

SA e-courier startup Pargo raises \$1.2m

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South African e-courier startup Pargo has closed a R15 million (\$1.2 million) funding round led by SAAD Investment Holdings, with the funds to be used as working capital as the startup expands its services.



Image credit: Pargo

Pargo is addressing last mile delivery challenges in South Africa by allowing users to send and receive parcels at dedicated pick-up points throughout the country.

Users can find a convenient Pargo point using the online postcode search engine, and can send and receive parcels at a time that suits them. Customers can track parcels online; while the service also caters for returns. For pick-up points, the Pargo app enables streamlined stock management.

The startup announced it has secured equity investment topping R15 million (\$1.2 million).

The round was led by Cape Town-based SAAD Investment Holdings, with chief executive officer (CEO) of the firm Johan du Preez to join Pargo's board of directors.

Beijing-based venture capital firm, Tsing Capital, and Pay-U co-founder, Johan Dekker, also participated in the round.

Pargo said the funds will be used for growing working capital needs arising from its rapid expansion of sales, for aggressive new marketing plans, as well as to develop and widen its logistics and fulfillment services offering.

“We are very pleased with the quality and endorsement of our new shareholders, and the possibilities of accelerating our expansion, as well as adding new services that these new funds open up for us,” said Pargo’s co-founders, Lars Veul and Derk Hoekert.

“Pargo has clearly hit a vein of consumer need with its logistics-oriented fulfillment services. In combination with its proprietary technology and first-mover advantage, this latest investment – coupled with the collective guidance from the investor consortium – should serve to solidify the business’ lead position in this market,” said SAAD Investment’s du Preez.

The past year has seen Pargo go from strength-to-strength, with revenues increasing 629% year-on-year, while the startup’s client base grew by 463%. Its collection point network stands at over 1,000 pick-up points across the country.

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