically changes the funding and deal totals, but we feel this will allow us to not only standardize our analysis, but also properly represent all aspects of FreightTech.



**Figure X - New FreightTech Methodology Funding and Deal Totals**



Source: FreightWaves analysis of Pitchbook data

### Private equity and venture capital activity in the logistics industry

Private capital continued to pour into the transportation and logistics industry in 2019. Private equity and venture capital should be viewed separately, for several reasons, although both investment types are transforming the competitive landscape.

Private equity has a lower risk tolerance and primarily involves profitable companies. In transport and logistics, private equity-sponsored companies have been one of the key drivers of consolidation in the third-party logistics space. Venture capital has a much higher risk tolerance and targets smaller, unprofitable technology companies focused on growth. In transport and logistics, venture-backed startups are building new technologies and business models and accelerating the flow of data through freight markets.



Venture capital investment in freight tech companies is currently running below a very strong 2018 comparison, which included an outlier – SoftBank-led \$1.9 billion investment in China’s Manbang Group – but looks good against a stacked 2017/2018 comparison. The number, size and type of VC deals in transport and logistics are evolving according to the well-established logic of VC marketplaces. When venture capital enters an industry and perceives it as a potential VC marketplace, firms begin by making many small bets in angel or seed rounds on untested ideas and founders. Few of those startups raise A rounds; fewer still survive to raise B or C rounds.

Over the past five years, the transport and logistics VC marketplace has matured. There are fewer investments overall, but they are of greater size and in older companies than we saw in 2014, when the marketplace was first established. This year was the first year that closed more ‘Early Stage’ (A and B) rounds than angel or seed rounds, and ‘Later Stage’ rounds grew to a 25 percent share of all deals. Clear potential winners have emerged, for instance, in the North American digital brokerage space. This year saw one IPO (Uber’s subsidiary Uber Freight) and there are only two other venture-backed digital brokerages leading the rest of the pack – Convoy and Transfix.

Private equity investment in transportation and logistics continues to accelerate because of the general increase of limited partner investments in private equity firms and due to the specific characteristics of the transport and logistics industry. As a long bull cycle in public equities markets aged, investors found themselves with a large amount of capital to invest and a willingness to take on some risk to beat the stock market. As private money became more available, private valuations increased, and for about six years public markets have offered no valuation premium over private markets, so companies that wanted to raise capital to fund growth have preferred to stay private.

In particular, the transport and logistics industry is highly fragmented, crucial to unlocking wider latent potential in an economy, suffers from uneven technological development and is fairly opaque. That opacity can result in undervalued assets, which provides opportunities for private equity investors. PE firms have generally preferred asset-light or non-asset logistics providers over asset-based carriers, but there are exceptions to that for specialized asset carriers that make themselves indispensable to their customers and can charge a premium for their services.

By far the most dynamic area of private equity activity in transport and logistics involves the roll-up of non-asset freight brokerages. We discuss several PE-backed ‘platform’ companies that have embarked on buying sprees.



Perhaps the most salient point to keep in mind when considering the short- to mid-term future of venture capital and private equity investment in transportation and logistics is the possibility and likely severity of a macroeconomic recession, both globally and in the United States. In a sharp recession affecting the financial sector, like the Great Recession of 2009, the liquidity necessary to fund leveraged buyouts will evaporate and private equity deal-making will fall off rapidly.

Venture capital-backed companies have benefitted from a profusion of VC firms entering the space and competing with each other, which has made capital readily available and terms fairly favorable to startups. Many venture capital firms could shy away from the space, reducing competition and shifting the balance of power away from founders, if a macro recession occurred. An unfavorable business environment could hamper mid-stage startups' growth and result in stagnation.

Absent a macroeconomic recession, both private equity and venture capital will continue to be very active. Multiples paid by private equity firms for 3PLs have returned to earth, and the pipeline of seed and early-stage venture capital deals remains robust. Categories crowded with small players and no clear winners – for example the transportation management system (TMS) space in software – are still available for new, well-capitalized disruptors.