



Podcast Episode #13 – How to stand out in a crowded battery-based business environment, with Andreas Braendle of Batterie, Switzerland

RAW TRANSCRIPT OF INTERVIEW

Balint: In this interview I'm quite excited to bring you a story from a hardware startup based here in Zurich with a novel business model, which is using rechargeable batteries but rethinking how to use it. I'm sitting here in the office of a company called Batterie with its CEO Andreas Braendle who has this company here in Zurich, operating this company with this novel business model. It's a very interesting company because it has a healthy dosage of sustainability as well, besides the business model how to make money. Welcome to this episode, Andreas.

Andreas: Thank you, Balint.

Balint: I appreciate that you have the time right now when you are actually scaling up the business. We met at TEDxZurich in November last year where I participated as a volunteer helping with organizing this event. We had a quick discussion at your stand where you showed the company and also you offered your rechargeable battery there. I really liked the business model. Before TEDx actually, in October, I went to Shenzhen, China, where I visited the electronic market because it's a hub for electronics manufacturing. And I saw a lot of rechargeable batteries there as well. As you know, commoditization is happening in the world, especially in electronics, which means that the price of electronic goods is decreasing, the price is dropping, because of mass manufacturing in cheap countries. This creates an environment, which is difficult environment to have a company with profit. Can you tell us about your company how you miraculously make money in this environment?

Andreas: Yes, sure. Thank you, Balint. So it's not so miraculously, we're actually... We're not quite a hardware startup. I would rather say we're a hardware as a service startup. So what we basically do we help people who are on the go and use their cell phone and ran out of battery power, this is something that happens quite often to many people and I guess many of your listeners in those situations. So, usually, you bring your own charger and you plug it in somewhere, and you have to wait for half an hour or even hour to recharge your phone. Some people bring their own power bank that has been pre-charged at home in order to charge on the go.

But we learned that there's many, many situations where you didn't bring your charger or where you maybe brought your charger but you don't have enough time to stay



somewhere to recharge your battery, or maybe you did bring your power bank but it is empty. So we thought wouldn't it be awesome to offer a service wherever you are you can basically pick up a pre-charged power bank, you charge your phone on the go and you can use it while you're charging it, and you don't have to stay at the same place, you can travel. And as soon as your phone is full, you return the power bank wherever you are. So this was our vision and we created a service here in Switzerland. We have covered the whole of Switzerland with rentable rechargeable batteries, that you could pick them up anywhere and return them anywhere.

And so how do we make money? Basically, as I said, we rent the batteries. It's hardware as a service so whenever you pick up a battery you pay four Swiss francs, which is the equivalent to about four US dollars. And that's how we make money. It's good money because it's off-the-shelf power bank so it's not too expensive to buy. By the way, we produce our power banks engines as well but people do not pay for the hardware, they pay for the service to have power wherever they are.

Balint: Excellent. It's a very interesting concept. I like it that you put a lot of emphasis on the business model and not only on the product. How did you start the company? Because now you mentioned the stage where you are with the company, but what were the steps and what kind of business models did you have even before? I remember that you mentioned that you had something even before and it is just very interesting for me, and also for you listeners, it would be very interesting to see how it's possible to iterate? So not starting already from something big but starting small.

Andreas: We started with the exact same business model but with a different product, actually. We started with double A and triple A batteries so we didn't start with power bank for cell phones, we started with like the regular batteries you need for your wireless keyboard or your wireless mouse, and all the many, many devices mainly in your office or your household. And the start was, we thought in Switzerland... Switzerland is a country of eight million people and there's every year Swiss people buy 120 million disposable batteries so they buy it, they use it and they throw them away, which is a waste of resources. It is a waste of resources because you could replace every disposable battery with a rechargeable one. But people don't do it. And the main reason is it's not convenient enough. Whenever you run out of power there is no pre-charge battery around, so it's easier to buy a new disposable battery instead of using rechargeable one.

So we said, "Couldn't we offer a service that makes rechargeable batteries as convenient as disposable batteries?" And we offer this service not to private people, we offer this to businesses, so to large corporations here in Zurich. And this was the start of our business so we basically told them... To begin we want big clients, like Swiss 3 or Zurich Insurances, Google here in Zurich. They have a big office here in Zurich.



Microsoft, we also have Microsoft, they also have a big office here in Zurich, and many other large corporations that would just kind of like pay for our service, we go there once a month, bring pre-charged batteries, we charge them with solar power, we take the empty ones back and we recharge them again. And with this simple service the companies could reduce their waste from disposable batteries and they didn't have to pay more or less, so it was like the same price as buying disposable batteries. So we started with this business model and it was a success so we got a lot of press and a lot of coverage. And also we won many customers in the beginning, but then we changed our model and then we said, "Yeah, we ourselves, we don't need so many disposable batteries or double A batteries, so why don't we solve a problem that every one of us knows?" And this was empty smartphone battery. So we kind of adopted our business model to smartphones.

Balint: Thanks for touching also on the aspect, on the sustainability aspect, which explains your uniqueness on the market, and also that you actually started out as a B2B company and you shifted to the B2C, so business to consumers segment, and it's amazing this shift. My question is then how many founders did you have, did you do it on your own? And how did you split up the work? Who was doing the technical part? And what kind of technical issues and business issues, challenges, did you have? These are many questions. How do you see it?

Andreas: So the first question of how many founders we are, we are four founders with very different backgrounds. My background is communications. There was someone with a background in business administration, someone with a background in environmental sciences, and also a journalist. So these were the four founders. And the second question, how we split up the workload, basically we split up like everyone did everything, and we did this until maybe half a year ago. So everyone would recharge batteries, which is our main business. Everyone would write blog posts. Everyone would work on the software and produce code. Everyone would... Just everything was done by everyone, which was a good mode at the beginning because it was also a learning experience, and everyone knows how the company works and how the business model works.

And, as I said, like a half year ago we started to specialize because we want bigger partners. And right now we work with one of Switzerland's largest retail companies. We work with the SBB, which is Switzerland's train carrier, so we have like very, very professional partners. So we needed to step up our game and also become more professional so that's when we started to split up what we do. So, currently, there's CTO, one of the founders has become the CTO, he is in charge of software development. One of the founders has become the CMO so the guy who's in charge of all marketing efforts. And I have basically specialized on working out all the partnerships with our partners, doing all the contractual stuff, which is not my background, as I



said, I'm a communications specialist but someone has to do it so... And I also do the financial stuff and I raised the money. And the fun thing about this, I think, before I started with this company I knew nothing about all those topics but I learned and acquired the knowledge to do it. And this was also a very cool learning experience.

Balint: Thanks for this overview on how you split up the work and how you started. My other question or observation is that, well, during the interview you mentioned at the beginning very short that you set a certain price point. I was wondering how you fixed the price point, if you had some steps arriving to that price point, the four francs per rental plus some fee that you charge, as far as I know, for the device itself, it's like a deposit.

Andreas: Yeah. How do we do that pricing? So basically we pulled it out of our ##### and then we stuck to it. We never changed it because it worked. That was the reason why we stick to it. And so the method how we created the pricing was basically, as I said, if you go to that retail shop and pick up a power bank, it costs you four francs, which is in Switzerland about the same amount as a coffee at Starbucks, maybe a little bit cheaper. And there's also a deposit of 15 francs. You'll get back the deposit once you return the power bank to the retailer, so the price is four francs for the service and 15 for the deposit, and this is 19 together. So our rationale was 19 is about the same price that you pay for a power bank if you go to a normal retailer and just buy it. So it's a good price for a power bank, and if you keep it, you have paid 19 francs, which is fair. Nineteen francs is also one franc below 20 and this is like, at least to our experience, a huge psychological barrier so something that is below 20 francs is rather... It's not cheap but it's not as expensive as 20 francs or above.

So that was also a reason why we chose this price. And with 19 francs we could also build our business model on it. So basically with four francs we could build a business model. And we queried a couple of customers and friends whether they think four francs is a fair price and everyone said, "Yeah, if you really need a battery and if you run out of power and you don't have your own charger or your own power bank with you, then this is a very fair price." And this was important to us. We wanted to offer a fair price service.

Balint: I was wondering how you were growing and how you've been growing. Has it been done organically using the revenue from customers or at some point you've got some external funding? How does it look like?

Andreas: Yeah, we needed external funding. Actually, the main reason for this is we have to finance all the hardware that we need for the service before we get the money from the users. So this is the reason why we always need the money in advance and why we have investors, basically. As for the growth of our company, as I said, in the beginning we started out as a different company and in the meantime we have



changed our product. Actually, we didn't just change it once, we changed it six times. So the service has been...within three years we have overhauled the service six times. So we iterated a lot. And in every step we learnt more. But we had to go step back in order to start from scratch and this cost a lot of money. So that's basically the reason why we work with investors and we found we were lucky enough to find very nice investors who helped us and believed in our vision. So that's how we did it.

If we had the knowledge of how the service and the market works that we have today, if we had this knowledge check three years ago, we could probably come by without external investments because our business model is very straightforward. We basically bring our goods to the retailer, they sell it and create the revenue for us, and we can finance the business with that but we have had a lot of development cost at the beginning and a lot of costs of learning how it works.

Balint: So you had the vision, the big vision, what you want to reach and you didn't know how you will reach it and this is why you had to iterate a couple of times changing, as you said, the product six times. So you see that as a major, let's say, business issue that you encounter. What kind of other technical issues did you see and how did you solve the major issues? And so how did the investors help?

Andreas: So I start with the first question about the issues. So there were many issues. The main issue at the beginning was that no one believed that this is going to be a market so we have to convince many, many people starting with the retailer that finally worked with us in order to get there we had to deliver many proof of concepts. So these were basically the six iterations that I mentioned. After we did the business model with disposable batteries we launched the smartphone charging model. We didn't go straight away to retail shops. We started in restaurants and bars here in Zurich.

So basically the first iteration was we would call up all our friends that work in bars or own bars. So we came up with 15 bars here in Zurich and we asked them, "Hey, please, couldn't you help us and try out this product service with us? We give a certain amount of power banks and whenever a customer of yours wants to charge a phone, you give them one of these." So this is how we started it first, and actually to be honest, the product didn't work at all. Meaning there weren't many customers that actually paid for the service. But we learned a lot from them. We learned a lot about the power banks, about the quality, about how we have to offer service, and most important thing was we had kind of like a proof of concept. And with this proof of concept we went to SBB, which is the train company here in Switzerland, and we told them, "Listen, guys, you need this service at every train station in Switzerland." And I think they kind of liked the idea, and because we already proved that we can do it in restaurants, they said, "Let's try this out and let's make a pilot."



And so the first step that actually, looking back, we didn't earn any money but it helped us to get the trust and trustworthiness to acquire more partners. And from there, we took it over three more iterations and now, as I said, we're in a thousand retail shops. And I think every step was necessary in order to convince our partners and we couldn't be there properly without having done the first mistakes. And yeah, as you asked, what were our issues, basically to convince people, partners, investors that this is actually a business model that works and that everyone can make money with it. And at the same time we can offer a product that is not something that you throw away. It is something that is reused all the time.

Technical issues, as you mentioned you were in Shenzhen, so... And I mentioned that we source our technology, the battery technology, from Shenzhen as well. So there's a large range of qualities in the battery industry and for our product we need very good batteries, batteries that work with every cell phone, batteries that don't break, so we need high quality. And one of the issues was to find the right producer to create a product that works with ranging from iPhone 5, 4, 3, 6, 7 to all Android devices. And this took a lot of, basically, trial and error. And now we think we have something really good. So this was an issue to find the right producer that has a good quality and at the right price point.

On the software side, and as I said, we built a whole software that manages the fleet so we have many thousand power banks and we call them the fleet, and the software manages this fleet. So we always know what batteries in what point of sale and if the user is registered, then we know which user has which battery. If he isn't registered, we don't know it but we can track the batteries and we can also... They are scanned at the point of sale with the point of sale system of the retailer. So our software is in basically every point of sale system integrated. So this was rather difficult to develop this system not on our side but in those retail points of sale systems. They're still very old and you need to create a lot of work around theirs systems up. Now it works like a charm. And this was a challenge, yes.

Balint: Great. I would say now let's move on to... I would have many questions but I would say let's move on now to the final round of questions. This is the so-called ultrafast round. So I'm going to be asking you short questions and it would be great if you could answer also relatively short. The first question is if you could go back in time to your early yourself, maybe when you were at the beginning of your 20s, what kind of notes would you give yourself so you can learn from it and you can do things maybe differently?

Andreas: Maybe take more risks earlier. I went to school for a long time so I went to high school, I went to university and later I even started to do a Ph.D. which is a very safe path here in Switzerland. And I was lucky enough to have always been working



with startups in order to finance my university studies. But if you want to become an entrepreneur, it's never too early to start. So I started when I was 34, which is very, very late. And if I could go back, I would tell my 20-year old self that, yeah, just start a business with 20 or 18.

Balint: Though what I heard is that there are some notable persons, like the founder of WhatsApp, and also some other people, maybe as far as I know Ikea founder, who were in their 30s and the advantage of that is that you are more experienced and you are less likely to make mistakes because simply you have more experience. It has pros and cons because the cons can also be that you are less risk-taking because you've already achieved some things and you're not ready to make the next step which can be risky. The second question I have is that what kind of book had the biggest impact on you, on your entrepreneurial career?

Andreas: Actually, no book... I read many, many books but there was no specific book that inspired me to become an entrepreneur. It was just... So what triggered me to become an entrepreneur was basically that I was always my whole life have been very, very curious and I've tried many, many things. So, I as I said, I was a scientist for a long time but I was also working with many different startups here in Switzerland in many different areas to earn money. I was a musician for a long time so I would earn money in order to finance my studies by being a musician as well. And I did movies, I did many, many different things just because I was curious and I tried out many things.

And I think I ended up being an entrepreneur, I didn't plan for that, so just at some day I was an entrepreneur because I wanted to try out something and I didn't know where it worked so I became an entrepreneur, and I'm still one. So there was not this book or this inspiration that made me an entrepreneur. And so I... My parents were entrepreneurs as well. So they would own a pastry shop and run a pastry shop. And maybe it's because of that that I can imagine becoming one but it was not the book. Nevertheless, it's always good to read books. I mean, there's like this library of start-up books, like Lean startup, or old biographies ranging from Elon Musk to Peter Thiel, or whomever. It's certainly inspiring if you read them but I think a motivation to become an entrepreneur should come from somewhere else. You have to know why you do it. That's what I would say.

Balint: The last question I have in this ultrafast round is that while you are based in Zurich and you work in Switzerland but you are still, I assume, work with different cultures and different mentalities. What kind of cultural difference have you encountered which is maybe memorable, and which one do you wish you knew before? And how did you overcome those issues, cultural issues, from the nationality point of view?



Andreas: So, as you said, we're a Swiss company and currently only operate in Switzerland. And all of us grew up in Switzerland and so we're not all Swiss, and someone of us has Turkish roots, someone Indonesian roots, someone is coming from the Italian speaking part of Switzerland, which is culturally very different as well compared to the German speaking part. But I think the biggest challenge culturally wise is actually Switzerland as a culture because Switzerland is, at least in my opinion, not very well adapted to the idea of startups and to the idea of creating something new or a new service that people would know Switzerland. Or Swiss culture is very traditional, sticking to the stuff that is already here. And especially if you launch a business to consumer products or B2C products, I think it might be more difficult to do this in Switzerland than elsewhere like in the United States, or in Berlin, or in cultural environments where people are more open to new stuff. So our biggest cultural challenge was not outside but inside Switzerland. And I think we, at least with our products, we found a way of overcoming this.

Balint: Before we depart, I would just have one more question which is what is the best way for the listeners to reach you? So social media or by email?

Andreas: It depends on what you want from us. So, actually, every channel is open. So have Facebook, we have Snapchat, we have Twitter, we have email, whatever you like. So what we are looking for is generally we want to work with retailers so we are happy answer questions from other retailers. We always look for software engineers or also like people with experience in hardware engineering. Like every startup. So if you have something relevant to say to us, just contact us on any channel. We will answer on any channel. And you'll find them on the website. There's also a contact form on the website.

Balint: Thanks. I'll put it into the show notes and onto the website, and the other contact information. Thanks a lot for this interview. I very much appreciate our discussion, answering so many questions. Thanks. All the best.

Andreas: Thank you, Balint, for coming by.