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How the St. Petersburg startup Party Food grew and sold itself to Yandex



After almost a year of negotiations, in October 2018, Yandex.Taxi LLC bought 83.3% of the Food Party LLC. The exact amount of the transaction was not named, but, according to market participants, Yandex could pay for a startup from 1 billion to 1.2 billion rubles.

Photo: "Food Party"

The founder of the Food Party, Mikhail Peregudov, had a dream - to become a dollar millionaire by the age of 30. He earned his first million in the fall of 2018, when he was 33, and 83% of the company he founded, Party Food, was bought by Yandex, estimated at no less than 1 billion rubles. "I missed the deadline a bit, but achieved my goal," Peregudov is pleased.

He was born in St. Petersburg, graduated from the Electrotechnical University LETI, but quickly realized that he would not be an engineer. After graduation, he was engaged in advertising in his father's company, which produced microcircuits, worked as a PR manager at the St. Petersburg Center for Speech Technologies, and headed the marketing service of the Moscow company Webinar.ru. "I liked my work, but I was spinning in an entrepreneurial get-together and felt somehow uncomfortable because I didn't drink any startup," Peregudov says.

The entrepreneur was looking for an idea for him in the Western media and soon came across an article about the market for delivering sets of products for home cooking. Several large projects in this area have already worked in the USA - Plated, Blue Apron, Instacart. The fashion for product designers was gradually reaching Russia: in 2012, the Shefmarket project was launched, in 2013 - The Houses Are Tastier, in 2014 - Elementaree. "It was a clear success story, a proven model that attracted large investments, and I decided to try," Mikhail recalls.

Instead of "Auchan"

Peregudov knew nothing about this business, so he decided to involve a person familiar with the catering industry. In the winter of 2013, he met Philip Bashyan, the owner of a small food production facility in St. Petersburg, engaged in catering. Bashyan offered Peregudov 100 sq. m in their production and "a little money."

Founder of the company Mikhail Peregodov (Photo: "Food Party")

Peregodov phoned the support services of all competitors - so he managed to figure out how many deliveries could be done per week, and found the first employee, a former chef from the service "House is tastier" Mikhail Stepanov. The launch took about 2 million rubles, most of which was invested by Bashyan (during the first half of the year, about 8 million rubles were invested). The partners registered the Food Party LLC, 40% of which belonged to Peregodov, 60% to Bashyan (he owned the share through his mother Elena Krivonosova).

In order not to waste time creating a website, Peregodov sent messages about starting a business to his friends on VKontakte. "Everyone said that the idea was cool, but no one ever bought it, not even my mom," laughs Peregodov. Together with Stepanov, he went to the supermarket, bought some food, laid them out on wooden boards and asked a friend of the wedding photographer to remove the sets. The photos were posted in specially created groups on social networks. This allowed to attract the first 12 buyers. Peregodov sent eight more boxes of food for free to friends with the most subscribers.

The first real delivery "Food Party" carried out in August 2014. It was a set of ingredients for making five dinners. The box cost 2995 rubles, the founders put the recipe for each dish inside. "We positioned ourselves as an alternative to Auchan: no need to take a steam bath, go somewhere, invent something. We will bring you everything and tell you how to cook," says Peregodov. In the second week, 32 sets were sold.

Peregodov hired several more chefs and two sales managers, and in September 2014 entered the Moscow market. In order not to spend money on production in the capital, he collected batches in the St. Petersburg workshop, hired a Gazelle with a refrigerator and delivered the ordered to Moscow in the morning.

By the end of October 2014, Peregodov still launched a website with the ability to place orders online. This gave a serious impetus: by the end of November, the proceeds of the Party of Food jumped to 3.5 million rubles, but it was far from reaching the operational plus. "We planned to go to zero by the seventh month of work, and before that we were purposefully burning money," he explains. Every month he brought the founders 1 million rubles. losses.

To keep the startup afloat, Peregodov continued to conduct webinars on Webinar.ru, and Bashyan invested in the "Party of Food" profit from the catering business and the "Button of Life" project, which he had been developing in St. Petersburg since 2012. But by the seventh month, the company did not turn out to be a plus. "We just ran out of money, and we decided to raise prices," Peregodov says, recalling how he sent letters to clients asking them to understand and forgive. Price increase for a box with dinners up to 3300 rubles. helped: in February 2015, "Food Party" recouped its expenses for the first time; in April, net profit reached 500 thousand rubles.

At the end of 2015, the first investor came to the Party of Food - the St. Petersburg developer Eduard Tiktinsky. "I first heard about the business model at the presentation of the newspaper" Delovoy Petersburg "

and immediately believed in her. This is modern technology combined with the basic human need for food," he says. "I didn't understand why someone from the construction site would need my food business, but I decided to take a chance," says Peregodov. "It turned out that Eduard is a very versatile person who gave a lot to the project in terms of strategy."

Food Party team (Photo: Food Party)

Tiktinsky invested 40 million rubles. in exchange for 40% in the company (Peregodov and Bashyan

had 30% each), about 30 million rubles. of them went to the organization of a new production - almost 1000 sq. m in St. Petersburg. The remaining 10 million were spent on staff expansion and office rent. "We lived without a printer for a year and a half, meetings were held once a week in a cafe, a call center worked from home. After the round we became like adults, "Peregudov says.

2015 "Food Party" finished with revenue of 51 million rubles. and operating profit of several million, but the next year was not so bright. "We closed the first round of our lives and it seemed to us that this would magically change everything. We overestimated our strengths, did not calculate the budget and again went into negative territory, "Peregudov admits. He also recalls that he continued to do all the operational work himself and "just died."

"Mood: disagree"

In 2016, the project's revenue was close to 80 million rubles. - half as much as planned. "It was the most difficult year of ours, I was in the mood of 'everybody, we disagree,'" the founder admits. The situation was saved by a new round of investments: in October 2016, Vladimir Cherkashin and Sergey Aleshin, the owners of Sanext.Pro and Izola.Pro companies, which produce and sell heating systems, invested in the company.

"I've been interested in food for a long time. My wife and I travel a lot, try new dishes, I love to cook myself. By that time, we transferred the main business to the management of general directors, we wanted to do something interesting with our own hands, "says Cherkashin, who learned about the Food Party from Tiktinsky, with whom he played football. Aleshin supported the idea, and the partners invested 60 million rubles for the three. - now 35% of the company belonged to Tiktinsky, 26.25% each - Peregudov and Bashyan, 12.5% - Cherkashin and 6.25% Alyoshin (then the shares were redistributed according to the option agreement).

To ensure the growth of the project, the partners decided not to pursue operating profits and to invest in production, IT-component and marketing. Under the leadership of Philip Bashyan, they wrote a management system - 1C with individual modules that controlled the volumes of necessary purchases, taking into account the types of ordered menus, received an ISO 22000 certificate. We even created a special Telegram bot that monitors compliance with food storage rules. "Our production is a huge refrigerator in which a certain temperature must be constantly maintained. If one of the workers does not close the door to one of the shops, the temperature is disturbed, the products deteriorate, and lose their presentation. Condensation may appear, and then mold, says Bashyan. - According to Soviet standards, a person is watching this: every few hours he comes up and writes in a notebook that everything is in order. But people are people, so we installed sensors everywhere: if the door is not closed for 20 seconds, the sound alert system is triggered, if 40 - to the production manager and I personally receive a notification in Telegram. This allows a catastrophe to be prevented immediately, and not in a few hours, when the inspector goes to work and the products cannot be saved. "

At the beginning of 2017, Food Party began to work as a subscription service: the sets could be ordered not once a week, but indefinitely, once the card was linked to the account. "The subscription is very flexible: you can refuse it, you can change the menu, but it binds," Peregudov said. - So you don't need to make a purchase decision every time. A purely psychological thing, but it allowed us to double the number of deliveries and plan our volumes. "

At the same time, Cherkashin joined the operational work, who ceased to participate by hand in his main companies, and Bashyan, who left the catering business. Another investor appeared - Cherkashin's friend and OCS Distribution top manager Alexander Rodionov, who bought out 4% of the company.

At the end of 2017, the proceeds of "Food Party" increased by 150%, to 205 million rubles.

"Everything went off at once: the technical base, marketing, the team," says Peregudov. In the wake of euphoria, I wanted to grow further, but new investments were needed, and the founder continued to look for investors.

Yandex and food

Yandex's interest in the food tech market arose a year before the deal with Food Party. After the merger of Yandex.Taxi and Russian Uber at the end of 2017, the food delivery project Uber Eats also joined the IT giant. At the end of 2017, Yandex also bought the Russian startup FoodFox, merging it with Uber Eats, which was closed as a separate project in May 2018. "We've noticed for a long time that one of the most frequent searches in our systems is cooking - almost 100 million times a month people asked how to cook something, —

Daniil Shuleiko, Chief Operating Officer of Yandex.Taxi, speaks. "In addition, 40% of the Russian consumer's basket is spent on food, and all transport costs are only 16%, so the volume of the food tech market, which we are gradually entering, is several times larger than the taxi profile for us".

Company office (Photo: Food Party)

In September 2017, Peregudov's fateful meeting with a man from Yandex, the then marketing director of the company Dmitry Stepanov, took place, who told about the idea of the Shuleiko service. "We went to lunch, I ordered some kind of salad, and then Dima says: can you imagine how much money you overpaid for this tomato, because it was irrationally delivered, stored, spent a lot of money on cooking and marketing? - Shuleiko recalls, - Home cooking sets seemed to us a cool alternative. The idea to grow such a startup inside Yandex was immediately dismissed: "We are talking about digital and technology, and not about how to cut vegetables".

According to Peregudov, negotiations with Yandex took place for about a year: in October 2018, Yandex.Taxi LLC bought 83.3% of Party Food LLC. The exact amount of the transaction was not named: according to market participants, Yandex could pay for a startup from 1 billion to 1.2 billion rubles.

Tiktinsky, Aleshin and Rodionov sold their shares and left the company. "This is a requirement of Yandex and the decision of the rest of the team. I believe that from the point of view of business it is correct, although I would be happy to remain a shareholder in the future," Tiktinsky comments. According to him, the profit received from the sale of the stake was many times higher than the investment in the project. Peregudov, Bashyan and Cherkashin sold part of the shares, retaining minority stakes (6.4% each for Peregudov and Bashyan, 3.9% for Cherkashin).

Yandex agreed to leave us shares in order to motivate us to develop the project as our own, "explains Cherkashin. After the deal, the life of the Food Party has hardly changed - all processes are still held by the founders. "By prior arrangement, Yandex will give us the maximum degree of freedom in making operational decisions. If we fulfill the financial plan, no one will touch us," Peregudov assures.

Party of Food hopes to end 2018 with revenues of 450 million rubles. There are still no plans to reach operating income. "Why take out 5 million now, if you can invest in growth and take out a billion later?" - says Peregudov. In the next two years, he expects to expand the menu, modernize the website and mobile applications. "The food market is the largest in the world. With the delivery of cooking sets, we take the smallest part on it. On either side of us are two huge fields: the delivery of ready-made food and ordinary food products. I am sure these areas will be mixed. We hope to use it. "

The future of foodtech

In Russia, there are about a dozen projects for the delivery of kits for cooking at home. The largest

ones are the aforementioned Chefmarket, Elementaree, and Houses tastier.

"Misha Peregudov is a talented marketer, but from the point of view of product quality, service flexibility and speed of innovation," Chefmarket "is a cut above," says Sergey Ashin, founder of "Chefmarket". - Our revenue for 2017 amounted to 332 million rubles, in the nine months of 2018 we delivered more than 1 million dinners, we plan to close the year with a turnover of 480-500 million rubles. This is clearly more than that of colleagues. "

According to him, "Yandex" knocked on the offer to buy them, but Ashin refused: "We are not ready to give up control at this stage, we believe in the growth of the market and the company, we are ready to compete."

Photo: "Food Party"

The general problem of the market is profit problems. The same "Shefmarket" in the first plus plans to come out only by 2020. The year was also difficult for Elementaree: "We were looking for a scalable model for attracting customers, so we lived in a situation of a constant cash gap, delays in wages. It was difficult for the team and me, but it brought us together and taught us to focus on the main thing, "admits Olga Zinovyeva, co-founder of the service.

The foodtech market is one of the most rapidly changing and promising in Russia, Zinovieva is sure: "In my opinion, this deal is one of the steps towards the formation of" grocery retail 2.0 "by Yandex. This model is still being tested on a small group of city dwellers, but on the horizon of five to seven years it has every chance of becoming a serious competitor to today's leaders in the grocery retail market, "she said.

Yandex plans to grow a major player out of the Food Party, increasing the number of deliveries and the project's revenue over the next three years by about 100 times. "Under the influence of technology, the food market is transforming before our eyes. We do not exclude the purchase of new startups in this niche, because changing the industry with our own hands is the most interesting thing, "says Daniil Shuleiko.

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