

# Otrium

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## Otrium raises \$7m to build world's leading online clothing outlet and signs up 100 brands



Otrium, an online clothing outlet with more than 100 independent and global brands, has raised €7 million to increase its international footprint and expand its brand partnerships. Otrium believes every piece of clothing deserves an owner that appreciates it, and so has developed a unique model for selling excess inventory – a growing challenge in the fashion industry. The Series A round was led by venture capital firm Index Ventures, a backer of Asos and Farfetch. Index's partner Danny Rimer joins the board with this round.

Otrium already counts among its investors Fred Gehring and Ludo Onnink, the former CEO and CFO respectively of Tommy Hilfiger Global, and Victor Knaap, founder of creative digital production company Mediamonks.

Since founding in 2016, Otrium has already achieved considerable success, with over 100 brand partnerships including both global names and up-and-coming designers – including G-Star, Puma, Vans, Pepe Jeans and Scotch & Soda. Around a dozen brands sell 100% of their excess inventory via Otrium. More than 600,000 shoppers are subscribed to buy on the platform, and revenue is growing 400% annually.

Unknown to many consumers, over 10% of clothing is left unsold once sales season ends. With the rise of e-commerce, ‘fast-fashion’ and increasingly rapid retail cycles, apparel manufacturers struggle to keep up.

‘Billions of dollars of valuable clothing are collecting dust in warehouses every season, going to waste, being sold at knock-down prices to stock buyers and even being burned,’ say Milan Daniels and Max Klijnstra, founders of Otrium. ‘The flow of excess inventory is so big that even all the existing solutions can’t clear it all. Our aim is to help apparel makers minimise waste and give their inventory a second chance, allowing them to sell to a gated community of shoppers where they control the channel.’

Currently, brands with excess inventory currently have three main choices:

- (1) Sell to stock-buyers** □, who take it off their hands but slice off steep discounts. This can leave the brand with a loss, and with the added risk that items end up in channels like street markets and discount stores that expose the brand to reputational damage;
- (2) Sell via flash sales** □, which take high margins and don’t fit with the on-demand model of contemporary digital retail;
- (3) Sell via physical outlets**, □ which are expensive to run, inaccessible to smaller brands, and limited in their reach.

By contrast, Otrium offers a wider range of global and independent clothing brands to sell excess inventory at direct-to-consumer margins. Brands retain full control over price-point, merchandising and promotions; with Otrium as the intermediary, they also avoid cannibalising and competing with their own new-season offerings.

Otrium also allows apparel makers on the platform to get uniquely rich data about the most popular lines and items. In the future, this could help brands develop strategies for ‘continuation stock’ – items developed specifically for off-price sale.

‘The luxury and outlet ends of the clothing market are growing around the world – but everything else is being squeezed,’ says Danny Rimer of Index Ventures. ‘Managing complex supply chains and customers’ growing demands has made it more difficult than ever before for clothing retailers. In this environment, Otrium is a friend to brands and consumers alike – an exciting response to the new realities of the global apparel market.’

The market for so-called ‘off-price’ apparel is a huge opportunity: it’s growing faster than any other retail sector, with over €30 billion worth of annual sales in Europe and \$250 billion worldwide.

Founders Milan Daniels and Max Klijnstra, who first met in primary school, confronted the excess inventory challenge when they built [Breaking Rocks](#), an internet meme-based clothing brand. Despite the overwhelming success of the business, which they sold in 2015, they found themselves with over €100,000 worth of stock in their warehouse. The problem prompted them to found Otrium in 2016. The pair have since been garnered global recognition, including making the 2019 Forbes Magazine 30 under 30 list for the best entrepreneurs.

### **About Otrium**

Founded in 2016, Otrium’s mission is to build the world’s leading online outlet, connecting previous collections with fashion-lovers.

### **About Index Ventures**

Index is a London and San Francisco-based international venture capital firm that helps the most ambitious entrepreneurs turn bold ideas into global businesses. Index-backed companies that are reshaping the world around us include Asos, Farfetch and Net-a-Porter. To learn more, visit [www.indexventures.com](http://www.indexventures.com).

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#### ABOUT OTRIUM

We’re here to unlock the full potential of fashion outlet online. Otrium's full-service marketplace enables fashion brands to open an outlet store with zero effort and all the benefits. Through their Otrium store brands can sell outlet and previous collections to an online community of fashion lovers, while keeping full ownership of all items until sold. By opening a sale channel on Otrium’s online marketplace, brands get faster turnover on their outlet and previous collections, access a fast-growing international shopping community and gather insightful data on

their sales and following. We offer a full-priced service on off-priced collections. Our marketplace is brand strengthening and our customers always have a first-class shopping experience.

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