

Growth Driver: Gustavo García Brusilovsky, BuyVIP

▶ Leader Perspective: Gustavo García Brusilovsky, BuyVIP

When companies like IBM, Procter & Gamble (P&G) & McDonalds wanted a step change in marketing, Gustavo was the man they hired. Now CEO of BuyVIP, the online shopping club that is on a 300% per year growth trajectory, Gustavo García Brusilovsky is in his element: in control and continuously looking for opportunities to “Stop the bulls*** and get on with it.”



A Spaniard born in Argentina, Gustavo studied in Madrid (IESE), Houston and London, where he developed a real understanding of how to ‘make things happen’. His desire for continual improvement comes from a combination of competitiveness and clarity of thought: “I’ve broken this body a few times in competitive sports – the mind moves and the body can’t keep up with it.” This steely sense of purpose is a quality that caused him to rise rapidly through the marketing ranks at P&G. It is also one of the reasons IBM

hired him to build a new European marketing function when then-CEO Louis Gerstner’s transformation programme took hold in the mid-1990s.

Although Gustavo did well in corporate marketing, his desire for change made him restless (not to mention disruptive). Gustavo left IBM in 2000 to join Gerald Heydenreich at Portum, a provider of web-based e-sourcing solutions. This stint as a co-founder/entrepreneur in a bootstrapped company was a cultural shock. The need to conserve cash meant that Gustavo quickly learned first-hand how to sell -- quite a transition for a seasoned marketer. He talks about other lessons learned at this time, doing ‘whatever it took’ to make the company succeed, even more so because it was his own. Portum became the leading eSourcing provider in Europe and eventually was sold to IBX Group in 2006 as the market for B2B purchasing solutions became increasingly competitive.

Gustavo takes the lesson from Portum in his stride: in his view, it was a mistake to take on a project where he was not able to make the changes he felt necessary. He is passionate now about being in control, being able to make his own decisions and reaping the rewards of his own work.

His management style reflects this approach: he hires the best that he can find -- often people with an entrepreneurial flair -- and manages by results, allowing his team the flexibility to make their own decisions, for as long as they get results. By his own admission, Gustavo is not an easy man to work for. In his continual drive for process improvement, he keeps a close eye on the numbers. “It would be great to delegate operations and totally focus on strategy, but delivering the

numbers just doesn't happen that way". That said, he believes in hiring the best person for the job from day one (another lesson learned the hard way) and invests heavily in people with both time and money.

When Gustavo launched BuyVIP in 2005 together with Gerald Heydenreich, the biggest challenge was to convince premium fashion brands to work with him. Coming out of the technology and sourcing services world, Gustavo was an unknown entity in this market. But he persuaded leading brands like Calvin Klein, adidas, Kenzo, Fendi, Levi's and more to reserve stock for his as-yet-unproven online discount sales. He remains of the view that his B2B selling skills were vital to success at this stage.

Fast-forward three years and BuyVIP is running daily sales campaigns to its pan-European membership of 3.5 million, and is seen as a professional, credible and highly successful partner by international brands who want to find a discreet outlet for excess inventory. The online shopping club market is the fastest-growing category of eCommerce, with over €1 billion in revenues expected in 2009 in Europe alone. Within that market, BuyVIP is leader in Spain, and a growing contender in Germany and Italy.

Far from being complacent, Gustavo expects significant consolidation in the market and predicts that the top two, perhaps three players will be the only real winners. The Portum experience, he says, may not have taught him to lose, but he certainly felt what it was like 'not to win', and he does not intend to repeat the experience.

Gustavo has a real feel for fast-moving markets, and a deep, hands-on skill in B2B and B2C marketing, which is a perfect mix for the BuyVIP business model, which requires lasting relationships with both brands and consumers. He maintains a keen focus on continuous operational improvement and is determined to ensure BuyVIP continues to steam ahead of the competition.

Gustavo's reasons for taking a new investor on board are simply "to get better odds of getting the job done". He plans to increase the pace at which the company is already growing, to offer ever more targeted campaigns to a growing membership in more countries (Poland is next), and to achieve an exit at the right time. Asked for the reasons why he decided to go with Kennet Partners, he lists:

- ✓ The straightforward, practical approach
- ✓ A shared sense of "We are here to win"
- ✓ Experience – Kennet has done this before
- ✓ The Kennet network of executives and corporate contacts
- ✓ Exit support – "That's the reason we are in this after all"

So what of the loss of control? BuyVIP has four professional investors. "If I make the right decisions, people will follow". Gustavo is -- as always -- confident in his ability to lead by action. To his mind, the new investment enables him to implement these actions more quickly and effectively. There's a sense of urgency here: "With time, almost everyone can learn to do something well. The real challenge is to do it well – but faster".

About BuyVIP

BuyVIP is the largest pan-European private buying club. It organizes spot online sales of well known apparel and sport brands at much reduced prices for its community members through daily email campaigns. The attractiveness of the model is that it doesn't require working capital. Goods are set aside by brand partners, margins are high, even at the high discount levels and, once recruited, the incremental cost of bringing buying members to the online marketplace is not high. The pillars of the business are getting the best brands, products and discounts, building the biggest community (purchasing power to negotiate with suppliers) and ensuring a great customer experience (the site, including photos and videos, the logistics and customer support) even if the delivery time is not very fast.

► **Investor Perspective: David Carratt, Managing Director, Kennet**



BuyVIP is in an exciting category, one that Kennet was tracking closely in 2008.

Following the financial success of market leader *Vente-Privée* in France, online private sale businesses are arguably the fastest-growing market segment in Europe, with total revenues set to exceed €1 billion in 2009.

BuyVIP is one of two sizeable Spanish vendors in the category and arguably the #2 player within continental Europe.

There is an undoubtedly an overall shift from offline stores to the Internet and there are substantial opportunities within this trend. Within e-commerce, fashion is the fastest growing sub-segment, with 34% growth year-over-year.

Against that backdrop, Gustavo and his team have built a youthful and dynamic brand, growing

extremely fast with a good selection of branded products and great customer service. We knew that when we first came across BuyVIP and our consumer focus groups confirmed it.

When you get to know the people behind the organization, it becomes clear that Gustavo's approach and personality is mirrored by the organization: he is driven, performance oriented and persuasive. Operations are tightly managed and the team is strong and entrepreneurial.

Gustavo's experience and passion for operations are key to Kennet. The volume and pace can be frenetic: Every day, BuyVIP members are invited to more than 10 sales events, offering discounts of up to 70% on branded goods. Products are sourced directly from leading brand partners in each of its operating markets. The ability to manage that well is key to customer satisfaction, success and sustained growth. BuyVIP has been growing at more than 300% per year and we believe that the company has the team and processes in place to build a significant European business.



About Kennet

Kennet invests in entrepreneurial technology businesses to help them take the next big jump in growth.

We're an experienced growth equity investor with a long track record of building global market leaders and achieving high-value exits.

Since 1997 we have invested in over 40 companies in Europe and the US.

As a growth equity investor, Kennet focuses on companies that have proven commercial success and are now ready for the next phase of growth.

▶ London

Kennet Partners Ltd
Nuffield House
41-46 Piccadilly
London W1J 0DS

tel: +44 (0)20 7839 8020

fax: +44 (0)20 7434 2973

email: info@kennet.com

The companies we invest in often do not need money to survive.

They have options. But the right investment from the right partner can help them keep ahead of their markets, expand internationally, ramp up their sales forces and lead to greater value for shareholders.

Visit us at www.kennet.com to learn more.

▶ Silicon Valley

Kennet Partners LLC
950 Tower Lane, Suite 1710
Foster City, CA 94404

tel: +1 650 573 8700

fax: +1 650 573 8712

email: info@kennet.com