Pactum –
from an idea to a multi-million dollar startup

…and how collaborating with Producement has helped them every step of the way

A case study

pactum

Introduction

Pactum, an AI-based negotiations system, **worked with Producement from the idea stage all the way to becoming a multi-million dollar startup.**

Pactum helps global companies to autonomously offer personalized, commercial negotiations on a massive scale. The company is headquartered in Mountain View, California, with engineering and operations in Estonia. They have also filed for a patent related to its technology IP.

Pactum has raised $4.2 million in total.

In 2020 Walmart started using Pactum to automate negotiations with part of its global supplier network.

In this case study, we take a look at why **collaborating with a startup product engineering studio is a good idea both at the very early stages of a startup and later on as a scale-up company.**

Collaboration in the pre-seed stage: partnering with a startup product engineering studio
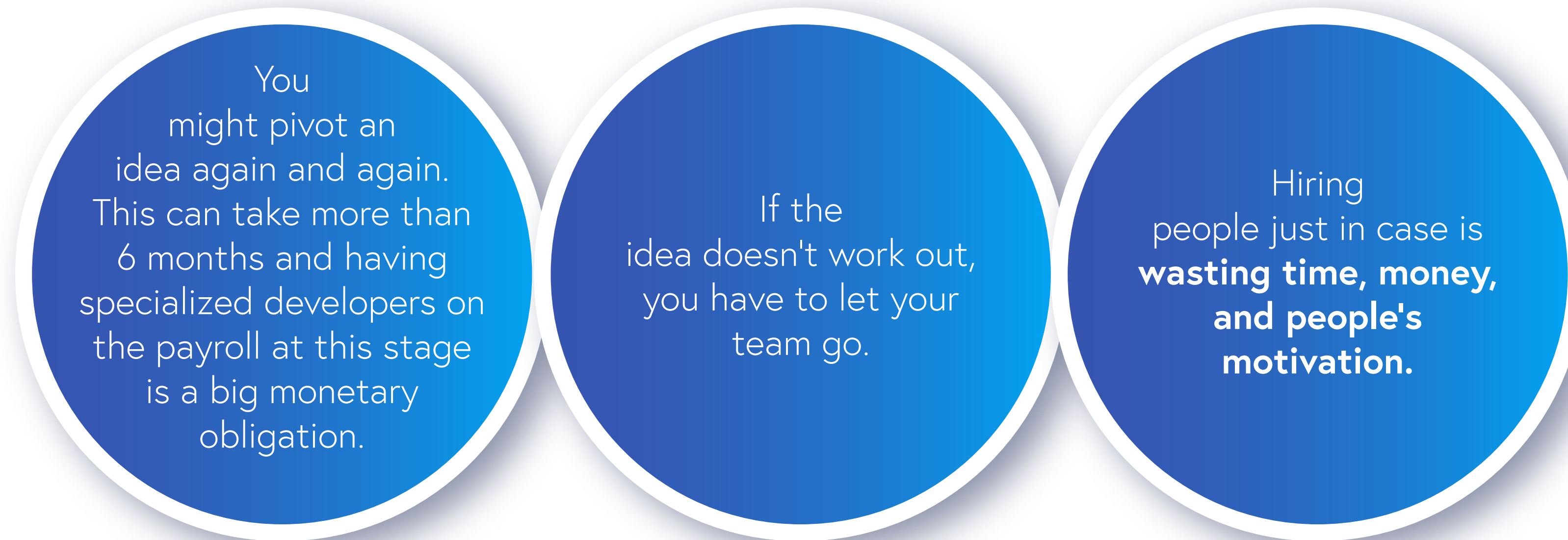
Pactum founders started off with a mere idea of a negotiations automation software. They had two options: a) to hire a full team themselves or b) to team up with a startup product engineering studio.

Pactum's co-founder Kristjan Korjus: **"If you're building something you're not sure about, it's a risk.** We chose to keep our overhead down and not hire a full in-house engineering team. **It's easier to start hiring when you already know what you're building and what types of people you need on your team."**

That's where **Producement** came into the picture. Pactum and Producement teamed up and in a week built an MVP they could start validating with their potential clients.

Some VCs think that if a startup doesn't have a technical team, they're not worth investing in. That's true. However...

In the early stages of a startup it's all about risk and yield:

You might pivot an idea again and again. This can take more than 6 months and having specialized developers on the payroll at this stage is a big monetary obligation.

If the idea doesn't work out, you have to let your team go.

Hiring people just in case is **wasting time, money, and people's motivation.**

Teaming up with Producement allowed them not to take that risk and validate their idea fast.

Producement is the best fit for non-tech founders

Producement is the **best fit for founders that don't have a software engineering background.** Many founders come from technical fields, e.g. maths, physics, biology, but that doesn't equal tech capabilities of professional software engineers. They are undoubtedly very successful in their domain but they need tech experience to get their development running.

The Producement team brings on board **tech experience and helps to scale startups.**

Kristjan Korjus: "It's been a unique experience to partner up with a team of engineers who could be startup founders themselves. It is truly the next level of expertise."

To make sure that **both parties' incentives are aligned**, Producement acts like a VC and takes a small equity of the startup. That gives them a sense of ownership and ensures they're 120% invested in the success of the startup.

Jordan Valdma, the CEO of Producement: "We see ourselves more as startuppers than consultants. We truly work **with** our clients, not for them."

Hiring and building a permanent team

When the startup has raised funding, they gain a longer runway. **That's the right time to start hiring a development team of their own.** Producement helped get the Pactum engineering team up and running. They helped with both **hiring people and implementing procedures.**

Kristjan Korjus: "If you're not a professional software engineer, you'll probably make more mistakes with your hiring decisions. Hiring is a skill as any other. If you hire often, you should keep it in-house. If it's rather sparse and hectic, **it's better to have someone from the outside to handle things.**"

Pactum now has a VP of Engineering who does all the technical hirings but **Producement helped set up the initial in-house engineering team.**

Pactum says they can **always rely on Producement in case they get an unexpected client or they need to scale.** Producement is familiar with their product through and through, and doesn't need **onboarding.** Pactum can get additional manpower quickly and for just as long as needed.

This kind of flexibility is a strong value proposition. Especially today, permanently hiring people full-time is a liability. For any unexpected development needs, Producement is their go-to partner for the long run.

Collaboration as a scaling seed-stage startup

Conclusion

Pactum is a great example of Producement's larger vision.

1 We start our partnership while the startup is still small.

2 The start becomes independent with us by their side.

3 As the startup matures, we help them hire their own team and fly the nest.

4 We're always there for them in case they need quick and flexible help. We've seen them grow from the ground up and can offer backup without time-consuming onboarding.

Want to scale with us?

Let's have a chat and see if we're a match!

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