



Podcast Episode #24 – How to increase your own productivity and that of your garden's, with Mattias Lepp of Click and Grow, Estonia

RAW TRANSCRIPT OF INTERVIEW

Balint: I feel lucky to talk to Mattias Lepp of Click and Grow. Welcome Mattias to the podcast.

Mattias: Thank you for having me.

Balint: I used the word “lucky,” Mattias, because it's pretty remarkable what you're doing, what you've achieved and what your vision is. Before this interview I told you that I came across your product at Harrods, when I visited Harrods, a luxury department store in London in January this year, but actually even before I've run into your product as your successful Kickstarter campaign generated quite some buzz. Well, as for Harrods, when I visited it I visited Hardware club's stand, which accelerator is quite famous and you also participated in their program, and I saw your product, which had a pretty prominent place. I learned from the salespersons there that this is not a coincidence as your product was at that time actually the hottest product that they had. So they had to place it prominently. So this was the best-selling one.

That was the trigger for me to get in contact with you, as the listeners of this podcast should hear about your success story. Another reason why I wanted to contact you, and it's sort of good that we're talking now, is that your topic is connected to sustainability, to growing plants, a topic that I like sustainability, personally. Also, on the podcast I had before some other guests, like Michael Stausholm of Sproutworld in episode 4 or Anya Cherneff of Empower Generation, episode 2, which are also related to sustainability. And today we have you on the show. So I'm very glad to have you here.

Before we dive into the story of Click and Grow, your current company, let me bring up your earlier adventures or ventures before this company. So you were the co-founder of Zimplit and you worked there for four years, as far as I could see it, right? And can you tell us more about it and how it led you to this path, to the current situation with Click and Grow?

Mattias: I actually even before Zimplit, I was involved to one web development and web design company. Back then we understood that people have problems



with managing their websites and building them up. So we actually created something similar to today... Probably the most known is Weebly in the US, but many other website management or editing softwares, say that was simply. And this, we actually sold Zimplit for one hosting company and at that I had time to think about what I'm going to do. And actually, those things were not anyhow related. So I think that the closest connection point between Zimplit and Click and Grow was my passion about technology. And as most people in Estonia are very, very close to nature, we love gardening, we somehow are connected with gardens. So this was something I really like. And for me, actually the story of Click and Grow began much, much earlier, approximately 15-16 years ago when I read about NASA Mars mission. So yes, Zimplit and Click and Grow is not very much connected.

Balint: But I think still there is some connection in the sense that even your Click and Grow has some software element and you have a very good website with different offers there, including blog where you talk about how to improve your life, your gardening life, helping out there, and you present it quite well. So I guess still to some extent it helped you, it was easier to formulate the value proposition around this product and to present it to the customers.

Mattias: Yeah, absolutely. Absolutely.

Balint: Yeah, amazing. So this was your motivation then that in Estonia there is quite some gardening culture around that and also food tech. It's good to hear this because, and I also about your company, about your case, because one notable company startup is Skype, that most of us know about, and it's very good to see also some hardware related, hardware-software related product or company on the market from Estonia.

Mattias: Yes. You are right, actually, that in Estonia quite many companies are somehow related Skype. And in our case, one of our investors is a Skype co-founder - Jaan Tallinn, but there are many, many other connections.

But about Click and Grow, one side was definitely my passion about nature but also the technology and the technological side. As I mentioned before 15-16 years ago I read one NASA article about their Mars mission and how they plan to grow plants on Mars. And that was really something. So that was the first time when I heard about the possibility to grow plants without the soil. And based on NASA's charts and images I built my first device and it was, yeah, approximately 15 years ago.

Balint: Wow. So, there was quite some development time because your Kickstarter campaign came out in 2013 and you gathered roughly \$600 000. And you founded the company in 2009. So even before you had the Kickstarter campaign,



you had quite some R&D taking place and you now alluded to it. You mentioned that actually it started even earlier than I thought. So back 15-16 years ago when the root started to come out for your idea.

Mattias: Yes.

Balint: Yeah. Amazing. So, one essential component of your innovation was the soil. You call it Smart Soil, right? And the other one is connected to the light. Can you talk about that how you developed these technologies and what the uniqueness is?

Mattias: So, basically... Yeah, the Smart soil is kind of backbone of our technology and it's a special, we call it nano material that keeps the level of oxygen, water, pH and nutritional ingredients at optimal level. So, in other technologies and also the NASA technology aeroponics, which was my first inspiration, in those technologies plants are growing in water and the water carries nutrients, keeps the pH level on the right level, etcetera.

But the problem there is that to keep the optimal roots and balance you need to have different sensors, pumps, filters, mixers, etcetera. So the technologies we are using at the moment in our indoor farms are quite complex. And then, my idea was actually that maybe there is a way to remove all these sensors, pumps, filters and replace them with modern chemistry and material science. So that was actually the idea behind our Smart Soil and now, let's say approximately seven and a half years ago when we started, now seven years later we are quite close to the goal.

Balint: Yeah. And how was the R&D financed because it was quite some time and it can be difficult to get seed money or grants? How was it?

Mattias: In our case it was interesting. I believe that our vision and the technology itself were so fascinating that many, many people loved it. So it was quite easy for us to get the initial investment. So we had conversations with many investors in Estonia, in Latvia, in Sweden and Finland. And in the end, we selected one Estonian seed investment company, although we got proposals from many investors back then.

Balint: And then, you came out with the product, as I mentioned in 2013, or that's when the Kickstarter campaign happened, right?

Mattias: Actually, I have to correct. The first product actually came out already in the end of 2011 but this was the very, very initial product without the light. It was the most complex gardening product out there and clearly over-engineered. So



you see we had quite many problems with that. But, yeah, the Kickstarter product came out in 2013.

Balint: Before actually continuing that thought what I started, the other part of the technology is the light. And can you talk also about that as I briefly mentioned it earlier? That is also very interesting because I have an optics background. So how you were optimizing the light source, maybe the spectral shape, the spectrum and the light intensity?

Mattias: Yes. So we have selected very, very specific LEDs for light and these LEDs will provide light spectrum for germination and also for blooming, and fruiting. But we're also developing kind of growth phase adapted lightings, so basically lights that will change the light color based on growth phase. So the light could be, let's say cool white during the germination period and turn to red for the blooming and fruiting.

Balint: Pretty amazing to hear that. Adaptive. So you measure also how the plant is growing and based on that you have a feedback? Because I know that you monitor water level based on the description that I saw and this way the user doesn't have to take care of the day-to-day activities with regard to taking care of the plant, right?

Mattias: Yes.

Balint: Then you also do some more advanced analytics also regarding growth and how you should optimize the light depending on the life of the plant?

Mattias: Exactly. But it really depends on the products. So our different products have different lights and obviously we try to keep the price level kind of optimal, so not all of our products have this growth phase adaptive lighting.

Balint: What is the key element actually of your business model or can you describe it short, the business model? I found it interesting. I saw it at the stand in Harrods and I got some information but it would be good to hear that from you.

Mattias: Yeah. So the logic behind all our gardens and farms is very similar to Nespresso or Keurig capsules coffee machines. But instead of coffee capsules, we are using biodegradable plant capsules. So basically you use it exactly the same way as those capsules coffee machines. You put plant capsule into the garden and you'll get strawberry, or tomato, or lettuce, whatever you want to grow. So I think in business world it's called Gillette model.

Balint: Yeah.



Mattias: Basically we are selling both gardens and then we are selling refills or plant capsules, sold over and over and over.

Balint: It's pretty good because this way you have recurring revenue.

Mattias: Exactly.

Balint: Yeah. And not just one-time sale, which gives you a peak in the sales but with recurring you can better predict your sales, forecast it. Yeah, it's better paying off this business model. Yeah. Very interesting.

So what I wanted to talk about when I started talking about the Kickstarter campaign that it was in 2013 that you came out at least on Kickstarter, but your next generation product is that I saw it and I mentioned it that I visited the Hardware Club's stand and I was wondering how you got involved into the program and what kind of benefit you got out of it. Because my question is relevant to me and to the listeners because for hardware you need basically quite some support, many times financial, technical support and on this podcast I already had Brinc which I interviewed, the IoT accelerator from Hong Kong and also Kickstart accelerator from Zurich. And so, I am talking to such accelerators and it would be good to hear what your experience was.

Mattias: Yes, actually in Hardware club we were one of the earliest members and they have been basically growing together with us and also helping us a lot in terms of contacts, on manufacturing side, distribution side but also on financing side. So when we started it was quite difficult to find those resources and Hardware Club actually helped us really, really a lot.

Balint: So you definitely benefited from this program.

Mattias: Yes, absolutely.

Balint: It was important.

Mattias: Yeah, and even today it's quite difficult to find specifically hardware related investors, those hardware distributors and partners who are focusing on let's say specific type of hardware or a specific type of hardware things.

Balint: Yeah. And I saw that, well, we discussed it that you're from Estonia but you have an office also in Palo Alto in California. Can you describe the connection between the two? And are you still in Estonia or you have the operations running out from Palo Alto?

Mattias: So in our case it's more complex. We can't be only Estonian company. And the reason is that the plant and seed field is very, very regulated and you



have to have operations in the U.S. to import and export seeds and plants. But yes, I am spending at least three - four months a year in the U.S. mostly because U.S. is our main target market at the moment. And in 2015 we participated in Y Combinator. So back then we moved most of the team there. And at the moment we don't have an office but we have contractors we are working with in the U.S.

Balint: Yeah, I see. So now I understand it better. And you mentioned that your target market, the main market you are targeting is in the U.S., and then also you are looking at the European market or in a next stage?

Mattias: Actually, we are selling all over the world. Let's say U.S. is at the moment approximately 45% of our revenue, Europe - 30-32% and Asia - 23%.

Balint: So, it's pretty important Europe as well.

Mattias: Yeah. Exactly.

Balint: What were the most difficult challenges that you saw during the development? I guess there were many challenges but what would you stress?

Mattias: To be honest, for me the biggest challenge was cost. So there was one funny story when we started and actually approximately one-two weeks after we got our initial investment, we understood that the system doesn't work because it's too expensive. The product would be approximately 600-700 euros when it would be on the market. And we understood that it just doesn't work. And actually when I'm looking back at those challenges, the biggest challenge for me has been how to simplify the product and the technology. And quite often I see myself and many other hardware companies over-engineering things. So we want to be more complex than actually our customers need to. So basically our first product it was really, really technical. It had many sensors, pumps, etc. but actually it didn't need it.

Balint: It's good for NASA mission but not for selling it to the public.

Mattias: Exactly.

Balint: Yeah. So it was not a minimal feature set and later you simplified it.

Mattias: Exactly.

Balint: Yeah. And during developments and during our life, especially when working on a startup idea, you necessarily run into even mistakes, people make mistakes because anyway a startup is a business experiment, so you have to make mistakes. Otherwise, you are not making enough progress. What mistakes did



you make along the way and how did you learn from them? Apart from this, as you said it, that you had over-bloated feature set.

Mattias: We did quite many mistakes. So I think one of the earliest mistakes was to start selling everywhere we could. Obviously, it was kind of necessary to get some money and keep operations going. But at the same time, actually we quite quickly lost our focus. So we didn't pay attention on specific things and specific customers. So we tried to get out as quickly as possible and we didn't take too much time on understanding what customers actually need. I think that was the most or the biggest mistake we did.

Balint: Would you say that even during the Kickstarter campaign when you came out that was not fully optimized?

Mattias: Absolutely. Absolutely.

Balint: Because I saw already there your positioning, who you're targeting and you said that basically you were looking at the urban population. So to me, it did look like you were quite specific.

Mattias: Yes, but now actually we understand that field much, much better. And even if you, for example, if you talk about foodies and it might seem for most of us that it's kind of a specific group of people but you're looking closer, then there are at least 10 types of foodies, people who are preferring different things. And if you start to develop a product, then I think it's very important to find this one and most specific group who loves your product and develop the whole ecosystem around them.

Balint: Yeah, I'm reading now Seth Godin's *Purple Cow* book and he's talking about the diffusion of innovation or the diffusion of idea, how the population takes up the idea, and what you mean now is that you need to target the innovators and early adopters very specifically with a very tailor-made message so that they pick up basically your idea and then you solve a problem for them, especially for the early adopters who are then ready to spread it for the next segment of people, the early majority.

Mattias: Exactly.

Balint: So you need to be very exact there. That's a good point. So, Mattias, I would suggest let's now move on to the ultrafast round. So I'll be asking you four questions, short questions and it would be great to get a short answer to these.

Mattias: Mhm.



Balint: So, the first question - if you could go back in time to the time when you were in your 20s, what kind of notes would you give yourself?

Mattias: Don't scare to ask help.

Balint: Yeah. That's a good one. I got also this from actually the first interview that I had with Bernhard Petermeier from the World Economic Forum. When he started out with his first company he also made that mistake that he didn't ask for help, enough help. That's a good point. The second one is if you had to name one book, which one had the biggest impact on your career?

Mattias: There are so many. But I really like obviously, let me think, Ben Horowitz *The Hard Thing About Hard Things*.

Balint: Yeah, I haven't read that yet but it's definitely on my list. I heard it from some of the startup CEOs who I've talked to that is a pretty good book, to read as a CEO especially.

Mattias: Absolutely.

Balint: Yeah. The third question. So, it's about habits. What kind of habits do you have in your daily life, especially at work-related habits?

Mattias: My overall habits, I try to meditate every morning. I try to take cold shower. But work-related habits... I think one that helped me really a lot is writing things down and actually writing, not typing.

Balint: Yeah, that's very, very useful. I also write down. I have like a brain dump file where I just put down the idea quickly and then later you can sort it. And meditation is also important. I wake up in the morning and I think about what I want to achieve and what I'm grateful for, and just being in the moment, at least for a short time. Maybe you meditate longer.

The fourth question, the last one. In your work if you had to pick one or two critical cultural differences because you sell internationally, which ones do you wish you knew about before and how did you overcome such issue, cultural difference?

Mattias: I think the most important thing is to visit those countries where you sell and talk to the people. It's very difficult to name any specific things. But for example in Japan we tried to start selling there directly from Estonia. We failed. Now I'm visiting Japan and I see the reasons why. But other than that we Estonians have one very, very problematic cultural difference. We are very shy. So we don't talk to people. And it has been a problem all the time, so quite often I see



Click and Grow and many other Estonian companies are doing the same mistake, so we don't talk.

Now I know that it's critical to have sales people who are either from, I don't know, best ones probably are from Israel, from the U.S., from Middle East. But, yeah, that's the ones I can name.

Balint: Yeah. Because this way if you talk to the salespeople with regard to this topic, they also know the local region, the local customs and how you can sell there. Or yes, as you said it, the other solution or coupled with this is going there, visiting the country where you want to sell.

Mattias: Exactly. Yeah.

Balint: So, Mattias, I would like to wrap up now this interview. I've had a really good time and it was very, very informative learning about your sustainability related business, your green company. And what is the best way for the listeners to reach you?

Mattias: I think the easiest way is to look at our website clickandgrow.com. I'm personally sharing things through Facebook. That's, I think, the best way, through Facebook probably.

Balint: Yeah. People can follow you that way and they can also interact with you there.

Mattias: Exactly.

Balint: Yeah. Excellent. So thanks a lot again, Mattias, for your availability.

Mattias: Thank you.