LIST: 25 RICHEST SLOVAKS

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NEXT BILLION DOLLAR IDEA

THE RICHEST MAN IN SLOVAKIA, IVAN CHRENKO, INVESTED 10 MILLION INTO A DIGITAL STARTUP. NOW EXPONEA FOUNDERS JOZEF KOVAC AND PETER IRIKOVSKY ARE ON MISSION TO CREATE A WORLD-CLASS COMPANY.

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ROCKET BOYS

More than three years ago, two young men met for the first time. One was a technological visionary and expert in artificial intelligence, the other, a top manager who had captured the interest of the world's venture capitalists. The result was an investment, by the first Slovak billionaire, of more than ten million, and a company aspiring to be one of the most successful worldwide software businesses was launched. One that has already stirred the interest of Silicon Valley and the funds managing Mark Zuckerberg's money. Read the story of the self-learning analytical tool, "Exponea", from Slovakia, and the three key men behind the scenes: Jožo Kováč (CTO), Peter Irikovský (CEO) and investor Ivan Chrenko.

LUCIA VANKOVÁ, JURAJ PORUBSKÝ
FOTO: ONDŘEJ PÝCHA

Peter Irikovský (right) and Jožo Kováč, the founders of Exponea.

Imagine the world's fastest growing software business in digital marketing. Valued at over EUR 2 billion, it has sales in the hundreds of millions of Euros, with nearly 3,000 employees on 5 continents, and offices spreading from London to New York.

If this scenario comes to reality - and it is on the horizon, about 5 years down the road - this extraordinarily successful business will be Exponea – an artificial intelligence based analytical startup from Slovakia. In such a future, it will become as big a name in the global market as the current prevailing platform for team communication, Slack (valued at $5bn), or the streaming platform, Spotify ($9bn).

Exponea would rank among the tiny fraction of global startups labelled as "unicorns" for their exceptionally fast growth, high scalability, and valuation, which for a short period of time exceeds the billion-dollar threshold.

In the Slovak market, Exponea would be the most successful company of all-time, and would, over time, even outgrow giants like Eset and HB Reavis.

Its founders, Jožo Kováč (CTO) and Peter Irikovský (CEO), absolutely believe in this ambitious plan, but are primarily keeping their eyes focused on the day-to-day operations.

WE'LL BOARD. THE ROCKET. WE'LL FLY.

In order for the plans to become reality, two things are needed: sufficient finances and a robust growth rate. The launch looks more than promising. Significant improvement in sales, via e-shops driven by the Exponea software, can already be seen by businesses like clothing retailer Zoot, airline ticket vendor Kiwi, Trenčín's skyrocketing Factcool, and by retail players worth a billion on the British Isles.

In two years, Exponea has expanded from 6 to 113 employees, based on four continents. Its offices, outside Bratislava, include Prague, London, Manchester, Edinburgh, Moscow, Bogotá, and Palo Alto, and a new office in Berlin, Germany is scheduled to open soon.

In each of the past two years, the company has more than quadrupled its sales. The company's key indicator is its ARR (Annual Recurring Revenue), i.e. revenues that recur on an annual basis. At the end of 2017, according to the company's plan, ARR will reach $5m and total revenues will be even higher. The company's value is growing at a similar pace, as can be seen in the last investment round, when it raised more than €40m. According to Irikovský, if the company were based in the U.S., with identical indicators, it would have reached a valuation of $60-80m.

Next, the plan is to reach growth at such a level that would allow predictions of 10m in revenues in the next 12 months.

Every day of every month matters. In the global world of SaaS, where software is bought as a service and paid for on a regular basis, companies can explode in value reaching millions even just a few months after being founded.

If Exponea reaches this level (around $833,000 per month of recurring revenues) in the next eight months, its value could be 50% higher than if it reached this threshold two or three months later.

That's why every day of every month matters. In the global world of SaaS (Software as a Service), where software is bought as a service and paid for on a regular basis, companies can explode in value, reaching the millions of Euros even a few months after being founded. Exponea is planning to jump from a million in annual revenue to ten million in revenue in about 20 months. The record holder in the world of SaaS is Slack, reaching this level in four and a half months. With an ARR of $10m, it had a valuation of $3bn, i.e. 300-times its revenues.

They say it's just like Formula 1 – you go fast, too fast for common operations – but the prize is extremely attractive. You have to be able to hold on to the steering wheel despite the ear-piercing speed and outrun everybody around you, including those who had a head start.

According to the SaaS 1000, in October, Exponea became the fastest growing company in Europe and the world's second fastest in B2B software solutions. With six-month growth at 44.8 percent, it has already outrun the growth rate of the popular online newsletter sender MailChimp (13.6 percent), team communication platform Slack (11.9 percent) and online questionnaire generator platform SurveyMonkey (5.9 percent).

It has also been driven by the fact that it has achieved approximately two thousand percent growth in monthly recurring revenue (MRR) for the last two years.

HOW CHRENKO'S MILLIONS ARE "BURNED"

As for financing, at present Exponea is "burning" it at a ratio of 1:1 with revenue. While not an insignificant figure, it is a common strategy for startups which, due to their fast growth, also have high capital expenditures. In such cases, investors usually do not mind losing money, if the startup shows exponential growth of revenues and has a sound business model. The so called "Rule of 40" (the sum of the percentage of revenue growth and FCF) is used to assess this. The average for private SaaS companies of a similar size is 22, and the average indicator for all SaaS companies for the past three years, according to the Bessemer Cloud Index, was 33. To put it in broader perspective, the most successful publicly traded cloud company Shopify has a score of 88, which pushes its valuation to a 17.5 multiple of its revenue. Exponea stands at more than 200.

Despite this, an inflow of a great volume of investment is essential (Note however that if the company had not grown so extremely quickly, in December

2017 it would have generated its first profit). For now, finances are being ensured by joint venture capital fund LRJ Capital, headed by Peter Irikovský (simultaneously the CEO of Exponea) and billionaire Ivan Chrenko (HB Reavis), the first Slovak dollar billionaire, as listed by Forbes magazine in its prestigious rankings.

Near the end of October, during Series B funding, Chrenko allocated another €7.5m for the startup. This was in addition to the previous €2m from Series A, which he invested into the self-learning analytics of Exponea a year ago, and the €500,000 in seed capital from 2 years ago.

According to the founders, the capital, along with revenue of a similar amount, should be sufficient to continue the flash speed growth until autumn of next year. Then, the company will need to raise an estimated €25m, either through long-term financing, bank loans, or other investment rounds with the participation of foreign venture funds.

Conveniently, foreign funds are already interested in investing in the Slovak startup. “On a weekly basis, we receive at least two offers, in a month, sometimes dozens of them,” says Irikovský.

In recent months, three of the top U.S. funds have declared informal interest. The first, ICONIQ Capital, is an investment fund from Silicon Valley headed by Divesh Makan, a former banker from Goldman Sachs, which manages the money of several influential billionaires including the founder of Facebook, Mark Zuckerberg, and the wealthiest man in Hong Kong, Li Ka-šing.

So have Insight Venture Partners founded by Jerry Murdock (who also invested in the U.S. Forbes magazine, Alibaba, Shopify, and Twitter) and Kleiner Perkins Caufield & Byers (KPCB), one of the world’s strongest funds, an early investor in Amazon, Google and Twitter.

In August, Lucas Swisher from the KPCB investment team praised the company when he said, “Exponea continues to come up as the absolute best next generation solution in the market.”

“Imagine Warren Buffet wanting to invest in HB Reavis – this is exactly the size of venture funds in the world of technology we are talking about,” the co-founders express the viewpoint of Chrenko, who traditionally does not talk to the media.

STORY NUMBER ONE: A VISIONARY GOES TO SILICON VALLEY

Let’s go back to the beginning. It was 2011 when a then 29-year old data analyst from IBM, Jožo Kováč, went to a technology conference in Las Vegas. At that time, he already had plenty of experience. He was developing predictive models for the IBM Watson supercomputer and connecting data analytics, based on artificial intelligence, with risk management for large multinational clients. Despite the interesting work, he yearned to do something else. He wanted to experience Silicon Valley.

During the conference, he rented a car and, on a whim, decided to “escape” from Las Vegas to California, which, with ideal traffic conditions, meant an eight-hour drive. His destination: the headquarters of Google in Menlo Park. Arriving at the colossus of more than 40 buildings with more than 18,000 employees, Kováč was disappointed. “I thought, how could one person make any difference here?”, he reminisces.

Staying for a time in California, he met with Michal Šimkovič (Musho), who was then working as a freelance web designer for Google and Microsoft. This meeting changed Kováč ‘s way of thinking.

A colleague of Musho’s, an American who wasn’t yet even 25 years old, had worked his way up from practically nothing and was launching a startup - Circle, while working for other companies. “You’re kiddin’ me!” was Jožo Kováč’s reaction when he saw a new Porsche parked in front of the house.

After returning home, he changed his perspective: he no longer wanted to be one of the thousands of people in a corporation; he wanted to lead his own project. Outside his work for IBM, he started designing an analytical tool he later named 7Segments.

“My first customer was my dentist. I ran the contact data of her two thousand patients through the model, and sent each of them mail with an offer for their regularly scheduled check-up. I don’t know if I have ever done anything with better results. The campaign had a 70 percent success rate,” he laughs today, looking back.

Then bigger clients started getting on board – SPP and Exisport, whose boss Tomáš Bel had originally wanted to become the first investor in the startup. At that time, his company was undergoing restructuring and no agreement was reached.

But then the first really big client appeared – game studio Pixel Federation. The newly established startup began focusing on the world of “gaming”. This was back in 2013, when Jožo Kováč impressed Pixel CEO Šimon Šicko by having his artificial intelligence segment 20 million players in a few seconds.

The downside of the gaming world is that it moves ahead at a lightning pace, and the artificial intelligence must react to players’ requests in real time. Kováč admits that he started feeling “old” in this industry.

Another dark side of the gaming market is its extreme concentration, with approximately 10 companies controlling 80 percent of the profit. Getting to them, and thus to the real money, is not at all easy.

STORY NUMBER TWO: YOUNG TOP MANAGER

Simultaneously, the story of Peter Irikovský, the current CEO of Exponea, was unfolding. During his studies at Charles University in Prague, he joined KPMG as a consultant in the corporate finance area.

“It was an interesting situation. At the interview, I was told that they were hiring more than 50 students for the Audit Department, but only one for corporate finance,” recalls Irikovský. After this

STORIES OF COMPANIES USING EXPONEA

ZOOT

The Czech e-shop, which also operates in the Slovak and Romanian markets, counts among the top 5 fastest-growing large tech businesses in Central and Eastern Europe, according to the Deloitte Technology Fast 500. ZOOT's primary goals were the personalization of its website content for each visitor and the automation of its marketing activities.

FACTCOOL

FACTCOOL is the fastest growing Slovak online store. Today they sell to 19 countries from Slovakia, count 1.5 million customers, and maintain more than a 300% year-on-year growth rate.

KIWI.COM

The fastest growing online seller of airline tickets worldwide from the the Czech Republic. Exponea analyzes customer behavior and marks the points when the customer can still be convinced to stay on the website or return later.

T-MOBILE

Exponea analyzes the customer segment and, on the home page, offers the customer tailored products based on his/her previous user behavior. In addition to the personalization itself, Exponea makes an automatic evaluation of the potential interest in products and, connects the customer to the call center.

SPORTEGA.DE

A sport shop, which was looking for a way to make its web campaigns more efficient. During a month-long preparation of an extensive personalization-based e-mailing campaign, Exponea managed to reduce marketing costs by 22% and simultaneously increase the total income by 3.5 percent.

DUKE & DEXTER

British shoe brand with Exponea managed to create an AB test extremely quickly, which displayed an image from Instagram of an entire outfit with the product details. This approach increased the conversion into purchases by 34%.

announcement, all the students sitting around me erased their first preference for corporate finance and quickly decided to apply for the audit positions.

"The chances were higher there. Back then, I could sense an opportunity, so I switched to corporate finance and got hired." A few years later, Peter Irikovský's story captured the interest of Ivan Chrenko. "To him it was proof that I was able to make quick decisions, re-evaluate my position, and use the opportunity if circumstances change," he adds.

Two years later, and a few weeks before another (his third) promotion in KPMG, he decided to move to McKinsey & Company as a business consultant. Again, it was slightly a matter of coincidence when the 26-year old member of the team got to travel to the United Arab Emirates and India, where, instead of his superiors, he was the one doing interviews with CEOs of global companies and making estimates on their chances of success.

Once more, avoiding a potential managerial promotion – he moved on to the British branch of the world's largest discount portal, Groupon, which belongs to the portfolio of German billionaires, the Samwer brothers. At that time, Groupon was preparing to go public, and Irikovský was tasked with resetting the non-functioning branches in Wales and then opening new branches in the United Kingdom and Denmark. He also attracted the personal attention of the Samwer brothers, founders of the biggest joint venture investment fund for startups, Rocket Internet (the most successful European VC fund based on the number of successfully established companies).

Their interest in him only increased when he rejected their offers to manage the Groupon Sales Department in the United Kingdom or manage an entire branch in New York, and decided instead to return to central Europe. "Oliver and Mark Samwer were personally trying to convince me. For a month, they called me every day. It was crazy, as they are known for their two-minute meetings and given the fact that their time is worth a lot of money."

Irikovský, who up to that point had lived in seven different countries, decided to return home. At the airport, he met the then fledgling entrepreneur Tomáš Čupr, who, in the Czech Republic, was building Slevomat, a discount portal that would be worth billions. Almost immediately, they reached an agreement. As a 27-year old, Irikovský took over as CSO and, less than a year later, Čupr stepped back and put Irikovský in charge of the company. That was in 2012, and as CEO and minority shareholder during this time, Irikovský made Czech Slevomat the fastest growing company on the Czech internet (a billion CZK in sales was reached after 3 years and 8 months from launch), with the highest profitability.

As with Irikovský's previous employers, it was not quite the perfect match for him. Within 3 years he left Slevomat, after which a break-through meeting with Branislav Kleskeň took place. Kleskeň is a former McKinsey partner who returned to Slovakia to build LEAF, a non-profit organization (financed by multiple shareholders of HB Reavis from their private funds.)

Irikovský was introduced to the non-profit world and decided to connect it with the world of business. He attended conferences in London, Israel and Los Angeles, but the foreign entrepreneurs only gave him uncomprehending looks. "So, are you a business guy or a non-profit guy?"

Ivan Chrenko, whom he started seeing at LEAF Supervisory Board meetings, was the one person who understood. One day, Chrenko asked him how he would change the environment in Slovakia from the position of a businessman.

Based on this discussion, a new investment fund, LRJ Capital, was founded. Ever since, it has invested in more than 20 companies with high potential and high growth, while using the majority of its revenues for non-profit purposes.

An additional ingredient was added thanks to a discussion with Filip Fischer, co-founder of Pixel Federation, who at

The DataDuck in Exponea "is a symbol of freedom, which is a major corporate value. It reminds the team members to be relaxed at work and to look at things from a more objective view."

IVAN CHRENKO (50)

The first Slovak whose net worth exceeded a billion dollars, which according to the U.S. Forbes magazine ranked him among the two thousand wealthiest people in the world, at position 1795. His assets come mainly from real estate development and the giant HB Reavis, which he started building in the 90's.

LRJ CAPITAL

A venture capital fund aimed at investing in high potential businesses and teams and using the yields for non-profit activities. The companies it has invested in include the self-learning analytics Exponea and the gaming studios Charged Monkey and Mingle Games. Its partners are Peter Irikovský, Štefan Šurina, Filip Fischer and Michal Pastier, while a part of the capital comes from the first Slovak dollar billionaire Ivan Chrenko.

EXPONEA

A tool for the automation of digital marketing and web content optimization. It works on machine learning and artificial intelligence. It is currently being used by more than a thousand marketers, primarily in the field of online retail. Its clients include Factcool, Kiwi.com, ZOOT, T-Mobile, BMW and others. At present, the company employs 113 people and operates on four continents.

one LEAF event told Irikovský about Jožo Kováč's analytical company 7Segments. There no longer was anything else to wait for. The time to meet had come.

JOINING OF TWO "AMAZING" STORIES

The first meeting between Kováč and Irikovský happened in Bratislava's Polus shopping centre in 2014. "I was just about to leave Slevomat, where I was negotiating the buy-out of my shares. I had a lot on my mind. But at that meeting, I realized that this was the very thing I wanted to do. I told Jožo that it was a shame we hadn't met two years earlier, because he would have saved me a year and a half at Slevomat," Irikovský remembers.

At that time, Kováč was busy, actively searching for an investor. "I even went to Neulogy Ventures, as they were giving out money. But they immediately started telling me what I was supposed to do and not do. I didn't like it," says Kováč about why an agreement wasn't reached.

His original idea included a seed investment of €500,000, and he was only willing to give up a maximum of 25 percent of the company. Finally, after meeting Irikovský, it was clear that these conditions were possible. "We agreed very quickly," they say, without any elaboration on the specifics of the investment agreement.

Why did Ivan Chrenko decide to invest money in this project? According to the founders, it was thanks to the analytics, which demonstrated its potential, and because he considers both founders "amazing stories and characters".

Chrenko supposedly performed a detailed background study of the founders of the most successful companies in the "Software as a Service" segment, and concluded that a connection between business and technology "veterans" with access to nearly unlimited know-how in the form of artificial intelligence and unlimited capital from an "enlightened" investor are preconditions for success.

As the founders add, similar conditions can be found in two U.S. success stories: online store Zappos, which was bought by Amazon in 2012 for more than a billion dollars, and the cloud solution Workday, which made its debut on the New York stock exchange the same year with a valuation of $3.85bn at a 19 multiple of revenue (the current value of Workday is $22.5bn, which, due to slower growth, represents "only" a 12-multiple of revenue).

Human-wise they were a "match," even though their business partners say that, as with people whose IQs are well above 140, it is natural that they get into each other's hair at times. Gradually, they got to the point where the company officially had "two heads", and they had to resolve the question of who would take over the management. "At first, a startup has a 'wartime' CEO. As in war, quick decisions and clear instructions are a must. Then comes the period of a 'peacetime' CEO, who builds the team and instils its culture," explains Irikovský.

"However, at the beginning we were both wartime CEOs, and that didn't work very well. We had to agree that I would be the CEO and Jožo would be the non-executive founder and Head of Product (since mid-October he has been in the position of CTO, editorial note)," describes Irikovský.

Initially, Irikovský had to do some work he didn't quite like. "I'm not very good at managing a small group of people. Quite the opposite, I need to be surrounded by many people who are better than me. That's about 50 people and up," he adds. At that time, Exponea only had six employees.

He started managing the company in the style used by companies from the Rocket Internet Group (the Samwer brothers) – 2 percent of management is strategic planning and the remaining 98 percent is executive tasks. There is no reason to waste time that can be dedicated to growth.

The team was growing, and so was the scope of business. Continuation in the world of gaming started decaying with the arrival of Irikovský. "From the very beginning, I believed that the technology that Jožo and the team had built would be best applied in e-commerce and online retail. After the first sales meetings, it became crystal clear. Kiwi, T-Mobile and Sygic confirmed my hypothesis, and the direction to head was set," says Irikovský.

In September 2015, Irikovský and Kováč agreed on founding a new company, which would be focused on e-commerce and online retail.

In cooperation with Michal Pastier from BigName, they came up with a new name, logo (the beautiful E is the work of Rudo Letko) and overall brand style. Exponea was thus founded in October 2015, promptly bought all the rights to the software from 7Segments, and took a substantial leap into the marketing cloud market.

LONDON IS THE END OF THE JOURNEY. IN EUROPE

The company also started attracting bigger clients such as BMW, T-Mobile, fashion e-shop ZOOT, delivery service Dámejídlo (DeliveryHero Group) and the online airline ticket seller Kiwi.com. However, the greatest challenge was tackling the British market.

Following the pattern of HB Reavis, Irikovský moved to London, primarily to add online retail clients to the company's portfolio, since the UK is considered the Mecca of online retail (especially in fashion) in Europe.

For growth to kick in to the extent it should, however, the puzzle was missing one key person: Marwan Chanawani (CSO), who joined Exponea as sales director. His experience came, among other places, from Eset, for which he was closing new deals in Asia.

"I was convinced that once I went to London, I would somehow achieve the breakout point, as I still had contacts from Groupon there. But it took Marwan for us to be able to launch a large-scale business. He pushed us to finish up all the basics- we made a proper website, nice case studies and success stories, and we began collecting reviews... We also started going to expensive conferences and began reeling in more, bigger, clients," describes Irikovský.

The conquering of the British market was also the key to success for Ivan Chrenko. This is exactly where we can see a parallel with HB Reavis, which pushed its way through to real estate development in the centre of London with projects worth several billion pounds.

"From the perspective of Europe, there is nothing bigger than London. London is the end of the journey. From the beginning, we knew we had to be successful here. It would be ideal if, by the end of the summer, Exponea had 60 percent of its revenue from the United Kingdom, while in November it would be roughly a third," Irikovský talks about Chrenko's opinion.

Currently, Exponea is a few deals away from this target. In October, fashion retail had about a 46 percent share of the revenue, with general online retail representing 18 percent, 9 percent comes from online airline ticket sellers and other travel services, and approximately 6–7 percent of revenue is made up by telecommunication operators.

Who is a typical Exponea client? Ideally it is an e-shop with current sales in the hundreds of millions. However, it also works with smaller e-shops, where the minimum is around €3-5m. In these cases, there is a high probability that over the next three years their sales will multiply. Exponea has several clients who count among the fastest growing companies in Europe (Zoot, Kiwi, FactCool).

RANKING AMONG WORLD'S TOP PRODUCTS

Around the time of the expansion to London, Exponea received one of the first investment offers from a foreign investor. It was submitted by Irikovský's former employers, German billionaires, the Samwer brothers.

Ultimately, they refused to sign the "best effort" clause of the agreement saying that they would help the Slovak startup enter the German market. The deal did not go through and, looking back, both founders consider it an excellent decision. Since that time, their revenues have gone up more than tenfold.

When evaluating Exponea, one needs to realize that there is no such thing as local software. Their competition is solutions provided by multinational corporations such as Adobe (Adobe Marketing Cloud), IBM (Watson Campaign Automation), Salesforce (Pardot), Oracle (Eloqua), and a few "smaller" firms such as Marketo and HubSpot.

That is why, from the very beginning, Exponea has been compared to the largest technological firms around the world- If it wants to succeed, it must compete with them in the global arena. A significant indicator is not only growth, but also quality.

For example, the G2 Crowd portal did an analysis of the best cloud-based marketing solutions, based on 48 different indicators. In the results, Exponea came out with a better score than the marketing clouds from Adobe, IBM, Oracle, and Salesforce.

It also achieved similar results in the test of the world's top 20 marketing automation tools, according to the Finances Online portal, where it ended up seventh (the U.S. tool bpm online marketing, which ranked first, is significantly lagging behind Exponea in terms of growth). It again outpaced Salesforce, IBM, and Adobe.

The Slovaks also ranked in the hundred most promising big data technological solutions worldwide, 90 of which come from the United States and only four from Europe.

Exponea was simultaneously the world's first software business to integrate Facebook Messenger chatbots into its tools the first week they were introduced in April 2016. A year later, it was the first Marketing Cloud to integrate Amazon's artificial intelligence Alexa into its system.

Despite this, Exponea's key business is the personalization of customer communication through all channels.
For example, Exponea is able to send out more than 1,620,000 fully personalized

emails per hour. The Exponea A.I. takes only 2 milliseconds to prepare the best possible content for each customer. The key issues that Exponea is solving for its clients include the creation of a comprehensive view of customers (single-view of customer) and the personalization of customer experience through all channels (omni-channel), all in real time.

The greatest majority of people concentrate only on product development and customer care (55%), and after this comes sales and marketing (only 16%). In comparison, SaaS companies of similar size have a ratio at 40% to 30% and the SaaS giant ServiceNow even has it at 37% to 39% in Sales & Marketing. Irikovský adds: “Recruiting for Sales & Marketing is a challenge. We are very demanding regarding the quality of people, and in Slovakia there are hardly any people with relevant experience. Therefore, the majority of new hires come from abroad, mainly from the UK, Germany or the USA”. Even now, according to the Datanyze server, Exponea is being used by 305 various corporate pages worldwide.

In order to strengthen its position, starting next month they are launching new products: The first predicts warehouse stock, considerably facilitating e-shops’ handling of their goods and therefore contributing to an improvement of the margin and the overall cash flow.

The second is the free version of its software that small and medium enterprises will be able to use in full without being forced to purchase any other products, as is customary with freemium versions.

What is behind this step in the business model? “Absolutely nothing. We wanted small flower shops or your dentist to also be able to use our tool. Once they grow bigger, in the future, and have more data they’ll know who to turn to,” Jožo Kováč answers promptly.

PETER IRIKOVSKÝ (33)

Born in Michalovce, he grew up in Považská Bystrica. He studied informatics at the Charles University in Prague and later graduated from executive management courses from the Singularity University or IMD. He was hired as a business consultant by KPMG, later transferring to McKinsey & Company. He entered the world of discount portals by working at British Groupon, the world’s biggest portal of this type. Before turning 25, he had already worked his way up to a managerial position, but eventually decided to join Czech Slevomat with the entrepreneur Tomáš Čupr. There he acted as CEO and shareholder until early 2014, when he left the company to take the leading position in the investment fund LRJ Capital. Since September 2015, he has been simultaneously heading the startup Exponea.

JOŽO KOVÁČ (34)

After graduating in artificial intelligence from the Technical University in Košice, he was engaged as a consultant in Antik. Later he became a data mining specialist in the software company Adastra. After three years, he transferred to the position of business analyst at IBM. A developer and an AI tech enthusiast, he had already started building his first startup, 7Segments, in 2012. Later, it became the Infinárium project, a predecessor of today’s marketing tool for processing large volumes of data called Exponea.

PEOPLE, PEOPLE, PEOPLE

The biggest challenge management is currently facing is recruiting new people. Given their rapid growth, they need to hire new people almost constantly, and must compete for talent with virtually every big technology company in the industry, whether it be Eset, Sygic, or Pixel Federation.

The situation in the job market is forcing them to experiment. Strategies include hiring secondary grammar school graduates as interns where they can “shape” themselves, luring foreign Slovaks back home, or headhunting Brits and Americans directly.

PAYPAL MAFIA

Term first used in 2007 by U.S. Fortune magazine as a label for the group of founders of the payment gateway PayPal, bought by eBay in 2002 for USD 1.5 billion. The managers used the exit money to build further million-dollar startups with some of them going on to become billionaires. For illustration: Peter Thiel (CEO of PayPal) was one of the first investors in Facebook and the co-founder of big data startup Palantir, valued today at $20 billion. Or Elon Musk, a visionary whose company, SpaceX, wants to send the first people to Mars in the next few years, while also the boss of Tesla Motors, and is, according to Forbes, the 21st wealthiest man in the world. Other successful spin-offs of the rich group of entrepreneurs around Thiel include, among others LinkedIn, Yammer, YouTube and Yelp.

ALL-TIME FASTEST GROWING SAAS BUSINESSES* WORLDWIDE

(by ARR**)

1	SLACK
2	TWILIO
3	SERVICENOW
4	INFRASTRUCTURE
5	BOX
6	EXPONEA
7	SHOPIFY

*SaaS = Software as a Service

**ARR (Annualized Run Rate) = indicator of the company's future revenue growth based on the current volume of revenue in a one-year horizon

An example is the story of 20-year old Roman Kluvanec, who after two months of internship went straight to open a branch in Edinburgh. "I suggested it when we were speaking and he did not believe me at first. He couldn't stop thinking about it, and a week later he came back to ask me if I was serious," laughs Irikovský.

Another example is their Customer Success Manager, a U.S. citizen from New York, who will be moving to Bratislava with his girlfriend in November, all because of Exponea.

Money is not the primary motivation. Mainly, people are attracted by interesting projects, an entrepreneurial environment and top-notch colleagues. Despite this, from the start the owners reserved more than half of the company's shares for the employee option program (which the 34-year old "veteran" from Silicon Valley Joe Lonsdale also considered very innovative).

According to the founders, Employees are allowed to work on things outside Exponea and can focus on their own projects (e.g. e-com companies or dedicating themselves fully to something new). The first spin-off is the Academy of Web Development for Women, MiniTech MBA, which was launched this month by former company HR manager Miroslava Rusnoková, with seed capital from LRJ Capital.

Another motivation for employees is the relaxed atmosphere created by lots of couches, colourful "toys", PlayStations and large LED screens on the walls, on which they can watch movies. In practice, however, people would rather sit in the meeting rooms or form working groups at the company premises, located in the co-working hot spot HubHub, in Twin City. You can see that their work absorbs them completely.

We experienced the biggest interaction during lunch, which was delivered to employees from the bistro Bratiliano. Besides getting free, tasty food, this is the most efficient way of catering from the point of view of minimizing time loss.

So far Exponea has been working in a flat hierarchy, in which the teams mainly manage themselves. "The other day I came to Jožo and I was telling him about a thing that happened here and I didn't know about it," explains Irikovský. "I asked him – do you know about it? He said he didn't. And I said – isn't that amazing!", he adds smiling.

The company's boss tries to get to know every employee by name, even though given the hundred plus employees it proves somewhat difficult. "Despite this fact, I want to have the last interview with everyone and remember his/her story," he adds.

The building of a "love brand" is working – this year, for a few vacancies they had more than 1,200 preselected candidates, but only 6 percent of them passed the final interviews.

EXPONEA MAFIA

People from Exponea are a part of a bigger plan the owners have, besides building a billion-euro company. The aim is to lead the company, in the upcoming 3–5 years, to a strong at least partial exit, which will not only make dollar millionaires of many employees of the startup, but at the same time enable them to invest their acquired capital into other spin-offs.

"I want several other hundred-million or billion dollar companies to originate from Exponea, and this plan can become reality," believes Irikovský.

A similar way of thinking was also characteristic of a group of thirteen entrepreneurs from Silicon Valley 15 years ago, who managed to sell their project, the payment gateway PayPal to the electronic marketplace eBay for $1.5bn. They invested the earned capital and know-how into tens of other companies, and the first unicorns were born – LinkedIn, Palantir, SpaceX, Tesla Motors, Yahoo and YouTube.

The group of managers who successfully sold one exceptional company became the "PayPal Mafia," which has founded several giants. However, nowadays the valuation of each goes far beyond one billion dollars. The owners of Exponea want to create a similar environment in Slovakia and with a certain dose of exaggeration they speak of the "Exponea Mafia".

BACK TO START (AND TO THE END)

The next steps are clear: besides strengthening its position in the British market, it is mainly to penetrate the United States market next year.

But for that they will need a contribution from foreign venture funds. They assume they will open the first investment round within two or three years. This takes into consideration the first issue of shares on the stock exchange in London or New York, as well as the entry of venture or private equity funds or big players into the field of marketing automation.

In any case, it would have to be smart money that won't tie the founders' hands, but help them grow, say the investors. What does this mean? Into the category of "smart" investors they put the CEO of Amazon Jeff Bezos, or his nearly twenty years younger "double" Joe Lonsdale- the co-founder of the $20bn startup Palantir Technologies and board member of Hyperloop.

But what is the biggest obstacle the investors can imagine? What could thwart the meteoric growth of Exponea? Without a second 's hesitation, and with a hundred percent certainty in his voice Jožo Kováč replies: "Nothing. It is simply going to happen."