

# Siberian Uber Imitator Takes Bidding-Based Business Model to U.S.

By [Bloomberg](#)

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From a Siberian city locked in permafrost in Russia's diamond mining region, a startup is growing thanks to a twist on the business model that has made Uber Technologies Inc. the world's leading ride-hailing service.

While Uber and most copycats typically assign fares using algorithms that account for peak hours, traffic or even what they think a customer requesting a ride is willing to pay, InDriver lets passengers enter what they want to spend on a trip — and drivers nearby use the app to accept or bargain for more.

InDriver's bidding feature has let the company broker 1 million rides since April in six Latin American countries, including Mexico and Colombia. Now, the company — which has 200 employees — has raised \$10 million in early funding from Leta Capital to enter the U.S. market in the fourth quarter.

“We started the international expansion in Latin America because we felt it’s a region where people like bargaining,” InDriver founder and Chief Executive Officer Arsen Tomsy said in an interview from the Dominican Republic. “Also, there are fewer price wars and less competition from motorbikes than in places like Southeast Asia or India.”

InDriver has expanded in Russia’s far-flung regions, but as it moves to bigger cities, the competition gets fiercer. When the company started offering fares in Moscow last year, it was forced to focus on longer rides rather than shorter trips to find a profitable market position. The company’s international push also comes as San Francisco-based Uber increasingly finds itself being confined by city and national governments concerned with traffic congestion after years of unchecked worldwide growth.

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InDriver emerged in 2012 in Yakutsk, a Siberian city where the average yearly temperature is several degrees below freezing. During one cold spell, local taxi companies colluded to almost double fares and the locals responded by creating an online social network group, where passengers entered a destination and what they were prepared to pay, and drivers accepted or started bargaining.

As the social media group expanded, local IT entrepreneur Tomsy noticed the success, and struck a deal with the founders to move the services into an app to roll out across Russia’s regions. The company now has 5 million users in Russia, where it competes with market leader Yandex.Taxi and Israel’s Gett in bigger cities.

The first few months of operations in 13 cities in Mexico, Peru, Chile, Colombia, Guatemala and El Salvador have proved successful, but has brought competition from Uber, Brazil’s Easy Taxi Servicos SA and Spain’s Cabify, Tomsy said. He declined to disclose further details on the company’s planned U.S. expansion.

One thing Tomsy won’t do is spend heavily on traditional marketing. In Mexico’s city of Saltillo, InDriver brought diamonds from Yakutsk and offered people who shared its social-network posts a chance to win the precious stones. Tomsy says inexpensive public relations campaigns like the one in Mexico feed social media posts and raise brand awareness at a fraction of the cost of classic advertising.

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