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DMS provider Tekion raises \$150 million from investors

Dealership management system provider Tekion said Wednesday that it raised \$150 million in its latest funding round, bringing the company's valuation to more than \$1 billion.

Tekion CEO Jay Vijayan told Automotive News that the company intends to use the funding to add features to its DMS platform, Automotive Retail Cloud, and increase its capacity to bring more dealerships on board.

Tekion began enrolling franchised dealerships on its DMS in late 2019, Vijayan said. He declined to disclose the number of dealerships on its platform to date but said their stores cover 28 states.

Tekion bills itself as the first cloud-native DMS platform. It was designed to create a seamless, efficient process for dealership employees and customers similar to the e-commerce experience available from Amazon or Apple Inc., Vijayan said.

Tekion's vision, Vijayan said, is to "run the core business for automotive retail dealerships in one single platform."

Prior to this latest funding round, Tekion had raised \$65 million, including from automakers General Motors; Alliance Ventures, run by Nissan, Renault and Mitsubishi; and BMW iVentures.

"We are fortunate and proud to be supported by great investors from the world's top OEM brands, top dealers in the country, venture and equity firms," Vijayan said in a statement released Wednesday. "We consider this as true validation for the value we are bringing to the industry."

Tesla connection

Vijayan, a former chief information officer at Tesla, founded Tekion in 2016. The company has fully integrated with

17 manufacturer brands and is targeting the first quarter of 2021 to complete integrations with remaining brands, Vijayan said. He would not disclose which automakers are using Tekion's system today.

He said he remains the company's single largest shareholder but declined to disclose the size of his stake.

Private equity firm Advent International led the latest funding round, with additional investment from Index Ventures, Airbus Ventures, FM Capital and Exor, the largest shareholder of Fiat Chrysler Automobiles.

Joe Serra, president of 50-store Serra Automotive, also invested in Tekion's latest investment round. Serra did not disclose the amount of his investment but called it "substantial for me."

Serra, whose dealership group includes stores in seven states, said his group does not use a centralized DMS provider but rather leaves those decisions to dealer partners who run individual stores.

A Chevrolet-Buick-GMC store in suburban Nashville recently was looking to switch providers and Serra said he suggested its leadership team look at Tekion after Serra learned about the DMS provider from GM. His recommendation came prior to his decision to invest in Tekion, he said.

The Nashville-area store converted in



Jay Vijayan, CEO of startup DMS provider Tekion.

the spring, he said. Other Serra Automotive stores could follow next year.

'A tool we need'

His investment in Tekion did not come with a board seat or other company role, he added, and was motivated by a desire to find a DMS system that is more modern, mobile and intuitive than other products on the market.

"I've just been begging and praying for somebody to give us a tool that we need and deserve," he said. "I'm rooting for them. I want them to make it. We need it. The industry needs it badly."

Also Wednesday, Tekion said that Jon McNeill, an advisory partner at Advent International and a former COO at Lyft, and Eric Wei, a managing director on Advent's technology investment team, joined the company's board.

Vijayan said a future public offering for Tekion is possible. Tekion eventually could expand internationally and to industries outside of automotive, he said.