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Entrepreneurial Spirit, Creativity, and Innovativeness

Startups in the United States

While numerous interviewees had participated in startups in the former USSR, mostly as founders or cofounders, far more did so after their arrival in the United States, and some had founded startups in both locations. That so many were able to start companies in less than ideal circumstances before they emigrated is a testimony not only to their entrepreneurial spirit and creativity, but also to their willingness to take risk and accept failure. Those traits were exhibited by them and many other interviewees who started firms in the United States, a far more hospitable institutional environment than in their home countries. It is common knowledge that entrepreneurs willing to start new ventures constitute a small percentage of any country’s population because of the personal characteristics such initiatives require. Those characteristics are the central topics of this chapter.

We begin with the experiences of interviewees regarding their startup ventures in Silicon Valley or the Boston-Cambridge area, organized by the three waves of migration. Within each wave, interviewees’ stories are organized into three broad categories. The first group is made up of those whose startups are involved in biotech, pharma, and medical products. Those in the second group are involved in software, the Internet, communications, and IT. We identify the third group as other industry sectors since those businesses either did not fit into the other two categories or the entrepreneurs’ multiple startups crossed over into different industries, preventing a simple categorization. We note that the vast majority of entrepreneurs in all three waves founded companies in the software, Internet, communications, and IT sectors, reflecting the prevalence of their technical education in physics, math, and computer science, and the fact that software startups usually are less capital intensive than those in sectors like biotech, pharma, and medical products. Not surprisingly, no Wave One interviewees had
started businesses in biotech, pharma, or medical products, thus we begin Wave One with entrepreneurs in the second group.

**Wave One 1972–1986: Software, Internet, Communications, and IT**

One of the few interviewees who came during Wave One with a background to become involved in technical businesses was Igor Razboff, Founder and CEO of Scoros International. He grew up in St. Petersburg and graduated with a PhD in mathematics from St. Petersburg State University. He elaborated: “My background is math, but I didn’t really want to be in science anymore. I wanted to be in something more practical. I felt that the most appropriate area for me to enter would be CAD-CAM, computer-aided design and computer-aided manufacturing. So I was in software development for several years. Not long after, I came to Boston and worked for AT&T for about three years. And then I went back to computer design and computer manufacturing, and in 1991, I started my own business in multimedia called Animation Magic. When I started that business, Russia opened up and my partner, who was also from Massachusetts but originally from California, suggested that we should probably hire some animators from Russia because that would make us more competitive in the marketplace. We would have better animation and therefore more success, so I went to Russia and we opened a business there in 1992. Animation Magic was later acquired by Capital Multimedia, a public company out of Bethesda, Maryland. I became VP of R&D and later CEO of that company from 1994 to 1997.

“I later sold the assets of that company and continued to work there for about three years as Vice President of Cendant Software from 1997 through 2000. Then I went back on my own, starting my own business, again in software development. I continued to do that, and also for a few years I did innovation, broader than just software development. While I was working with Russia, one of the things I was coming up with was how to get access for American companies to some of the innovations that were developed in the Soviet Union during the Cold War. That’s when I expanded my business into broader innovations, beyond just software. Numerous companies were very interested in learning more about it, so I was in the area of general innovation for some time. We brought people from US companies to Russia, and...
arranged meetings with scientists and researchers in hopes of finding something that was interesting for American businesses.” With his varied business activities, Razboff had certainly fulfilled his objective of building on his scientific background in practical ways.

Leonid Raiz, Cofounder of Rize, had lived in Moscow and St. Petersburg and spent eleven years in the Russian Far East near Vladivostok. After attending night school at Leningrad State University, he transferred to the regular day program, majoring in mathematics with an emphasis on applied math, and graduated first in his class. Yet he ran into a roadblock: “I couldn’t find a job. I graduated magna cum laude, but couldn’t find a job in the USSR for various reasons.” Although he spoke little English, he found a job within six months at a Massachusetts company, Computervision, doing work that he described as being “very close to what I was doing back in Russia. I was quite successful back in Russia from the beginning. I was noticed, and they promoted me, but I was always on the engineering side rather than on the managerial side.” He subsequently joined PTC, a highly successful Massachusetts company started by Russian immigrant Sam Geisberg and an American cofounder: “I joined the group even before it became PTC, before it got financed. So that was my first taste of a very early startup. I was employee number 5, even before the eventual CEO came on board and before a venture capitalist put money into the company. That’s when I started. And it was fun, and it was interesting. I think the company had only one round of financing and never went for a second round. Eventually, I was put in charge of the entire development organization, both here in the US and for the two development shops PTC had set up in Israel. In my case, I’m not really a people person, but more of an engineer, and my style was hands on. But, by the middle of the 1990s, PTC started becoming too big for me, the company outgrew me, and I decided to leave in 1997.

“By that time, I already had an idea of what I wanted to do, which was to develop a product with automated design for a very much underserved market segment – architects, structural engineers, HVAC engineers, and so on. So I left PTC with an idea to do something in this market with not necessarily the same set of tools, but the same idea of automating design for building professionals. I started a company, which at that time was called Charles River Software, in October 1997, and a couple of months later was joined by a former colleague from PTC, Irwin Jungreis, who had
a Harvard PhD in math, a very smart guy. His idea was also to address this market, so we started working on it, interviewing architects and finding out how different they were from mechanical engineers. We got venture capitalists to finance us, including Atlas Venture and Rich D’Amore at North Bridge Venture Partners. We ended up selling the company to Autodesk in 2000.”

Autodesk is reported to have paid $133 million for the company which had been renamed Revit. Raiz continued: “If you drive by the Autodesk building on Route 128, that’s my baby. Autodesk is extremely successful with the product, and I understand that they are now selling $700 million of our product every year. I stayed with Autodesk for two more years, making sure they wouldn’t destroy my baby.

“About two years ago, I joined another group of guys who are developing a new product in 3D printing that is very different from everything else in the field. So we’ll have to wait another six to twelve months to see if we make a big splash. I am in charge of the software piece of phase development. So that’s what I’m doing right now.” That company is called Rize, which emanated from a predecessor company called File2D, founded in 2011 and specializing in 3D printing, of which Raiz was one of two cofounders. The company was backed by venture capitalists. Raiz’s talents have made him a valuable member of founding teams in companies that have added much to the Massachusetts innovation economy.

A highly successful serial entrepreneur, innovator, and thought leader in Silicon Valley whose activities and innovations have extended throughout the country and globally, is Kira Makagon, Executive Vice President of Innovation at RingCentral. Coming from Odessa, Ukraine, as a refugee with her parents, she credited them with setting her on a path to success. Highly accomplished academically, she earned a BS in computer science as well as an MBA from the University of California, Berkeley. She spent her early career as a software engineer, and, by the early 1990s was vice president of Development at Scopus Technology that was later acquired by Siebel Systems. After five years, Makagon became a cofounder and senior vice president of Octane Software, a pioneer in multichannel web-based applications for sales and service. Within two years, the company was acquired by a leading analytics company, E.piphany for $3.2 billion. In 2006, Makagon cofounded and became President and CEO of NebuAd, a company that aimed to help advertisers gain visibility with their audiences across
all media. In 2008, in another serial entrepreneurial venture, she became Founder, CEO, and President of Red Aril, a company that provided audience and media optimization solutions for digital marketing to provide advertisers a SaaS – software as a solution – platform. Red Aril was acquired in 2011, by Hearst Corporation. Makagon then joined RingCentral as Executive Vice President of Innovation. RingCentral provides cloud business communications and collaboration solutions. In responding to the recognition she has received for the scope and impact of her accomplishments, Makagon said: “As a serial entrepreneur and business and technology leader, I’ve dedicated my career to breaking new ground both by creating cutting edge software products and by speaking up as a veteran ‘only woman in the room’ in Silicon Valley. I enjoy giving back by mentoring young entrepreneurs and serving as an advisor to early-stage companies and work with early-stage investors such as Sierra Ventures and Illuminate Ventures.” In recognition of her outstanding contributions in business and technology, Makagon was named among the 2015 Most Influential Women in Business by the San Francisco Business Times, was one of the 2015 Women of Influence awarded by the Silicon Valley Business Journal, and was also recognized by the 2015 Golden Bridge Business and Innovation Awards.

Wave One 1972–1986: Other Industries

George Gamota, Founder and President of Science and Technology Associates Management, originally from Lvov, Ukraine, had a story to tell about his innovation activities in the United States, as well as his activities as a consultant for the US government, primarily in Ukraine. Much of his career after obtaining his PhD was spent at Thermo Electron, where, beginning in the late 1980s, he was the head of R&D for that highly diversified group of high-technology companies. The firm was later called Thermo Fisher Scientific after merging with Fisher Scientific. During that period, he was also involved in startups: “During my time at Thermo Electron, I started a couple of companies, laser companies and other technology-oriented companies. I provided seed money and was on the board, but I didn’t get involved with the actual management because I had my management job at Thermo Electron.”

Perhaps Gamota’s most interesting display of creativity was in trying to bring entrepreneurship to Ukraine on behalf of the US government.
He noted that the billionaire investor and philanthropist George Soros had provided funding to the National Science Foundation that lasted a couple of years, about which Gamota shared an important insight: “I really started to understand what the needs are and assessed that one of the biggest problems that Ukraine had, and the same thing as in Russia and other former Soviet countries, was that while they were doing research, it was almost anathema to apply the research to something useful. Software development or IT activities were easy to start in Ukraine, in part because there was no one to oversee you. There was no fire inspector coming to check, and so a lot of the issues that would be involved in manufacturing did not exist. Many actually did software development in their homes. The most successful businesses, even today, twenty-five years after independence, are doing software development, and I would say that Ukraine is right up there below India. They’re doing very well with software development, especially in the capital and the western part of the country. They’re very competitive, highly educated, and speak English. The education system, technical education, is excellent. Math and science are very strong.” Gamota’s experience reflects how he successfully applied the business expertise he had gained in a large American high-tech company to startups in the United States as well as to fostering entrepreneurship in his native Ukraine that, as he recounted in Chapter 2, he had fled as a child during World War II.

Wave Two 1987–1999: Biotech, Pharma, and Medical Products

While no interviewees had founded firms in biotech, pharma, or medical products in Wave One, there were a substantial number in Wave Two. We begin with Alexander Vybornov, who founded his startup, Dental Photonics, while a student at Babson College. Vybornov explained the company’s beginnings and its relatively long road to fruition: “So halfway through Babson College, I started thinking about ideas and opportunities in the medical field, and mostly technical ideas my father had at the time. We started working on this as a kind of a project. Essentially, I went through Babson’s Entrepreneurship Intensity Program with Professors Timmons and Spinelli, as well as Professor Bygrave who was my advisor, and then participated in business plan competitions. In fact, I think we placed second or third in
competitions, like at UC San Francisco in 2005. When I graduated in 2005, Dental Photonics did not yet exist. We had significant patents for laser technology that were invented by my father and which he could actually commercialize on his own time, independently from his company because of special provisions in his contract. Between 2005 and 2007, this was more of a project, although we did raise our first seed round from an angel investor who we were very lucky to bring aboard at the time. In 2007, that’s when the project evolved from more of a concept project to the first round of investment in Dental Photonics. Specifically, our mission was to create a product that would be a next-generation system for surgical, mainly dental, applications. We later sold the business to IPG Photonics, and now we’re essentially a part of IPG Photonics Medical Division, and we’re taking it to the next level.”

Alexander Vybornov’s startup no longer exists as a stand-alone entity but has integrated into a larger US company with prospects for strengthening that larger organization. Vybornov has stayed on as Product Line Manager of Medical Products at IPG Photonics.

Our next Wave Two entrepreneur, Alex Nivorozhkin, brings us to a third industry under the overall umbrella of biotech, pharma, and medical products. He ultimately cofounded three companies in the Boston area after building a career in academe and industry. Originally from Rostov on Don in southern Russia, Nivorozhkin earned his PhD in 1985 from Rostov State University, majoring in physical organic chemistry. The choice of fields was perhaps not surprising since both his parents had degrees in chemistry and were working in that field. He himself worked as a chemistry scientist at the university. He said: “I never thought about leaving. I was young and I was a rising star. I loved generating new ideas and working on them. I was curious and always wanted to grow out of there and try to learn something new, maybe with foreign travel.”

Nivorozhkin’s life changed when he was offered a postdoctoral position in Denmark in the lab of a prestigious scientist who became his mentor. In spite of what he called, “in every respect, a kind of cultural shock,” he added, “My work in the lab all fit together with theirs. I never felt anything surprising and appreciated the world-class experience I had gained back at my alma mater. But going back to Russia after perestroika was professionally suicidal: the economic regress destroyed academia. I got an invitation to work in Paris, in the lab of someone my mentor knew. It was a terrific societal experience in Denmark and
France. I think in Paris I first realized how applicable to the real world my science knowledge and skills were, but I knew the future was in the US. The US is a real opportunity, and you hear about a lot of people going and staying there. So I came to Harvard in 1996 as a visiting scientist in the chemistry department, in a really big lab with the best people from around the world.” After several years at Harvard, Nivorozhkin spent about five years in industry as a Research Scientist at Epix Medical and as Head of Chemistry at Inotek Pharmaceuticals, both Boston-area companies. In 2004, he moved to the Massachusetts General Hospital as a Senior Program Manager at the Center for Integration of Medicine and Innovative Technologies. Around that time Nivorozhkin cofounded Neo-Advent Technologies, a privately held company headquartered in Marlborough, Massachusetts. The company is a preclinical contract research organization offering capabilities needed for the advancement of client drug development programs.

Nivorozhkin explained the transition to being an entrepreneur from his role as a scientist: “It was a process that involved exposure to the entrepreneurial culture and hearing people saying, ‘Let’s consider business,’ or something like that. You get used to it, and you start trying to comprehend it. First you start dreading it, and then later the American success story starts getting into your head. You say to yourself: ‘People are doing this, and why?’ And you think: ‘I am filled with enthusiasm in meeting new challenges. Maybe I should start being my own boss and implement my own ideas and help other people by benefiting myself.’ But it was a slow process.” He then said to his potential American business partner: “‘Maybe we need to start something.’ So we started to think of creating something, but only on the back burner, slowly. And since pharma was growing, I switched to pharma. My partner was, in fact, a person I had hired, and he was telling me compelling stories about people from MIT who had started companies in the late 1950s. I had a vision that he understood. We decided, ‘Why don’t we form a company and, maybe for starters, write a couple of grants?’ So that’s how we started, really by cross-fertilizing our thinking. And we are still together. Without him, I wouldn’t have been able to build the specialized brick-and-mortar labs we needed for work on all our projects with over $1 million in equipment. We have complementary skills. He’s more like an operating person while I’m more the scientist. And we’ve built from scratch several labs for different effective business
opportunities, like materials science for the US Department of Defense, the Department of Agriculture, and the Department of Energy. Then we realized that it had been a good move to reorient ourselves back to pharma.” Nivorozhkin then reverted back to the situation in Russia: “I see the best scientists from Russia are here in the US. Being in the US requires being an innovator and seeing the world like an entrepreneur. You can’t be sitting in a tree and all of a sudden get to where you might want to be.”

True to his quest for learning and challenging himself by becoming involved in new things, he became a serial entrepreneur when, in 2007, he cofounded his second startup, Boston Biocom, a biomedical technology company that received seed funding from Pfizer Corporation. Boston Biocom develops and commercializes life science technologies in oncology, infectious diseases, immune system disorders, and central nervous system diseases. In 2013, Nivorozhkin cofounded a third startup, Amorsa Therapeutics, an early-stage neuro-pharmaceutical company focused on improving the health and well-being of patients affected by nervous system diseases. The company develops and commercializes treatments of nervous system disorders including treatment-resistant depression and pain. In the process, Nivorozhkin has coauthored more than sixty publications and holds twenty patents. His career is testimony of the value that scientific professionals from the former USSR have brought to the US innovation economy.

Another successful Wave Two entrepreneur was Kate Torchilin, CEO of Novaseek Research, who came to the United States after receiving undergraduate and master’s degrees in chemistry from Moscow State University. Along with her husband, she emigrated to Boston, as her parents had done a few years earlier. Her interest in science, as she notes later, had been strongly supported by her father, Vladimir Torchilin, an eminent pharmaceutical scientist, also an interviewee. After earning her PhD in biochemistry at Tufts Medical School, followed by an MBA at Harvard Business School, she joined Thermo Electron as director of Global, Clinical, and Toxicology Markets, where she stayed for five years. She left to become cofounder and CEO of Enspire-Medica. She explained: “So I left a larger employer to start my own company. I had an idea that seemed very cool at the time, so I jumped from the big corporate world, and, for about two years, I worked on one idea that ultimately didn’t work out. Then I started another company that was actually going fairly well.
I helped researchers from Harvard Medical School who were spinning out their technologies, doing technology transfer from the other side, from what I had been doing at the larger company. Those researchers wanted to start their own companies based on their discoveries, and I helped them do that. We very quickly sold that company to a much larger one so that the assets could be utilized worldwide.”

Torchilin went on to describe her situation after selling that company and starting her next venture in 2014, NovaSeek Research, a company involved in clinical data analytics and biospecimen sourcing to accelerate research. She explained: “What we’ve built is a very novel way to give pharma and academic researchers access to clinical data or biological specimens for patients with really specific disease profiles. There is more and more personalized research going on, and researchers need access to patients with very specific clinical profiles. So we built a platform that could bridge the hospital electronic data system with the researchers to find the right patients and either get the data or the biological specimens for research. Largely speaking, all my ventures have been in the life sciences.” Torchilin demonstrated how her ability to apply her knowledge and skills gained in a major high-technology firm, together with her superlative scientific and managerial education, facilitated her path to become a serial entrepreneur.

Another scientist turned entrepreneur who also followed in his father’s footsteps is Alex Polinsky, CEO of OncoTartis and Everon Biosciences. He came in 1988, after having earned his PhD in chemistry at Moscow State University, where he initially stayed to teach and do research. After a few years, he was invited to the University of California, San Diego, to work with a famous scientist who, since 1958, had known his mentor at Moscow State University. Polinsky recounted: “I cannot overestimate the importance of those two and a half years at UCSD for me, in spite of the minimal $19,000 salary, since I really learned how science operated here, what drove it, and what could be the driver for success. I was thirty-two at the time. And I saw how important it is in science here to be connected, to get grants. You have to be a good salesman of yourself and of your science. Nothing negative, it’s just a fact. And I decided that that’s not me. Later on, I realized that within this large group of people calling themselves scientists, all with PhD degrees, there are actually two categories: scientists who seek to understand how things work in nature, and engineers who take things that are known and combine them, one
way or another, to produce something that was never done before, new products, for example. I just had a feeling that I’m an engineer and not a scientist. That is when I left UCSD and started my first company with a medical school professor who became my partner and friend for many years. We found an angel investor who provided seed money. We promised him that we just needed $500,000 and six months to become self-sufficient. I did get a patent for what I invented, but a year passed and we still needed financing, and by that time we were into probably $1 million already. Our angel gave us a deadline, and, right before it hit, Amgen liked what we were doing, invested in the company, and decided to support our research. And that’s when we stopped receiving money from our investor. We became independent. We now had at least fifteen people, with only four of them being Russians. That was in 1993. We parted ways with Amgen amicably in 1996. I have to say that Amgen was very gracious in terms of our parting conditions, which allowed us to survive. In 1997, our company was bought by another biotech, and we became part of a company called Agouron Pharmaceuticals. Before long, that company was acquired by Warner Lambert, so at that point we became part of a big company, although we were still very separate. And then, in 2000, Pfizer acquired Warner Lambert to get their hands on the Lipitor drug, and so we became part of Pfizer. With my background, I was sort of the entrepreneur in charge because everybody else was traditional pharma people, and we came up with the idea of organizing a Pfizer incubator. As time went on, Pfizer got new managers, and, in 2008, my boss left and I left, so I found myself looking for what to do next. I did some soul searching, and I was able to get back to doing interesting innovative projects on my own again.”

Polinsky then described his current activities: “Right now, I am developing two projects. I’m CEO of two biotech companies. I cofounded this company with a friend, a relatively recent friend. I didn’t know him in Russia, I met him here. I think he is probably the most accomplished biologist who came from Russia. He works at the Roswell Park Cancer Institute in Buffalo, New York. You start the company where the brains are, so the companies are in Buffalo. I am playing a managerial role and also contribute my share of scientific experience. One company is called OncoTartis, and the second company is called Everon Biosciences. The first company is more a conventional biotech company with a drug. We are at the stage of
clinical trials. It’s a really good drug against blood cancers like leukemia and multiple myeloma. The second company is, for me, the most exciting because we are trying to tackle the problem of aging as a disease, and as a disease it can be treated. Both companies came from basically one little idea. It was in the middle of the financial crisis in 2008, 2009, so we couldn’t raise money here in the States. We went back to Russia, and one of the advantages of our age was that a lot of people with whom we drank and played had become directors of institutions or venture capitalists. We found a venture fund whose director was a biochemist, who got excited about this idea that, at that time, was really more like an ‘on a napkin’ kind of idea. He gave us seed money, and we started working on these two companies.”

Polinsky provides insights into various transitions, including changing from being a pure scientist to a business person, and going from a small company to large companies and then back to startups. His experiences can be instructive not only for those in biotech, but also those in other areas of science who might face similar dilemmas of pursuing science or starting companies or considering involvement in larger corporations.

Wave Two 1987–1999: Software, Internet, Communications, and IT

Although few interviewees from Wave One worked in these industry sectors, there were many from Wave Two. We begin with the experiences of Sergei Burkov, Founder and CEO of Alterra, who became a serial entrepreneur, founding several companies after spending some years as a research scientist in the United States. After receiving his PhD from Phystech in Moscow, he was invited as a visiting research scientist at Brookhaven National Laboratory, later moving on to Cornell University, the University of Wisconsin, and McMaster University in Canada as a researcher in theoretical physics. On his transition to industry, he noted: “I cofounded a startup with another Phystech graduate, Alex Freed, here in the US, and we started a company called Bilbo Innovations. We manufactured foot pedals for personal computers, believe it or not. It was for people with disabilities and for games. We didn’t sell it, we didn’t go public. It became kind of a cash cow for a while, and then we phased it out.” As for his second startup, he explained: “Then, with the same partner we started another company in software so that was a better idea for a startup, and it involved
security. We were kind of hipsters, we did security and encryption before it was cool. That was in 1996. That company was acquired by VASCO Data Security, which is a small public Belgian-American company in the security space.

“I worked for a while for that company and then started company number three, Dulance, which involved product search, comparison shopping with emphasis on rare items and small stores. All comparison shopping sites, or almost all, rely on structured data feeds. So, essentially, it’s a price list. It’s kind of data extraction from unstructured resources, and by doing this we extended the number of available online stores from roughly 100,000 by the competition, to 1 million in North America only. Then Google bought us in 2006.” It was described at that time as “the first of a new breed of shopping search engine based on crawling technology.” Google announced the acquisition as part of a broader plan, as follows: “Google announced today that it is to open a research and development center in Russia later this year as part of its ongoing investment in Europe. The center will be based in Moscow and run by Sergei Burkov, PhD,” noting that he had founded two other companies in addition to Dulance. After leaving Google some time later, Burkov went on to create his fourth startup, Alterra, a virtual, artificial intelligence travel agent: “I left Google because I’m an entrepreneur and Google is a big company. How I got the idea of Alterra is a long and convoluted story. Frankly, I don’t consider it the next big thing. It’s more of a hobby than a business just for now. But we’ll see.”

Stas Khirman, Managing Partner at TEC Ventures, was originally from Odessa, Ukraine, and earned a master’s in mathematics at the University of Kiev. He and his family emigrated to Israel in 1991, prior to coming to the United States. He explained: “I was twenty-five. Gorbachev opened the border, and it was time to leave.” When asked whether he had intended early in life to leave the Soviet Union, he responded: “Every day. It was funny because when I was a student, I considered mathematics as a profession and software development as a hobby. But when I came to Israel, I realized that being a software developer was actually a good profession. So I forced myself to switch professions.” In Israel, Khirman initially worked for a large military company called Israeli Airforce Industries, and also with a small company called VDOnet, where he was deeply involved in developing products much like Skype’s. He explained that he was a founder and was very
engaged in developing the company’s products, videostream and videophone. The company was eventually divided into two entities, one of which was sold to Microsoft and the second to Citrix. In the process, Khirman and a business partner moved to New York for a couple of months in 1997: “Here it became apparent that if you’re doing a startup, you have to move to Silicon Valley. It’s where the money is and where the people are. Our product was pretty revolutionary, and there wasn’t even a name for this technology, but it’s really DPI, deep packet inspections. So we essentially reconstructed Internet application activities by observing sequences of individual packets.” His company that developed this technology was called Narus, which was later acquired by Boeing. In more recent times, Khirman was a cofounder of Skyrider, a company involved in developing a technology to organize and monetize peer-to-peer networks. But as Khirman explained, the company ran into a financial crisis and was forced to close. He added that he and his associates had maintained good relationships with the investment community, and their failure was well accepted since it was at the forefront of a revolutionary technology with a relatively good chance of succeeding. It took little time for Khirman and his associates to rebound with the Israeli–American startup ChooChee, which developed cloud-based communication systems. The company was sold in 2013, to Deutsche Telekom, for a reported $100 million.

Meanwhile, in 2012, Khirman and Anna Dvornikova, another interviewee, created TEC Ventures. The fund invests in very-early-stage startups located in Silicon Valley that include entrepreneurs of various nationalities. Dvornikova had come from Moscow to study political science at Stanford University and later earned a law degree at Berkeley. In recognition of her accomplishments, Dvornikova was ranked by the *Silicon Valley Business Journal* as one of the 100 most influential women of 2014 in the Women Venture Capitalists category. Khirman and Dvornikova also applied their entrepreneurial talents to be among the cofounders of AmBAR, the American Business Association of Russian-speaking Professionals, and Silicon Valley Open Doors, both of which will be discussed in Chapter 7.

Serial entrepreneur and investor, Max Skibinsky, came to the United States after graduating in physics and math from Moscow State University. His experience provides an opportunity to combine important topics of this book, including starting businesses in the United States; managing mixed teams of Americans, Russians, and other
nationalities; timing the sale of a company; and working as a venture capitalist. Skibinsky’s story is rather typical of the experiences of other successful Silicon Valley entrepreneurs. His first business was a US-based outsourcing company that utilized Russian software developers in that country to do most of the technical work for clients, and he explained some of the difficulties in managing that business: “Overall there was a big disconnect in lots of situations, so I was serving as a bridge. I was already starting to understand local American clients much better, and trying to educate my team. The dot-com crash killed my business eventually. So I felt that it would be much more interesting instead of me being this outsourcing startup, I thought, ‘What if I build my own company, not just outsourcing but a product company? A Silicon Valley startup.’ During that time, I started prototyping what would eventually become my company in 2004, and in 2005 it got funded. So that’s the company I ran for the next five years. The company eventually became involved in entertainment, but initially it wasn’t an entertainment company but it had a lot of gaming influence.”

Skibinsky went on to describe the process of starting and funding the company: “When I fundraised back then, our key advantage was considered to be our cutting edge, new technology that is now commonplace, what was called AJAX. In 2004 and 2005, it was considered the ‘rocket science’ of web development. What we were showing to investors was, ‘Look, you can make a completely interactive environment out of web pages. You can have a web page where other people will come in, they will see each other, they will get avatars like in a virtual world, they can chat, they can watch video clips together, and they can play chess. So you can convert the web into a totally immersive interactive environment. And the key is you don’t need to download any software for it.’ It was a virtual world built totally with web technologies. But we came to realize, ‘Oh my God, Facebook is getting the same number of customers we get in a year over just a few days. So why don’t we go there and try to do it on Facebook, and make it a little bit more like traditional games that we know people enjoy?’ We thought, ‘Why not just use our own technology and use it to build this new breed of social games?’ And that, as they say, is history. We started, after the first title, growing 1 million users per month, and then we started monetizing the company we called Hive 7. I recall our first month’s revenue was around $150,000 without really
trying. Having a product company is a totally different universe than just being a contracting service provider with an outsourcing shop. And people were lapping it up, and they absolutely loved that experience. The games were free, and the add-ons made the money. Actually, it was like Farmville that became popular years later. That’s the nice part about startups: Nobody really knew the answers, and we had to figure them out as we went along.”

Skibinsky went on to explain the next developments: “Later, we were acquired by another company, and that company was in turn in the middle of acquisition talks with Disney. So, after the acquisition, we were all a part of Disney. My company was here in Palo Alto, and it was around twenty people.” Skibinsky explained that after the acquisition, he was free to explore other career directions including becoming a venture capitalist: “Instead of being the one that founded the startups, I could now invest in startups. So I started dabbling in small-scale angel investing at that time. A year or two later, I’d become a mentor at an early-stage incubator called 500 Startups, which was an interesting formative experience. If you’re doing angel investing, you do a few companies a year. It’s a very small sample size. When you’re mentoring for incubators, you see dozens. Building on that, in 2013, I became one of the investment partners at Andreessen Horowitz, which is a top-tier venture fund on Sand Hill Road here in The Valley. It was at this point that I was thinking, ‘OK, you’ve come a really long way from the $50 per month salary in a Moscow apartment.’ The whole investment thing is a totally different ball game than being a startup founder. And I would say that, to a degree, it was a huge privilege that they picked me from all of the candidates, since the demand for positions in that fund is overwhelming. That exposed me to the top of the top-tier investment thinking and investment rationale behind one of the best funds in the country right now. Fundamentally, I looked at whatever interesting deals required a strong scientific background, like physics and math, to evaluate them. You basically had to look at it and make decisions and present your findings to other partners. Initially, when I started, I thought we were going to do a lot of bitcoin deals, but that wasn’t what actually happened. After all this, I funded only one bitcoin startup.

“After a couple of years, I left to do my own cryptography and cryptocurrency startup, so that’s what I’m doing right now, because again we had lots of exposure and brainstorming about the bitcoin
space. It was a hard choice. And I have a personal attraction to mathematics and the certain elegance and potential of bitcoin because really, from a pure mathematical perspective, as Marc Andreessen likes to repeat, that’s one of the greatest breakthroughs in computer science in the past twenty years, and once you dig into the details, you understand he’s completely correct on this. So we feel that cryptocurrencies is in a super early stage where people are literally learning how to send the first packets around, and any companies on this track can have a very disproportionate impact on a planetary scale. Of course, that’s a vision at this point. It might not work out exactly the same way, but I felt extremely tempted to do it. And we’ve already closed our first round of funding and hired the first employees, and so that train is leaving the station.” Skibinsky continuously displayed the creativity and entrepreneurial spirit that is a fundamental theme of this book. In the process, he has created employment for others, including bringing to the United States talented professionals from the former USSR. As such, he typifies the type of highly educated technical professional that was so prevalent among our interviewees on both coasts of the United States.

In contrast to the previous entrepreneurs who created their startups in the United States or the former USSR, serial entrepreneur Mike Sandler developed his first startup elsewhere. After receiving his PhD in physics from the Moscow Institute of Physics and Technology, Sandler came as a refugee to Ottawa, Canada, because it was easier for him to immigrate there than to the United States. After a series of odd jobs, he worked as a contractor for Nortel, a major Canadian telecommunications company, but soon realized: “I could do additional work on the side, and I never say, ‘no’, to any opportunity. I had a few people who wanted to hire me as a subcontractor to do some programming, and I started trying to get more contracts. I managed to run many contracts at the same time, working fourteen hours a day off site or in my basement.” By late 1999, Sandler had founded IPMeeting.com, a provider of Java-based web collaboration solutions for self-help, an application that allowed sharing and real-time live discussions. Within a year, the company was acquired by DWL, Inc., where he became director of R&D, and that firm was later acquired by IBM.

In 2003, Sandler founded Epiphan Systems in Ottawa. A decade later, his motivation for the crucial decision of opening a Silicon Valley office in the heart of Palo Alto, where the company employs
around a dozen people, was to be close to a large cluster of his major customers. He continues as CEO of the privately held company, which is a leader in high-resolution video and audio video capture, multimedia display broadcast streaming systems, and multimedia display recording systems and accessories. The company was named one of Canada’s fastest growing technology companies in the fifteenth annual Deloitte Technology Fast 50 Awards. Sandler elaborated: “Our units have already been in space twice, and one unit is working right now in the International Space Station. One member of our team is a former astronaut and cosmonaut and has been in space four times – three times for the US on shuttles, and once he spent half a year as commander of the International Space Station.” In 2013, Sandler and Epiphan Systems were inducted into the Space Foundation’s technology hall of fame in recognition of the company’s innovative technology product developments. Along the way, in 2006, Sandler had founded Mediphan as a subsidiary of Epiphan Systems, and established an operation in New Jersey. Mediphan is a remote medical diagnostics technology company that develops audiovisual capture, streaming, recording, and replay products and technologies for telemedicine and remote guidance applications. Sandler and his companies are clearly becoming more deeply involved in the US innovation economy with their sophisticated audiovisual products.

Another serial entrepreneur with a master’s degree in physics from the Moscow Institute of Physics and Technology, Alex Miroshnichenko, had a very successful career in both startups and larger companies. He described his career trajectory: “I was really lucky because I got hired into a startup. I was employee number four and the first engineer doing real kinds of computer science, file systems for QStar Technologies in the Washington, DC, area. That was perfect, because in a startup you do everything, and you get exposed to this business culture and everything else. I was going to The Valley every six weeks or so, and to New York and Boston, and a bunch of other places. My former boss in Moscow had moved to the US in 1991 as a Jewish refugee, so he looked around for a few weeks and was looking to fill jobs. He called me and said: ‘Come on over for an interview.’ And then I became his boss in Maryland, but he has actually been in The Valley since the late 1990s, and he is one of the cofounders of another high-flying startup.”

After three years as the director of engineering at QStar Technologies, Miroshnichenko moved to Veritas Software as senior
director of the advanced technology group and developed many advanced technical and business skills over a twelve-year period. He followed up that experience with time at two other software companies, PowerFile and Acronis. In mid-2007, he became the cofounder and CTO of VIRSTO Software, a software provider that optimizes storage performance and utilization in virtual environments. The company was reported to have raised more than $24 million in venture capital from major venture capitalists. VIRSTO was sold to VMware in 2013, for a reported $184.5 million. Miroshnichenko then became chief architect at VMware for two years, before striking out on another startup in February 2015. He reflected: “The fact that I ended up in situations as I did is really something, and I had no connections to Russia whatsoever. It’s all in American culture, it’s all kind of this business. You get thrown in, and you do your stuff. You say things because they make sense, and you have the skills, and it’s just perfect. I didn’t know much back then. I got extremely lucky in more senses than one.”

Another highly accomplished interviewee started his business while a professor of operations research and numerical analysis at Moscow State University. Alexis Sukharev, who was born and raised in Grozny, in the Chechen Republic of southern Russia, started his Moscow-based company, Infort, in 1990. He realized the wealth of mathematical talent in the Soviet Union that could be valuable to Western and other computer companies and described early negotiations with Hewlett-Packard: “I ran a project that we started in 1991, and I sent my people to California. We set up a system for managing their resources for contract programming worldwide, such as in India, and it was a successful project.” In 1993, Sukharev partnered with a colleague in New Mexico and the company’s name was changed to Auriga. Eventually Auriga became the leading US-based company outsourcing software development projects in Russia and Lithuania. Sukharev noted: “Auriga has been recognized for many years as one of Central and Eastern Europe’s top service providers.” In 2011, the company was ranked number one as the Engineering Services Outsourcing software development projects in Russia and Lithuania. Sukharev has published widely in academic outlets as well as in the press, including the New York Times, the Washington Post, and BusinessWeek. And, in 2004, Sukharev was affectionately named “the Godfather of Russian Outsourcing” by the New York Times.
Greg Rublev attributes his entrepreneurial spirit to selling newspapers in the Moscow subway as a young teenager. A serial entrepreneur and COO of CompleteCase.com, he described starting his first company in the United States as being the result of losing his job at a firm where he had been doing part-time web programming: “I’ll do this on my own,” I thought. So I just got a bunch of clients. I developed some sort of software. I just put it back out there saying, ‘Hey, there’s a place you can put these kind of things.’ And a bunch of people started emailing me asking if I could do something for them. I began to get questions like, ‘Can you build a system that will automate divorce documents?’ which is where we’re at right now. So all of that was going on during the last twelve months when I was finishing my High-Tech MBA degree at Northeastern University. Meanwhile, this whole time I was working on AsisChem as a side project that I started in 2005. I had a cofounder, and he moved to Russia. We started with a couple of chemists, and within two years we actually acquired a lab in St. Petersburg. So I said, ‘All right, I’m going to do this chemistry thing full time.’ So that was my first startup since the newspaper thing.” Describing his next startup, LeanWagon, founded in 2011, he said: “So yeah, I got this idea to do a Facebook page for weight loss. I was working with two other guys when we started LeanWagon, and that went on for almost three years. We raised a little money, had some customers, but just didn’t raise enough money to continue. I thought, rather than continue, just give the investors the money that’s left and take the opportunity to exit in late 2013.” He then described his current startup, CompleteCase, that was founded in January 2014: “Think of it like TurboTax for divorce. You answer questions and the forms are prepared for you.” He described ongoing growth directions: “We’re about to start testing products that’ll help manage their parenting time calendars and also support payments. So with MediationMate, you can look on your phone and say, ‘Oh, I have to go pick up my kids at 3 PM today, and there’s a note saying Russian homework is due so don’t forget to do it.’ And we just rolled out wills, so you can get a will now. And we’re just testing a mobile app right now.” Speaking of future plans, Rublev stated: “I think, with MediationMate, by the end of next year, we want to have maybe fifty employees, half in the Boston area and half in Ukraine, and maybe $5 million in revenues.”

Like Rublev, Alexander Kesler, President of InSegment, showed his entrepreneurial spirit with small startups in Russia at a very early age.
Kesler and his family came to Boston as refugees, and he immediately sought to continue his education, initially at Newbury College and later transferring to Babson College, where he studied entrepreneurship. He described his time there: “So Babson was an amazing experience. I loved it. I did well at Babson, which I am proud to say.” Kesler, however, wasn’t satisfied with just being a student and at both institutions was engaged in businesses such as repairing computers and computer consulting. Displaying his creativity, he said: “So when I came to this country, the first thing I did was have business cards printed where I called myself an independent computer consultant, and I put up some ads in the Russian community about setting up your computer, teaching you about it, and so on. Later, I became a salesman for cell phones at schools in the area, and eventually set up a distribution network, and all of this was very successful.”

After graduating, Kesler had an idea that turned into his first major startup in the United States, zTrace, which was a software application that could locate lost computers with an invisibly installed app. Kesler went on: “And so I called my best friend from high school in Russia, who went to Moscow State University as a computer science and math major, and said: ‘Let’s work on this idea together.’ He was still in Moscow, and that’s where we had our development team. I ended up running that venture for six years. We sold our app in over sixty countries, having good distributors in Europe, Japan, and the US, with the US being our number one market. We ended up selling the company after six years in 2006, to an Internet security company that was a direct competitor and had a patent, while I had only a patent pending. I had a very interesting experience with that company, being the founder and president, and going from just me as an employee to twenty-five people at one point. The positives of the experience are unbelievable. I got to travel the world and was exposed to various cultures from Belgium to Germany, the UK, Japan, and Korea. It was a good experience developing software. I love software and Internet security. I love technology. I bounce back because the positive approach has to remain and persist. So that was my zTrace experience.”

Kesler’s major startup is inSegment, which he founded in 2007. The company specializes in digital marketing that spans B2B lead generation, website development, and search campaign management, mobile marketing, programmatic media buying, and social media
monitoring and outreach. Kesler explained: “The Boston headquarters has about twenty-five employees, and the Romanian office also has about twenty-five people. The company also opened an office in Kharkov, Ukraine, with six people. Most of the leadership roles are located in the Boston office, while foreign offices are dedicated to back office operations.” An indication of the company’s success is that inSegment was recognized as a 2016 Future 50 award winner by SmartCEO, an organization that honors the fifty fastest growing mid-sized companies in the Greater Boston Area. Also, the Boston Business Journal named inSegment as one of the fastest growing private companies in Massachusetts having more than $1 million in revenue in 2015. Additionally, inSegment was recognized in 2015 as one of the top twenty-five most influential brands in B2B marketing worldwide by the London analytics firm, Onalytica, and Kesler was named one of the top ten most influential B2B marketers in the United States.

Another serial entrepreneur is Oleg Rogynskyy, Founder and CEO of Semantria, who came to continue his education six years after Kesler. Rogynskyy, who was born and raised in Dnepropetrovsk, Ukraine, described the fate of his early startup that allowed customers to share photos on Facebook: “When Facebook did its own thing, ours just evaporated overnight. So that was the first real venture I tried building, and I met my really close group of friends at that time, and most of us are still in the software business. I then started working remotely with a company in Boston called Lexalytics. They are a small lifestyle business that was doing very smart algorithms for the time, but they were very engineering focused, with not much business going on.” Rogynskyy helped the company grow dramatically, utilizing its platform to enter a cloud-based version of their business that began to grow faster than the original model.

Around that time, he became interested in starting his own company, which became Semantria, a firm specializing in text analytics and sentiment analysis technology that operates in the Cloud. Its attractiveness was its lower cost and greater ease of use, allowing small and medium-sized businesses to access the technology. Sentiment analysis analyzes text, providing the capability to understand contextual relationships, even in different languages. It analyzes who is talking, what they are saying, and, most importantly, emotional content, to show how the person feels about what they’re saying. Rogynskyy explained how he started Semantria: “I randomly met the head of one of the leads
of Lexalytics who was also a Ukrainian. He asked, ‘Hey look, are you working on something on your own?’ And I said, ‘No, but I would love to.’ He said, ‘I’m looking for something to invest in, so if you have any ideas, you seem like a promising person.’ So I shared with him my idea for Semantria.” Rogynskyy was able to grow the company significantly, based on Lexalytics’s platform. After protracted negotiations lasting more than a year, Semantria was acquired by Lexalytics in 2014. Rogynskyy stayed with the company and served as president of Lexalytics for a year, still focused on growing Semantria, which had become the growth engine of Lexalytics. After leaving Lexalytics, Rogynskyy spent time mentoring a number of Stanford startups in the accelerator, StartX, and, in early 2016, he initiated another venture of his own in Palo Alto, People.ai.

Tocobox Founder and CEO Dennis Bolgov, who was born in Astrakhan in southern Russia, gained substantial experience in US technology companies and became a serial entrepreneur, selling one of his companies and moving on to start his current venture. Bolgov earned a master’s degree in theoretical nuclear physics from the Moscow Engineering Physics Institute and a PhD in theoretical physics from the Institute of Chemical Physics at the Russian Academy of Sciences in 1998. In describing his early career as a software developer, he noted how working in high-tech companies around 2000 was an excellent experience for developing his technical capabilities. He described his early situation at Lobby7, a wireless consulting startup in the newly developing mobile industry named after a lobby at MIT: “It was a lot of fun because it was a VC-funded startup, and a lot of young kids just out of college had stellar careers after Lobby7. It was just like a launch pad for many good ideas and people. It was acquired by Nuance in 2003, and I was one of the four people who got acquired. And then a week later, they bought Speechworks and all of our technologies came together. Before we were acquired, we were getting a lot of help from my guys in Russia, and Nuance was very welcoming to our Russian team since we were very helpful to them. By the time I left Nuance, I was promoted to technological lead of a multimodal group, which was a combination of interfaces like speech, visual, and touch. The knowledge we created actually became part of Nuance’s mobile speech platform, and later it most likely became part of the Siri interface.
“Around that time, I incorporated Warelex to effectively utilize my team in Russia, and my company continued to work with Nuance, but I had other clients as well. We had many big-name companies like Nokia, Sony, Intel, and Verizon, that were doing mobile technology projects with us. And as for Nuance, at some point we were involved in pretty much most of their mobile technology projects, and sometimes they were checking with me which technologies they had in their different offices around the world. In 2008, Warelex got acquired by a German company, Shape, which was called ShapeServices back then. They acquired us because we had a great team of forty developers with very solid experience working with many big companies. We had development processes in place and some mobile technologies that were interesting to them. Also, we had our own suite of applications where you could use your mobile phone as a webcam or headset or second display for your PC. I worked for Shape for five years, which was part of the acquisition deal. I wanted to be careful with any new venture so as not to compete with Shape since I have very good relations with everyone there and had many friends there. We started thinking about making a simple messenger-like interface for an email client, and we developed an application called Mail Ninja. But, by the time we launched, it was too late since we launched two months after the Mailbox app came out. Mail Ninja is still in the app store, but we do not support it any more because there is no real business there. The app is actually good, it is fun to use, and we still have some loyal users who say that our email app is the best. When I realized it was not going to fly, I came up with the idea of email for kids since I have two kids. I was thinking about an application for my seven-year-old and I wasn’t able to find any. So it seemed like a good application to work on.”

In January 2013, Bolgov and a cofounder started Tocobox and raised $500,000 in a seed round basically from friends and family. Speaking of Tocobox, he said: “I was rushing the app to release, which was a clear mistake. It actually became usable only two months after the release. We received a good user retention rate and positive feedback from our users. We also had some user acquisition problems because we have two users – the child and the parent – and the child who is using the app is not the one who creates the account. This additional step creates some extra friction. After that, we received some press and became visible as a search engine. We are now number one on Google search for email for
kids. At the moment we have 50,000 users. Right now Tocobox is a freemium service that has very good functionality, with only minor limitations that you can turn off with a paid subscription. We have users paying for these premium features, so we’re optimistic. The next step for us is creating additional revenues by convincing more users to pay since they want safety for their kids, and showing ads to children is not an option for us. We are now considering turning Tocomail into a paid service.” Bolgov found creative and profitable ways of using his technological expertise, first serving the needs of multinational corporations and then turning to his personal interest in serving his young family’s and other families’ online activities.

Technology executive and entrepreneur, Igor Balk, came from Moscow, where he earned a master’s degree from the Moscow Institute of Physics and Technology, followed by doctoral work in electrical engineering and computer science at MIT. An accomplished researcher and scientist in information technology and communications, Balk holds a half dozen patents issued in the United States. Before entering MIT, he cofounded VISO, a startup that he described as being “the first online supermarket. It was right on the MIT campus and did campus delivery, and we extended it to take on online orders, and then it became a supermarket.” He eventually left the PhD program “to join another MIT startup, IntelliSense, and, in 2002, it was acquired by Corning for $750 million.” That year, Balk started TDC, a company providing technology and professional services, that existed until the end of 2015. He was traveling back and forth during that period between the United States and Russia and realized that Russia at that time had excellent technologists whom he described as: “a competitive advantage. You want to utilize it and not throw it away, and I know how to deal with Russians. Especially at that time, that talent was untapped and very cheap, so my company could do better stuff and cheaper. The quality of these Russian people at that time was much higher than others from India or China.” The flagship of the company was called TaskPoint, easy to use online project management and collaboration software that introduced a patent-pending natural communication concept to task management. It was named among the top ten online project management tools, was recognized as one of the world’s top 100 most promising startups by Innovate in 2010, was a finalist in the 2010 MassChallenge startup accelerator competition,
and was named one of the top ten IT startups in the MIT $100K startup competition.

In November 2006, Balk became involved with another startup, cofounding Unison Technologies and serving as CTO until 2009. The company is described as “the world’s first fully unified communications system combining telephony, email, instant messaging, and collaboration in a single Linux server, creating a single platform.” Unison was acquired in 2015 by RepEquity, a leader in digital brand marketing and reputation. Unison was acquired to gain access to its mobile technology and experience design. The company name was retained after the acquisition, and the entire Unison staff was reported to have become part of the RepEquity team. Balk was still running TDC as well as a relatively new startup which he had founded. He explained: “Global Innovation Labs does two things. First and foremost, it helps entrepreneurs from different countries to see that the world is small and that they can sell their products all around the world. We also do a lot of stuff with big data analytics. We do some consulting work, and we also have a project in the bioinformatics space. All of our activities are either big data or education oriented.” Balk leveraged his superlative technical prowess to contribute to several US companies and to cofound several startups.

Polina Raygorodskaya, Cofounder and CEO of Wanderu.com, is an example of interviewees who, while not technical professionals, started technology-based companies by partnering with other immigrants from the former Soviet Union. She explained: “I had no clue that I wanted to start a company, but when I got to Babson College, everybody was doing that, and so I felt like I needed to do it, too.” She went on to describe how she started her first company, Polina Fashion, a fashion PR and event company. While not in the high-technology space, the experience whetted her appetite for entrepreneurship: “I didn’t have any funding. I was asked to produce a fashion show, and they paid me for doing that. Building a business is very similar to moving to a new country and starting from scratch, and building a family and a career. So it’s having exposure to that, and being able to see that people can live the American Dream and have anything that they want to have if they work hard for it and figure it out. Both my parents influenced me with their emigration experience. That’s what I’ve been doing. Polina Fashion expanded over time from Boston to New York and Phoenix, but I closed the business several years ago because I wanted to concentrate on my new startup.”
Raygorodskaya described Wanderu, which she started with a cofounder in 2011: “Wanderu enables travelers to find and book ground travel in North America, similar to Kayak’s service for air travel. In planning a trip with friends to US national parks, we decided to rideshare cross-country, partially to get more people to pay attention to what we were doing, but also because it’s a sustainable form of transportation. Well, we ended up getting stranded in the Jefferson Forest in Virginia because one of our rideshares had cancelled. So we ended up having to rent a car, and that’s sort of where the idea for Wanderu came to us. We thought: ‘There must be a better way to find and book bus and train travel.’ And so we just got really passionate and obsessed with solving this problem.” She described her cofounder, who provided the technical expertise for the new venture: “Igor was one of our friends on the trip, and we had met at Russian math school in the Boston area when we were both young teenagers. He was born in Moscow and had come to the US at age nine. He went to school for electrical engineering as an undergrad at McGill, and then studied patent law at Boston University Law School. We brought on a third cofounder, and we started building relationships with bus companies, trying to convince them they should do this, and then started building out the technology.” She went on to describe the early days: “It was just a whole lot of pounding on doors and trying to convince people that they needed to believe in us when we had nothing. It was a lot of work, months and months of trying to get through. But it’s also being strategic, right? I realized we needed an advisor who knew the industry well, from a big bus company.

“We came across a former Greyhound CEO who was very forward thinking and led a lot of innovation and change at Greyhound. I thought that he would be a perfect kind of advisor for us in the beginning. And he realized that all of the things we were saying were things he had wanted to do in the past. After some convincing, he agreed to join as an advisor, and then he became one of our earliest investors, and now he’s on our board of directors. At that stage, we had just started building the product, but we knew what we wanted to build. We’re still building it up, the technology especially, and it has been four years. Two of our lead investors are Alta Ventures and Metamorphic Ventures who participated in our first two rounds. We’re not raising funds right now, and I can say that fundraising is very challenging, I mean, very challenging. Running a company is also
very challenging. Every day is a new challenge, so I go about it like I go about everything else: Just do it.” In the process, Raygorodskaya and her cofounders built a company with thirty employees, mostly technical professionals. In recognition of her achievements, Raygorodskaya was included among the BusinessWeek Top 25 Entrepreneurs Under 25, Inc. magazine’s 30 Under 30, and Fortune’s 10 Female CEOs to Watch.

Wave Two 1987–1999: Other Industries

Serguei Belousov, Founder and CEO of Acronis, who was originally from St. Petersburg, is a highly successful serial entrepreneur who has been involved in many different industries, and thus his career defies a simple categorization. Like Igor Balk and a substantial number of other interviewees, he graduated from the Moscow Institute of Physics and Technology, where he earned a master’s degree in physics and electrical engineering with high honors and a PhD in computer science. Belousov has been a very successful entrepreneur not only in the United States, but also in Singapore and Russia. He is still involved in a number of companies, both as an operating head and as a partner in investment funds that finance numerous startups as well as growth companies. From 1995 to 2003, Belousov was CEO at Rolsen, a company he founded in Russia that offered its own brand of TVs and DVD players and that worked with LG Electronics of Korea. By 1999, Rolsen was the largest consumer electronics manufacturing company in Russia and, by 2015, had annual revenues of approximately $500 million and employed thousands of people. In 1996, Belousov founded Solomon Software in Singapore, a distributor of US mid-market enterprise resource planning (ERP) systems throughout southeast Asia. The firm was sold to Great Plains three years later, which in turn was acquired by Microsoft for approximately $1.1 billion. Belousov then founded SWsoft/Parallels in Singapore in 2000, a company involved in desktop visualization for the Mac and automation for cloud services providers. By 2001, the company had moved all of its R&D to Russia to leverage engineering talent from Phystech. That firm is still operating, with Belousov as chairman. In the early 2000s, Belousov founded the SWsoft/Parallels spinoff, Acronis. More will be said later about Acronis since this is Belousov’s current major activity.
Showing his ability to initiate startups while still running major businesses, in 2008, Beloussov founded Acumatica, another of his startups where he continues to serve as chairman. That company develops web-based ERP software to improve the productivity of mid-sized operations by giving customers access to their business applications and documents from anywhere using a web browser. Displaying versatility, Beloussov has also been a cofounder in two investment firms with somewhat different objectives in which he is still active as a partner. In 2010, he became the senior founding partner of Runa Capital, which is associated with the much larger investment firm, Almaz Capital Partners. Runa’s more than $30 million fund is focused on under $3 million-round investments in Internet, software, and mobile companies with Russian technology teams. Similarly, in 2012, he became a cofounder of Qwave Capital, a $100 million venture fund headquartered in Cambridge, Massachusetts, focused on scientific technology and next-generation technologies, primarily in materials science. Since 2009, he has also been a venture partner and advisor at Almaz.

Beloussov’s primary activity is CEO of Acronis, the company he founded as a spinoff from SWsoft/Parallels in the early 2000s. Acronis provides cloud data protection through backup, disaster recovery, and secure file sync and share solutions. The company has US offices in Burlington, Massachusetts, its current US headquarters; San Francisco, its initial US headquarters; and Arlington, Virginia, as well as in Singapore and Moscow. Acronis has more than 650 employees worldwide with more than $150 million in annual revenues, and serves 5 million consumers and 500,000 businesses in more than 180 countries and in 14 languages. The company has more than 100 patents, and some of its products have been named best product of the year. Beloussov has more than eighty patents issued and numerous others pending. He has been running the company since May 2013, and, as he noted, from May 1995 onward he had been spending a lot of time in the United States. He added: “But I’ve only been at Acronis for two years and I’m spending 95 percent of my time here, and I do have business partners. So basically, I have Acronis which I run, and then there is a portfolio which is run by others, but of course, I am participating. In that portfolio, between Parallels and Runa, we have fifty companies, so we are really different, and it’s complicated. It’s three or four venture funds in which half of the upside is between my partner and me, but maybe one-third of the money comes
from the two of us. And like any venture fund, you have a lot of companies, but also many other partners.” Speaking further of companies in the fund, he said: “So I start a business and build it to a state where it has a mature business model. It can still be growing very fast while having a mature business model. Now that I think about it, I hadn’t thought about business in a conscious way, not until maybe seven or eight years ago. Before that, it was just happening.”

Beloussov provided other interesting comments about himself and his attitude toward business. Once, in responding to a business partner, he answered: “That’s it. I cannot help you anymore. I’m not a business person. I hate business. I want to be a scientist as I had planned.” His ambition toward science is not surprising since he had gone to schools specializing in math and physics and had participated in and won numerous olympiads in the Soviet Union, including regional olympiads in physics. While he realized the financial attractions of business, he regarded it with some trepidation: “When I was in the Soviet Union, I built computers but I was still sure that I was going to be a scientist because doing business is a bad idea. We were taught it’s not really capitalism, it’s speculation, and in Russia you could go to jail for that. But it wasn’t just about jail, it was just about unfair capitalists exploiting poor workers and peasants. They make money and those workers and peasants live very bad lives. I believed it was much better to be a scientist, and if you need money, you can always make it with your own hands.” But displaying more insight about his transition to business, he added: “Still, I guess I was already a little bit entrepreneurial unconsciously, even from a young age.” Serguei Beloussov was certainly one of the most successful serial entrepreneurs among our interviewees. Wanting to be a scientist and never really intending to go into business, he actually showed entrepreneurial spirit and engaged in entrepreneurial activities at a fairly early age. He did so in spite of the fact that some of his negative comments about business showed signs of anticapitalist imprinting that was a primary goal of the communist regime.

Wave Three 2000–2015: Biotech, Pharma, and Medical Products

Wave Three interviewees represent a highly diverse geographic sample since, in addition to those who came from major Russian or Ukrainian cities, many hailed from other regions in those countries as well as from
Armenia, Estonia, and Uzbekistan. Although the vast majority of Wave Three entrepreneurs were involved in software and related sciences, one dramatic exception is Evgeny Zaytsev, Managing Partner of RMI Partners and General Partner at Helix Ventures. His industry experience is different from other Wave Three interviewees, as is his success as an entrepreneur and venture capitalist. For those reasons, we present his story in considerable detail. Originally from Barnaul in the Altai region of Siberia, he came to the United States to attend Stanford Business School and ultimately became a successful venture capitalist in Silicon Valley, investing in innovative therapies and medical devices in the life sciences sector. Zaytsev graduated from medical school in his home region and founded a medical student society that connected Soviet medical students to counterparts in Europe, traveling himself on exchanges to Spain and Italy. He explained the evolution of his career trajectory: “As time went on, I realized I didn’t have the practice of medicine as a calling and was more interested in pure science. In the 1990s, I became involved in a research group at the Institute of Medico-Ecological Problems in Barnaul that investigated the high rate of carcinogenic and environmental damage to the Siberian population that had been exposed to nuclear tests. Although the Soviet Union had collapsed, the new Russian government allocated millions of dollars to that research project. I was honored to have worked with the top Soviet scientists in that field and was in awe of their brilliance and accomplishments.” Zaytsev went on to become chief scientific officer of the research group, and, during his time there, it became an internationally recognized research center. Zaytsev went on: “After a while, I developed an interest in the business side of science. It was the chaotic years of the 1990s, and scientists and academics, among countless others, had jobs in name only, with salaries unpaid or in arrears. So I began researching MBA programs in the US and applied to Stanford, Harvard, and Wharton because they were top schools and offered scholarships to international students.” He was accepted to Stanford, where he became enamored of the Silicon Valley business culture, climate, and lifestyle.

In the summer of 2001, Silicon Valley was hit hard by the dot-com bubble and the ensuing recession, a time during which Zaytsev had to find his own internship during his MBA program. He applied to venture capital firms, highlighting his medical and business backgrounds as well as his ability to analyze the science behind proposed ventures in
the life sciences. He elaborated: “After two months, I received a call from Dr. Graham Crooke at Asset Management Company who invited me to be his business partner, and we are partners to this day. Graham also introduced me to the company’s legendary Pitch Johnson, an early and highly successful Silicon Valley VC who had invested early in companies like Amgen and who also taught as an adjunct faculty member at Stanford. While I was an intern, I analyzed the scientific and economic merits of life sciences investments and was offered a full-time position after I graduated in 2002, and I eventually became a partner.” He noted that the life sciences side of the company was so successful that it was spun off as Helix Ventures, with himself and Crooke being the managing partners along with Philip Sawyer. The firm focused on investments in therapeutic innovations in the biopharmaceutical and medical devices sectors. By that time, Zaytsev had been involved in more than thirty investments in biomedical ventures that included numerous successful exits, primarily as his firms were being acquired by major companies including Sanofi, Boston Scientific, and Baxter. That success allowed Zaytsev to start a second venture capital firm by becoming managing partner of RMI Partners, a global life sciences venture capital firm that managed investments for RusnanoMedInvest, a subsidiary of the Russian government-owned Rusnano. The company had $500 million under management to implement innovative projects in medicine and pharmaceuticals. This new role required him to travel to Moscow monthly in order to manage the business. RMI partners invested in US opportunities and facilitated technology transfer from its portfolio companies to Russia. Zaytsev noted: “I decreased my involvement in RMI because they reduced their capital allocation to the venture portfolio, but my other activities are actually still going on. In my entrepreneurial role, one of my US portfolio companies, InteKrin Therapeutics, successfully accomplished a phase two trial in Russia for multiple sclerosis, and now I am building an antiviral company also on the basis of US–Russia collaboration.”

Evgeny Zaytsev’s success story is a great example of how his early medical education in Russia as well as his research experiences there provided the basic capabilities that allowed him to succeed as a Silicon Valley entrepreneur and venture capitalist in the life sciences. Coupled with his Stanford MBA education that provided much of the business acumen necessary for that success, the scientific training from
former USSR allowed him to specialize in niches that were fast growing in the United States, specifically biopharmaceuticals and medical devices. Zaytsev utilized his education acquired in both countries to fulfill his personal career objectives of being deeply involved in life sciences, but from the business and investment side, as he had wished to do after deciding that being a medical doctor was not his calling.

Wave Three 2000–2015: Software, Internet, Communications, IT

David Yang, a serial entrepreneur who founded nine companies including the multinational software company, ABBYY, has been recognized by the World Economic Forum as a technology pioneer. Yang grew up in Yerevan, Armenia, the son of an Armenian mother and a Chinese father. A classmate of Serguei Belousov, presented earlier, he earned two master’s degrees, one in computer science and one in applied solid state physics from the Moscow Institute of Physics and Technology, equivalent to a PhD. Many years later, Yang came to the San Francisco area for a medical procedure and stayed after coming to appreciate the pleasant weather and the exciting and supportive business climate. Since Yang had an office in Silicon Valley, he was able to remain in the United States on an employee transfer visa. He had previously spent considerable time in New York and Chicago in the late 1990s and early 2000s, developing marketing and sales for another one of his startups, Cybiko, while still involved with his earlier startup, ABBYY. In describing his startups that had been primarily in Russia before bringing ABBYY to the United States, Yang recounted: “I started with my friend a company with an electronic dictionary called Lingvo. I was learning French and wanted an electronic dictionary that would replace a paper one. I never thought I would give up physics at that time. But that was the time of perestroika, and all our energy was aimed at changing so many things, potentially at least, things we perceived should be changed. My product was the genesis of ABBYY, but I left the company temporarily in 1998 to start another called Cybiko. That company’s product was a handheld computer that was similar to the more well-known Palm Pilot handheld device. The times were too difficult for a small startup, and we had no chance to actually go strongly after the US market because of the 1998 financial crisis. So we finally had to sell the company in pieces to different buyers in
2003. And during all this time, I was still acting as chairman of the board of ABBYY. But I had switched 100 percent of my time to Cybiko.”

He continued by describing his next startup: “After that, we opened FAQ Café in Russia and started several restaurants around that time.” Yang and his partners parlayed that experience into a startup called Iiko. Its product was an ERP system for restaurant management. He explained: “I’m not really active in that company now, but I am chairman of the board. I think I spend about two hours a month, but it’s profitable, growing well, and has a strong team with about 100 people.” Yang went on to explain his next startup, a spinoff from Iiko: “Plazius/Platius is a mobile payment and loyalty platform for retail and restaurants. The system allows people in a restaurant to pay their check by phone without waiting for the server. It’s like an Uber for restaurants. In Russia, we have 3 million users, and it’s growing. We sold 51 percent of the company to Sberbank, which is Russia’s number one bank.” With his large minority position, Yang serves as a member of the board of Plazius/Platius. He continued: “Now we are thinking of bringing it here to the US because the current US systems are much more complicated to implement because it’s far more effort to teach personnel. Our system is integrated into the business process, so you don’t need to change to utilize this royalty and payment system.”

Yang’s primary activities currently focus on his role as founder and chair of the board of directors of ABBYY, his original startup founded in 1989, but a company in which he had spent little time in actual management because of his numerous other startups. ABBYY has four headquarters, one in Milpitas in the San Francisco Bay Area, and the others in Munich, Kiev, and Moscow. Most R&D projects are conducted in Moscow. The company has sixteen offices around the world. More than 40 million people from over 200 countries use ABBYY’s products, including Samsung, Dell/EMC, and Panasonic. The US market is a major priority because it is more developed than most in terms of technology and accounts for around 40 percent of ABBYY’s sales, while Europe and Russia each account for 20 percent. Yang explained: “We have about 1,300 people, most of them involved in R&D as programmers, engineers, and linguists. Around fifty of them have been working with ABBYY for around twenty-five years. In one instance, we found really good people who were doing translation things, and we acquired them many years ago. Now they have grown
so fast and they’re doing beautiful international business. And we will probably spin them off, too, so they will become independent as a very fast-growing company. They were originally Russia-based, but now they, too, have an office here in the US. They provide language services of high human quality as well as other language services from semi-human and semi-machine to pure machine translation. The company has two faces, one to the consumer as a B2C [business to consumer], while the other is to businesses as a B2B [business to business]. So the project has taken them eight years, but they are profitable and growing in the linguistics services industry, which today is a $20 to $40 billion market. Nobody has done this scalable, supply–demand marketplace for linguistic services. This team is brilliant.”

Following his entrepreneurial instincts, Yang cofounded yet another startup in 2014, called Findo, in Menlo Park, California, to enable people to access any of their information in their email, the Cloud, or their computer files. Customers can search from one place using descriptions and can collaborate from messengers, share quickly, and search on the go. Yang’s cofounder is Gary Fowler, an American who has cofounded seven startups. So, including Yang’s nine startups, between the two men, they have cofounded sixteen different companies. Yang again has proved his ability to work with cofounders to start and build successful businesses. As he has progressed in his life as a serial entrepreneur, Yang has gravitated toward focusing on the United States, initially as a customer base, but increasingly as a location of major offices or headquarters for his companies and, most recently, as the site of his latest startup.

Anna Uvarova, Founder and CEO of online photo service 3DBin, came to the United States after earning a master’s of public administration from Moscow State University. Originally from Tomsk in Siberia, she enhanced her education by learning programming and taking courses in entrepreneurship and leadership, fields that could provide background for potentially starting a company. She explained: “I actually wanted to get the best education here as well. That’s why I came here. So we started the company in 2009, and I went to the Berkeley global faculty colloquium entrepreneurship program founded by Jerry Engle and David Charron. This is a program for startups by entrepreneurs from all over the world. Intel has a collaboration with Berkeley’s Haas School of Business, and they find the best companies and they let them compete. Intel sponsored me to attend the
colloquium. I was volunteering for AmBAR and for Triple Helix, and my main goal was to meet awesome people and learn from them. This is how I was moving forward to starting my own company. I started it right here in the US with my cofounder in Tomsk, who had been doing research for years on 3D and 360 technology. I was a business cofounder who built the business strategy and sales channels. So we got together and started 3DBin. We have about 40,000 users. We have awesome results. People love us. We are the most efficient and affordable service out there. And just after we launched the app, we were named one of the best iOS applications in July 2014 by the NextWeb. We were right there with Facebook Messenger. We also won third place in the Funders and Founders startup competition. Still, we’re upgrading all the time, changing and adding new features. Right now we are getting more money and new investors, and we’re going to be doing some awesome things. We don’t have any major clients yet, but we’re just starting a big sales process and looking for a head of sales.”

Uvarova’s success reflects her entrepreneurial spirit and creativity and her ability to work remotely with her cofounder in Siberia.

Rafael Soultanov, Founder and CEO of iBuildApp, came to Silicon Valley from Ufa, an oil-producing city in the Russian Ural Mountains region. After his highly profitable music distribution and web-based shopping businesses in Russia were, like so many others, crushed by the Russian 1998 financial crash, he decided to come to the United States to study business to build on his computer science degree from Ufa State University. After starting in a small college in San Francisco, he transferred to Golden Gate University to improve his English. Like Anna Uvarova, he soon became more involved in business pursuits utilizing his computer science background, and he began his first US startup that was a competitor to Craigslist. That venture received money from an angel investor, a friend who owned a transportation company. Soultanov described how he gave up his equity to the angel investor: “He refused to invest any more because he felt that the company would grow on its own, but six months later, the company closed down. He was Russian because I only knew Russian people. I did have American and Indian friends, but it was easier to get to and talk to Russians and get cash faster. Plus, in 2002, there wasn’t much startup investment here in The Valley, some VC but not angel. So I didn’t sell the company. I just gave it to him and started my second company. It was consulting and basically getting orders for website development and web systems...
software development. It was called SolveItLabs, and it continues to exist. So I decided to disengage even though we were doing around $2 million in revenue in 2008. We had around fifty engineers in Russia and five managers in our Menlo Park, California, office with clients including Nielsen Media, Samsung, and Dell.” In spite of the scale of that operation, he explained that the company was now in limbo, basically because of his new venture: “I have a startup called iBuildApp, and you cannot sit on two chairs. I’m not that skillful. We brought some of our programmers in Russia into our iBuildApp Russian office and let others go. So we’ve moved on to iBuildApp. We do iPhone development very well, mobile apps, and business people were asking for an iPhone app. This is how iBuildApp was born. We decided, ‘Let’s see if we can automate the system where its Internet goes to a box called iBuildApp, and the app is coming out as a mobile app.’ It’s not completely free. We are responding to business needs, not consumers, actually small business needs. We target small businesses that want to create their own apps on an iPhone, Android, or iPad. We price it according to usage, by customer downloads. We’re staying competitive by marketing and also trying to differentiate ourselves, trying to get customers to understand why iBuildApp is so different. It’s not just because over the course of four years we built patented technology to automatically build apps. We built a whole ecosystem around marketplace developers, a whole community of designers. So we’re trying to differentiate ourselves from an app store.”

Regarding his investors, Soultanov explained: “So far it’s mostly angel investors, mostly Russians here in The Valley and in Moscow. One of them is COO of a Russian payment system like PayPal. In Russia, it’s mostly business people, while in the US, for some reason, it’s technical people. Some of them are friends of mine. In Russia for some reason, I was able to raise money from COOs, while in the US it was mostly CEOs of technical companies. I don’t know why. It’s interesting. That’s just the way it played out. I was able to show them I had clients like Southern Methodist University and others including churches, music and entertainment companies, and ecommerce. I tried getting to American investors and talked to quite a few of them. First, it’s an angel investment, and it’s more intimate. They want to know you, and they want to trust you. But when I talk with Russian guys, they see that I’m able to navigate, that I know sales and technical stuff. I know management, and I’m able to operate it, not just that I have an
idea and plan to hire a manager. American angel investors feel more comfortable investing in people they know. We raised only $1.5 million so far, while we have $2 million in revenue after four years. VCs usually prefer financing those they know who can build an executive team and who come to them and ask for help to build it. They like you to build an American executive team because you want to be an American company. Usually, we see it’s all about numbers. In Silicon Valley, you really have to prove to VCs that you are actually going after big markets, so you have to talk about opportunity. And our app fits into the growing market of today’s world. We are actually growing and still innovating to keep our product competitive with new additions and programming for our app to continually update it. We’ll try to grow as much as possible unless we are contacted by Cisco, for example. You never know. We’ve had lots of exciting talks. We’re probably going to be a very good company, but let’s see where the market goes.”

Soultanov’s experience as a serial entrepreneur is a vivid example of moving ahead into ever more challenging but potentially lucrative startups. His story typifies the journey of a technically trained individual who, while successful as an entrepreneur in his home country, had to retool and retrain himself in the Silicon Valley technological environment.

Another serial entrepreneur who began his activities in the former USSR is Vlad Pavlov, who came from Dnepropetrovsk, Ukraine, in 2010 at age thirty-six with a master’s degree in computer science from Dnepropetrovsk National University. He is the founder and CEO of rollApp, a Palo Alto-based online virtualization platform. The platform runs Windows and Linux applications on any device by virtualizing apps on its servers so that users can access them without any special browser features. RollApp’s platform is made up of free and open source software with the objective to bring PC apps to browsers by hosting apps in the Cloud. The company is reported to have raised $1 million in 2013, after an initial $350,000 in earlier seed funding from TMT Investments.

Pavlov’s startup experience in the United States follows on his substantial background with other startups in the former USSR, as well as his experience with larger companies like Microsoft and Intel. Pavlov noted: “At some point, I quit a larger company to start my own outsourcing company. In our best times, we had around fifty people, and we had pretty good clients like Microsoft and Vodafone. We were able
to develop algorithms that were ten to fifty times more efficient than those of our competitors.” Some time later, Pavlov was headhunted by Microsoft Russia: “But I was working there like a bureaucrat, even though Microsoft still had at that time a kind of startup spirit. Anyway, I felt like I could do more and started INTSPEI, that would basically monetize the results of work I had been doing. I incorporated it in the US, but hired a CEO and spent most of my time in Ukraine running the engineering team to develop a project. The next step would be to go to the States and start selling it. But we ran out of money just before the 2008 financial crash happened, just before we were going to raise our next round.” Like others, Pavlov’s experience back in the former USSR provided the impetus and experience for him to develop his Silicon Valley startup.

Another serial entrepreneur whose first startup was in the former USSR is **Sten Tamkivi**, Cofounder and CEO of Teleport, a software startup that includes numerous former Skype personnel. Teleport has developed an algorithm to assist companies in selecting the best location worldwide for their operations. Originally from Tartu, Estonia, Tamkivi first came in 1994, as a high school exchange student. Returning to Estonia, he later became the first General Manager of Skype, which was founded there. He explained that he took on that position after selling his first startup, Halo: “I sold Halo to DDB Worldwide, which was an international chain. Then, after I joined Skype, eBay acquired Skype in 2005, and we were suddenly working with people in San Jose, and I started coming more regularly to Silicon Valley. I would go to a Facebook meeting and have a Skype business card. It was a business trip, but you get into things, into the Silicon Valley part of life much more. And now I’m here studying at Stanford Business School and now staying here for a while, and that’s my third reason for being here.”

Serial entrepreneur **Mark Kofman** was born in Tallinn, Estonia, and he came to Silicon Valley to found his fourth software startup, Import2, which, by 2015, was operating profitably with revenues of more than $1 million. He received a degree in computer science from the University of Tartu, followed by a master’s in information systems from the Royal Institute of Technology in Stockholm. He worked for several years as a programmer in major companies in the former Soviet Union and Europe, and he had been a serial entrepreneur in Estonia with the same cofounder. Kofman noted that when starting their fourth
venture, their experience in earlier startups led them to believe “that if you wanted to do the business that we were doing, then most of the customers will be in the US, as will most of your potential partners. So it made a lot of sense to be here. We got into 500 Startups, which is a Silicon Valley seed fund and accelerator founded by PayPal and Google alums. We raised $100,000 from them and other individual investors, and that helped us get some kind of a base here for the company. And then we moved our families here as well. I had been with my cofounder, Anton Litvinenko, since we were together at university, and have worked with him on basically everything since that time, such as the three companies we have started together so far. He is Russian, but he spent most of his life in Estonia, and I think he may have been born there.” Regarding investors, he recalled: “They helped us with cash flow in the early days, and now we’re at a stage where the company is profitable. We pay our own salaries now, but for the first years the investment supported us for sure. We have investors locally here in the US, we have investors with a Skype background, we have investors who are from the UK, and we have one from Russia. My partner and I have done three startups together, which is a rare combination where people build something and have known each other for fifteen years. We fight like cat and dog, but we can still work peaceably together. I think investors saw a team that worked well together and was able to deliver.”

Discussing their earlier companies, Kofman noted: “We have most of our engineers in St. Petersburg, so the fact that we know the language helped a lot because we fly in there and can talk to them personally. There is a big pool of software talent in Russia, and they have good experience. Our whole team today is eight people. We have my partner and me, three other people here in The Valley, and three in St. Petersburg.” Kofman went on to describe his latest startup, Import2, a software company specializing in data migration: “The main idea of what the company does is to help you move the data you already have into a new product. With Import2, you’re importing into something new, something better. So the mission of this company is, ‘We are allowing you to use the best software out there, so you’re not locked in with a legacy system provider you may have been using for ten years just because of the data. So you can start using the new system, the best one, as simply as with one click.’ Because of our one-click software, the data migration can be accomplished not
only very easily but also at about one-fifth to one-tenth the cost of traditional migration. We’ve helped about 10,000 businesses so far. It’s hard to say who might be our biggest because we have served multi-billion-dollar companies like Salesforce, Zendesk, and Zillow mostly, but also thousands of very small companies.”

In discussing competition and the company’s future, Kofman explained: “So far we’ve been super focused on one thing, which is data migration, and there is no company out there focused on the same thing. That gives us an advantage because we don’t have to do everything. Most of our competitors are doing consulting, which is about all kinds of information services, so they have to know their way around all things. Given our experience with 10,000 customers, that is probably about 100 times more than any competitor has, and we keep investing into our software. But honestly, while developing the last product, we were trying to automate everything to zero click, but we found that’s actually not what people want. People still want to have some control. They want to feel like, before something happens, here’s the explicit action we need to take, instead of the computer deciding for itself.” As to his future plans, he added: “We are working on a new product that is complementary to our original idea. It’s partially like making the data migration idea obsolete. But if you want to launch another product on top of that business, we will have to be careful and try not to kill the original idea and the good aspects of the company. More investment might become a question some time, but not at the moment.”

**Umida Stelovska** (born Gaimova), Founder and CEO of parWinr, had far different origins, having grown up on a cotton-producing collective farm near Samarkand, Uzbekistan. She received her bachelor’s degree in German from Termez State University. Her love of the German language was a window on a much bigger world that she strived to be part of: “I remember my father always telling me to dream big and study well at school. When I was in the fifth grade, my father took me to my German teacher and told him that he wanted me to become a great teacher like him. From that day on, I was given extra homework every day, and when I was in the seventh grade, I was assigned to teach German in the lower classes. When I was in the ninth grade, my teacher asked me to teach the eleventh grade. My first day was so embarrassing for me, and I was shaking because they were older than me and now I was to assign them their homework.
I remember how my classmates would laugh at me when I told them that I would definitely go to Germany one day. Maybe reading stories about the outside world in our German textbooks made me become a dreamer of the impossible, and my passion for traveling the world, learning about different cultures, languages, and people, and doing the big things in life grew bigger and bigger. I knew that the outside world was different, and life outside of our country was exciting to me. Today, I proudly can say that I have lived in five countries and traveled to more than twenty.”

Stelovska poignantly described the difficulties of building a startup, even while having a patented technology: “I left Uzbekistan for the Czech Republic in 2006. Just before I left, my father passed away and I became the only hope for my mom and my siblings. I badly wanted to start working so that I could send money to my family. But the only jobs I was offered were floor cleaning jobs. That’s when I said to myself, ‘If I can’t get a decent job, then I should create those jobs for others like me,’ and I started PrAgEmInt employment agency to find legal jobs for illegal immigrants. That was the beginning of my entrepreneurial adventure. Then I met the best Thai chef and started the Thajemny Svet [Magical World] restaurant chain. Later I got my visa and came to the United States in 2009, where my passion for technology grew bigger and bigger. After I understood what a patent meant and the value of my husband’s patents, I had a vision for a new technology that I believed would soon disrupt many industries. So I created parWinr. When I convinced my husband to start the company in April 2011, I barely spoke English and I had really no idea about doing business in America. My idea was to offer YouTube users the ability to convert their videos into trivia-poll games and reward people for the engagement. During the process of creating the company and hiring the first employees, many things sounded simple, but I didn’t know that doing business needed more than just building the product you believe that people would buy.

“Today, I’m even more convinced that the technology I envisioned six years ago has great potential, and living in Silicon Valley has taught me a lot. As of this year, I have a clear roadmap and strategy to launch the platform where businesses and consumers can monetize their creativity. I know it is never easy for anyone to start a company and get funded fast. Especially, if you’re a foreigner, a woman, or have no diploma from Stanford or MIT, or no experiences working at Google
or Facebook, the chances of your company getting funded are minimal. But what I believe is that if you are able to dream, and if you’re capable of following your dreams, then you will find ways to succeed. You are already different than others because you didn’t stay back, or you didn’t give up and quit when you faced tremendous challenges every day. It may take ten years to experience ‘overnight’ success. Years of trial and error in launching your product, testing it in different markets, understanding the problems you are solving for your customer, and coming up with innovative solutions, all that takes time.”

Stelovska provides an insightful reflection on her entrepreneurial journey to Silicon Valley and her in-depth understanding of what it will take to bring her venture to the next level.

Andrey Klen came to San Francisco as a cofounder of Petcube, an interactive remote pet monitoring system that lets pet owners watch, talk to, and play laser games with their dogs or cats from any location using a smartphone. They can also share access to their pet video camera with friends, family, or anyone on Petcube Network. The product is an interactive wifi camera sold usually at major retailers like Best Buy, Nordstrom, and Amazon. The private company is headquartered in San Francisco, with additional offices in Kiev, Ukraine, and Shenzhen, China. Born of Ukrainian parents in Egevikinot on the Bering Sea in the Russian Far East, Klen was raised in Smila near Kiev. Unlike most of our high-tech entrepreneurs, Klen graduated with a degree in journalism from Shevchenko State University in Kiev. Although he settled in the United States in 2014, he had earlier visited Seattle, where a girlfriend had moved to, and he sought to explore a new Western type of life. He got into design during that time, although he had previous experience in writing for art and culture magazines in Ukraine. When he returned home from the United States, he got together with a friend, Jaroslav, now the CEO of Petcube, to create the first social media agency in Ukraine. After two years, their venture was acquired by the Ukrainian company, Prodigi. They later met the former CEO of Prodigi: “That partner, Sasha, eventually had the idea that evolved into Petcube. I designed interfaces for the camera and Sasha asked me to pursue the project with him, and then Jaroslav joined to handle the business operations. Our venture was actually called Petcube while we were in Ukraine.”

Klen described the turning point in the venture: “Then we got an offer from Hax Accelerator, and it was at this point we understood that
everything was getting serious and we needed to focus on Petcube. So we decided to quit our jobs and go to China and figure out how we could make this hardware a reality. We had been there for four months and then launched a crowdfunding campaign in China with Kickstarter that went pretty well. We became the most crowdfunded pet product ever. We decided to have our headquarters in the US, but we stayed in China for a while talking to factories, and our team grew to ten people including new hardware engineers. Right now, in 2015, we are almost thirty people. Hax Accelerator funded us at first, and we also got some angel investment from Semyon Dukach, the head of Boston Tech Stars. He thought our idea was good and became an investor almost immediately. So we had money to sustain our growth. This was really our first real startup. And the idea is great. It’s really viral. Everybody loves pets. It’s really fun and cute, and people really love it. I think we were lucky enough to have this idea and have the ability to develop it into this sort of product. We’ve sold more than 5,000, I believe, and are now producing another batch of 3,000. Our customers are mostly in the US now, because the whole culture of being pet owners is higher here than anywhere else. And the whole industry is really huge. It is $56 billion yearly for pet-related supplies, so the market is here. We knew that we needed to come to the US, so very early we registered our company in the US, and we have patents pending on our whole product, both the camera and laser.” Petcube’s initial success led to an impressive funding round in early 2016, when the company raised $2.6 million from a consortium led by Almaz Capital as well as AVentures, and Y Combinator.

Andrey Klen is one of the few of our entrepreneurs who is not highly trained technically and is not involved in the business side of the venture he cofounded, since his role focuses on his major strength, design. Klen’s story and experiences of bringing a technologically based product to the US consumer market, outside of gaming, stands in contrast to the more common business-to-business technology products and services described by other interviewees.

Wave Three 2000–2015: Other Industries

We conclude this section with the relatively long and informative story of Max Polyakov, Founder and Chairman of Noosphere and the venture capital firm, Noosphere Ventures. He came to Silicon Valley
already having been a highly successful serial entrepreneur in the former USSR and elsewhere, and who, from all appearances, is continuing that trajectory in the United States. Before describing his multitude of startups, approximately half of which have been in the United States, we note his wide range of interests and expertise that include space technologies and predictive analytics, consumer Internet, AdTech, EdTech, FinTech, and enterprise software. Polyakov holds numerous patents related to these fields. Additionally, his educational background is highly eclectic and undoubtedly has been influential in developing his breadth of expertise.

Born and raised in Zaporizhia, Ukraine, Polyakov began his higher education at Zaporizhia State Medical University, where he studied medicine for six years to become a gynecologist. However, he came to realize that he preferred going into business. For the next seven years, he started a number of companies and then studied international economics at Dnepropetrovsk National University, focusing on problems of the world economy. He analyzed the paradigmal model of information development and its implementation, earning his PhD in 2013. During much of that period, he continued to be involved in creating numerous new ventures in Ukraine and the UK. He stated his personal philosophy on LinkedIn: “Humans fundamentally change the world around them through a combination of knowledge and technology. By creating close connections between my employees, partners, communities, and academia, and leveraging this collective knowledge with robust technology platforms, we are trying to drive a real revolution in the private space industry.”

Polyakov’s experience with startups began in Ukraine, in 2000, when he became a founder and CEO of IT Ukraine, which he described as “one of the largest and first technical outsourcing companies in Ukraine.” His quest to expand that business and start new ventures took him to Scotland, where, in 2005, he founded HitDynamics, an on-demand software platform that combined bid management software, search marketing reporting, and conversion tracking in a single platform. After a year, the company was acquired by Hitwise, which in turn was sold in 2007 for $240 million to the Experian Group. This appears to be Polyakov’s first major exit through selling a company, although he had remained with Hitwise for more than a year as vice president. He repeated that strategy in 2012, with the sale of his next startup, Maxima Group, to a media group in the Commonwealth of
Independent States (CIS). Maxima had developed one of the largest portfolios of B2C businesses in the CIS. Concurrently, Polyakov started several other companies, including Cupid, plc, which he cofounded in 2005 and served as COO. A leader in the online dating industry, the company launched an IPO on the London Stock Exchange in June 2010, with an initial market capitalization of £45 million. By 2012, Cupid had more than £53 million in revenue, 54 million users, and 500 employees. Another company he cofounded in 2006 was Maxymiser, a data analytics firm with 400 employees and offices in New York, London, San Francisco, Edinburgh, and Dusseldorf. Maxymiser was a leading provider of cloud-based software that enabled marketers to test, target, and personalize what customers see on a webpage or mobile app, and its customers included Lufthansa, HSBC, and Tommy Hilfiger. The VC-backed Maxymiser was sold in 2015 to Oracle. According to BusinessInsider, “Oracle paid well for Maxymiser since this was a strategic acquisition of a thriving company – not a struggling company picked up for a bargain.”

In 2007, Polyakov founded TrafficDNA, which he described as “a big data and technology expert in traffic management, analytics monetization, and product promotion on web, mobile, and social media platforms, where clients are able to receive a full-service advertising solution.” MURKA, founded in 2009, creates games for a gambling vertical and has launched more than ten projects for social networks and mobile platforms.

With his large number of startups and also his frequent exits, Polyakov had strong views of venture capital: “We’re very careful with our companies not to take too much VC capital because that means you lose your flexibility. As a founder, you continue to be on the company’s board as one of seven people, but you’re not CEO anymore. They basically dilute your management expertise. This happens with VCs because now they control your company, and they have different goals. The VCs want to double or triple their money, or even, like, six times. So that’s why, very often for them, they look at your decisions and will change your strategy. We still have profitable companies and strong partnerships worldwide. They are really helpful for

our innovative projects, not only in terms of finance, but also as sources of knowledge and experience.”

Since arriving in Silicon Valley in 2012, Polyakov has founded seven additional companies. Three were founded that year, the first being ClickDealer. That company has grown into a global marketing agency offering advertising services in social and mobile verticals. Renatus is in the mobile and social game publishing industry. And Noosphere, focused on space activities and solar panels, was founded with lofty goals. Polyakov elaborated: “Our goal is the fundamental creation of the new information-oriented society where the information system serves the whole of humanity and develops a fertile atmosphere for personal self-fulfillment. That’s why we’re looking to space activity and solar panel activity, especially here in Silicon Valley. Although we have companies making money, for the venture part, we really want to address the problems that can help humanity live longer or better or safer. Things that we don’t see being done, so that’s why we value this position.” In 2013, Polyakov founded two additional companies, Together Networks and Databrain. The first is a leading social and online dating business, while the second is a machine learning platform for mobile and web applications that combines big data analytics with predictive modeling. In 2014, Polyakov founded Universal Commerce Group, an international e-commerce company that provides electronic payment services, a shopping search engine, and a data-centric cloud computing service. Polyakov’s most recent startup is EOS or Earth Observing System, a private space company delivering products based on proprietary satellite data retrieved from an in-house system of satellites that are delivered by privately launched rockets.

Polyakov’s lofty goals with EOS and Noosphere seem in contrast to his other businesses, many of which emphasize social networking or IT solutions for consumers and businesses. Yet this juxtaposition seems to fit well with his philosophy toward business, which emphasizes the importance of knowledge: “So what we want to do in the future somehow is to create an instrument so that corporate knowledge exists as a separate ecosystem, like financial knowledge or people-intensive knowledge.” When asked about what career he might have had, if not in business, he responded: “Research most likely. Some scientific stuff. Yes, of course. But we should make money, and then after we make money we could have some other interesting ideas beyond making money. Other ecosystems exist like knowledge, so it’s good synergy
between making money and doing something good.” That perspective seems to summarize Polyakov’s business philosophy, which embodies the familiar phrase, “doing well and then doing good.”

Polyakov’s forays into numerous Internet businesses have provided a financial foundation that could allow him to pursue his more lofty goals of harnessing knowledge and combining that ecosystem with launches into space utilizing satellites, with a goal, as he said, “to address problems that can help humanity live longer or better or safer.” His philosophy of “do well and then do good” likely stems from his background and experiences starting with his relatively poor childhood, which likely provided an incentive to make money, something he noted several times. His focus on space is understandable since both his parents were rocket scientists. His humanitarian instincts reflect his training as a medical doctor, and his global business view could well have emanated from his education in international economics focusing on problems of the world economy. In many respects, Max Polyakov’s business philosophy and his basic identity could stem from the imprinting he received in the former Soviet Union during his childhood that could have continued through early adulthood, a theme to be revisited in Chapter 9 on identity. His story, like that of Evgeny Zaytsev and others, illustrates that there is more than one way to fulfill career objectives without losing the valuable expertise gained from one’s education and earlier experiences, a theme that pervades this chapter and the next.

This chapter has focused on the experiences of those of our interviewees who have become entrepreneurs in the US innovation economy. The next chapter presents the experiences of the talented professionals we interviewed who are primarily in roles other than as founders or venture capitalists.