

The FutureList

Diginak

Innovation Memo

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Innovation In Words

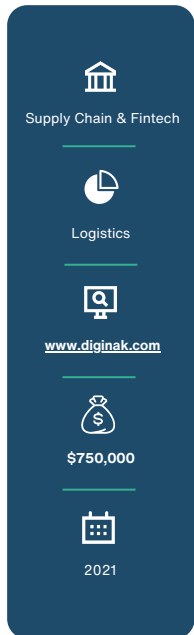


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A note from the Founder of Diginak, Oguzhan Karaca:

We are very sensitive to reflect actual manual logistics processes to Diginak in a digital way. We don't want to disrupt daily routine of any stake holder.

Diginak



Executive Summary

Diginak is a Turkish digital freight ecosystem pioneering a new approach to logistics by integrating financial technology (FinTech) with traditional freight operations. Their mission is to simplify and streamline the logistics process, empowering stakeholders across the entire supply chain. Diginak acts as a dedicated marketplace for Independent Freight Agents (IFAs). The platform equips IFAs with the necessary tools to succeed, including access to licenses, financial instruments, and a platform for managing transactions efficiently. This allows IFAs to establish virtual shops and operate seamlessly within the digital ecosystem.

A key challenge for Diginak lies in the traditional financial sector's slow adoption of business-to-business (B2B) solutions compared to the consumer (B2C) segment, despite the larger B2B market potential. This hinders the scalability of Diginak's services, necessitating strategic partnerships to overcome this obstacle.

By solely focusing on bridging the gap between the traditional and digital realms, Diginak supports the existing transportation infrastructure, enhancing service quality and providing a reliable spot truck supply service. This approach has proven particularly beneficial for small and medium-sized enterprises (SMEs), which often face challenges in navigating the complex logistics landscape.



Oguzhan Karaca

Co-Founder & CEO

Oguzhan is a seasoned professional in the logistics and transportation industry with an engineering background. Previously, he served as General Manager of Site Lojistik A.Ş., growing the company significantly over two years. His expertise also extends to manufacturing, having managed the establishment of a new factory for Saint-Gobain and holding various managerial positions. He is the pioneer of the Digital Freight Ecosystem Concept.

Innovation Spotlight

Tech Innovation

a) Core Functionality/Features:

- **Marketplace for Independent Freight Agents (IFAs):** They can open a shop inside Diginak and grow their business with the license and Finance power of the platform.
- **Embedded Finance:** Embedded finance model in logistics business eliminating the friction in the freight payment process. No need for banking or factoring to receive quick cash payment for the delivered service.
- **Ecosystem Network:** Users can register, find, or invite their preferred partners, such as shippers, forwarders, brokers, owner-operators, carriers, independent freight agents, and financial institutions, to collaborate and grow their business

b) Design & User Experience:

Diginak places a strong emphasis on reflecting actual manual logistics processes digitally, ensuring a seamless transition for users without disrupting their established daily routines. This know-how comes from the company's long years of hands-on experience in the trucking industry. By mirroring familiar processes digitally and making users' lives easier, Diginak has successfully encouraged widespread adoption of its platform among those accustomed to traditional methods. The company's development philosophy revolves around the principles of simplicity and usefulness, encapsulated in the slogan "Make it simple, keep it useful."

Diginak also designs features to be self-service, fully integrated and working in harmony to create a cohesive and intuitive user experience.

Innovation in Business Model

- First of all, Diginak is not a mediator or commissioner. Instead, the company buys the service cash on behalf of the shipper and resells it to the shipper online in 30 days late payment terms after adding its profit. This is an innovative embedded finance tool that empowers shippers to collect payment from their customers first, before settling their obligation to Diginak, providing much-needed cash flow flexibility. Simultaneously, it ensures that carriers remain satisfied by receiving their payments in cash upfront, without delays. This unique model positions Diginak as a powerful tool for banks and financial institutions seeking to tap into the trucking industry; for example, in the Turkish domestic market alone, around \$40 billion in payments is made to carriers per year.
- Secondly, Diginak is a marketplace for Independent Freight Agents who hold and manage the relationships between shippers and carriers, with the platform having a unique tool to convert these agents into brokers within a day.
- Additionally, Diginak has been profitable from day one, and staying on the positive cash flow side makes the company very competitive in taking new initiatives in an agile way.

Performance Metrics

Monthly, Diginak tracks the number of transportation, kilometres/routes, load weight per route, service buying cost per kilometre, the selling price per kilometre, and profit per kilometre. Additionally, customer activity ratios serve as crucial indicators of user engagement, while financial metrics, such as financing cost per transportation, provide insights into the platform's economic sustainability.

Safety & Compliance

- Diginak provides transportation services within the scope of the TIO (Transportation Intermediary Organizer) authorisation certificate obtained from the Ministry of Transport of the Republic of Türkiye.
- The company also ensures that all employees of its platform hold the UDY (Senior Level Manager) certificate, which is obtained from the Ministry of Transport by participating in the training and passing the exam which certifies expertise in logistics affairs.
- In addition, Diginak is registered with the Personal Data Protection Authority working on a high level of standards for protecting personal data.

Integrations & Partnerships

Diginak has forged strategic integrations with industry-leading platforms to enhance its capabilities and deliver a seamless user experience such as.

- **F-Ray financial scoring platform:** Streamlines the shipper onboarding process. During this stage, financial scoring can be completed in 30 minutes, allowing the shipper to go live and integrate immediately with capacity suppliers, minimizing delays and maximizing operational efficiency.
- **Integrated with financial institutions as an embedded finance gateway for micro-lending,** fostering collaborations with financial institutions. This integration empowers Diginak users to seamlessly pay their freight invoices through the platform.
- **Load insurance suppliers:** Enables users to obtain load insurance in seconds through the platform.

Market Impact & Future Outlook

Market Impact

Yearly, Diginak manages 22.5 million kilometres of transfers and 1.2 million tons of load. The platform has nearly 400 live shippers, 46+ agents and 30.000+ carriers, and its revenue per employee is nearly \$1 million. The company is targeting 50,000 transactions in 2024 and is growing at a rate of 5 times per year, aiming to maintain this momentum.

Future Outlook

Diginak's initial plan is to observe the results in the Gulf region, especially in Saudi Arabia. After that, the company aims to step forward into high-growth markets such as Southeast Asia and Africa. Globalization will drive Diginak to a new level, and the company will adapt and pivot its platform into a new era.

Societal & Environmental Impact

- The biggest societal impact is on truck owners, who can access quick payment through the platform. Unlike factoring services that discount invoices, Diginak pays the full amount owed, ensuring that truck owners can access cash promptly to cover their daily operational needs, such as fuel, repairs, and on-the-road expenses. For self-employed Independent Freight Agents, Diginak enables them to earn more money while working from home and maintaining a better work-life balance.
- On the environmental front, Diginak has made an impact by helping to reduce the carbon footprint and reach net-zero carbon emission targets. Through its artificial intelligence-powered route planning and operation management tools, the platform optimizes capacity utilization by efficiently matching shippers with available carriers. This eliminates empty runs and increases efficiency by grouping loads onto a single truck.

Potential Roadblocks & Risks

The biggest roadblock is the investors, banks, and financial institutions' focus on the business-to-consumer (B2C) segment. Although they are aware that the business-to-business (B2B) market is much larger compared to B2C, they are too slow to market. Diginak, along with other powerful embedded finance tools, operates with agility and is actively seeking quicker engagements with financial institutions to provide freight payment options that can significantly improve the lives of shippers and carriers. However, the reluctance of traditional financial institutions to prioritize the B2B space poses a challenge to Diginak's rapid growth and adoption.

Partnerships & Opportunities

Current Strategies

Diginak is exploring the potential of engaging with Sharia-compliant payment options in the Gulf region. The company's quick pay model, based on the principles of buying and selling rather than discounting and interest charges, aligns seamlessly with Islamic finance principles. By leveraging the Gulf region's well-established financial infrastructure and its receptiveness to Sharia-compliant solutions, Diginak can potentially circumvent the barriers posed by traditional financial institutions and gain a foothold in a rapidly expanding market.

AI Implementation and Impact

The company has integrated artificial intelligence primarily for analyzing freight invoices. Dozens of controls need to be accomplished for quick payment processing. Manually handling these controls would make the process impractical. Diginak needs to match the carrier's plate number, company name, license, destination, bank transfer details, and cost with the shipper's rate confirmation document. Through its AI-powered tools, Diginak is technically capable of processing 5,000 freight invoices per day.

Looking ahead, specific areas where Diginak sees the potential for the integration of AI functionalities to enhance efficiency or user experience include estimating shipper needs through past and ongoing data. The company's dream is to offer shippers a trucking service with costs prior to their posting on Diginak. For example, the platform could suggest: "There is an opportunity to pick up your loads at this price if you load it in 2 days." This level of proactive service can only be achieved through enhanced AI functionalities.

Conclusion

Diginak's potential lies in its ability to complement the traditional logistics industry through its "Digital Freight Ecosystem" concept which brings together all players in the supply chain sector. By digitizing their processes, the company addresses longstanding challenges faced by stakeholders across the supply chain. The strategic focus on user experience, AI-driven efficiencies, and sustainable practices positions Diginak as a catalyst for transformative change within the larger industry context.

As Diginak continues its global expansion, leveraging financial and logistics providers' partnership opportunities has the potential to further support the sector. The company's commitment to empowering small players, optimizing resource utilization, and fostering equitable growth reflects its significance as a leading contributor towards a more efficient, transparent, and socially responsible logistics ecosystem.

Innovation In View

How **Diginak** brings innovation to life

Digital Freight Ecosystem



Shipper can easily reach brokers, forwarders and finance their freight in minutes.

Carriers can access all transportation opportunities through the Driver Mobile APP application.

Agents can act like brokers and forwarders with Diginak License and finance and grow their business.

Contributors

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Notes on our methodology

About The FutureList

The FutureList is dedicated to identifying and linking innovative technology companies with the investors, talent and strategic growth partners they need to rapidly scale their innovation. The FutureList leverages its network of local Innovation Scouts, a comprehensive online platform, and curated events to rapidly spot and match opportunities. The FutureList network has already profiled over 6,000 innovative companies, investors and partners globally.

We scout across a broad range of sectors in tech, aiming to identify the most innovative startups globally. This includes everything from AI to biotech, renewable energy, and more. The 10 categories we currently focus on are: Agriculture (farming, food, beverages, crops, forestry, aquaculture, livestock, irrigation, veterinary, etc.), Climate (electricity, energy, environment, renewables, recycling, circular economy, carbon credits, cleantech, etc.), Education (e-learning, school management, assessments, upskilling, tutors, languages, etc.), Enterprise (legal services, AI, cyber security, market research, recruitment, HR, customer success, consulting, SaaS tools, business analytics, etc.), Finance (banking, capital, trading, lending, personal finance, insurance, crypto, real estate, etc.), Health (medicine, biotech, medical equipment, pharmaceuticals, public health, digital health, hospitals, health records, wellness, fitness, beauty, etc.), Infrastructure (architecture, materials, computer networks, safety, law enforcement, construction, data centers, machinery, telecom, wireless internet, manufacturing, etc.), Media (marketing, influencers, animation, arts, gaming, fashion, content, platforms, music, publishing, translation, editing, etc.), Mobility (delivery, transportation, etc.), and Supply Chain (e-commerce, warehousing, logistics, retail, etc.)

About Our Innovation Scouts

Our Innovation Scouts are experienced professionals from diverse sectors with a keen eye for groundbreaking technologies and business models. They undergo rigorous training to ensure they provide maximum value to the startups they work with. They conduct their research on a volunteer basis. We have strict ethical guidelines in place. Any Scout with a potential conflict of interest is recused from the process to ensure fairness and objectivity.

About Our Innovation Memos

Innovation Memos provide a comprehensive profile of an innovator, whether its a startup, hub, investor or more established corporate, highlighting technological and business model innovations. The Memo is written in direct consultation with a verified representative from that entity, and also outlines suggestions around how to rapidly scale their innovation further through use of The FutureList's network. Once published, the Memo accessible to our network of investors, partners, and the general public for free on our platform. The Memo process is completely free for the companies featured as well. The entire process, from initial contact to publishing the Innovation Memo, typically takes about 4-6 weeks, but this can vary based on the startup's availability and responsiveness. Our goal is to promote and scale innovation globally. The FutureList platform and events are sponsored by partners.

Scaling Innovation

How **The FutureList** identifies and scales innovation globally



Ecosystem and sector mapping

Our Innovation Scouts identify the most innovative early-stage and growth-stage tech companies across key sectors in tech hubs around the globe.



Innovation memos and platform profiles

Our Innovation Scouts interview founders and tech executives to publish innovation memos and create a comprehensive company profile on our public online platform.



Introductions to strategic opportunities

Our Innovation Scouts share company profiles with relevant investors and strategic growth partners across our global ecosystem, and facilitate warm introductions where requested.



Private dinners and fireside chats

Our exclusive evening events bring together founders, tech executives and other special guests for networking and interactive discussions around technology and innovation.



Global summits & learning trips

Featured companies will be invited to larger annual events held at the regional and global stage that connect the most innovative companies with opportunities for further visibility.

Sponsor

The FutureList platform and events are sponsored by partners.



Sand Technologies, a global technology services company with presence across Silicon Valley, France, the UK, Romania, and several emerging markets, is at the forefront of supporting scale-ups worldwide in overcoming the challenges of rapid growth. We're currently aiding businesses in the United States, New Zealand, Denmark, the Netherlands, the UK, the UAE, South Africa, Kenya, and numerous other locations in developing scalable technology products, constructing world-class tech teams, enhancing revenue generation, and elevating customer satisfaction.

Learn more at www.sandtech.com

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