



Anton Avrynskyi enabled Ukrainians to purchase medicine online. Today, he's launching medicine delivery in Europe and disrupting the lab testing market. What's next?

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In the spring of 2020, the founder of the service Liki24.com, Anton Avrynskyi, was in the first issue of Ukrainian Forbes. The turnover of his medicine delivery company grew by tens of percent every week, as Ukraine and the world were buzzing with coronavirus panic. The following year, the pandemic moved from acute crisis to a gradual state of calm. Avrynskyi did not slow down after growing Liki24.com several times over: he launched in three European countries and opened a new medical service. How has he developed his start-up, and what can be learned from his experience?

We meet the founder and CEO of Liki24.com, Anton Avrynskyi, aged 37, in the start-up's new office: a roomy open space with a terrace and a stylish glass interior in the Wave business center in Pechersk, Kyiv. It's not cheap – from \$25 per square meter – but the costs are affordable and justified.

“If you want to hire the best specialists, you need to create the right conditions,” Avrynskyi says. Tanned and smiling, he is wearing a black T-shirt and jeans. Walking through the office, he lowers his voice not to disturb the developers. On the advice of one of the investors, Dmitry Borodai of Horizon Capital, he recently read a book about recruitment processes and team management: *Who* by Joff Smart. It's a legendary bestseller – according to Oleh Rohinsky from People.ai, it's required reading in the A16Z fund – and now Avrynskyi repeatedly explains why the success of the project depends on people.

Last year, one of the fastest growing start-ups in Ukraine gave him a certain amount of stress, but did not reduce his enthusiasm. Due to the pandemic and changes in consumer habits, the

medicine delivery and pickup start-up experienced fantastic growth throughout 2020. The company's turnover increased from \$5 to \$20 million, and the revenue of the Ukrainian legal entity now exceeds \$1 million. There's no reason to stop: in 2021, Avrynskyi launched Liki24.com in two new European countries, in addition to opening Lab24: a service for easy testing.

It's good to solve problems. How Liki24.com developed in Ukraine and Poland

"I was recently asked: 'What's your company about? Is it about fast, cheap, delivery or something else?'" Avrynskyi recounts a discussion from a pharmaceutical conference. "And in reality we just solve problems well. About 600,000 Ukrainians have already used medicine delivery and ordering services via Liki24.com. That's a lot, but our ambitions are even greater. We want Liki to become a brand name (like Uber is for taxis)." It'll take 2-3 million customers, Avrynskyi estimates. But why focus only on Ukraine?

Liki24 has about \$6 million in investments. Of these, the company raised \$5 million in August 2020. The investment round was led by Horizon Capital with Genesis Investments and TA Ventures. The money was earmarked for growth and expansion. Poland became a test location, and the first delivery in the capital city of Warsaw was made on the third birthday of the project: July 24, 2020. Growth is considered: the number of orders in Poland is still counted in the tens of thousands. In addition to Warsaw, Krakow and Gdansk are also in the top three cities.

"The Polish market differs from the Ukrainian one," Avrynskyi says. "It is less consolidated, but more regulated and conservative." Complexities such as archaic IT systems and high fragmentation do not scare him, but he's pleased with the advantages. Among them, he cites a single system of electronic prescriptions, which was launched in Poland in 2020. It greatly facilitates the delivery of prescription drugs and simplifies logistics.

In fact, the Polish pharmaceutical market is on its rise – the number of pharmacies per 100,000 of the population rose from 45 to 77 between 2000 and 2017, according to OECD data. According to PharmaSequence, in 2020 sales rose beyond \$9 billion. Ukraine is fading against this background: in 2020, the density of pharmacies per 100,000 of population was 53, and total sales in the industry amounted to about \$4 billion, according to specialist publication Apteka.ua.

It was easy to choose Poland for expansion. A close and relatively rich country with a clear market, and loyal to start-ups of Ukrainian origin. "We organized the launch remotely; we only came to sign the documents," Avrynskyi says. Another question – where is the company heading next?

Sole start-up championship. How Liki24 chooses new locations for expansion

To choose new countries for expansion, Avrynskyi used his secret weapon: his investors. It's his standard practice. TA Ventures helped the start-up to profitably structure the conditions of the investment round, while Horizon Capital worked on increasing recruitment and strengthening operational processes, and Genesis Investments joined for expansion. Growth team analyst Ivan Liashenko, former employee of Civitta and McKinsey, led a project to select the best countries. The task was not an easy one: to spend as little time and effort as possible, but to make the best selection.

Genesis, which owns African marketplaces, US media and global applications, has expansion processes for digital products. The team launches ads and landing pages in the right locations, and then counts the number of purchases and the economic unit for each transaction. If you spend less than you earn, there's an opportunity for a successful launch. You cannot test the

delivery of medicines in this way; first, you need to create a product that's deeply integrated into local realities. What did Avrynskyi and Liashenko come up with? Countries ranking. "At the beginning, we rejected Russia, Japan, Korea and China, and then looked at countries from all continents," Liashenko recalls.

Winners were selected in three stages:

- Macro-indicators were analyzed to form a shortlist of applicants: overall population, population in urban areas, medicines and healthcare expenses.
- The rest of the countries were studied in detail. Initially, specialized studies on the volume of pharmacy sales and related indicators were conducted. To verify their results, a small study was launched: the frequency of search queries for the purchase of the 20 most popular medicines was checked. Then the legal aspects were studied. "For us, there are three conditions for medicine delivery: prohibited, permitted and not prohibited," Avrynskyi says.
- At the last stage, Liki24 had a choice of ten countries. In eight of them, they carried out in-depth research. "I hired freelancers to fill out a two-part questionnaire: qualitative (about the approach to solving health problems) and quantitative (about the difference in prices in pharmacies and the availability of medicines)," Liashenko says. What did you learn? Italians buy a lot of homeopathic remedies; the British strictly follow doctor's orders.

Countries that passed all the selection stages were divided into two categories. Some were easy to start due to low competition, but the market was insufficient in size. In others, the competition was fierce, but the prospects were attractive. "We decided that the first few countries should be from the 'easy' category," Liashenko says. He spent about three months selecting them at the turn of 2020-2021. Which countries became leaders? Since the end of June, Liki24 has launched in Bucharest, Romania, followed by Budapest, Hungary. "If successful, we will launch in two or three more countries soon," Avrynskyi promises. "And one may be outside Europe."

Processes instead of people and competition. What drives Liki24.com forward

So far, Avrynskyi is not constrained by finances, but by the quality of personnel and management. For the last few months, Liki24.com has been working to ensure that the company is not built around specific people, but around the processes it has developed. When you walk through the start-up's office, the wall, completely covered with papers and diagrams, catches your eye. "They're left over from our strategy session," Avrynskyi explains. "We pretty much locked ourselves in here for three days." "Likipedia" is written on one of the papers. This is the internal database of the start-up, which has recently collated all the useful information about the company's work. Dmitriy Zaporozhets at GitLab has a similar project, which is even open-access: Handbook. Avrynskyi is so worried about knowledge, because he's learned that the founder cannot be cloned.

"We want to form a special force around Anton, who will be able to dive into the highest priority areas to develop the business," says Borodai from Horizon Capital. What can manage CEO? The most obvious answer for a start-up is to raise a new round of capital. This year, we should not yet expect investment news, but the prospect is already looming. "I think they need to raise the next round of foreign funds in 2022," a partner at TA Ventures, Ihor Pertsiiia, says. "And count on an estimate in the range of \$50-100 million." In the marketplace business, valuation is highly dependent on sales volume (GMV), and the best way to raise it is to grow in new markets. "We want to be very careful with our funds. The internal challenge for us is not to create a bubble, but

to conduct profitable activities,” Avrynskyi says. There are other challenges, such as the Ukrainian reality.

Online pharmacy. The distribution of forces in the Ukrainian electronic medicines trade market

In 2019, e-pharmacy – online ordering and delivery – accounted for about 7.4% of the pharmacy sales market in Ukraine, according to analytics company Proxima Research. By 2026, this figure should double to 15%. But this is on average – market leaders can score more. Mykola Shcherbyna, CEO of ANC – one of the largest pharmacy chains in Ukraine – says that in May 2021, these companies received about 17% of gross sales from online channels.

The company deliberately refused to cooperate with Liki24 last summer – they did not want to share the margin and destroy its infrastructure. “It was impossible to agree on reduced commissions, and profitability in the pharmaceuticals market is limited to a few percent,” Shcherbyna says.

ANC has invested in the redesign of its website, created an advanced Viber-bot for ordering medicines, and enabled telephone inquiries. Shcherbyna estimates the company’s total investment in e-commerce and its promotion in 2021 alone at \$4-5 million. He does not believe in delivery as a mass channel: so far, partners from iPost and NovaPoshta deliver only one in 20 online orders; the rest are picked up by the customers.

The Pharmacy-911 network, which is developing the second most visited pharmaceutical website in Ukraine, does not work with Liki24.com either. In April, it had 4 million unique visits. According to Similarweb, only medicine price aggregator Tabletki.ua has a higher number of unique visits. Niche competition is unlikely to stop, so Avrynskyi prefers to take a systematic approach. Liki24 has delivery and self-delivery of medicines, integration with postal services and courier services. What’s next?

Not only medicines. What else Liki24 introduced to the medical market

“Fate gave me a new idea: in the winter, my whole family had COVID-19 and the tests became a huge problem,” Avrynskyi says. Undergoing tests from home was expensive, and there was no thought for efficiency – the collection of biomaterial was proposed to be scheduled for the day after tomorrow.”

So Avrynskyi came up with a new service – Lab24 – which allows users to take tests conveniently and cheaply at their home or office. He builds on an already developed business model: the user chooses which tests they want to undergo and at which laboratory. The laboratories can compete with each other on accuracy, speed and price. A same-day test is usually available, and the results arrive by mail or messenger in about a day.

The project partner is TerraLab, a company that has been supplying information systems, process automation and consulting to laboratories for around 10 years. The shares in the new project, which started in the spring of 2021, are divided equally – one half of the Ukrainian legal entity is owned by Liki24, the other by the three founders of TerraLab: Yaroslav Pidhaichuk, Volodymyr Nerubenko and Andrii Bilyi. “We met Anton a few years ago and quickly became friends. But we thought for a long time about what we could do together,” Nerubenko says.

Tall, smiling and fit, Nerubenko talks to Forbes in his office at UNIT.City. His company provided Lab24 with all the back-end integration and agreements with laboratories. Liki24.com took over the marketing and customer side of the business. “Anton understands very well how to

create a win-win system for customers and service providers,” Nerubenko says about his partner. What’s the benefit?

Laboratories primarily specialize in the accuracy of analysis, and are less good at attracting customers. Marketing and customer service consume up to half of the revenue from each order, TerraLab estimates. So Lab24 takes that on: after taking the biomaterial, the nurse brings the sample to the right laboratory. Moreover, in one order the patient can choose several laboratories at once – at no extra charge – or order tests in Germany. They’ll be flown in a few days to one of the branches of the largest laboratory network of Limbach Gruppe.

The main feature is the price. High-quality PCR testing from Lab24’s COVID-19 partners costs from UAH 750, including a home visit. The Synevo laboratories offer the same test for least at UAH 890. “It’s clear that Lab24 will never be as big as Liki24, but this market in Ukraine may reach \$0.5 billion by the end of the year,” Avrynskyi says. So far, the project operates only in Kyiv and does not require large investment. The team is satisfied with the results: the average check is about UAH 1200, and COVID-19 testing accounts for about half of the orders. “We did not build the service just for COVID-19, but for the future,” Nerubenko emphasizes.

“If you want to do something significant, you have to work very hard,” wrote Paul Graham, a venture capitalist and founder of Y Combinator, in a June essay. Avrynskyi also knows this simple truth. “Who told you I’m not burning out?” he answers a Forbes correspondent’s question about work-life balance. He’s saved from the daily routine by his family and sports, “triathlon in parts”, as Avrynskyi calls it: swimming, running, and cycling. And he even manages to combine it with work: he’s often accompanied by his partners from Genesis on his cycling trips. What’s it all for? “I want people to feel comfortable,” Avrynskyi shrugs.