Gamble that paid off: quitting Wall Street to co-found unicorn Konfío



The decision to return to Mexico was an opportunity for Francisco Padilla and his partner David Arana to develop Konfío, which is now a unicorn company.
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Diego Álvarez, Konfío

*“When I told my parents **I was returning to Mexico**, they weren’t happy. They couldn’t believe **I was leaving the great job** I had in **New York**.”*

This is what **Francisco Padilla,** a **Tec de Monterrey** graduate in **Computer Technologies,** remembers about when he decided **to quit** his job on **Wall Street** to join his current partner **David Arana** to undertake a startup in Mexico.

It was in **2013** when **Francisco and David** began their journey by creating **Konfío**, an **artificial intelligence** platform that offers **loans** to entrepreneurs who been turned down by the **banks**.

Today, **Konfío** has become the **fourth unicorn company** in Mexico. It was born when its founders **took a risk** by **returning to the country** where they were born.



David Arana (left) and Francisco Padilla (right) are the founders of the new Mexican unicorn. Photo: Courtesy of Konfío

From avoiding unemployment to becoming an entrepreneur

After graduating in 2007, Francisco moved to the United States to work. He experienced the **financial crisis** of **2008** firsthand at his job on **Wall Street** in **New York.**

This crisis, the biggest since the **Great Depression of 1929**, crippled credit, affecting the world economy.

*“There were **staff cuts** every week. As an **immigrant**, you could be sent back the next day. You had to **show** that **you brought value** and you deserved another week,”* he recalls of his time at the company **MicroStrategy,** whose largest global client was **Citibank.**

There he met **David Arana**, a Mexican who had studied mathematics at the Massachusetts Institute of Technology (**MIT)** and worked at ***Deutsche Bank.***

Arana identified an **opportunity** in **banks’ fear** of **giving out loans** and decided to offer a financial solution to companies, but in a different location: **Mexico.**

*“When I learned that David was returning to Mexico to create an **online credit platform**, I joined the project.”*



His gamble to contribute to Mexico

Francisco's parents, both systems engineers, advised their son **not to quit** his job in the United States.

However, Francisco had a very clear **motivation** in mind: *"My goal of returning to Mexico is **to contribute to the country**,"* he said.

*"(David) understood the **financial side** very well, and I understood how to make **large-scale technology** for banks. So, we built a **website** using **artificial intelligence** so that businesses could apply for financing through **self-service**.*

*"We took on the task of ensuring it was an **unsecured loan** to make it **flexible**, which meant there was operational risk that we managed to contain with artificial intelligence,"* he adds.

Thus, in 2013 Konfío was born, a **platform** that offers **financing** and **management services** to help **entrepreneurs in Mexico.**

> ***"We want Konfío to continue to grow. We've helped 35,000 entrepreneurs since the company was born. Our goal is to bring it to 120,000 in the short term."***

The beginning, with "drastic losses"

Francisco says that the money for the loans came from their **own savings. In January 2014**, after working 7 months on the platform, they gave their **first loan of 10,000 pesos** to a Mexican micro-entrepreneur.

*"Where do we get the money from? From our savings. We gave them automatically. The first time we calibrated the system, **we had drastic losses**, but it was double or nothing,"* he says.

*“Konfío’s premise was: **if we get a thousand customers, a thousand will have been served**,”* he adds.

By **2016**, Francisco and David had already closed their **first round of investment** and began the task of finding **new offices**. However, there was no **budget** to **buy furniture.**

“‘Where do we sit?’ said David and I. We left our desk for other people and grabbed 2 computer boxes, one TV box, and made a desk out of boxes.”

In 2016, **Konfío** had its **first round of investment.** They concluded it with **8 million dollars**.

Early investors taught them about credit and unit economies, when to give discounts, when not to, and the value of building long-term relationships with customers.

*“That same round was joined by the Kaszek Ventures fund, owned by Hernán Kazah, the **co-founder of Mercado Libre**. He was looking for Latin American companies for Latin Americans. We were his first investment in Mexico,”* he says.

> ***“We left our desk for other people and grabbed 2 computer boxes, one TV box, and made a desk out of boxes.”***

Its mission: empower small and medium-sized enterprises

Konfío’s operation is based on **3 pillars**:

- ***Financing** in a flexible way;*
- ***Software-based** business **solutions**; and*

- ***Payment components*** *such as company credit cards.*

As time went by, they added people to the team, such as **Pablo Mazzucchi**, an Argentine **Master of Science** graduate from **Tec de Monterrey**.

“I joined Konfío when ***David told*** *me about his* ***mission*** *to* ***empower SMEs****, the lack of access to credit, and how we can* ***help them*** *using* ***data and technology,”*** says Pablo.

*“****Konfío’s*** *original solution is to* ***finance*** *in a* ***flexible*** *way with a number of* ***requirements*** *and* ***speed*** *that doesn’t exist anywhere else in the country,”* he says.

Mazzucchi, Director of **Machine Learning** at Konfío, points out that the intention is to empower small and medium-sized enterprises.

*“****Empowering SMEs*** *and* ***solving*** *all the* ***inconveniences*** *that entrepreneurs may face so that they can focus on their business. The ultimate goal is to be* ***SMEs’ allies****,”* Mazucchi explains.

Today, Konfío is an **all-in-one platform for companies,** offering collection, payment, billing, and credit solutions. Their staff is **MIT** trained, and they work closely with **Google**.



The fourth Mexican unicorn

After an **investment round** at the end of **September 2021**, Konfío had a **valuation** of **1.3 billion dollars**, which makes them a **unicorn company** in the business world.

Unicorns are those tech companies that reach a **value of one billion dollars** in the **stages of capital raising.**

In July 2021, ***The Financial Technology Report's*** list of the **top 100** financial technology (fintech) companies put Konfío in **18th** place.

In 2020, the company **Kavak**, a car rental, sales, and financing company, was **the first Mexican company** to achieve that status.

Bitso, a currency and cryptocurrency exchange platform, and the **Clip** company, which offers payment processors and terminals for card payments, became **unicorns** in **2021.**

> ***“It makes us proud that this has happened in Mexico, that there is real innovation in the country, but at the same time, it’s a huge commitment to ensure that it lasts, endures, and multiplies in our society.”***

The responsibility of being a unicorn company

Francisco recounts that **some investors** joined the **project**, and as they continued to grow, they began to measure how much their **customers benefitted**.

*“Yes, we were **making** an **impact**, and yes, we were getting **stronger**, but at the end of the day, a business is going to want to do a lot of other things. In the end, we see ourselves as a **technology business** more than a **financial company**,”* he says.

It was then that they took on the task of complementing the solutions they currently offer. By **the end** of **2020**, they entered the **software sector** with the **purchase** of a **company** called **Gestionix**.

Similarly, in **August 2021,** Konfío acquired **Sr. Pago**, a **B2C** or **Business to Costumer** tool to grow its **offering** of **billing solutions** along with the launch of its **corporate card** and business payment portals.

*“Some of us run races, and after **1 kilometer**, you feel a **lot of emotion**, you start out with a lot of energy, and people are cheering you on.*

*“But, if you accelerate and continue at that **pace**, you’re **exhausted** after **20 kilometers**. You need to **have restraint** and **understanding**. (At Konfío) we’ve had to use that strategy*,” says Francisco, who adds that they **didn’t make a fuss** about the **announcement of being unicorns**.

The future of Konfío

Their objective, adds Francisco, is to continue **supporting large and small entrepreneurs** in **Mexico**, offer a unique **workspace**, and he doesn't rule out the possibility in the **future** of looking to other countries in **Latin America.**

*"We want Konfío **to continue to grow**. We've helped **35,000 entrepreneurs** since the company was born. Our **goal** is to bring it to **120,000** in the **short term**. That would mean **a lot of impact** and **support** for the **country**,"* Francisco said.

*"We're the **first unicorn in Mexico co-founded by a Tec graduate**, and that's a source of **pride for me.** The Tec prepared me for everything. People who graduate from the Tec are well prepared and very well received because they know how to adapt, think fast, and invent solutions,"* he says.

Francisco reflects on that moment when he decided to quit his job on Wall Street and return to his country as an entrepreneur.

*"**Returning to Mexico** for me is about offering people the kind of **place** where I would've liked to work the day I finished college.*

*"It makes us **proud** that this has happened in Mexico, that there is **real innovation** in the country, but at the same time, it's an enormous commitment to ensure that it lasts, endures, and multiplies in our society,"* Francisco concludes.

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