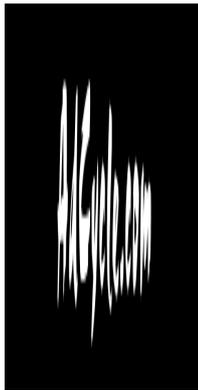


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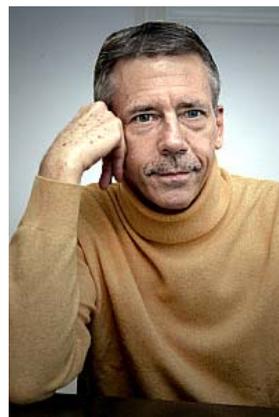
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Ventures Into New Territory

By Emily Fertig
 Special to The Moscow Times

Thomas Nastas, a pioneer of venture capital in Russia and the founder of Innovative Ventures Incorporated, advises his aspiring colleagues to "expose yourself to as much randomness as possible."

A glance at his resume shows that he lives by his word. Bouncing from small-town Michigan through Canada, Europe, sub-Saharan Africa, Kazakhstan and finally to Russia, Nastas has scraped together chance encounters, seemingly unrelated personal experiences, momentary opportunities and relentless energy to help develop Russia's technology sector and introduce it into the economic fray of North America and Europe.

So how did Nastas get here? When asked about his origins, he holds up his hand -- fingers together, palm facing out -- and points out his hometown, a "tiny village" in the glove-shaped state of Michigan.

After earning a dual bachelor's degree in engineering and advertising and an MBA from Michigan State University, in 1982 Nastas set up Innovative Ventures. His purpose was to help Fortune 500 companies diversify their products and enter new markets. It was an uphill battle at first: "One of the things I realized was that sometimes it's easy to do the work, but it's difficult to get the work."

Perhaps Nastas has the Michigan government to thank for setting him on his path towards Moscow. Amidst the technology boom of the 1980s, Michigan funded attempts to jump-start the state economy by developing a tech sector similar to that of Silicon Valley or Boston's Route 128.

Working as part of that initiative, Nastas said he "applied the concept of royalty-based financing" -- he provided a company with funds in exchange for a portion of its revenues.



Vladimir Filonov / MT

Thomas Nastas, founder of Innovative Ventures, shares his knowledge with students at AIBEc and the Pericles ABLE Project.

It didn't take long for Nastas' innovation to raise eyebrows in the financial community. The Canadian office of Boston-based Venture Economics soon advised him to take his royalty-based scheme to international markets.

Many developing countries had either inefficient capital markets or none at all. "So a big light bulb

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went on in my head, and I said 'Hey, that's a great idea, that's a very sexy suggestion. But how do you go from Michigan to working internationally?'"

Soon after the lightbulb moment, Nastas took his scheme on the road. In 1992 he was hired as an adviser to the World Bank Group in Africa, where he set up three different funds. He entered the Commonwealth of Independent States a few years later as an advisor to USAID in Kazakhstan.

"It was a big shock to the system," Nastas said of working in Kazakhstan. "I got exposed to working in that kind of an economy ... where everyone was basically being paid by barter mechanisms and there was very little cash flow going back and forth. How do you jump-start an economy in that kind of environment?"

Not one to settle for long, Nastas moved to Volgograd in April 1997 to serve as an advisor with H.P. Russia L.P. When his contract ended in 1999, he was recruited to join an investment management company in London, but this job unexpectedly fell through. He decided to come to Moscow and arrived in the city for the first time on Christmas day 1999, jobless.

"I knew one person in Moscow, my marriage was falling apart in America, the U.S. economy at that time was starting to see some bubble situations, I had no prospects, no infrastructure at that time, and the question is, what do you do?" Nastas said.

His situation was to set up a business-plan competition. He sought out Russian information technology and telecom entrepreneurs, trained them to pitch to international investors in English, and brought the two groups together for a two-day conference.

Recent highlights of Nastas' work in Moscow include partnering with Shell Technology Ventures to evaluate Russian oil and gas technologies for venture-capital investment, and being elected to the board of directors of Sotsgorbank. He shares his business savvy with MBA students in Moscow's American Institute of Business and Economics as well as the Pericles ABLE Project, which prepares young English-speaking Russians to enter Western MBA programs.

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Nastas, who gives his age as "early 50s," has taken to Moscow life easily.

"Culture- and business-wise, this place is fine," he said. "Some people come to Russia, and they absolutely hate it. That's never been an issue for me."

Alexander Dmitruk, chairman of Sotsgorbank, said Nastas "is creative, has initiative, and a desire to get ahead."

"He always has new ideas and new offerings," Dmitruk said. "We can't predict him."

To Westerners seeking to rise through the ranks of Russian business, Nastas said: "People always say find good Russian partners, and that's true. Just find good partners. Things take longer than you would expect here. If you've got the patience and the long-term perspective, you can do very well here financially."

Despite conventional wisdom, though, your network isn't everything. "There's always the saying 'it's not what you know, it's who you know,' but to a large extent who you know is a function of what you know," he said. "Personal connections ... will probably get your foot in the door a little bit easier than in Europe or America, but ultimately it's the value of the idea that gets you through the door."

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