

Ofo life and death looting: capital chain emergency waiting for Ali to save the field

Abstract: At the negotiating table, in addition to ofo, every other force has another card on hand.

Will ofo be consumed?

Contrary to DIDI, heavy operating costs, unpredictable profitability, and insurmountable boundaries... All of the above have pushed the “star” project on the outlet to desperation, making it difficult for the next round of financing.

Ofo’s latest round of financing is still set in July last year. At that time, CITIC Industrial Fund, Alibaba, and Hony Capital jointly invested \$700 million in their E round investment. However, with the constant change of bicycle structure, according to a number of investors, the original shareholders are looking for someone to take over this.

An investor who had contact with Mobike and ofo said in an interview with the interface news reporter that Mobike had never thought of merging with ofo, just Didi between them, after ofo and didi against the eyes, when didi personally traded the bike platform, OFO was already been abandoned.

In order to save himself, ofo can only look to Ali for help. There is no other way..

Only, it’s really not much time left for it.

Funding difficulties

After the long price battle, OFO was the first to cancel the monthly card

Starting in December of last year, ofo canceled the free co-branded card and closed the one-month card purchase channel, which means that the monthly card lasting for nearly five months was cancelled..

The month card is a means to increase the user’s stickiness. In the current situation of stalemate in the war situation, ofo began to harvest users. This move seems to be unexpected but it is also reasonable.

Zhuo Hu, an investor in ofo, has calculated an account. As of January of this year, the daily cycling data of the shared bikes of Mobike and ofo is 50 million times. Three years later, shared bikes ride at least 100 million to 200 million cycles per day. If one RMB a piece, the daily income is 100-200 million yuan, and the annual income is 30-60 billion yuan.

It seems that sharing bicycles is a very profitable model, but the reality is far from ideal.

"The competition has disrupted the financial model of the original investment.", said huang peihua, an early-stage investor in mobike, in an interview with interface news.

Last year, after receiving 130 million U.S. dollars in financing from the C round, ofo took the lead in launching the "Million Bike Free Ride" campaign and launched a price war initiative in February 2017. After more than half a month, Mobike responded and began to ride for free.

Afterwards, red envelopes and monthly cards have emerged in an endless stream of disguised price wars, which also broke the business model that originally relied on riding charges.

With reduced income, the cost of sharing bicycles is getting heavier

Chen Yuying, CEO of Xiaoming cycle, once said that each link of shared bicycle is very expensive. The cost is not just the production cost of the bicycle, but also the cost of the vehicle transportation, the cost of the dispatch, the loss of the vehicle, and the daily dispatch fee of a bicycle is about six or seven yuan.

Later, the participants of the shared bicycles all found that this seemingly profitable business actually burned badly.

"In Beijing, each car is worth 650 yuan per trip, part-time operation is 100 yuan per day, and 45 points are responsible for vehicle management every day at three points near the South Fourth Ring Road. Three cars (the freight car under 58-speed transport) are responsible for dispatching. Only one area spends nearly 20,000 yuan a day. At present, there are more than 50 areas in Beijing. After the departure from ofo at the end of last year, Zhang Bin simply calculated an account for the interface news.

His statement has also been confirmed by a third party..

The third-party platform "Dou Mi" provided part-time outsourcing service for OFO. The interface news reporter learned from Dou Mi's insiders that the part-time package price is actually RMB 180 per day, while Mobike's is RMB 170 per day, which covers service fees, Taxes, etc. The vehicle dispatching and vehicle placement, the outsourcing price of these two positions is 170 yuan a day, while the regional supervision is 230 yuan a day. In addition, the full-time employee who is responsible for the maintenance of ofo, 6,500 yuan per month..

In the winter of 2016, Dou mi started to cooperate with OFO. Doumi prepaid part-time wages for one month, settled by part-time according to the week, and refunded at the end of each month by ofo. Only in Beijing, for ofo and Mobai, the average monthly part-time fee recovery is more than 1 million yuan, of which, ofo is more than that of Mobike. However, according to the interface news, as of January 31, the monthly payment has not arrived yet.

According to Xuzhou's introduction, who is responsible for bicycle logistics in 58.com, the logistics of sharing bicycles in the same city is also a big expense every day.

Every day, the price for transporting bicycles in Beijing is 650 yuan and 750 yuan. The cost is 650 yuan for each vehicle within 120 kilometers, and 750 yuan for 120 to 150 kilometers.

The situation in Beijing is that ofo needs an average of 100 cars per day, each car is about 5 times a day, and it can hold 30 to 50 bicycles at a time. This will probably dispatch 40,000 bicycles per day.

“In Beijing alone, ofo spends an average of 6 million yuan a month on logistics.” Xuzhou said.

Based on this calculation, only Beijing, the logistics fees of ofo and the cost of operating personnel are at least 6.5 million each month.

On January 11, founder and CEO of ofo, Dai Wei, told reporters, launched in 2015, ofo has operated in 20 countries around the world more than 250 cities of more than 10 million Shared bicycles, domestic city is about 200 of them

If the general urban operational costs is 1 million, the monthly spending reaches to 200 million, plus Beijing, Shanghai, Guangzhou and Shenzhen, those big cities and overseas cities, ofo operational spending is likely to be 250 million yuan every month .

According to the public data, ofo has 3,400 employees at present, and if the average salary is 8,000 yuan, the actual labor cost of ofo is at least 30 million.

It can be seen that, in addition to the cost of making bicycles, ofo's monthly salary of operation and maintenance, plus some marketing inputs, which will cost more than 300 million yuan.

The cost of making bicycles is also high. on January 17, 2017, ofo launched the first generation of smart locks, iterate over the bike. A bike rim Supplier of ofo, Xuwen, told reporter of interface news, January to May 2017, Ofo launches a large area of new bicycles, the exw price is 428 yuan

Xuwen said, smart locks should be installed after production, the bicycles can be on-site after adjusting brakes and Chain. ” The whole cost is nearly 480 yuan” . Interface news reporter confirmed to a number of people in bicycle industry, they all said that this price is accurate

According to Daiwei's data in the media interviews, 10 million bikes have been put into use so far. if the average cost of each bike is 400 yuan, ofo has spent nearly 4 billion yuan on making bikes.

According to public information, OFO has received a total of 8 financings as of today. Apart from the undisclosed amount of strategic investment made by Ant Financial in April last year, the remaining seven financing amounts have been converted to approximately RMB 8.14 billion.

Huge sums of investment in bicycle production plus fixed operating expenses for each month, the funding chain of OFO is already in crisis.

According to the interface journalists, upstream suppliers now are very worried about whether they can take their balance payment back. Xuwen said, in September 2017 to November, ofo changed the earlier payment term, prepaid 30% deposit, the remaining 70% of the balance payment can be paid in the form of a check three months after bicycles are released .

"The amount of money that ofo owes to its suppliers includes Laux 70 million, Fujita 300 million, Kelin and Phoenix respectively over 70 million, flying pigeons over 100 million." Xu Wen listed to the interface news reporter. However, this statement has not been positively confirmed by the above suppliers.

On January 12, Tencent Technology cited an insider from ofo that the available funds in OFO's account were only less than RMB 600 million. According to its burning speed and the continuous outflow of deposits, cash from OFO can only be supported one month.

Previously, caixin weekly, citing the news by the personage understanding finances condition of ofo and mobike that the two companies are using users' deposit to pay the supply chain payment for goods, as of December 1, 2017, ofo used 3 billion yuan deposit, the book available cash is only 350 million yuan. and Mobike used more than 4 billion yuan deposit, the book available cash is only 7 billion yuan.

Siege failed

"Three months to beat mobike." In September 2016, Zhu xiaohu said so.

Mr Zhu believes that the most important aspect of China's Internet survival is the low cost, Mobike put one bike, ofo can put 10 bikes.

At that time, the ascendant shared-cycling market became an outlet, and many VCs lined up for admission. According to public information, ofo obtained B and C rounds of financing from September to October of that year, and the two rounds of financing accumulated nearly RMB 900 million. Before this, ofo has won three rounds of financing, totally 35.5 million yuan.

In the same period, Mobike received a total of 5 rounds of financing, with a total financing nearly 800 million yuan.

At that time, two companies with a lot of money, the war is imminent.

On January 11, 2017, ofo announced the launch of the "2017 urban strategy" and planned to enter 11 cities in 10 days with the speed of "one city a day" before January 22. Dawei said in an interview with the media that after the Spring Festival in 2017, ofo will increase the number of cities covered to more than 100 cities. Currently, the production capacity of bicycles has exceeded ten times that of its competitors.

As of March 2017, ofo had covered 46 cities, while mobike had entered 33 cities, according to the third-party data platform iresearch. At the same time, in October 2016, mobike launched a bike, which was officially announced to cost less than 1,000 yuan.

In September 2016, huang peihua, a partner of qiming venture partners, studied ofo and mobike, and after learning about the financial models of both sides, she entered Mobike. "Mobike is product type, ofo is the operational type. For Mobike, in the early stage, the cost is high, and after reaching a certain scale, the real competition is the operational capability, and there will be an inflection point in the middle." She said.

Another investor who owns the Mobike shares commented that “ofo is a play on a pile of bicycles. It tries to circumvent Mobike by number, and it is continuously financing after the scale has grown. This business strategy does not have any problem in the short term, but if Within five months, Mobike cannot be siege, and ofo will be more passive. At the same time, because of the large area of paving, the loss of bicycles will increase and the cost of operation and maintenance will increase.

In addition to the bicycle market, ofo and mobike also set off a round of red envelope bikes, free rides, and no deposit, three “price wars”.

In February last year, ofo and mobike launched free rides. In march, mobike launched red envelope bikes. In April, ofo launched red envelope bikes; In June, mobike released 10 million free monthly cards, cycling month card. In July, ofo announced the launch of a free rider card.

In march last year, ofo announced a partnership with sesame credit, which allows users in Shanghai to deduct \$99 from a bicycle deposit if they have more than 650 sesame credits. So far, ofo has introduced credit free deposits in 25 cities.

“My sesame credit has 763 points, I know this news I immediately return the deposit, a day or so to the account.” An ofo user in Shanghai said.

But three months later, ofo’s deposit was raised from 99 yuan to 199 yuan. Ofo’s response was that it was part of a new credit system. But the actual situation is likely to be due to the withdrawal of the deposit led to tight funding, at the same time Tencent Technology has reported that ofo Tianjin Liuyuan Warehousing pull the debt debuffs ofo, the banner content shows “ofo returns my hard-earned money”

On September 7 last year, the Beijing municipal transportation commission ordered Beijing to stop the sharing of new bikes. Then, 12 cities, including Shanghai, shenzhen and guangzhou, pressed the pause button.

The inability to invest in new bikes means a complete failure of tactics. After a wave of data at the end of the year, ofo has to think about a new way out.

“It makes no sense to continue the war of attrition, which is very damaging to both sides. It takes a lot of wisdom and a lot of power to merge before we reach the end of the spectrum.” In December, Mr. Zhu, who had threatened to end the war in three months, made such comments.

The “merge” puzzle.

Mr. Zhu eventually left the game, and he couldn’t wait to see the merger of mobike and ofo.

Zhang Bin recalled that in November last year, perhaps following the advice of investors, ofo pushed the data to its peak in a month in order to get more speak right in the merger. But when the talks broke down, in December, ofo’s daily orders fell sharply, to around 1.5 million.

This is also consistent with the data provided by Xu zhou.

Xu Zhou told the interface news reporter that last November, ofo's logistics payment for 58.com was around 10 million, and then fell sharply, to about 2 million yuan in January this year. This confirms a sharp decline in ofo orders from the side, which is, of course, mainly related to the cold winter weather in Beijing.

In early January, Ou Chengxiao, Zhu Xiaohu's brother-in-law, made a statement on a forum that Zhu Xiaohu had sold all of his shares of OFO to Alibaba.

China Entrepreneur quoted sources close to ofo investors as saying that at the beginning of December 2017, Zhu Xiaohu signed a withdrawal agreement and sold the held shares of OFO to Alibaba and Didi. Ali took most of the quota, including Zhu Xiaohu's board seat and one-vote veto

According to the information on Tianyancha, the former top four shareholders of ofo were 36.02% of Daiwei, 25.32% of Didi, 10.15% of Jingwei Venture Capital and 5.83% of Tibet's Dazi Sands. Among them, the actual control of Tibet Daze Sands is Zhu Xiaohu.

From the share of equity, we can see that in this "Combined Bureau", Zhu Xiaohu is only a supporting role. In fact, it is the wrestle of Ali, Didi and Daiwei.

Among them, the biggest power comes from the Didi.

Didi has motivation to promote the merger of Mobike and ofo. After the merger, it is most likely to complete its long-cherished wish: to become a unified entrance to the shared bicycle platform. Makes ofo and Mobike become part of their large-scale ecology, eliminating potential adversaries and strengthening their strengths.

Alibaba is least willing to see the merger.

After the merger of Didi and Kuaidi, Alibaba has suffered a loss, Didi after merger has tilted towards Tencent. If Mobike which is invested by Tencent and ofo which is invested by Didi are merged, the new company has little to do with Alibaba.

As for Daiwei's team, it can be seen from ofo's dismissal of Didi's executives that he did not want the merger to be dominated by Didi.

On this game table, Mobike is the most relaxed one. "Chinese entrepreneurs" quoted the news of Mobike investors. The attitude of Mobike is that the merger can always be discussed. The key is the proportion issue. Of course once proposed a 5:5 merger, but this proportion is not acceptable.

However, according to another investor, Mobike did not want to merge with ofo. After the merger, it will be necessary to join the Didi camp and other relevant businesses will not be able to be carried out. Mobike's ambition is more than just making a dice.

After a multi-layered wrestling, the negotiation was in a deadlock

Just wait for Ali's rescue.

There is only one option left for ofo, let Alibaba shot.. This is also the direction in which the Daiwei team is working on.

For ali, it is best to win ofo. In order to broaden the application scenario of alipay and deepen the user credit system, ali, who has no trump card in the field of big travel, is most likely to become the "white knight" of ofo.

But that is not the only option for Ali.

In December of last year, Ant Financial entered the Hellobike and invested 350 million U.S. dollars in its D round;. Another person familiar with the matter told interface news that the company is about to complete a new round of financing, with an amount of more than \$1 billion, and ant financial will continue to invest.

The position of ofo in first-tier cities is important for ali, but it must be the premise of admission can be controlled, If didi, with a veto, refused to let it go, ali' s rescue didn't make any sense.

In didi's view, as the largest institutional shareholder in ofo, it has little chance of turning ofo into another powerful competitor.

In November, three of Didi's senior executives were "on leave" and exposed the conflict between didi and Daiwei's team.

As early as in August and September last year, didi registered "hangzhou small wood's software technology co., LTD.", "hangzhou green technology co., LTD.", two companies' business scope including bicycles and electric bicycle rental business.

After announcing the completion of its hosting of the small blue bicycle, didi Shared bicycle platform was launched in Beijing and shenzhen, which can be connected to the small blue bike and the ofo, and the self-run bicycle brand "green orange". On the one hand, didi can put pressure on ofo and save the latter for itself.

In contrast, the unencamped mobike is expanding its travel boundaries, preparing for a battle with didi.

In September last year, Mobike joined Shouqi's online booking service; In October, it announced a partnership with Dida. In November, Mobike and Guizhou Xinte Electric Vehicles jointly entered the shared car. Another rumors said that Meituan taxi is also planning to connect to Mobike. The light league ecology centered on Mobike was interpreted as the "anti-didi league" in an attempt to incite Didi's travel dominance.

Interface news reporters have learned that mobike has finalised a new round of financing, about \$1 billion, and some of the final processes are still pending and are expected to be announced later.

The ofo's financing information was still fixed in July last year.

"The bicycle market is still in a competitive stage. At present, seizing the market is a priority and earnings will wait till the end of 2019 or early 2020." An investor told the interface news reporter that there is Ali in the back of the Hellobike. Mobike also has a new round of financing and follow-up. Finally, the two players must merge to achieve monopoly and make profits

It is difficult to say "if ofo can go to the 'ultimate kill' card table. Just see what ali thinks."