

SOSİOLOGİYA SOSİOLOJY СОЦИОЛОГИЯ

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FORMS OF VENTURE INVESTMENT OF INTERNET PROJECTS

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The economic situation in the country forces start-up companies to develop in conditions of extreme uncertainty. Market conjuncture changes at a fast pace, conditions are dictated by unexpected leaders, new technologies change the ratio of values in the market. Solutions appear to radically change the basic properties of products that they previously competed with each other. These are so-called "subversive innovations". Among the most promising branches of the economy, where such deep innovations are possible, we can call nanotechnology, energy, medicine, biotechnology and, of course, the technology sector - the subject of our research - Internet projects. The development of the latter is inevitably linked to the growing need for capital for both the improvement of the most innovative product (service) and marketing activities, without which it is impossible to rapidly promote a new product to the minds of a wide audience [1].

But no expert will be able to give a precise forecast whether the planned product will be fully realized and whether its market will accept, and therefore, whether the return of investors' investments will take place. Due to high risks of capital investments, such investments are called venture (risk).

So, we define the venture investment as an investment in an innovative project at the "seed" stage and the "start up" stage, in exchange for the company's share and in terms of profits from the sale of this share in the future due to the rapid growth of the company's capitalization. More than 80% of the business angels' capital and venture capital funds, which are venture market players, are implemented in high technology [1].

In essence, venture capital investment becomes the basic catalyst for the development of small and medium-sized businesses, which forms the basis of the Internet economy. The popularity of this type of investment is due to the fact that young companies can turn to it when other sources of financing have abandoned risky investments.

Despite the significant growth of venture capital investments in the Ukrainian economy, the theoretical issues of this process remain inadequate. In particular, even practitioners do not always have a clear idea of the similarities and differences in the work of business angels and venture capital, mix these concepts, experience difficulties in allocating the structure of criteria for the venture capital market players, and parallel processes with similar processes in the western countries.

The main players in the venture capital market are "business" angels and venture funds on the "seed", the initial stage and the stage of growth of the startup. Typically, the nature of their interaction can be defined as cooperation, and not as a competition. They connect to projects at different stages of development: business angels - at the stage of the idea and business formation, venture funds work with an already existing company that takes the first steps in the market. Among the common features in business angels and venture funds, we will highlight the following:

- ❖ investment is made in exchange for a share in the company's equity in the early stages of its development;
- ❖ investments finance the growth and development of the company, rather than cover the losses of previous periods. The main task is to achieve rapid growth of value and capitalization of business;
- ❖ active work or supervision of the activities of the invested objects;
- ❖ In addition to financing, business angels and venture capitalists provide additional services to startups: management and marketing consulting (mentoring), expansion of social and economic ties of the company, legal and other services;
- ❖ the pursuit of a high rate of return on investment.

Due to the fact that these subjects have more differences than similar features, an analysis of the activity of each of these entities is necessary to reflect the objective situation in the market of venture capital. An interesting category for venture capital market participants seems to be business angels.

First of all, this is due to the extreme heterogeneity of the participants. The generalization of their characteristics is very difficult, and the business angels are usually non-public. Access to information on concluded transactions is limited. One of the important features of these subjects in the market is not so much the desire to obtain extra profits, but a mission to support entrepreneurship as a way of life. We propose the following definition of business angels: these are individuals or corporations that use limited own funds to support business in the initial (including "seed") stages of development.

Speaking about sources of investment capital, in most cases it is the result of their previous entrepreneurial activity, including sales of independently built businesses. Working with new start projects for them - in many respects reproduction of already used models of doing business, reflecting the need for self-realization, respect and recognition of the younger generation of entrepreneurs, emotional satisfaction and pleasure. If financing of venture funds can be called risky, then the capital of business angels experts define as extremely risky.

This is due to the fact that the object for investing - as a rule, a company without achievements, and more often than not - just an idea, sometimes even without a full-fledged professional team. The reason for such investments with the highest risks is the highest return on investment when investing at this stage of business development. The research of American specialists reflects the following difference in profitability: when investing in the "seed" / early stage of business development, the average annual yield to the fifth year of existence reaches 65%, with investments in the late stage in the same period, the average yield does not exceed 32% [1, 2].

Note that one of the important reasons for the positive development of business angel financing is the ratio of "demand and supply" in the market of startup projects. The number of professional venture funds, especially in Ukraine, remains insufficient to fund all high-quality ideas. The size of the allocated start-up capital is increasing, requirements for projects are tightened. A niche of projects with lower funding requirements appears, with no professional knowledge to prepare the project for the investment search process. It is precisely in this niche that business angels, who, along with the function of financing, have the role of mentoring [1, 2].

- According to research by specialized research centers on venture investment (such as the Venture Capital Research Center at the University of New Hampshire, Harvard University, USA, etc.), the business angels community in the United States is characterized by the following indicators:
- more than 90% of investors - men;
- More than 67% of investors - over 46 years old, the average age is 49 years. However, for the past 10 years, trends have emerged for the emergence of younger investors who have previously created high-tech companies and successfully sold them, releasing capital for new projects;
- more than 78% of investors have significant investment experience (5 years or more);
- The average investment of a private investor - 72 thousand US dollars. The range in which business angels usually work - from 20 to 250 thousand US dollars [3]
- Due to the fact that the boom of the instant takeoff of technology companies and their rapid withdrawal to the IPO, which was observed in the early 2000s, ended, the period of growth and capital requirements for companies is becoming more adequate - 3-7 years. In these conditions, the cooperation of two categories of investors - business angels and venture funds - is an integral element and the basis of the entire financing process.
- The basic function of venture funds is the placement of the capital of its investors in order to maximize profits. Thus, we will define a venture fund as a mechanism for investing capital through the formation of a common fund (partnerships of individual investors) into high-risk innovative enterprises. A distinctive feature of the activity of venture funds can be called exceptional professionalism. It is a kind of whole industry for selection, qualitative assessment and analysis of projects, as well as further support for their development, which is accompanied by a staff of highly qualified consultants - financiers, lawyers, and marketers. Summarizing, we will mention the main directions of the development of venture capital investment in our country:
- the necessity of globalization of the innovative sphere by attracting international "smart" money and integration into global technological processes;
- growth of investment attractiveness of innovative companies in Ukraine;

- infrastructure development to support startup companies;
- development of professionalism of participants in the venture market;
- improving the quality of innovative projects, stimulating the consumption of innovative products;
- popularization of innovative and entrepreneurial activity in society, creation of interest in venture and business angelic activity.

So, the research of investment models inevitably requires a detailed analysis of the subjects acting on the venture market. Business angels and venture funds are directly involved in shaping the business processes of young companies. In essence, they can be called donors for innovative processes that create the potential for growth of the Ukrainian economy. A clear understanding of the specifics and motives of the behavior of venture capital investors, the adaptation of approved western models of their work to Ukrainian practice, formalization of criteria of activity, generalization of existing experience, development of directions for the development of the innovation-venture ecosystem of the country create a serious theoretical basis for stable and confident development of the market of venture capital of Ukraine.

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İnternet layihələrin vençur maliyyələşdirilməsi formaları

Xülasə

Gənc kompaniyaların biznes proseslərinin formalaşdırılmasında biznes modelləri və vençur fondlar birbaşa iştirak edir. Hətta onları maliyyə proseslərinin donoru adlandırmaq olar. Bu işə onların Ukrayna iqtisadiyyatının inkişafına göstərdikləri dəstəklə bağlıdır. Vençur investorlarının hərəkət motivləri, aprobasiya keçmiş Qərb modellərinin adaptasiya yolları müəyyənləşdirilib. Ölkənin vençur kapitalının ekosistemi Ukraynanın stabil və dayanıqlı vençur kapitalı bazarının formalaşması üçün nəzərti bazadır.

Формы венчурных инвестиций интернет-проектов

Резюме

Бизнес-модели и венчурные фонды принимают непосредственное участие в формировании бизнес-процессов молодых компаний. По сути, их можно назвать донорами для инновационных процессов, которые создают потенциал для роста украинской экономики. Определены мотивы поведения венчурных инвесторов, адаптации апробированных западных моделей их работы к украинской практике. Экосистема венчурного капитала страны создает серьезную теоретическую основу для стабильного и устойчивого развития рынка венчурного капитала в Украине.