

Glib Buriak of HIFE VC

Speaker1: [00:00:04] This is the Investor Connect podcast program. I'm Hall Martin. I'm the host of the show in which we interview angel investors, venture capital, family offices, private equity, many other investors for early stage and growth companies. I hope you enjoy this episode. The Investor Connect is a 501 C three non-profit dedicated to the education of investors and startups for fundraising. Please consider donating \$100 to the program to help others in their investor and entrepreneur journey. You can find the Donate button on the Investor Connect org website. Hello, this is Hall Martin with the Investor Connect. Today we're here with Glib Buriak managing partner at HIFE VC. HIFE VC is a venture studio searching for local talents or teams to build or develop businesses in areas of medtech, finance, agritech, edtech and digital transformation glib. Thank you for joining us.

Thank you for having me.

So tell us more about your background before investing in early stage companies.

Speaker2: [00:01:03] Oh, we have a very vast background among our partners. There are three of us, three partners me, Yelena and Andre. I am more from academia. I'm a Ph.D.. I've been working as a teacher university professor for 12 years. I have over two thousand students and some of them are rather successful venture capitalists already. And even in California, if you use SATL application for reservations in restaurants, those are my students. Annapolis, you can start Matviyenko. And then I worked as a business consultant. Jillian, our another partner, is she's a very successful investment banker and financier, and Andrey, our third partner. He is a very savvy developer. He's mostly from I.T. and management. So we all together with very different backgrounds, liking each other personally. We just people of mutual values. We thought that Ukraine lacks some venture business companies and we decided to start something of our own. And last year we launched and well, that was quite, I wouldn't say, successful yet, but it was very intense year and over, not a full 12 months. We managed to launch a venture studio, raise money and sign land a couple of companies and even launch our as a studio, even launch our own projects.

Speaker2: [00:02:51] Great, so what excites you right now?

Oh, right now, I'm mostly excited about opening, opening Ukraine to venture business because, well, Ukraine has been in the news lately and not on the bright side. But we still have a very nice IT heritage. We have a huge labor market. And you know that Ukrainian IT engineers, they are very successful in outsourcing, but not in business development. So we try to open Ukrainian business ventures to the globe. So to fix all of those talents that we have to shape them into bankable companies and then attract foreign investment to them? Well, we have our own investment. But I believe that becoming global you need to attract foreign capital and this is what excites me a lot. And I started believing like I had a kind of shift in my mindset that it's not about money, it's about networking. It might sound obvious to you, but it definitely is not obvious for modern day capitalists that it's not about money, it's about constant communication. And financial integration is built on values and attractiveness of the business, not on the financial side, but on the impactful side. And this is what excites me at the moment.

Speaker1: [00:04:31] We see a lot of investors and a lot of startups in the Ukraine. What's your advice for people investing in startups in the area? What do you tell them to do before they write that check?

Speaker2: [00:04:41] I will be frank. I suggest you don't invest passively. I value Ukrainian talents, but we have a lot of blind spots and we do need some business education mostly. And there are some childish mistakes businesses do, unfortunately. So being complete professionals in terms of technical expertise or marketing expertise, people, they lack some business savvy. And I suggest that a foreign investor, I mean foreign in terms of Ukraine international, let's call them international investors. They would be of huge help. Investing money into Ukrainian businesses and talents and educating them how to manage business internationally because we still have our local focus generally, and it differs a lot from international principles, not in terms of moral values or something, just in terms of vision. I believe will lag that nationally, and one of the goals of our studio was to spread this vision for Ukrainian ventures. And in case you are a foreign investor looking for Ukrainian startup. I firmly believe that you will find all the talents you need, but you should maybe sometimes even babysit the businesses for them to succeed.

Speaker1: [00:06:18] Right? Then on the other side of that table, what's your advice for people running startups? What do you tell them to do before they go out to raise funding?

Speaker2: [00:06:27] A homework always do your homework. There are only four four questions a proper investor might need. Well, do you have a team? Is this team capable of delivering a product? Does the market need this product and how are you better than the competitors? So it's just a team product market and competitors. So just answer those four questions. And if you have unit economy economics above zero. Well, I think you will be fine. But even those simple questions, they are not obvious for many start ups, unfortunately.

Speaker1: [00:07:09] Great. Let's talk about the state of investing in start in the Ukraine. How is the industry evolving so far?

Speaker2: [00:07:15] Ooh! Well, the world is flooded with money, you know, that all the quantitative easing stuff. Well, it boosted venture capitalism globally. Same in Ukraine. So there are a lot of money. There are a lot of projects I should say. There are much more money than there are projects, and I see that people started switching from their day to day job to entrepreneurship. And I don't have the data right now in, but I can say that the numbers are growing rapidly and. Well, it's not as if Ukraine is is just one business environment. We have multiple business environments like we have old school traditional businessmen doing their business in such sectors as industry, agriculture, some traditional services, finance, mostly our investors are from this area. So they don't have this fake it till you make it official. So they would rather want some stable businesses, no matter if they are eventually ones. On the other side, they are a lot of wild money brought by this cryptocurrency boom of recent years. There are a lot of Ukrainian businessmen, Ukrainian investors who raised a lot of money on ICOs, on crypto farming. And. Those are completely different investors, and they shape completely different markets. And there is the other investors are just some successful companies like G.E. necessary face those of Ukrainian companies who raised money from some Andreessen Horowitz or other funds. And now they are building their communities here, like or like Casa Van from multiple Ukrainian. He's also making his venture funds. So I think there are like multiple flows, venture capital flows with different backgrounds and different cultures, and they all are mixing and boiling and doing something. I hope something beautiful here in Ukraine, right?

Speaker1: [00:09:39] And so what we think is the biggest change we'll see and say the next one to two years in the startup space in Ukraine.

Speaker2: [00:09:45] I think that the major shift we all are expecting is in international investment because right now, international investors, they are cautious about the Ukrainian market and that is true. Ukrainian consumption market is really small. Like economically, we are really where we're a small country. We might have a large population, large area, but Ukrainian economy is not a major one. It doesn't reflect all the talent and possibilities that we have, for sure. And international investors, as you know, they they they care about their local markets, so you have to be on American markets to attract American investor. And in this case, Ukrainian business entities, they are mostly viewed as outsourcing. So guys, we already have our marketing, our biz dev in San Francisco or in Munich or anywhere. So we would only use your developer, however, if those investors would attract those teams into the business environment of their domestic markets. I think that will be a huge shift, and this has already happened because companies, they are growing, their mindset is growing, they are becoming ego hungry and they want to they want to do business not only cold the lines of something, right? And I expect that to be in a couple of years, I see.

Speaker1: [00:11:22] So let's talk about your investment thesis for your fund. What exactly is it and what are your criteria for making an investment?

Speaker2: [00:11:29] Well, we find we find a niche for our venture studio in pre-seed stages, seed and pre-seed stages because, well, the market is very competitive on series seeds or on some stable companies. And there is there is a bloodbath on the seed stages because of a huge, huge decline rate of the businesses. We believe that we can help the startup to shape a business model and as a studio, we have various expertise like we have a financial expertise being a venture arm of a major investment bank in Ukraine, adamant capital there over 10 years on the market and they have their portfolios and millions of dollars under management. We have technical expertise, we have strategic expertise, and we have connections globally, like one of our like, we have mentors being. Top marketing officers globally, and they mentor our start ups like I can say that, for example, chief marketing officer of Motorola Global, he's interested to mentor one of our startups, which is now performing in Consumer Electronics Show in Vegas, so we can deliver these values to the startups. This I would call even as it's not tangible assets to the startup, so our view is investors. So first of all, it's a focus on the industry. Like I said, it's health intelligence, finance, education. I would add cybersecurity and digital transformation. This is because because of the origin of our investors, those people who whom we raise money

from, they can provide their expertise in these areas for the startups. So this is this is where the focus for our startups comes, then definitely it's the team. Besides the market and the stage, we started the team because while there are some startups that, well, for example, we have a startup soon there on the seed stage.

Right now they are, they are the wearable medical wearable. And you know that maybe you use Apple Watch or Samsung or Amazon, Fitbit, like there are dozens of them. And that market is very competitive and guys from Ukraine are entering this market. It could be called the suicide, but these guys are so much fun that I give. I honestly trust them. And even if they fail with this missile, I don't think they will because they are very they look successful even from the start. Yeah, but I know that I just want to work with these people because. If it's not this startup, we can do something different. So, yeah, we look on the quality of the team and definitely the synergy because all of our startups, they they they feed each other. So if we have connections with the EBA like e-health electronic health business, we know how to fit this mission. One, if we have a startup on Nutritionals to show that that's a terrible world, the tuition isn't something like nutrition. Let's call it digital nutrition. Yeah, we know how to attract clients to this startup or, for example, this great startup backed world right now, the one on the seas. We have the expertise in cybersecurity, and we reframed completely reframe their initial initial business model and we added completely different sector like they want it to be B2C. We switch them to B2B with completely different products and cybersecurity. They didn't know how to do that. We had professionals, so we reshaped the company. So those are the criterias that if we know how we can deliver the company and add new value and use this added value to our other projects, well, this is the fit for our for our investment.

Speaker1: [00:16:12] Well, there are many challenges in the startup space. What do you think is the main challenge Ukrainian startups face when they launch a business?

Speaker2: [00:16:21] I think the main the main challenge. Ok. It is lack of. There is no there is no obvious road. The obvious road for Ukrainian startups, as I already said, is to follow the outsourcing path. And there is no obvious path how to launch a competitive business, an international market. So this is like this lack of vision. There are some successful companies which are, you know, green. If you know this Amazon Ring is a Ukrainian company, but mostly again, the the developers were Ukrainians, but at the early stage, management was foreign, so it behaved as a foreign company. We face OK, but they're still looking for their business model.

So again, they don't know how to do that, how to fit. You can't call up a Facebook or something, but you need some examples. You need some community and all those all those. Well, we have some unicorns like Grammarly, like Grammarly. Well, they're very bright, and they're so cool and fond of those guys. But well, they they don't seem very integrated in Ukrainian community. I think that people don't need money grammar. They have people need vision and the path that of really paved. So I think this is the challenge like we don't have a paved road to to develop business. That's the major challenge. Money, professionalism, market fit, all that. That's secondary. I think we just need to to believe that it's possible.

Speaker1: [00:18:07] Right, and then what do you think is the main challenge the Ukrainian investor faces in funding Ukrainian startups? What do you see them struggle with the most?

Speaker2: [00:18:16] I wouldn't call that a challenge. It's it's a pleasure, it's a pleasure, right? I do enjoy that. Like the second day after New Year with holidays and they keep on emailing or communicating with the start ups and it's like, you know, it's a pleasure because you're building something. So it's a blessing to build something maybe both like each blessing. It's a challenge that you're doing something new. And you're developing the market, and it might be challenging not to view venture capitalism as a traditional business. Well, yeah, maybe there is a challenge to explain to those people whom you raised money from, but this is not one zero industry. This is not agriculture. This is not a food delivery or some traditional business. This is something new, and we need to look for additional business models. Yeah, I think that this is this is the challenge searching for business models because they they differ greatly from what people got used to here.

Speaker1: [00:19:32] We see a lot of different sectors and applications in the Ukrainian market. If you had to pick one or two that you think are really good immediate opportunities to pursue today, what would you put at the top of the list?

Speaker2: [00:19:43] Oh, cybersecurity, I think there are two. Two countries are way ahead of everyone that USA and Israel, and you can't beat them. They are crazy. Like we have some mentors from Israel and those guys, well, they they just are terrific in these terms. But besides that, Ukraine is very competitive and, you know, as as a country in war, hybrid war or whatever you call it, we have a lot of cybersecurity challenges here and we have a lot of professionals in

terms of cybersecurity here. And this is this being a growing industry. We have a lot of skill and talent in terms of cybersecurity. Then I believe those are all the agriculture related tech, agriculture related tech. Well, I think we have a very good potential right now. We are looking for the automated piloting drones because, well, we have the tradition of plane building and defense space industries here in Ukraine. And you might have heard the Firefly Company recently bought, but out from Belikov by the US government. Yes, investors, yes. So all those non-human piloting objects, but they also have a huge potential here in Ukraine. Like we have technologies, we have expertise. So those are and those are sectors where everyone is striving to be there. But there is very little globally, very little expertise. So, yeah, drones, cybersecurity under attack, I think those would be three top three sectors I would look on, if you would, if you would want to search for Ukrainian companies, right?

Speaker1: [00:21:40] Well, in the last few minutes that we have here, what else should we cover that we have in?

Speaker2: [00:21:45] That's a very good question. If I can ask you a question. Yes, I said this earlier today. I heard it on this pivot podcast that if you might know that Pivot podcast? Yes, they do. They say they love saying you like fake it till you make it. Mm hmm. It's like there is so much money globally in the world. But what do you think? Are people ready for this balloon to pop? Like, you know, we. Here in Ukraine, we have not witnessed the dot com boom you had in mind. Yeah, because in the 90s we had a completely different economy. We were not that much integrated. And you had the the bubble of 90s, then you had the Great Recession that influenced us as well. Yeah. Right now, people are speaking openly that these things will come to an end. Well, all the crypto boom, venture business boom, all they need to level down so that we can build a healthy economy. I definitely think that this is not something Ukrainian companies ever witnessed.

But what do you think about these possibilities? Are people afraid of this bubble to burst or is just a kind of common economy, just like it's the economy?

Speaker1: [00:23:15] Well, currently, we're in a market that's trying to overcome the pandemic and many other issues, and so money is artificially inflated. As you said, there's money everywhere and you don't build the best companies when money is everywhere, you build

some good companies in a lot of bad ones, and at some point you have to go back to more. The traditional way of money's a little tight and it's competitive to get, and you must have a strong business to raise funding because those are the ones that are going to be the best startups going forward. And so as we come out of the pandemic at various stages, at some point it needs to go back to the traditional matter. You can't just keep throwing money at everything because you're you're losing a lot of it, you're starting a lot of bad startups. You're going to be losing a lot of investment money and understand why they did it to get to this point. But it seems like we're getting to a point where we really need to get back to an efficient economy. And so we have to go back to tighter money and more challenging sets to get to those fundraisers.

Today, everybody can raise money, but not most of those companies will not make it because they were not ready for it. If you had tighter money, well, then only the best make it. And those are the ones that carry forward those that don't make it. They go find something else to do. That's probably better. So I think the market's getting to a mode where it wants to get back to a more efficient economy and a better allocation of resources. And we're getting new care about's all the time. We're getting into blockchain and we're getting into metaverse and 50s and we're getting into alternative energies and climate change. And these require real solutions and you just can't keep throwing money at it. You have to throw real technology solutions at it. And those usually come from stronger companies, not just any company. So I think the market's coming to the place where investors are coming to the place where we probably need to get back to more traditional aspects of it. It's been fun, but at the same time, it's probably not the best use of resources out there.

Speaker2: [00:25:23] Well, that's a very good idea. Well, thank you, thank you.

Thank you a lot for that. Like, I haven't thought about that, but you're completely right. It's like you can't do anything great when you don't have limits, right? If you have unlimited money like you're not inclined to do something great. Yeah, so well.

Speaker1: [00:25:40] Great. Well, appreciate your sharing this today. How best for listeners. Get back in touch with you.

Speaker2: [00:25:47] I I still use emails. It might be old school, but I love emails, so you're welcome to write me on glib glib at high VCA i f e dot V.C and I'll be in touch. I'll be glad to get

any note from you, and I'm looking forward to building the bridges for our magical Ukrainian V-C markets to international arena. Great.

Speaker1: [00:26:18] Well, I want to thank you for joining us today and hope to have you back for a follow up soon.

Speaker2: [00:26:24] Thank you so much for having me. It was such a pleasure, and those were great questions. Thank you. It's very insightful.

Speaker1: [00:26:33] Investor Connect helps investors interested in startup funding in this podcast series, experienced investors share their experience and advice. You can learn more at Investor Canaccord. Paul T. Martin is the director of Investor Connect, which is a 501c3 nonprofit dedicated to the education of investors for early stage funding. All opinions expressed by hall and podcast guests are solely their own opinions and do not reflect the opinion of Investor Connect. This podcast is for informational purposes only and should not be relied upon as a basis for investment decisions.