# Skolkovo, Microsoft Invest in First Startup

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Microsoft gave a $100,000 grant to the anti-piracy startup Pirate Pay on Friday, making it the first company to receive seed funding as the result of cooperation between the IT company and the Skolkovo Foundation, the organization behind the innovation hub near Moscow.

In November, when Microsoft head Steve Ballmer visited Russia to sign a memorandum of understanding with the Skolkovo Foundation, he outlined five major areas of cooperation, including the expansion of funding for Russian IT startups.

Pirate Pay, a Perm-based company that united three entrepreneurs a year and a half ago, beat several dozen IT startups to get the grant.

The company's name stems from the Pirate Bay, a popular Swedish web site that hosts so-called torrent files that make unlawful uploading and downloading of copyrighted audio and video material possible without getting caught.

The technology invented by Pirate Pay will allow it to block existing torrents and protect the copyright on music and movies that have just been released, potentially putting an end to the uploading and downloading of unlicensed files first in Russia and, at a later stage of the project, globally.

Unlike other technologies that track files, Pirate Pay makes torrents virtually undownloadable, said Alexei Klimenko, technical director of the company.

"But we do not want to be perceived by [Internet] users as a bad company that just blocks everything, instead we want to help create a distribution system that will allow users to download licensed files for a set nominal fee, yet keep copyright holders happy," he said.

Head of Microsoft Russia Nikolai Pryanishnikov said at a news conference Friday that the company intends to sponsor 100 IT startups in the next 10 years, issuing grants ranging between $30,000 and $500,000.

While the Skolkovo Foundation participates in the council that issues these grants, the money comes from Microsoft. Skolkovo funds projects of its own and has plans to sponsor 30 this year, Alexander Turkot, director of IT cluster at the Skolkovo Innovation Center, said at the news conference.

Pryanishnikov hinted that the runner-up to Pirate Pay on the short list of five is a company that would soon get another grant from Microsoft and that some companies were advised to apply again after they get their business plans in order.

While Microsoft did not disclose the names of those companies, the projects included corporate messaging, a city infrastructure project, and a project that allows for the making of complex analytical reports with the use of cloud computing.

"IT companies may actually be better off because Skolkovo supports them, Microsoft supports them, and maybe if you write on [President] Dmitry Anatolyevich [Medvedev]'s blog, you can get support," he said, pointing out that IT companies should become an example to other Russian small- and medium-sized businesses.