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DoorDash Is Now Worth Nearly As Much As Grubhub After \$400 Million Funding Infusion



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DOORDASH XU© 2018 Bloomberg Finance LP

Investor appetite in food delivery companies is growing, notwithstanding [a rash of customer complaints](#) about how these startups pay contract workers. On Thursday, DoorDash announced it had raised another \$400 million in a Series F funding round led by Temasek and Dragoneer Investment Group. The cash infusion brings DoorDash's total capital raised to \$1.4 billion, of which \$978 million came from funding rounds [in the last year](#).

The food delivery company is now worth \$7.1 billion, says CEO and cofounder Tony Xu. That's just a hair short of its closest publicly-traded rival Grubhub, whose market cap is currently hovering around \$7.2 billion.

"We were always on pace to become the leader in the industry and this allows us to get there faster. We always had ambitions to go beyond restaurants, and this allows us to get there sooner," Xu told *Forbes*.

Xu points to DoorDash's expansion into more cities and more restaurants last year. The company now covers 80% of the U.S. (rivals Uber Eats and Grubhub cover over 70%) and it's partnered with chains like Cheesecake Factory, Chipotle, and Denny's. DoorDash is also investing heavily in non-restaurant delivery, like its [partnership with Walmart](#). DoorDash would not disclose revenue or gross food sales numbers, but Xu says it is profitable in some of its oldest markets.

The funding round comes after a few rough weeks for the delivery company after consumers and drivers cried foul over its tipping policies. DoorDash pays a base rate of \$1 per order, and then boosts driver pay if tips do not meet a minimum pay projection that the company calculates. If a customer tips big, most of that payout could come from the tip — not the company. Grocery delivery company Instacart, which used a similar pay model, ended up changing its pay calculations after the backlash. DoorDash has [continued to stand its ground](#), and the new capital hasn't changed how it will pay drivers. Xu would only say that the company is "constantly looking" for ways to better serve drivers.

DoorDash plans to put some of the cash into building out its team, including hiring more senior management, and continuing DoorDash's expansion. Xu wouldn't comment on IPO plans, but the ability to aggressively spend might put pressure on the IPOs of its competitors, Uber and Postmates, who have both confidentially filed to go public. With the new \$400 million, Xu says DoorDash will continue to expand until it reaches every postal code in the country and "every nook-and-cranny" in Canada.

"When you think about the evolution of this industry, it started really in the cities. In New York, anyone in the city can get anything delivered, and that's not true anywhere else in the U.S.," Xu says. "We believe whether you grew up on a cornfield like I did in Illinois or whether you're in San Francisco, you should be served."

SEE ALSO: "Uber's Secret Gold Mine: How Uber Eats Is Turning Into A Billion-Dollar Business To Rival Grubhub"

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