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Shipwire shapes global strategy in Sunnyvale

Silicon Valley / San Jose Business Journal - by [Emma Ritch](#)
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Damon Schechter says his company holds the secret to running a global business out of your living room.

Sunnyvale-based startup **Shipwire Inc.** stores and ships goods for online and brick-and-mortar retailers. After quick growth since launching in July 2004, company officials are looking to take the company -- and their customers -- worldwide.



Dennis G. Hendricks
Shipwire CEO Damon Schechter, with Chang Park, senior software engineer, wants to take his company's storage and shipping services worldwide.

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"What would have been unfathomable five years ago is now not farfetched," says Schechter, the 35-year-old chief executive officer of Shipwire.

Shipwire mostly serves small businesses with fees that range from \$30 a month to thousands of dollars a day, depending on the amount of warehouse space, the shipping options, the number of customer returns and the extent of the customer service. It requires no contracts and allows customers to change options at any time, Schechter says.

About two-thirds of Shipwire's customers opt for the company to store and ship all their inventory, and many of those are Web-based retailers, said Nate Gilmore, senior director of marketing and business development.

Shipwire is now directly connected to 30,000 online stores and rents 2 million square feet of warehouse space in Los Angeles and Chicago. By comparison, **Amazon** has about 8 million square feet of warehouse space in the U.S., according to the company.

Shipwire won't disclose its revenue or exact number employees because of an agreement with investors, but Gilmore said the company has about 50 full and part-time staff counting marketing, sales, support call center and warehouse.

A new shot of funding announced Oct. 29 is helping the company expand rapidly, Schechter says.

The \$4 million Series A round is being used to add software, engineering, marketing and warehouses. The company wants to rent warehouse space in Canada in time for Christmas and in Europe, Australia and Asia in time for Christmas 2008. The warehouses in other countries will enable customers to ship goods faster and cheaper through customs, Schechter says.

The funding by Meakem Becker Venture Capital, which took place in June, has also enabled the company to hire experienced employees, such as Saul Smith, the vice president of warehouse operations who joined Shipwire after 20 years' experience in operations with companies such as international necktie manufacturer **Superba Inc.**

As part of the growth, Shipwire moved into its new Sunnyvale offices in August, relocating its headquarters from L.A. and adding a key perk: a game room equipped with a Nintendo Wii system.

"This is a Silicon Valley-based company in culture, philosophy and vision," Schechter says. "We want to create what **PayPal** did for collecting money, what AdWorks did for advertising. That's what we want to do for storage and shipping."

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Schechter, who started Shipwire after writing a book "Delivering the Goods: The Art of Managing Your Supply Chain," says his company makes small businesses more effective.

"A lot of people want us to win because this is an inefficient business," he says. "The main competition is do-it-yourself."

Keetsa.com signed on with Shipwire about three months ago when the company started selling eco-friendly mattresses, says sales director Joe Alexander. The San Francisco showroom does about \$80,000 in business each month, he says.

"We're a small business, and we deal with large items," Alexander says. "So with the amount of space that we would need to fulfill orders for a retail operation, [the cost of] a warehouse operation, and the personnel to fulfill orders and to stock orders, honestly we wouldn't be profitable without Shipwire."

Keetsa, which has one part-time and three full-time employees, would have to add two or three more workers to accomplish what Shipwire does, Alexander says.

"It's a good cost-effective option for a small startup that doesn't have the money to invest in space," Alexander says.

EMMA RITCH covers clean technology, hospitality and small business for the Business Journal. Reach her at (408) 299-1830.

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