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Olga Royenko | 13.01.2015



Artyom Berman: “You can develop a business in Ukraine, but you won’t be able to sell it to anyone later”

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He is the executive director of StarWind Software, a mentor of IT companies and a speaker at international conferences. All this is already impressive in itself, but there is another fact about Artyom Berman that is even more remarkable: when he jumped into the Dnieper. He has been partially paralyzed ever since.

When you talk to Artyom you immediately realize that his life is divided into “before” and “after” the accident. It all began in 2008, when Artyom Berman. His desire not to waste time pushed him to find himself in life, and was the starting point for his recovery. In 2010, the author of the book “Artyom Berman: from the depths to despair to the heights of hope” Oleg Slipushko published the book “Artyom Berman: from the depths to despair to the heights of hope”.

“When I was 18 years old, my father gave me a computer. Two years later I wrote my first software. Initially I did this just for myself – to pass the time. After a while I saw the prospect of selling it.”

One of the first purchasers of his software was the American company Epic Software, which soon also became his first employer. He worked with the Americans for six years. At the same time, Artyom developed his own projects, and in 2000 he began to devote himself to them fully, moving to Kiev from his native Kherson.

Artyom dismisses the romantic notion of how people become entrepreneurs.

“There’s no such thing as ‘one day I woke up and made a decision. There’s always the option of spending an hour of work on some guy or on yourself. And if your calculations show that it’s more profitable to spend this hour on your own business, then that’s what you should do. It’s pure mathematics.”

Nevertheless, besides clear-headed logic, the future entrepreneur should have a certain fearlessness and spirit of adventure, Berman believes. He not only had successes, but also failures, which he does not want to talk about, promising to discuss them, but at some later time.



Berman links his professional success to his business partner Anton Kolomeitsev, whom he calls a "*mega-creative guy with a huge amount of interesting ideas*", and also one of the finest system programmers in the CIS.

They met almost by accident: in the early 2000s Berman hired Kolomeitsev as a programmer to realize one of his side projects. Subsequently the cooperation turned into equal partnership.

In 2003, Berman and Kolomeitsev founded StarWind Software. They received the first serious investments of \$2million from the ABRT Venture Fund five years later, long before the IT start-up boom in Ukraine: "*In 2008, none of us really had any idea what venture capital was and how to attract it. There was the desire to develop the company and move further, and we needed money to do this. At this moment, personal contacts and word-of-mouth came to the rescue: someone knew someone else who had money and was prepared to invest in such projects.*"

A start-up has several stages of development. At the first stage, the company finds itself: it develops its product, analyzes clients, and tests the viability of the business model. During this time, the company may not only change products and markets several times, but also its entire ideology. Usually the first sum invested is spent on this stage. That's how it happened with us as well."

To the reasonable question "Don't companies give investments to fund a ready vision of business development?", Berman replies in the affirmative, but adds that there are many cases when IT start-ups have attracted money for one idea, but three years they've launched a completely new product: "*The IT market is very difficult to predict. Technology develops so quickly that one small invention may destroy a growing market or create a completely new niche from scratch.*"

With the chance to concentrate fully on the product and study the market, Berman and Kolomeitsev saw new prospects of development for StarWind Software. The company, which created software to plan virtual systems of data storage, changed its structure, focused on the main products and completely shifted its focus to the western market, in particular the USA. The head office was moved to Boston, and the development center, where around 40 people work, remained in Kiev.

Investors started getting their money back in 2013. StarWind Software finally determined their business model, and formulated a clear vision of development. They decided to enter a second round. ABRT Venture approved for investment negotiations to go ahead, which continued for almost a year.

In the crisis year of 2014, the Ukrainian company StarWind Software Inc. received an unprecedented sum of \$3.25 million from the American Aventures Capital fund and the Russian Almaz Capital fund with the backing of the first investor ABRT Venture.

However, Berman says, at the final stage of negotiations, the parties had difficulty in reaching an agreement, as looking for investments is not always about money. Non-financial intellectual investments are often valued just as much as cash investments.

"Besides money, the value of an investor lies in their knowledge, expertise, ability to give advice, point you in the right direction and sometimes protect you from obvious mistakes. When business turns into a 'milk cow': where you put one dollar into it and get two dollars out of it, it's no problem finding an investor. It's much

more important and valuable to find an investor who knows your business and has the according experience, knowledge and connections."

The founders of the company were satisfied with the result of the negotiations: they gained investors who were interested and involved in the process, and also maintained their independence in making decisions on company management. In their sector of the market, StarWind is already a world leader, with around 30,000 clients in over 100 countries.

"We have a very good intellectual resource, and a strong technical school. Ukraine regularly features in various top ratings of outsourcing markets," Artyom writes in his blog (bermana.net). But this isn't enough. And Berman doesn't believe that in the near future Ukraine can become a second Silicon Valley. *"Any market is an ecosystem, where the top of the chain is made up of major corporations with a long history. In Ukraine this top simply does not exist. You can develop a company, but you won't be able to sell it to anyone later. If you want to sell it, then go to the States."*

Creating this ecosystem, even with active lobbying of the interests of IT companies from the state, may take decades. He gives the example of the idea of "Skolkovo" in Russia: companies that were created in this artificially created ecosystem reached the peak of their development and moved to the USA – on the Russian market there was simply no one who could "swallow" swiftly-growing IT businesses.



Nevertheless, Artyom believes in the development of the Ukrainian IT industry: *"The main thing is that the people want to live well. With a lack of oil and gas reserves, people look for ways to ensure a good life for themselves. The example of Israel is very telling here. Life in the desert and the almost total lack of mineral resources forces them to look more actively for new possibilities for a good life. Today Israel is one of the world leaders in the IT industry. Ukrainians also want to live well. So the country may well repeat the experience of Israel."*

Despite his status as a father of four, the 39-year-old Berman admits that today his main priority is work. It is not just about financial independence, but it is also his

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favorite hobby, the chance to feel movement and life. The results of his labor will give his children ground to stand on in the future. Although Artyom is not sure that having a financial cushion is such a good thing. *"I think that too many material wealth at a tender age can play a mean trick on you. I personally did not have any financial start. But I understood that at home I had love and support, and that was enough for me."*

Berman lives according to the principle *"where I am now, that's where my country is"*. His cosmopolitan view on life can also be explained by his ancestry: his father is Jewish and his mother is Russian. He says that he will feel comfortable in any country that has the Internet, hot water and a minimum level of comfort.

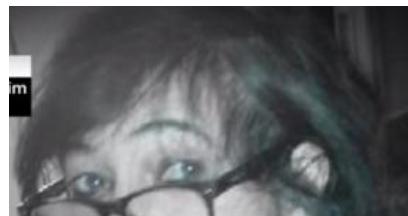
"I like what Zhvanetsky says about nationality: when I lived in the Soviet Union, I was always a goddamn Yid, and only went I moved to Israel, I found out that I was a Russian bastard."

Berman says that at present he is not involved in any side projects, and that StarWind Software takes up all his time at work. But when you see the potential and energy that Artyom has, this is hard to believe. To the direct question: "Do you have any OTHER projects?" he replies evasively: *"No, none that you could call serious business. But it's like the joke: 'I can also sew a little.'*"

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UN to hold meeting January 22 on growth of anti-Semitism

The UN General Assembly will hold an informal meeting on the growth of anti-Semitism on January 22 in response to a request from 37 countries including Israel, the United States and all members of the European Union, Canada and Australia.

Jewish victim in Charlie Hebdo attack received death threats

A Jewish victim of the massacre at the offices of the Charlie Hebdo satirical magazine received threatening phone calls prior to the attack, warning her to quit her job at the satirical magazine, the cousin of the slain Elsa Cayat told CNN. Sophie Bramly told the TV station that she believed her cousin was targeted for being a Jew.

Putin will not visit Auschwitz because of conflict in Ukraine

Russian President Vladimir Putin will not visit the Auschwitz memorial complex on 27 January to honor the memory of the victims of the Holocaust on the 70th anniversary of the liberation of prisoners from the concentration camp.