

Results 2020. Startup of the Year - Liki24.com. Let us tell a story behind

In the spring of 2020, when the first wave of lockdowns started in the world, Anton Avrynskyi, the founder of [Liki24.com](https://liki24.com), became a guest of the [Business in Crisis](#) podcast: from the outside it seemed that the medicine delivery service was in incredibly favourable position due to the present situation”. But, Avrynskyi himself spoke about the situation then without a smile on his face: the company really grew not by the typical 30% per month, but by 130%, and such scaling required tremendous efforts, and growth was reached by great sacrifices: including working overtime and seven days a week. It wasn't easy.

In 2020, Liki24.com grew by 4-6 times according to various indicators. In November, monthly traffic reached 3 million users. 100,000+ people visit the website every day. The company's annual turnover amounted to UAH 500 million.

[Liki24.com](https://liki24.com) marketplace was founded in 2017. This is a medicine search and delivery service that helps Ukrainians buy medicines from the comfort of their homes, with savings of up to 30% compared to average prices in pharmacies. In 2020, the company went beyond the borders of Ukraine and today it is also developing in Poland.

Liki24.com has about 400,000 regular customers in more than 10,000 settlements in Ukraine and Poland. In some villages, Liki24.com is the only way to get medicines without having to go to the nearest regional centre. More than 57% of orders are repeated, which indicates a high level of loyalty of its users.

Liki24.com is operationally profitable, but actively investing in development, so the company's net income has not covered all costs yet. In order to grow faster, Liki24.com attracts investments. In 2019, the company [raised](#) USD 1 million from TA Ventures and Genesis Investments: the raised funds were transferred to product development - Liki24 has a large technological platform allowing to simultaneously cooperate with pharmacies (prices and balances), couriers (optimal route), buyers, etc. In the same podcast, Avrynskyi said that it is the platform that the ordinary client can not see and which is one of the main values of the company.

In August 2020, the company [raised](#) another round: USD 5 million from the top investor in Ukraine - Horizon Capital, whose portfolio includes such companies as Rozetka, Genesis, Jooble and others.

“We are now strongly expanding the team with the most top people, attracting analysts, data scientists, developers, HR and others,” co-founder and CEO of Liki24.com, Anton Avrynskyi says. More than 110 people are currently involved in the Liki24.com processes. The core team consists of 35-40 people. 15 IT specialists are among them.

AIN.UA editor spoke with Anton to trace the history of [Liki24.com](https://liki24.com). From an idea to a leading medicine delivery service in Ukraine with a claim for international expansion.

Before Liki24.com

From 2002 to 2017, I had been working for IT Enterprise, a top ERP system developer. At first I was a programmer, then I was a project implementation manager: we worked with such large companies as Interpipe, Nibulon, Roshen, Ferrexpo. Then I became deputy general director and for the last 3 years - director of one of the companies. Here I met the co-founders of Liki24.com: Serhii Fadieiev, Dmytro Liatambur, Sergii Kliebanov and Volodymyr Zubenko.

At the end of 2016, I decided it was time for me to move on. I wanted to create some kind of mass product. At that time, I had no idea what it should be, and I could not imagine I would be engaged in healthcare. I had just made money and wanted to create something of my own.

On February 1, I had my last working day at IT Enterprise. I decided to take a break. First I went with a large group to Canada, to the mountains. And then - with my family to the United States for two months. At that time my youngest child was only a year old. We simply travelled to different States and looked at the world through the eyes of free people without any daily responsibilities. I attended various events, visited Facebook headquarters, DevCon in New Orleans. This trip revealed a lot of new things to me, in particular, the potential of Healthcare - at that time it had already been one of the global trends.

Just imagine: the medicines sale market in Poland is USD 9 billion, in the UK - USD 20 billion, in the USA - USD 330 billion. This is a colossal volume! Sales in Ukraine are also significant - USD 4 billion.

At the same time, there were serious consumer problems in the market at that time, which I myself, as a consumer, repeatedly faced to.

- There is a very wide range of prices in different pharmacies: the same medicine in one pharmacy can cost UAH 400, and in a pharmacy across the street - UAH 250.
- Availability problems: you come to the pharmacy, queue on, and half of your list is out of stock. And you rush to different pharmacies, collect everything you need, wasting time and risking to get infected.
- The medicine delivery was either absent or not working.

The circle has been closed: a huge market, a problem that no one has resolved, an American approach to solving it. And at the end of May 2017, I returned to Ukraine with the idea of a startup.

Is that even legal?

While still in America, I wrote to lawyers and shared the idea on medicines delivery in Ukraine. To which they replied: you shall not take the similar action in Ukraine. End of discussion.

At first I was terribly upset, then I decided to look for an opportunity. The lawyers stood their ground: there is a law according to which the sale of medicines can only be carried out in physical licensed pharmacies. I remember asking them after a long discussion:

- And what about a grandmother who cannot walk? Isn't there a way for her to get any medicine?

- A grandmother can instruct her relative or an acquaintance to go and buy some medicine for her.

- Why can't we become this acquaintance?

The lawyers scratched their heads over. And then we formulated a model: we are not a pharmacy, we are not engaged in online sales - we help people find an offline pharmacy, instruct a courier to buy goods for them in this pharmacy and bring it to their home.

Thus, we have resolved the issue of legality. We were repeatedly checked for any violations, but such a scheme allows us to work completely legally.

Recently in Ukraine, the sale of medicines via the Internet has been finally [legalized](#), and we are very happy about that. Moreover, it seems to me that our work contributed to the fact that this draft bill was generally given a start. But, nevertheless, it does not affect our work in any way.

How the service was created

We got together and analysed the situation in detail. We have a principle - to approach business with the utmost scrupulousness. Be the Nerds. We figured out why the prices are different, how everything works in this market. And we launched with the symbolic name "Liki24" - because on July 24 we bought the Liki24.com domain.

When we bought a domain, our goal was to understand by the end of 2017 that our product would be in need and to confirm our hypotheses. We made the platform ourselves. I must say that Dmytro Liatambur, Sergii Klebanov and Volodymyr Zubenko are the best programmers I know. Serhii Fadiiev is responsible for the business, and I am responsible for all other issues.

In a month and a half, we made an MVP and on September 6 we launched a website and a small contextual campaign on Google. And already on September 10, I had personally gone to make the first delivery. By the end of 2017, we had already had hundreds of customers returning to the website to repeat their orders. This was the first moment when we realized that Liki24.com works and is in needed.

The second moment was in 2018, when we received the first investment from angel investors. Then we realized that people are ready to invest money in our business, which means that we are making real business.

The third moment, which became a turning point, was the victory in the startup competition at the IT Arena in 2018. There were 14 international authoritative judges who chose our start up from 150 of others and gave us the first place. It was a very emotional moment. Then I thought that perhaps we are making a very necessary product, since we have been honoured with such recognition.

Investments and start-up capital

We have never looked for an investment on purpose. Only once I wrote a letter to the fund, which was recommended to us when we were nearly to closing the round. Most of the investors addressed us themselves.

During the first year we were developing completely on our own money. We immediately agreed that each of five makes a contribution to the start-up capital of the company, so that it is clear that this is not a pet project, this is much seriously. In total, we have invested several hundred thousand dollars of our own funds into the service. Until 2019, my co-founders were engaged in the project in their free time - only I worked full-time, and we did not get any salary.

The first angel came to us himself. We've got acquainted since my previous job. It was Oleksandr Ublinskykh - an investor, working at Dragon Capital. He used our service and watched our development. Therefore, he initiated a meeting and offered some money. Then I was finally able to pay myself my first salary at Liki24.com - before that, only people whom we hired from outside received it.

Oleksandr helped us a lot, not only financially, but also with advice. For us, this is a good example of private smart investments. It is very important to cooperate with investors who give not only money, but help with their expertise. Each of our investors is, first of all, our partner and adviser. At some point, money became secondary for us - less important than relations and opportunities that occur alone with investors.

In July 2019, we had USD 1 million [seed round](#) from TA Ventures and Genesis Investments, with the participation of Mission Tech Mykhailo Puzrakov and several business angel investors. And this year, Horizon Capital and the private investors' club iClub from TA Ventures joined during round A. Horizon Capital has been following us since 2018, and this deal

has no connection with quarantine - it was developed even before the pandemic. As you can see, there are only professionals in our portfolio

Who was the first - the client or the pharmacy?

Today, about 5,000 licensed pharmacies throughout Ukraine are connected to Liki24.com. Many come to us on their own: recently there was a case - 109 pharmacies connected in one day! But with the very first pharmacies it was difficult. When you don't have clients yet - what can you give them? Therefore, we decided to make customer attraction for the website at first, create an inflow of orders that we can demonstrate, and only then make an arrangement for pharmacies.

We studied the offers of pharmacies, chose several of the cheapest ones, and the first orders were simply bought by ourselves and delivered to people. Since the first results, we have gone to these pharmacies, showed them our platform and said that they could increase their sales by 100-200% when using it.

Thanks to us, pharmacies receive a large inflow of orders. And a larger volume gives them more favourable conditions from distributors or manufacturers. Therefore, they are happy to cooperate. Even during a pandemic, when everyone thinks that pharmacies are doing great, in fact they are not. After a peak disease in March, when pharmacies had record sales, during the April to May period offline sales fell 40%. Then sales recovered, but 2020 is still worse compared to 2019 for pharmacies. They are looking for additional sales channels and we are helping them with this.

As for customer attraction, before the seed round, we spent a maximum of USD 100 per month on AdWords, somehow managed social networks - and this can hardly be called marketing.

The main driver of our client base growth is word of mouth. Our clients recommend Liki24.com to their friends, and those inform their own friends. Our main goal was to create a service that people would advise each other.

Despite the lack of serious progress, we were growing fast enough. Last year, we grew 5.5 times in turnover compared to 2018. This year, our growth has even accelerated up to 6 times, and we had such a dynamic even before the quarantine.

How do Liki24.com group make money?

We have B2C and B2B directions. We receive our main income from the delivery of medicines to end users (B2C). Also, most of the income comes from commissions of partner pharmacies. In 2020, the turnover of Liki24.com amounted to UAH 500 million.

We have a six-party marketplace and 4 sources of income:

1. Our main client is an individual who orders medicines and pays us for delivery.
2. Partner pharmacies that we assist to sell and receive a commission on sales.
3. Insurance companies. We made a separate SaaS product for them, which allows to serve clients with medical insurance more efficiently and cheaper. We cooperate with large companies: Uniqa, Alfa-Insurance, Kraina, VUSO, USG, Universalna and others.
4. Pharmaceutical companies. We give them access to a super relevant audience - they can promote their products through us.
5. Doctors and clinics write prescriptions for their patients through Liki24.com so that they could save money. So far, this direction has not been monetized.

We are also developing a project with Glovo. Their Glovo app provides possibility to order medicines - by default via Liki24.com.

Competition or partnership?

At different stages of the funnel, we have different types of competitors.

- When a person only makes a decision to buy medicines, we compete with an offline pharmacy - he can go there or order via the Internet.
- When he has already gone on the Internet, we are competing with pharmacy websites and aggregators. Importantly, we are now in the top 3 Google search results for most commercial searches in the medicines category. Therefore, we have a lot of organic traffic.
- When a client has already visited our website, we become partners for pharmacies, not competitors, because we give them sales. This is actually a unique situation when you are both a competitor and a partner. And it's hard. We are required to work so that we get win-win.

It is very important that our business has a large social component - we are useful to people. This is not an online casino or some other issues that are now actively spreading in Ukraine. And we see the effect of this in hiring in particular. When people come to us to get a job - top developers and specialists - they say: "I want to work on a project that benefits people."

Quarantine as a quantum leap

Quarantine has impacted our business in the sense that people are no longer afraid to order online. It was a leap that would take 3-4 years without quarantine. We grew well before the pandemic - by 20% monthly, starting in December 2019 and ending in

February. But when quarantine was announced in March, people began to panic and bought everything in pharmacies.

The peak was in mid-March, when the volume of orders increased 2-3 times in just one day. We were not ready for this. Pharmacies were also unable to cope with the inflow of orders. We warned people that there might be delivery delays. In order to somehow unload the logistics and manage with all of this, we have been refining our platform almost around the clock. Some of the orders were transferred to contractors.

This went on for 2-3 weeks. It was a difficult time for us. But in these three weeks we have done more in terms of process improvements than in the previous six months.

Then the peak passed, and somewhere in the middle of April there was a sharp decline. The number of offline purchases through “Pick up by yourself” has decreased, but people are more active in ordering delivery from us.

During the lockdown period, it turned out that there are more than 20,000 villages in Ukraine with no pharmacies at all! And more than 11 million Ukrainians cannot simply go and buy the necessary medicines - they need to somehow get to the nearest regional centre.

In response to this, together with Ukrposhta, we launched an important social project “Liki vdoma” - we buy medicines at low prices in pharmacies and send them to people in the regions for free. Of course, for us this is a large costly part, although we share it with Ukrposhta, plus several partner companies compensate part of our costs through advertising. But for us, this program is part of the development of the medicine delivery market in Ukraine.

This project and the fact that people in general began to order more medicines via the Internet, led to the fact that in the fall, Liki24.com began to grow even more. From September to November, we grew up to 40% monthly.

International ambitions

When we started Liki24.com, our goal was to build an international company that would serve many markets and make medicines more accessible to millions of people. The Ukrainian market is limited, so we needed to operate in at least 3-4 markets.

Initially, we did not want to move to post-Soviet countries: our goal was to confirm that Liki24.com is needed in developed markets. In 2019, we conducted a very large analysis in order to understand which market we should move to further. As a result, Poland and Great Britain reached the final. We chose Poland because this market had a significantly lower launch cost. Plus it is one of the fastest growing economies in Europe and Warsaw is geographically closer to us than London.

At the end of the summer, we launched in Warsaw. There we have already had our own logistics, couriers, support. In Poland, the promotion is also minimal - context and word of mouth, as in Ukraine. There were many legal issues that we were able to resolve only in November.

So far we are not disclosing the figures for Poland - they are still small, hundreds of times less than in Ukraine. This pilot project is a repetition of the Ukrainian MVP. But we have already had a lot of repeated orders there - we see that this is necessary for people, so we are actively investing there.

Our goal in 2021 is to reach 100% self-sufficiency in the Ukrainian market and continue to develop in Poland. We still need investments there in order to grow, to take a share. Therefore, we cannot afford to slow down.