



Samuel Cook & Richard Lucas

Kuba Krzych: A Beacon of Innovation



Summary:

It's difficult to spend any time in the startup community in Poland without hearing the name "Estimote". Today, we sit down with its founder, Jakub (Kuba) Krzych. Estimote's core technology is beacons, small physical blocks that can be attached anywhere to boost wifi signal or push and pull location-specific data. Kuba's success has been an inspiration to watch, and today he shared some great insight into what made it possible.

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Transcript:

04:49

SAM COOK:

Hello again, Project Kazimierz listener this is your co-host Sam Cook, with my co-host Richard Lucas. Richard, how are you today?

04:57

RICHARD LUCAS:

I am very well, thank you. Good afternoon, if it's afternoon when you're listening.

04:59

SAM:

With Richard's trademark opening. We are here today with a very interesting member of the Krakow community. Someone who I've actually just gotten to know a little bit, because he's been so busy we'll let you know why in the last year he's been hard to get I have seen him at some events and on stage and things like that but I've just finally had the chance to sit down with him; and Richard – the long-time observer of the Cracow start-up community, will give us a short introduction of our guest today.

05:23

RICHARD:

Kuba or Jakub, Kuba is the Polish shortening or contraction of the name, is someone who I have met so many times I don't remember actually when we first met, but I do remember he's always being a great supporter of entrepreneurship. He's backed a business called Ad Telly which I'm sure he will tell us about during this conversation, also supporting the School of Entrepreneurship project the first time we did a wonderful project called "Znani Absolwenci" or entrepreneur from your high school, where school kids had to go find entrepreneurs and interview them to publish on a website with the idea was that the children would: a) learn about project management and setting up a meeting; b) – the entrepreneurs would feel appreciated, because in Poland the people who get on the school website are the people who became a professor or doctor or a lawyer but the idea to celebrate entrepreneurs was completely novel in those days. Kuba was interviewed by a group of 6 kids including my daughter Helena, so I was very pleased that he worked on that. But Kuba's famous for a start-up, which has achieved already great success, Estimote, but we also have worked together, building the start-up community, he's a great supporter of the TEDx movement in Cracow. Also together we're are involved in collab which is a co-working space 3D printing company which I don't think we could put under our great successes, but. um...

06:32

KUBA KRZYCH:

Not yet.

06:34

RICHARD:

Those are a few things about Kuba but perhaps you could fill in the things I left out, in the introduction and if you can remind us when we first met, that would be awesome.

06:44

KUBA:

I don't think I remember, but I think it's fascinating that the community we managed together can

celebrate it's almost tenth anniversary or something, I don't remember. I have actually started my journey into start-ups in 2008, so this was when I left my previous job. I used to be a programmer, a developer so I used to work for Making Waves it was a Norwegian design and consulting firm. This was I think 2005-2008 or something and I remembered that at that time there were not that many start-ups, there were not that many new initiatives and I think the entire community just took off and, in 2008 I decided that I might actually try to build my own company because I was watching how these Norwegians were building their company, their team here in Cracow. And I thought, "yeah I already helped them so maybe I'll try to do my own thing and this is where I started Ad Telly, so this was a selfservice advertising network. And this is funny because the entire journey behind Ad Telly didn't start in Cracow, because what we did we have applied, at that time, to a program for incubator called Seed Camp, so it is London-based start-up program where I together with my co-founder applied and a they qualified so we spent almost a week in London. This is when I met amazing entrepreneurs. I met the founders of MySQL, founders of Skype, founders of amazing European companies and I've been extremally inspired by their thoughts and experience and this was the energy that have helped me kick off Ad Telly, so we spent first few years building the product and very quickly it was a massive success on the Internet at that time. So...

08:32

RICHARD:

Can you explain what Ad Telly did, because I remember it was a Google AdWords space or an alternative to Google.

08:38

KUBA:

Yeah, so this was in fascinating when we were pitching our project in London, this was September 2008. At the same time in the newspapers you could've read that Lehman Brothers just closed their bank and it was just the beginning of the crisis of 2008 and that was fascinating because we found the crisis to be an extremely inspiring time to run a company, because at that time publishers, online publishers, they really wanted to better monetize their inventory. So, basically at Ad Telly was a self-service advertising network where you could post a widget on the website and the moment you see and read the article, it could be a blog, it could be a newspaper, you click a button and within a seconds you can upload your ad. So, this unique product was very popular in the Polish blogosphere at that time. Thousands of bloggers joined and very quickly we have built an inventory of more than 1.5 billion impressions a month and the project was acquired by Agora – largest Central European media group. It is still there today and they made amazing progress even though I left. I think my co-founder did an amazing job manning the company, they have different revenue streams and they're still operating so that's when fantastic. And this was a great opportunity, not only to learn how little start-up can operate in the of middle like a large company, such as Agora, but we also learned board mechanics – the entire financing, the structure, the budgeting, hiring and this-and-that. So I think this was a fabulous experience for me and also I have learned everything about online advertisement. You could show me the banner and I can tell you what the click rate would be, because I have seen so much. After I spent 3-4 years with that project I realized that online, and especially e-commerce world is really, really tiny, so if you compare it to the physical retail, for example in the United States 96% of all the transactions still happen in a physical environment, in the store. If you compare that to online, e-commerce, and Amazon and Allegro in Poland it is really, really tiny. So I'm still wondering why entrepreneurs don't want to solve and attack these massive problems that are here in the physical world and especially these days you have mobile, you have sensors, you have different IoT solutions. So this was an inspiration for me to step down. At Ad Telly I was the head of product. So I

stepped down from my role and I also left from the management board and I decided to start something new and this was the beginning of Estimote. So this was more or less in 2012 where I was just meeting different friends and I was just sharing with them the vision behind sensors and mobile and I met my co-founder Lucas Kostka at TEDx in Krakow. I remember it was an amazing event and I he showed up and we had a conversation and he also told me he is into Big Data and smart cities and I just simply offered him to just, start collaborating on something together so we have rented a desk in Collab, in the co-working space and Lucas together with me we were started soldering different prototypes. I remember we used Arduino and this was I think a little before Raspberry Pi or maybe it was there. So, we were hacking together different products and I was also trying to pitch the vision to different friends and community members. I remember 2 months after we started that collaboration, Lucas said “Hey, why don’t we apply to Y Combinator, it is famous incubator in California, right?”. And I said “Oh I was already in an incubator at the Seed Camp and I think I’m too old for this kind of thing.

12:25

RICHARD:

How old are you today?

12:27

KUBA:

I’m today 35. So, it was probably 3-4 years ago so I said I’m too old and also told him “okay if you want to do it you can just go ahead and do it whatever”. And this was great because, I think 2-3 weeks later in the middle of the night because it was California time and he sent me a text message “Hey Jacob, they have they have invited us to California, to Mountain View for a 10 minutes interview to just pitch our project. And, I just immediately knew that this is a massive opportunity. Right? So because I had left Ad Telly I made little exit so I had enough capital so I said “Yes, let’s just go buy tickets immediately, let’s just go fly there”. So that was great. So, we took the first Lufthansa flight and we were a few weeks later in Mountain View, pitching to Y Combinator. The vision of something that was actually wasn’t called Estimo at that time, it was called Cuckoo and this was a device that was designed to measure the traffic, so it’s supposed to be like analytics for the physical world.

13:28

RICHARD:

Measuring the traffic at the bridge in Cracow.

13:30

KUBA:

Yes.

13:31

RICHARD:

And I remember the reason you got into Materialination was because you wanted to print a 3D Bird. And then we actually were in Materialination before I got into Estimote.

13:38

KUBA:

That is correct. So Materialination and, in general the movement behind 3D printers, it inspired me that “wow I had no idea how to make hardware but it seems like its not a big deal”. You just print something, you just, you spray it and just paint it a little fake it, and then you show it to other people as a product and the especially investors and they will believe that you can build it at scale, right? So, that was really inspiring and I think more or less at that time we also engaged with Angels.

14:05

RICHARD:

You had Ramon invest in, right?

14:07

KUBA:

I think Ramon invested in several amazingly active members of the community here in Cracow. They really believed in us, they really believed in the project, and more or less around Y Combinator time, they helped us, they said “yes guys, this is a huge opportunity for you” and they supported us a lot. So we spent 10 minutes during the interview and we were pitching our devices and just showing 3D printed and actually the work and so on. And Y Combinator partners, they were really impressed, but they really asked really tough questions. They asked us why we were building that who is the end-users and what kind of problem we are trying to solve. They expected us from us to have a deep, deep understanding of the retail or whatever the application is, right? And at the time we had no idea, because we were just 2 months of the project and it was too early. So, they said “go back to Europe, raise a little bit of funding, keep working on it on and maybe have some customers in Europe and then just apply again, just try again” right? And this is exactly what we did. So, we thought yeah let’s continue, we went back to Cracow. We found first customers, like some great European retailers. We’ve been testing...

15:14

RICHARD:

Like that famous British one beginning with T, right?

15:17

KUBA:

So, basically at that time we’ve been testing that here locally and also started to build the team and the amazing industrial designer – hardware engineer and a software developer. So, few months later, we made significant progress and I remember that Lucas applied to Y Combinator again. This time we have received an email “sorry guys, there were other, better than you”, which is fine. We are persistent, we just keep going, so we continue to, I think, and I remember we also transformed. So, we realized that Cuckoo, and this bird is not the thing, it’s just too much kind too much personified, and we ended up with a little gem or stone, colorful and our brand designers did an amazing job here and we also changed the name. So it was actually fun story behind that, and we applied again, for the third time. And this time, they invited us, we took a plain again, and we were pitching these little devices. And I’m not exactly sure why, maybe it was our confidence, maybe it was our persistence, maybe it was something else but I remember sitting in San Francisco together with Lucas and some other friend, and Paul T. Buchheit, the creator of Gmail he called me. He called actually Lucas and said “Hey guys are funded, you’re in” right, so, that was groundbreaking for us.

16:42

RICHARD:

Quite an amazing story and also when we tried to make these interviews, conversation, educational, one thing’s if you’ve got a start-up. And an investor says to you “go away, come back with more”. That can be great advice. The guy who founded Zappos which was the first online shoe company in the world, which ended up being sold to Amazon for a \$800 million. Investors said to him “I like the idea, find somebody who knows about the shoe business” and come back. And that was great advice, if he hadn’t done that it wouldn’t have worked because it turns out, the shoe business there were even dealing with faxes, let alone

e-mail at that stage and it turned out to be a huge opportunity. So that advice “go away, do this and come back” could be the best advice someone can possibly give you.

17:21

KUBA:

I agree. I think especially in our culture it is important to be persistent and just keep trying and I feel sometimes when I talk to different entrepreneurs and innovators, I feel that, sometimes they stop too early they should continue. Maybe its always like about the strategy and how they spend money or different failures that’s okay. It’s okay to fail, it’s okay to have turbulances but you should really just keep going.

17:46

RICHARD:

Believe in your own ideas. If you don’t believe in your own idea, how the hell is an investor going to believe in you in it?

17:50

KUBA:

Oh, yeah.

17:51

RICHARD:

But one thing I even got today I got a message from Facebook asking me about feedback on an idea and they said “I really depend on your opinion, mate”. So, please remember it’s not my opinion that counts, it’s the customers. or the users. Just doesn’t matter what the investors think, if the customers love it you don’t have to worry about the investors. The investors will get really interested. It’s always who it’s for and if you believe your idea is a great idea and you can’t persuade any potential users, you’re completely stupid. If it’s such a great idea, it should be easy to explain to users why it’s for their benefit.

18:19

KUBA:

Absolutely.

18:21

RICHARD:

One thing that I want to come back to about – the community you mentioned the Seed Camp in London and how important it was to meet the guys from MySQL or Skype and I think it’s so important for anyone listening who’s being successful already to realize what a powerful thing it is to go back into the community and be accessible and available, because here in Cracow, the fact that you can come to a meet-up and meet someone like Kuba now for a few years back Piotr Willam, who founded effectively the Polish equivalent not quite Google but maybe Yahoo, Yahoo more likely, Yahoo of Poland. Okay, Yahoo is not as successful as Google, but it’s a multi-billion-dollar and very profitable company, and the fact you can come to these events and it turns out these guys aren’t just from the covers of magazines, but they’re just regular helpful people. It’s so important, right?

19:03

KUBA:

I think it is fascinating that when I and Lucas did an analysis afterwards who were out supporters initially when it comes to Angel Investors or someone, we met most of them during events, so we took a lot from the community and like many team members we also found in the community, so I think of course we are busy running the thing, but we also try as much as we can to give it back to the

community and I agree with you that from time to time it's also important to inspire the next generation of entrepreneurs.

19:35

RICHARD:

Leadership is a partly setting an example of course, historically in Poland there's the image of the rich guy – usually a man, with his big house, with a fortress type house, cars, swimming pool – all the status symbols, cutting himself off from the world. There was this image of that what it meant to be successful. For the young guy – the 15-18-22 year old. I remember a fifteen year-old coming up to me at a meet-up. Quite impressive that a little fifteen year old would be at a meet-up. He said “two years ago you were doing a workshop in my high school in Skawina and I was really interested and I started an IT club and I'm doing websites for local businesses in Skawina and I don't know if it's worth going to university”. I said “that's really interesting, why do you say that?”. And he said “well my friends have gone to AGH, which is one of the best colleges in Poland, maybe even Europe. They say it's really boring and I could do so much more I could learn online” and actually Lucas Kostka, your co-founder was there and I said he had PhD or something, and I said “actually it's a great question to Lucas because he has a PhD” and just the idea that you could get direct people, and he said “that's a really interesting question”, 20 minutes later they were still talking but the idea that a fifteen year old can reach the CTO of a world famous company just for conversation about something important like that, is just so important and it's a role model because these kids, they look at who's on the stage and get ambitious. If I'm successful and famous, one day I want to be like that and being like that means showing up in a slightly dingy bar in Cracow and helping people. If that's the right way to behave, that's a very powerful thing for the next generation right?

21:02

SAM:

It's great to observe from recent a standpoint, I remember Kuba, a couple of topics that I would like to go into with you. The first one is Y Combinator, but before we get into that again, the first time I really heard about you, I'm good friends with Ramon who was the original Angel investor in Estimote and I remember hearing that he wanted to interview you for Project Kazimierz and we figured that June was a good time because we're about to have some good news, and then funding which was supposed to come through fell out and it was like... oh no Estimote all the drama and now you can just finally close that round, six months later and I was very impressed to see the way you guys went through that and that's a big test of whether a company is going to be successful is walking away from a bad deal, dealing with the fallout from the company when they are expecting that money at a certain time and then going back in closing that.

21:52

KUBA:

I think something that we are extremely obsessed about in this company is that, again I was in a company that was acquired, I was in a company that had a little bit board, that is like an influence in a massive company and need to execute a little bit of strategy. We were extremely obsessed in Estimote, and at this time we are building a company that has to last from 15 to 30 years and has to be massive, has to have massive impact and it's a long-term thing. It's not about us trying to raise anything from anyone and just last few months, maybe a season or two. When you have that obsession and then you really spend a lot of time trying to figure out who the partner is and what is the motivation and also how deal and terms might impact your future. And the future is as of you build growing and successful company will continue to fundraise and many, many, many times we'll continue to acquire people and talent, we will continue to

acquire customers so we needed to be absolutely sure that nothing can stop us and of course it's a challenge to go through turbulences and it is a challenge to lose some momentum, or lose some key people. Well, that's okay. As a start-up we expect to fail many times, but we are bullish on our success and we always hope that there will be something next – an another opportunity, and an another opportunity. So, we are extremely happy with the most recent round, amazing investors...

“As a startup we expect to fail many times but we are bullish on our success and we always hope that there will be another opportunity. ”

Jakub Krzych, the CEO of Estimote

23:25

RICHARD:

Could you give a few details on that, because I don't know how much is public but obviously I've got a bit more information than some because of on the...

23:33

KUBA:

We have announced a round few weeks ago, that was in the middle of January. We have announced almost \$11 million series A round. It was led by Javelin Ventures, they are based in San Francisco. Amazing, amazing partner joining our board. Noah who was previously involved with Google Earth and Google Maps, who has been working in Google for many, many years. He has an amazing experience working with retailers and helping companies get things NASDAQ stations and so on. And also Alex who has not only amazing experience with software and hardware, but also spent a lot of time in Central Europe, so he appreciates the structure we have behind our research and development and the way we set up the company. We are extremely excited with just announced round and now we're trying to figure it out the exact plans for the execution – how to recruit people at scale and how to a change our company so we will be ready for another mile stone, another goal, another period of growth.

24:34

RICHARD:

By the way we are in 2016... there could be somebody listening a couple of hundred years from the time we are recording the dollar is a popular currency from a country called America, but who knows what the future holds.

26:07

RICHARD:

In terms of what you're doing your clients and the users one of the reasons Estimote is successful with raising money is because some of the global brands are working with you but equally this is the show of the community of developers, if you say a few words about both of those factors?

26:21

KUBA:

Yes I can a little bit explain the beginning of Estimote after the Y Combinator, because I told you a little bit how it was joining in getting to Y Combinator and of course it was a fabulous experience to go through the program and many significant events happened for us next. When we joined the Y Combinator, this was June 2012 and we still were trying to pitch these little sensors that can measure the physical world and we also remembered that when we trying to figure it out – what should be the connectivity between the little nodes and the cloud and we ended up with BLE. This was a very new standard at the time.

26:59

RICHARD:

Bluetooth low energy.

27:00

KUBA:

BLE is the new version of the connectivity standard and that protocol was also supported by iPhone 4S, for the first time and it was fascinating that two weeks later after we had joined the Y Combinator, Apple announced during the WWDC a set of new innovations around the new version of the system iOS 7 and they announced this little thing called iBeacon and they only showed the name on the slide, they didn't spend much time explaining what that is but apparently if you're Apple and you put i in front of anything it must be important, it must be big. At that time when we had seen that name on the slide, we immediately knew what that was because we've built it. We had the battery powered device, that you can attach to any location physically and that device can inform the phone what is the proximity, what's the location, what's the context. I remember that at the time we immediately asked Sam Altman, who is the president of the Y Combinator if he could introduce us to Apple, to people in Cupertino and he did. So we met some engineers and we showed them our product and they were really impressed, because they invented that standard, but they didn't realize that that quickly some companies might productize it. And when we had a conversation in Cupertino we realized that this was going to be huge and we need to shift and transform and pivot a little bit our company and just make sure that this could be used by many, many developers, because they will need something, that they can use to prototype.

28:38

RICHARD:

The dev kit, right?

28:39

KUBA:

Exactly. So, we had many conversations and I remember that Paul Graham – the founder of the Y Combinator gave us that advice. He said that this might be very transformative but try not to build a marketing or loyalty coupon solutions Instead try to think of how you could support the community of developers and innovators, so they can easily create and build something on top of that. That's why we ended up with the developer kit and a simple pricing model and when Apple announced iBeacon in September 2013 it just took off, it exploded. Of course we had video and the time and website and the factory line was already created and thousands of thousands of developers started to buy our products and they loved it, because we paid so much attention to details. Instead of cheap plastic we invested in nice silicon mould, because we knew they will spend a lot of time with it, they would touch it then needed to have this new very immersive feeling. We spent a lot of time optimizing what should be the PCB colour and the antenna design and very quickly, within a few months we've built a community of 50,000 developers. These developments were not only freelancers in start-ups, but also part of innovation teams in

amazingly huge companies. So, 65% of Fortune 500 companies use our stack. So, they experiment with beacons within the location and of course there are some companies, amazing companies, huge American retailers that are now deploying at scale. Hundreds of thousands of beacons and impress their users and customers with a new type of experiences like navigation and loyalty and payments and many others. So, yes, you are right. The success is also a result of the community that was helping us, to build the product, because they told us what's wrong, they told us what doesn't work, which system of Android...

30:36

RICHARD:

So, the developer community – these many, many smaller companies and some big ones who are basically using Estimote technology to create value and with the point being that even if Estimote is getting a small slice of the cake, the cake (the value) is very big. But in terms of well-known end users, which would you say are most successful? Do you yet have a killer app for beacons?

30:57

KUBA:

If you consider the entire process of building this new type of mobile or digital online/offline experience, we are still very early in the stage and the process is long. Building an app takes time. You need engineers, you need to have designers you need to have great user experience and then you integrate it with location, SDKs, you need to scale it. Basically we are still very early in the stage but there are already amazing very successful deployments. As you know Estimote beacons are being used at the FC Barcelona stadium, they deliver great location based identification and hints to visitors to the stadium. We have deployed beacons with Qatar Airlines in many airports in the Middle East. There is tons of museums, there are amazing museums like the Guggenheim Museum and many museums that are trying to totally rethink – redesign the way people can navigate, can walk and experience art. We have also seen many healthcare applications. Of course retail, schools. I have seen everything. I've seen beacons attached to chickens and kids. I've seen everything.

32:07

RICHARD:

People and animals. You mentioned Sam Altman if people read his excellent blog. There was a recent blog post about start-up valuation. He mentioned that a lot of funding looks like equity but in fact, it isn't. It is crazy liquidity preference clauses where the investor has the right to more money back than they're put in and even they are not allowed to take it back in terms of capital appreciation. I think I remember you talked about the liquidity preference penalty clauses being a deal-killer for the previous round. If you don't get liquidity preference and so on maybe look it up afterwards. These are phrases which are very common among investors, which basically say that an investor he puts his money in, comes first in getting their money back compared to everyone else.

32:58

KUBA:

That's why I explained previously that if we are thinking long-term about the company we cannot allow for these type of terms at that stage, because that would basically put us in trouble in the future financing. It's really fascinating to watch because this entire investor community also does change and I think that we have experienced a lot of successful unicorn companies and it's really interesting to watch. It's definitely slightly different here in Europe than the US, so it's fun.

33:34

RICHARD:

You haven't given the details there but there may be reasons for that maybe I said something I shouldn't have said. One of the interesting things about location-based computing or context-based solutions is how new it is. Another Cracow technology guru – Szymon Slupik is very involved in a company called Silver. He has an excellent blog, he talked about the relative merits of BLE compared to Wi-Fi in terms of energy consumption. If you have 1,500 devices on Wi-Fi you are going to have a big problem with a) power consumption, b) security, c) interference. Do you see BLE as being a long-term, a better long-term solution to the Internet of Things and again coming back – what would be the killer app for this type of technology?

34:20

KUBA:

Internet of Things concept was here for a while. I think of the first time it was mentioned was in the seventies. The challenge was that it was really, really difficult to connect objects to the Internet, because small objects such as dog or maybe a bike, would require a lot of power and massive batteries, because the power consumption for Wi-Fi was really, really strong. So, I think when BLE was invented it solved that problem. You could take a small battery, integrated with the processor, a radio or maybe sensors and now we have a connected object and there is no reason to connect it directly to the Internet, because you have Internet in your pocket already. Your phone is already connected over the LTE. There is this philosophy and there is this model, that it is as simple as connecting all these objects, your bike, your dog, your fridge, your car to your pocket, because you already have Internet inside. That is one way to think about connectivity and the Internet of Things and BLE is one of the best solutions. Of course, if there is another standard maybe allowing objects to be connected by low energy directly to LTE, that might also be really interesting opportunity.

35:40

RICHARD:

I appreciate that with this army of more than 50,000 development – not individuals, but teams working. You could say you don't have to know what the killer app is going to be. But are there are one or two areas where your gut feel says – in 5-10 years' time we won't be able to imagine not having a location, because this particular aspect of location it's just so obvious, its benefits are so great for either the individual or the employer or do retailer.

36:04

KUBA:

If we think about about 10 years or maybe less, definitely many different verticals and human behaviors will be transformed. Something we are bullish about, and always have been bullish about mostly due to the monetization model is retail. However, we don't see retail to operate at this currently, we are bullish on something we call "inventoryless showrooms". I will give you an example – there is this really nice and cool producer of Scandinavian furniture, I cannot tell you the name.

36:39

RICHARD:

Could it be beginning with "T"?

36:42

KUBA:

So, if you think deeply about the experience in this type of retail experience, it's fascinating, because you go there it's typically outside of the city, it will take you 40 minutes to get there

and your wife will already be angry by the entire trip. Once you get there, they will give you a wooden pencil and they ask you to put down those funny Swedish names and then you're lost in the showroom and finally, once you collect physically all these items and you approach them checked out and you need to take it out and scan and then put it back. And you end up with tons of furniture. You have no idea how to get them home and maybe you need a friend or something. We believe that this fascinating experience of Scandinavian design, can be reduced to only its core, which is let's get rid of this entire mess and focus on something people really want and people go there, because they want to be inspired and they want recreate or replicate that physical environment at home. So, now you can ask yourself a question – what if in the corner of Kazimierz or in the city center or maybe in the shopping mall or maybe at the airport there could be this type of showroom that has no inventory. You go there, you get inspired, you interact with different objects and whenever you need something, you just take your phone, push a button and it will be sent to your location or your home directly and then you'll be charged and it will be really amazing experience. So, that's one example and of course, we believe that retail we will be massively transformed by these technologies, not only because of the phones and people spend a lot of time with them, but it's also the way to identify users, so it basically means that these smart objects we talked about like lights, maybe some other elements of the physical environment you can interact with, they can respond to your presence, to who you are. It sounds like Minority Report, but you have full control of the process, because Apple did an amazing job designing this iBeacon thing. So, if you turn off your Bluetooth, you're not part of the system. You have full control over that experience. Retail is definitely something we are bullish on. And another thing would be something we call smart workplace. Because if you think about how people collaborate is these days, the way they show up in the office, the way they use conference room, the way they use the kitchen and collaborate, communicate. I think there could be a lot of innovations – as simple as getting rid of RFID badges and all these behaviors that... let's create an amazing workplace, where if you use the conference room – it's booked, if you leave it – it's free. There is no need to login, check system calendars. It should be done automatically. If you approach the kitchen, maybe like a man you should show up on your phone and the button for the coffee is there. We don't know yet, but definitely anywhere where people spend a lot of time... again, 96% of all the transactions are made in a retail environment and a 80% of the time people spend indoor – at the office.

39:52

RICHARD:

You are obviously deeply into Estimote, as you are obliged to be as the CEO. In terms of technological trends or business trends or what's happening here in Cracow, or Poland or Central Europe. Obviously, everyone talks about mobile, people talk IoT, people talk about the Central European revival, but other things that you think are particularly important that maybe for you in terms of the way things are moving in this region in the technological space?

40:24

KUBA:

I don't think I've had enough time in the past few months to take a moment to analyze it. I still continue to believe in the physical world and the physical objects. I believe that this is how people interact with the environment – they touch, they feel. I am bullish on all start-ups that try to reinvent ordinary objects and it might also involve electric cars, quadcopters and drones, so I think that this is fascinating and the reason that trend is strong, is because it is cheaper and cheaper to prototype and cheaper and cheaper to produce the first batch, get the feedback and monetize it. I think that is something...

41:07

RICHARD:

The kind of Kickstarter thing. It's so easy to have an idea, you pitch it and then you pre-sell it.

41:13

KUBA:

Yeah, there are some challenges and misconceptions behind Kickstarter. I think some entrepreneurs should be really afraid of it, but in general – yes. It's as simple as you turning your vision into a video or blog post or whatever you want, sharing it with your audience, consuming the feedback, turning it into a prototype, testing, turning into another version, and within a few iterations if you are a persistent and if you keep iterating, you might end up with an amazing product that you can charge for it and you can see people using that product to solve their problems. I still believe in that version in the ecosystem of hardware and software. There is a lot of hype about the future of realities and augmented reality. I still struggle to envision precisely that world, because I still believe that we in the very beginning of this mobile revolution. This mobile device is so complex and so powerful and I still don't see that many applications that can improve our lives with the mobile phone. Of course, there are games and other apps, but this device can do so much more. Let's try to figure out that first before we attach the display to our eyes and immerse in that...

42:30

RICHARD:

Can you say a little bit about your management style at Estimote – what it's like, because you have experience in being in this rather large start-up now in terms of the number of people. What are those things that you found particularly interesting or challenging I'm actually taking this unusual situation, being pretty well funded by the way through. Not resource-constrained, but on the other hand the challenges you're trying to take on are huge and are there any lessons you have learned and advice as somebody who's led a large organization at a young age?

42:57

KUBA:

I think, something that we entrepreneurs and founders need to realize is that we are in the business of talent and our primary objective is to figure out how we can attract talent and people for our team and give them amazing challenges – technological or design challenges they can work on, they can be passionate about. So, that they continue to stay creative, collaborate and they continue to create the amazing products and continue to be motivated and continue to be passionate. There are some challenges behind it, of course. Managing people is always a challenge, because the emotions involved, there are different priorities and motivations and it is challenging, especially for founders such as me and Lucas, being trained as developers and as engineers. It's much more challenging for us engineers to understand human beings, because it's not software, it's not a module. There are some emotions and empathy involved. The management style is that I believe that the product is the most important aspect of our company. So, obviously we spend a lot of time, we also are very obsessed about it and we try to take our obsession and also try to inspire the entire team and explain why it is important and why is important to support the community, why it is important to have this or other strategy, because projects like Estimote need to be aware of hype cycles, because there is hype around virtual reality now and there was hype around something else the years ago so we need to continue to build our company despite the hype. We need to isolate these strong signals from noise and that requires very strong leadership, sometimes requires a strong ego as you identified previously. But again it's all about people and environment you can build

and partners you have and we try to experiment. Great advice we received from Y Combinator was to think about our company as a software program. If something works do more of that, if something doesn't work then fix it. We iterate not only our products, but we iterate the company and we change the way we divide and structure teams, the way we run different processes.

“I am bullish on startups that try to reinvent ordinary objects. ”

Jakub Krzych, the CEO of Estimote

45:21

SAM:

Kuba I was really struck by your last comment about the physical world and how everyone right now is trying to leave the physical world and you are trying to perfect it and I think that it is a really powerful niche that Cracow and the Internet of Things, so much it is coming out of here... in Poland. I was just meeting with another company that has developed a new drone technology which is amazing and it's great to see traditional engineering, like Peter Thiel famously said “We wanted flying cars and we ended up with hundred and forty characters...”. Elon Musk... there was this flight back the truly great visionaries of the future... this generations Thomas Edison's are going to be the people that take software and marry it up with physical engineering that has been around for a hundred years, because that's where the big breakthroughs are going to come.

46:05

KUBA:

I believe this is a massive, massive opportunity not only for Cracow but for the entire of Central Europe. We already have amazing engineers, we already have amazing designers, we already have people, familiar with CNC machines and automotive industry. What we really need is more leaders, more visionaries and also a little bit more investors who are eager to experiment and support these types of projects. I am extremely bullish with these types of projects in Central Europe, but again, let's see how the world will continue to change and it's fascinating.

“Something that we entrepreneurs and founders need to realize is that we are in the business of talent. Our primary objective is to figure out how we can extract talented people for our team and give them amazing

technological or design challenges they can be passionate about. ”

Jaub Krzych, the CEO of Estimote

46:43

SAM:

Thanks a lot for joining us, Kuba this has been really fascinating it's great to see you identify a broad trend and build the infrastructure that's open and flexible both of the physical side also the software side for people to create your vision for the physical world and it's a great reminder for us to get back to the physical world as a really great place to be, rather than virtual reality and everything else. And thank you finally, Project Kazimierz listener, for joining us for another episode. We really appreciate you sharing this, commenting on it. Specifically, this episode, if you have any comments on it please post them on iTunes or you can visit the website and ask questions on the blog. I can get those to Kuba, some of your questions. Thanks again for joining us, looking forward to seeing you on another episode.