

Seizing Opportunity

An Interview with
Kevin P. Ryan, Founder and Chairman, GILT

EDITORS' NOTE Kevin Ryan has launched several New York-based businesses, including GILT, Business Insider, and MongoDB. He helped build DoubleClick from 1996 to 2005, first as President and later as CEO. Currently, Ryan serves on the boards of Yale Corporation, Human Rights Watch, and INSEAD, and is a member of the Council on Foreign Relations. He holds a B.A. from Yale University and an M.B.A. from INSEAD.



Kevin P. Ryan

COMPANY BRIEF In 2007, Kevin Ryan along with a founding team, created GILT (gilt.com) as an invitation-only site for coveted women's apparel and accessories. Today, GILT has millions of members and has added business lines for the home, children, men's apparel and gear, and local services and experiences (Gilt City), and has launched the leading flash-sale site in Japan (Gilt Japan). GILT recently opened Zola.com, a wedding registry.

You're currently engaged in and leading five companies, all of which are known as leaders within their spaces. Would you give an overview of what makes these companies special?

MongoDB is a new generation database that, by year end, will have 500 employees. It's one of the most valuable Internet companies in New York. What makes it different is that it's hard technology – it's the type of company people expect to be located in Silicon Valley but it's in New York. It's the core database that 100,000 different companies are using to store their data across Wall Street, security agencies, and start-ups around the world.

Business Insider is now 50 percent bigger than *The Wall Street Journal*. It's the number-one business news site in the world defined by the number of people that go to it every day. We'll end this year with about 350 employees.

It's going to expand dramatically both internationally and domestically. It has grown only because consumers like the content and decide to come back, and because our CEO and his team have done a great job on execution, which involves both content and distribution.

The other really impressive thing about Business Insider is we'll end this year with 180 journalists. This is still just 10 percent of the

journalists at *The Wall Street Journal* or Bloomberg, yet more people come to read the site every day.

Gilt has about 1,000 employees – it's one of the largest companies in terms of revenue in New York City. It was a pioneer in a new way of selling goods and it engendered incredible customer loyalty. It changed the way people shop and also the way things were presented. We probably do \$100 million outside the U.S. just shipping from the U.S.

I started two additional companies over the past few years: Zola is a wedding registry company with 30 employees. A registry should be more than plates, forks, and glasses. It should include the option to buy a tent, or give someone cash, or contribute to charity or a honeymoon fund. It's one of the fastest growing companies in New York in terms of e-commerce.

I have a new company called Kontor, which is focused on the office interior space. There was no supersite offering inspiration to decorate an office as well as information on where to get the materials needed. It launched broadly a few months ago and it has already raised \$5 million with just 15 employees.

What kind of advantages does New York offer tech firms as a business base?

New York provides the human talent. Many graduates of Ivy League business schools are moving to New York because they want to live here. We have a lot of talent for these start-ups. This means New York will continue to grow and take market share.

The cities that will succeed will be those where the smartest 20- and 30-year-olds want to live. Rent, tax policies, etc. don't matter. Berlin is the most successful city in Europe because people want to live there. It is a hotter city and more successful than Paris. As a result, they have more start-ups. San Francisco and New York are the most expensive cities to live in and yet they're the most successful.

Does it ever get tiring being always pushed to go public?

The reality is that an IPO is so newsworthy that people want to talk about it all the time but I just see it as a financing route. I can raise \$100 million from private investors or I can sell \$100 million in stock in the public market – it's

the same thing from my perspective, except that the fees of going public are 10 times higher. The interest from the press is also 10 times greater, but I'm not aiming for that.

Is New York a business-friendly city and is it accessible for next-generation companies?

We have the human talent. That gap between the talent in San Francisco and New York and the talent in the rest of the country is only widening. We're not seeing many successful Internet companies elsewhere.

New York City is more expensive, which is a major issue. But rent is not that significant of an expense for us.

The average employee with us makes \$100,000 so the rent isn't a big savings. It's 1 to 2 percent of the total cost for that person. Getting the right person is very important.

How valuable is public/private partnership to the city's success?

It's key. Having a great city and state government is also really important. New York City has benefitted from an incredibly active business community over the past 25 years. Philanthropists, who are largely business people, helped rebuild Central Park and gave money to museums. This, in turn, attracted tourist revenue and graduates from many great universities outside of New York City who then determine that they want to experience living here. Many of them stay and that's why we have a great talent pool.

How do you measure success for your companies?

The first criteria for success is product success, which means doing a better job than our competitors in building a product people like. Business Insider is successful because more people want to read it, and Gilt and Mongo achieved the same success. In all cases, we were the number-one player in what we did.

In secondary cases, it's important that our companies are valuable even though the dynamics in some industries are hard to predict.

Is there a difference between being a disruptor and being an innovator?

Every innovation is disruptive in some way because we're going to build a business, so that money comes out of someone else's money. All innovation is disruptive even if it's not direct.

Every product is there to solve a problem. People come to you because you're making life better, easier, or cheaper. ●