

VPP007 How NOT to sell software B2B with Kacper Warda

Daniel: Today we will hear a story which should be very interesting for those who are at the very beginning of their start-up journey or maybe they have just created a company and they're looking for their first customers. Or maybe they are building their product, maybe they have their first customers and they don't know what to do next. I really think at the end of this episode you will know quite a lot about all the problems that you can encounter and how to solve them, most importantly. It's a story about a software start-up trying to enter a very difficult market, a very old-school market. The market is logistics and transportation. We've been transporting goods for centuries. The methods are still the same, but thanks to technology we can optimize certain things and this is what Logintegra does. They optimize transportation and logistics in big organizations. This episode is also very important for me, because I've seen the ups and downs of my guest. I've known him for a while, we're good friends and I could probably do this episode on my own but I thought it would be rude doing it without him, so in the end it's two of us today. Enjoy!

Daniel: Thanks for accepting the invite to the interview Kacper, as you know, I found myself a new hobby, but there are actually valid reasons to interview people like you, regardless of the fact that we've known each other for quite a while and I could probably do the intro on your behalf on my own, I would like you to tell the listeners a bit about yourself.

Kacper: Hi, I'm Kacper. I had a plan to be a professional piano player some years ago so just because of that now and I'm the CEO of an IT company.

Daniel: Perfect, that's a great intro, Kacper. I wouldn't ask for anything better. So in that case, tell us a bit about your products, your services, who are your clients and what problems do you solve.

Kacper: Problems that we solve exist only in big organizations. If someone produces more than, let's say, ten trucks of goods per week, there could be the chance to find some good reasons to work with us.

Daniel: I see. So mainly big companies, where they manufacture a lot of goods and they need to ship them somewhere, so that's the basis.

Kacper: Yes, the basis are the producing companies, but we have also some distribution and reseller companies.

Daniel: So if you would name some of the products or services which you provide to these companies. How would you name them, what are the products and what are the services?

Kacper: So first thing that we are selling is the software that could help find you the lower cost of transporting goods from point to point, for example if you have many carriers and you don't have any software, you have to call them and ask for the price. But with software they could get access to your database and they could put offers on auction and when the auction is finished you could find the lowest price, that's the one thing. Another thing is scheduling for warehouses, but it's not for scheduling people, it's for scheduling trucks. For example, in many many companies there is the problem that in some hours of the day there are many trucks, but in other hours – there is none. So there would be problem with some extra hours full of stuff and also the problem of queues in warehouses. Another thing is software for logistics companies which are carrying the dangerous goods like, for example, chemistry or something like this.

Daniel: Okay, I see. So the last one you just said, is it just for the companies with hazardous goods?

Kacper: It could be useful for different companies also, but there is a lot of software for just normal, average carrier, but it's hard to find something for someone who has to carry the hazardous or dangerous goods.

Daniel: Okay, so we've covered pretty much the area of your expertise, well, the expertise of Logintegra. Great, thank you very much for that, it's very interesting. I invited you, Kacper, because I really think that besides the business, I think it's also the story that you have behind creating your company that should be heard. I would like to ask you what was the reason for starting a software company and I would like to split this into two answers, if possible, please tell us about the technical problem solution aspects, so that would be the first thing and then maybe tell us a bit more about your personality or what drives you as a person or maybe something about your vision to pursue creating a company or managing a company.

Kacper: You know that our company is a family company and in Poland people say that it's not a good idea to have a business with family, but that's not our case. The beginning of the company was the idea of my father who has more than twenty years experience in logistics companies and who designed first logistics software like this in company which employed him. But there was no chance to develop it for other clients, because as long as he was working in that logistics company, there was no chance any other logistics company will use the same software. In the same time I was on the last stage of my studies and I had to choose the theme of my thesis and I decided to try to create something similar that the company of my father was trying to do but, for many clients and this was the beginning of the whole business. It was also a good idea for me just because I have a problem with bosses, I really don't know how to work with them, so if I have no boss it's quite easy to me. After some time my brother joined us, my father still worked in this logistics company, but supported me as a CFO. And now the three of us are working together and I think it's really great, because we can understand each other even without words. For the first part of the question, about technical problem solution things, I think my father and I we saw that, there was really many suboptimal or just stupid solutions in companies and we saw that people really lose their time to call something like ten or twenty companies and ask: "Do you have a truck in this location or maybe you could bring some goods from this point to this". For us it was really, really strange that in the twenty first century there's no better solution to just save time and save money and this was the first problem to address.

Daniel: I see, so the first solution you've created was the solution for auctioning, is that correct?

Kacper: Yes, that's correct.

H: Well, okay, so fast forward a couple years from then, currently you employ around fifteen people, is that correct?

Kacper: Yes it's correct, of course.

Daniel: So, I guess for a small software company which is, well, I guess profitable, I mean, you know I'm contacting you from time to time just because we're friends, I've seen you growing and my question now is about raising money versus bringing in clients. Do you have any comments about raising money at early stages, because I don't think you've got any venture capitalists organizing your life now?

Kacper: Yeah, yes. I really this topic and the buzz words and I think there's really a lot of misunderstandings, because I even had one guy who told that he laid down something like ten companies, again, looking for money from investors. I really could not understand it, because if you cannot sell something, you cannot even know if your idea is good or not. I have two stories about raising money. The first story was about my uncle, he is our only one, let's say financial investor from last five years, he decided to give us some money and buy some shares in the company. We had some strict rules how it will work, what was he buying and what we could offer to him and now the value of his shares is higher than five years ago and he gave us money and I think it is good deal for both sides because he had some opportunities to sell shares and get the money back but he never decided to do this. Second story is about the money from EU.

A few years ago we tried to make a business with some investment fund and that investment fund haven't had any own money. EU gave almost all the money and we spent a lot of time creating documents, talking with them, going to their office and we even paid to some specialist just to know what's the value of our company and how many shares we could sell them. Probably, this is not the only company in Poland which works like this. After a few months we realized that really they don't care about the business, they really don't care about selling something or finding new markets, they only care to get their money back and that was even not their own money. And after a few months they're giving us some new rules like, for example, we have to have this man in this position, we have to pay for this lawyer, we have to chose this office or something and all those services came from their businesses and we never decided to sell any shares for them. After last meeting the guy preparing all documentation for the board on the side of this company, he called me and said: "I really admire that you decided to not get this money". Because when I came to this company, I thought that we will really make investment fund, but I'm really thinking about just giving it up because it's a joke, it it's not investment fund.

Daniel: So it was just an example of mismanaged EU funds, is that correct?

Kacper: I think that's that was really stupid idea to pump money into the companies that have completely no experience in investing in something. And the owners don't have to have their own money on the table and they don't have any responsibility, so let's go to the summary maybe. I really would not recommend to start from looking for money from investors. If you could start working, let's say,

after your normal work, if you could start working on weekends. If you could not spend a lot of money in the beginning, after few years you will be the owner of much bigger part of your company. Probably you will not have any TV or, I don't know, any XBOX in your office in first year but it doesn't matter when it comes to the business. If you decide to sell it after, let's say, I don't know, ten or fifteen years and you really will have something to sell and it will not be like twenty percent or less. And also there's another thing that you could find just your way if you decide to do it on your own. It's harder, especially if you have family and you have to bring money to home every month, but I think it's worth it.

Daniel: Brilliant. Well, thanks for the series of stories, that's great to hear.

Kacper: I thought maybe it would be more funny, but now it's really more sad or serious.

Daniel: I think it is a serious problem actually and I think, well, that's one of the reasons I'm trying to promote some of the companies in my podcast, because the main goal here is to learn from each other and if someone sees a good opportunity in venture capital and there is a product, maybe they succeed – why not, but on the other hand, there are companies like yourself where, you know the sweat equity is just the opposite and you work hard and then the results come a bit later, but they are yours, fully yours.

Kacper: Yes, also another thing that if I will start any new business in the future, I will have a lot more experience than a few years ago when I started this company. So if I decide to get money from investors, I will have wider view about their expectations, also about the legal aspects and I will have much more experience some years of doing business, but many people decide to get money from investors without any experience and really they cannot predict their results, they cannot predict the volume of sales in the next three years and you could put it in Excel or something like this, but you could be sure that it will not work like this, because if you're not selling, you don't have any information from the market.

Daniel: Sure, okay, brilliant. Let's move on. I want to ask whether you remember the beginning of the journey and if you remember how difficult it was. I would like to ask you what are the key factors to survive the start. So you've started roughly during the university times, so you were finishing your thesis and then, as you said

earlier, it just started out as a company and I would like you to share with us some thoughts about the early days, that's the point.

Kacper: I think that the hardest time was just before we found the first big client. We didn't have any money and it was really the problem that we didn't know if that thing that we are working on is good or not, if it has any chances or not. I think it is much easier to produce software than find someone who can pay for it and this part of team that was responsible for finding the first client was quite depressed, because it takes really a long time, they didn't have any successes.

Daniel: So would you say that at the very beginning you actually didn't know, basically, whether it's going to work out, you've just kept your fingers crossed and kept working.

Kacper: I think this was the most difficult stage, when you cannot predict anything. Now every company pays us a monthly fee, so we have some predictable incomes, but at that time we haven't and I think that was the main problem.

Daniel: So during that first stage, during that difficult time, how did you convince people who worked with you to stay with you and still believe in your idea? I think that was the second most difficult job.

Kacper: So probably for most of the people that was our whole vision that the thing that we are working on really could work and help someone. That we really could change something in the way that people in this business work and that thing gave them the strength to work in that hard time. I don't think it was my special abilities or something like this.

Daniel: Well, you know, my opinion is that if there is a team, there has to be a leader and someone was the leader. I'm quite sure that it was you and people just followed you somehow, and as you said, it was probably the vision and the clarity behind the first initial product. You go to eBay or Amazon and you're paying for auctions, basically, so this is a similar solution, but on a bit different scale and for a different client. So maybe that was the reason they've seen the opportunity. That's at least from my perspective Kacper, I think you should be proud of yourself.

Kacper: I really thought about that leadership thing and I'm curious about your opinion. I think that something that is deeply inside our nation that if sometimes we

could be leaders and sometimes we could follow someone and that probably there is not more than these two options. So I don't know if someone decides to be a leader, probably we could learn to be better leaders, for sure we could learn what we have not to do as leaders, but how could we be sure that people really choose us or, in some circumstances, we follow someone. Why we choose those people that we are choosing. I think it's inside us. It's not that simple when you're thinking.

Daniel: Well, you know, it's probably down to physics and chemistry at atomic level.

Kacper: Maybe.

Daniel: But I strongly believe that certain things you can learn, certain things are just built into us. I know that I'm never going to be a great sportsman even though I can try to build my muscles and try to jump higher or whatever, I know that's just not my DNA. So I think we may have some tendencies, but there is also a lot of work behind it and I think I've got some more questions about hard work later on, so I will move on to another thing which I'm very curious about.

Kacper: Okay.

Daniel: How long did it take you to build the first version of your usable product that the potential customer wanted to talk about and then buy, was it six months, one year or even longer?

Kacper: I think the the most valuable answer would be too long. We tried to have too many options, too many features in the version one. And when we found the first client, we figured out that some of features – they don't need it, but another they need and we don't have it. I don't remember exactly, because it was part from the thesis and part for looking for clients time; if we summarize it, it took us something between six months and a year.

Daniel: I see.

Kacper: I think it was too long. We could start with smaller system and also find the same client.

Daniel: Okay, that's very interesting. So in that case, let's talk about your first customers then, how did you find them?

Kacper: It took us probably about six months, because we didn't know that the process of selling to someone, a big company as we addressed, is quite long. So even if you find the company in a really good moment and they really need your solution and you have most of the options that they need, you have to have a few months just to sign the agreement, to have time for finding money inside this company. We didn't know that because the only experience that we had was from the logistics business of my father and in that case they have to transfer goods every day so how did we find them? It was really old-school way, trying to find the number to the exact person on the internet and call the company and ask if they need something like this.

Daniel: Okay, so you probably tried around hundred times and the hundred first time someone said yes.

Kacper: Yes, probably more than a hundred. I know now that it's not the wisest option that we could choose.

Daniel: Well, it seems like it's just, you know, another story that sometimes you can read on the internet, someone tried to sell something, it didn't work and then suddenly it just clicked.

Kacper: Yeah, from our side it wasn't suddenly, we were really tired about the situation and we had some leads, we had a lot of meetings with many companies, but they didn't decide to buy from us, so it wasn't suddenly.

Daniel: But in the end, you've succeeded and you had your first contract, which is great. Now we know that you've managed to grow the company. If you're dealing mainly with big brands like PCC or Biedronka or Hochland, companies we all know in Poland, how do you even get started with them? So can you just call them or can you walk into the office and try to arrange a meeting or you need to do something else, I mean, I'm looking from a perspective of another company. So someone would like to learn from you how to approach a big organization, this is what I'm trying to understand.

Kacper: I think now it looks really different than, let's say, five or ten years ago, because five years ago people didn't answer our calls. Of course, there is the chance to find a number or maybe to call secretary and maybe she or he will give

you a number but it's really hard work and I don't recommend to start with that. Now we are working a lot on LinkedIn. We are trying Google AdWords and another Google solutions and we just want to do everything that someone will call us. If the first move is on the client's side, it's really, really much easier to close the deal, because the client is already sure that they need something and decision is only about what they choose.

Daniel: I see. So what is your opinion then, about education in general. Because when we talk about education we're mainly thinking, you know, like person to person, but I think education business to business is also very important. I had an interview with a company which specializes in AI and machine learning, their name is Bytelake, and this is what they have to do on daily basis, because companies – they don't understand what AI brings to the table, so I guess this is probably similar to what you've got, you've got software solution for companies and you've got something that may not necessarily be understood, so what is the role of education in your opinion?

Kacper: I think it depends what are you selling. Now in logistics, the vision that you could use some software that could help you with daily work is quite normal in Poland, it's nothing new, but I had some meetings with U.S. companies last week and I was really surprised that I had to educate them about opportunities, about things that they could have with that solutions. So looking for new markets or if you have a product that is creating a new market, the education – you just have to do it, there's no other option. Especially if you are selling something like AI or a few years ago like cloud computing, everybody knew the word, but nobody knew what it exactly means, so I think it depends. If you're selling someone something what is quite known to people, it shouldn't be the biggest part of your marketing, but if you're selling something new or selling something to new people, you just have to do it.

Daniel: Okay, could you please identify the significant milestones in the process of building your company? So probably the first milestone, we've already spoke about this, that was the first clients and they gave you feedback and then they gave you some money and you've managed to create new products, new version, so what was the next significant milestone in the history of the company?

Kacper: As I remember, probably the second client. It sounds funny, but in many cases I think the second client is the same big problem and opportunity at the same

time as the first client, because if you have only one client, you could do everything for them. When you have more than one client on the same product, you have to change your way of thinking or you have to change your way of working for them. So the second client was also a big company, it was ABB and it was a really big challenge for us. Another milestone was the decision of our most experienced developer to leave the team. We really had to find the solution how just not to bankrupt without him. Another milestone was the moment when we decided to create a new version of the software that will be maybe not as flexible for the clients as the first version, but we could really have a big amount of customers in the same system. And I think also the big milestone was the moment when my father decided to leave really good-paid job in the logistics company and join us for full-time. From the beginning there was the idea that we will work together as a team and that thing happened two years ago and I think everybody are really happy with that.

Daniel: So in that case, you've achieved something, you've achieved your goals, but what's next? What is your vision for next few years? What are you trying to achieve? It's a family-run business, very interesting software which solves problems of large organizations in Poland, what are you trying to do next?

Kacper: I think now the main goal is to find new markets and just to find really big clients outside Poland. After that – we will see. I know that we could have quite specific plans for five years ahead, but I am not that kind of person who could live that way and work that way. I really like discovering something, so now we have plans for that year and plans for the next year will be maybe in six months.

Daniel: I see. So basically, you are trying to find your first client somewhere abroad.

Kacper: Yes.

Daniel: So maybe now, let's just finish off smoothly with a question about autonomous vehicles. What is your view on that? How the transport and logistics industry will change, when it will happen and how Logintegra can participate in this change?

Kacper: I think that the most important thing is that it will happen. There's probably no other option, so everybody has to prepare for it. I think we are in quite a good position for this change because, the logistics companies are not our main clients, they are users of our software but they are not paying us. All the money we have –

we have from producers and we are quite good at integrating with other systems. So probably if there will be some big companies in Polish market in next, I don't know, maybe ten years, that they will have autonomic trucks, they will be also looking for opportunities to integrate with some software running inside the producing companies. So now we are integrating with standard carriers and their IT systems and next years we will start to integrate with autonomic trucks carriers and maybe it will be the same companies, companies like DHL or UPS and we are already integrated with them.

Daniel: Okay, so the future is bright for you, I guess. I'm really grateful for the interview. I really admire the fact that you've got your company up and running over years.

Kacper: Well, I don't think it's such a big deal.

Daniel: Well, now you say it's not a big deal, but I'm pretty much sure you've been throughout some stressful moments in your life and, well, it's just, you know, big congratulations. But before we finish, there is one more thing I would like to ask you which is: what would you do different when it comes to Logintegra or building Logintegra, when you look back, this is a very important question I think, just share something with the listeners, maybe there is someone who is struggling a bit, what would you do different?

Kacper: Okay, if I had the experience that I have now?

Daniel: Well, yes, absolutely.

Kacper: Okay. I think I would change really many things. Early days, we thought that if you create something great, for sure there will be clients for that. Now, we are looking for client, talk with them about money before creating something. Also, we thought that if you are not experienced, you have to sell cheap and that's not true. If you came to big company and they decided to choose your software or another solution, probably price is not the main reason. And if you are starting your business now and you're quite afraid, probably you have to double your prices. I would really recommend to do it just today, because if we do this on the beginning we will find the same amount of clients, but there will be a huge difference about the amount of stress in our life.

Daniel: Okay, that's interesting. So it seems like price is not the challenge, it's more about the execution and what you can deliver.

Kacper: Yes, and also about market prices. If your company is young, you don't have to have prices really below the market.

Daniel: Okay, that's interesting. So this should not be the differentiator basically.

Kacper: Yeah, I think it shouldn't be.

Daniel: Okay, that's great. I think it's a very good advice, we know it's interesting because that's probably the most natural thing for people to do. If you can't find clients, you just lower prices. It's not just in IT or technology, it's pretty much everywhere – we see this. Well, you've been there, you've done that, so it's not something you think about, it's something you lived through and it's your experience. Thank you for that, Kacper.

Kacper: Also, if we're talking about B2B, if you're selling something too cheap, it could be a problem to the client because it looks like something that is not professional.

Daniel: Okay, Kacper, thank you very much. We went through all the questions. I really admire you a lot as a hard-working person. Congratulations for everything that you have accomplished, business-wise and obviously, I wish you all the best, thank you very much for the interview.

Kacper: Thank you very much, it was really a pleasure to talk with you.