



How Anton Avrynskyi is building Uber for medicines

This article was first published by Forbes in June 2020.

The founder of one of the fastest growing Ukrainian internet services has always remembered September 10, 2017. On that day, the former CEO of a successful IT company, Anton Avrynskyi, was working as a courier. His first order was the delivery of medicines to the Kyiv maternity hospital.

Today, his Liki24 service delivers thousands of packages of medicines every day. It allows users to find and order medicines on the internet as well as saving on price differences between pharmacies. You can choose delivery (for UAH 59-99) or pick up the products yourself.

It wasn't the first attempt to bring pharmaceuticals online. Search engines and price aggregators such as MedBrowse and Tabletki.ua have been around for ten years. But the market, with a turnover of \$4 billion, is hampered by the law: selling medicines on the internet is prohibited. Avrynskyi, aged 35, found a way to circumvent this restriction, and lockdown gave him a powerful trump card: in March alone, Liki24 sales jumped 87%.

In 2019, Liki24's turnover, according to the company itself that has existed for less than three years, amounted to \$12 million. This year, growth rates are measured in the triple digits.

Avrynskyi was involved in IT from his second year at Kyiv Polytechnic University. His first employer was IT-Enterprise, which implements the ERP system, a competitor of SAP and Oracle solutions. With its help, companies keep track of resources and plan their work. Avrynskyi worked at IT-Enterprise for 15 years. He started in 2002 as a developer with a salary of UAH 500 per month, and in his fifth year he managed projects with giants such as Interpipe and Farmak. In 2015, he headed up IT-Enterprise's affiliate company, Clobbi, which sells cloud services. Here, he had 300 employees, as well as career stability and status, but he still dreamed of running his own business, and in 2017 he left IT-Enterprise.

He had no specific plans. Avrynskyi and his family went to North America for a few months. He freerode in Canada and surfed in California. In the United States, Avrynskyi recalled buying a prebiotic for \$50 at a nearby pharmacy. At the pharmacy across the road, the same medicine was half the price. The American pharmaceuticals market, which sold a whopping \$340 billion worth of medicines in 2017, turned out to be painfully similar to the Ukrainian one: different medicine prices in different pharmacies, a lack of medicines on the shelves, and issues with delivery. And so an idea was born: creating Uber for medicines, with cost savings and delivery options.

Lawyers refused. Even over-the-counter medicines can only be sold in Ukraine by certified pharmacies. Avrynskyi's naive question solved the problem: "How can you buy medicines if you're lying at home with a broken leg?" It turned out that you can sign a surety agreement with a courier. Picking up the goods, that courier is your representative.

In Ukraine, Avrynskyi assembled a team of four former colleagues from IT-Enterprise. They set a fast pace: on July 24 they registered the domain, and on September 10 they launched the site, bought advertising and made their first delivery: the aforementioned medicines to the maternity hospital. On October 30, the shares were divided. The condition was that everyone should take part. The entire business was valued at \$100,000. Avrynskyi got about 60%, while 33% went to the co-founders: Dmytro Liatambur, Sergii Kliebanov, Volodymyr Zubenko, and Andrii Kostanetskyi. The rest of the shares were left for options. The first foreign investment was received in early 2018. Oleksandr Ublinskykh, deputy director of Dragon Capital investment company, bought about 3% for \$10,000.

And in autumn 2018, Liki24 won the IT-Arena start-up competition in Lviv. First place prize was \$10,000. But the attention of investors was much more important. Co-founder of IT company Intellias and angel investor Mykhailo Puzrakov noticed Liki24. He was quickly followed by investment funds TA Ventures and Genesis Investment. In 2019, the trio bought about 15% for \$1 million.

Liki24 core is an analytical system, "Fire". It monitors the availability of medicines in thousands of connected pharmacies, compares prices and builds delivery routes. Logistics is especially important: a courier at Liki24 delivers up to 60 packages per day. Initially, the figure was six times lower. It was raised thanks to a three-tier scheme called "Train". Collectors complete orders at pharmacies and then deliver them to couriers serving certain areas. The whole of Kyiv is covered by 70 people. Only over-the-counter medicines with no specific temperature requirements can be delivered.

Pharmacies are happy to join. For them, this is an easy way to gain an online presence and gives them the opportunity to get additional discounts from distributors who promote the best pharmacies. Competition for customers is also important: in Ukraine around 20,000 pharmacies are in operation. There are one and a half times more pharmacies per 100,000 Ukrainians than in Poland, and almost twice as many as in Germany. Liki24 buys medicines at prices lower than retail.

Medicines for treatment of ear, nose and throat or other ailments, which are ordered most often via Liki24:

- Xarelto, anti-thrombotic agent, price starting from UAH 550
- Tantum Verde, solution for oral cavity, price starting from UAH 140
- Sinupret, cough-and-cold medication, price starting from UAH 150
- Nimesil, anti-inflammatory and anti-rheumatic agent, price starting from UAH 290

- Decatylen natural spray, price starting from UAH 100

Avrynskyi does not consider pharmacies as temporary intermediaries, and isn't trying to take their place. Firstly, he doesn't want to mess with licensing. Secondly, traditional pharmaceutical establishments are a ready-made distribution network anywhere in the world. Currently, 5,000 Ukrainian pharmacies are cooperating with Liki24, covering 1,000 different cities and villages.

The benefits of integration were uncovered during lockdown. According to Inna Ovsyannikova, director of Aptekar and Vitalux networks, sales through Liki24 increased by 360% in March. She predicts online traffic through Liki24 will double again in April.

For Avrynskyi, earning only on user delivery is not enough. Liki24 also works with insurance companies. After a doctor prescribes medicines (under insurance), purchase and delivery go via the service. If the insurer previously took 10 minutes to process one application, then with Liki24 the process takes one and a half minutes. There are also financial savings, the chairman of the board of Alpha Insurance IC, Iryna Hevel, says. The company buys more than 50% of its medicines via Liki24, and will increase its share.

I believe in speed. It's necessary to move quickly, to take action, to course correct

The third source of income is website traffic. In March, the site was visited by more than 2 million people. When searching for medicines, Liki24 also gives their generic names: medicines with identical active substances produced by other manufacturers. Some have a "promo" label – these are paid adverts.

Liki24 also offers a pickup option. You can choose a pharmacy nearby and pick up a discount medicine there. And the start-up will receive a sales commission of a few percent. And after the Government of Ukraine temporarily allowed licensees to sell medicines with delivery during lockdown, Liki24 launched free delivery via Ukrposhta to anywhere in the country.

The company has been profitable since the beginning of 2020. Approximately 10% of income falls under the insurance product, while 30% falls under delivery, 30% advertising and 30% pickup.

Fast growth has its price: a team of 30 people works for 10-12 hours a day. "Everyone understands that we have an important social function," Avrynskyi states dryly. His work day often starts at five in the morning and lasts until nighttime. There are no days off.

Investors are preparing for a new investment round. According to Victoria Tihipko (TA Ventures), the amount for the Ukrainian market will be large – several million dollars. After the end of lockdown, Liki24 plans a launch in Warsaw. The Polish project will cost about \$400,000. The market there is almost three times bigger than the Ukrainian market: in 2020, its turnover will exceed \$11 billion. Avrynskyi has no plans to change the business model. The task of the Polish project is to scale it up to the West. Having trained in Europe, Avrynskyi plans on conquering the United States.