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State Venture Firm Wants to Shift Focus Away From IT

By The Moscow Times

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The Russian Venture Company is determined to direct the venture capital investment market away from its preoccupation with information technology and toward biotechnology, medicine, energy and other priority sectors, according to a five-year development strategy revealed Wednesday.

While experiencing dramatic growth over the last three years, the market has become skewed, with more than 50 percent of investments conducted in the IT sector, said Igor Agamirzian, chief executive of The Russian Venture company, or RVC. The goal for the next three years will be to make the market more balanced.

According to RVC's estimates, the Russian venture capital market has more than tripled in size in the last three years, with the combined amount of venture investment deals reaching 30 billion to 32 billion rubles ($914 million to $975 million) in 2012.

In 2012, 70 percent of all venture investments totaling $638 million went into information technology, Investcafe analyst Daniil Markelov said. This is because the payback cycle in IT projects is quicker than in other industries such as biotechnology and energy efficiency.

In the next three years RVC — which is a government-owned fund of funds and considered an official economic development institution of the Russian Federation — will focus on formation of financial and nonfinancial instruments to support technological entrepreneurship on the early project stages and stimulation of entrepreneurship in the prioritized industrial sectors.

RVC will also work towards attracting local and foreign private venture capital and assisting Russian businesses in entering global markets, integrating them into international supply chains.

According to the RVC forecast, in 2016 the total value of all funds and venture components of direct investments will reach 300 billion rubles ($9.1 billion), of which 27 billion rubles will be committed by RVC.

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