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STARTUP AS AN EFFECTIVE WAY TO PROMOTE INNOVATION

Nowadays, you can often hear such a word as "startup". Meanwhile, not everyone understands the true meaning of this term, some think that a startup is a website launch or something related to the Internet. However, such views are not entirely correct. A startup is a new firm (enterprise, company) in the initial period of its development. Created for the implementation of a promising idea, in order to get a good profit. Typically, a startup includes from two to five people, as a rule, this is a fairly young person (about 25-28 years old). A startup may not only be on the Internet. Nevertheless, the term startup is very often used specifically for IT companies and Internet firms [1].

A startup must be in demand in order to gain popularity among the target audience and lead investors to a decision to invest existing capital in the development of this project. However, there is a common theory about the success of a startup project, because, firstly, in each area it is influenced by its own laws and regulations. Secondly, the conditions of the external environment change every year and every month. The success of a startup often depends on strategic thinking and miscalculation of trends and ideas at the time of project creation. And also from the startup team, the chosen niche and the promoted product.

Starting a startup is generally expensive. Money is required for research, product development, employee compensation, marketing activities. The most common method of financing new risky projects is to attract venture capital investments – direct private investments with an above average return, designed to obtain a share in the ownership of an enterprise [2].

Venture funding usually takes place in several stages. At each stage, the company attracts the amount of funds required to support growth and reach the next stage of development. At the initial stage, most often friends, family members, acquaintances and close people of the creator invest in a startup. These are the so-called seed investments. They are used to drawing up a business plan and developing a version of a new product.

The next stage of the company's development is financed by private investors - capitalists interested in obtaining a share. Such investors, as a rule, not only allocate funds, but also exercise the right to participate in the board of directors and reject, in their opinion, unfavorable decisions [3]. At this stage, the company gets the opportunity to refine its product, enter the market and attract the first customers.

Software startups provide a much more flexible framework for developing and developing innovative ideas. A startup is a temporary organization looking for a scalable, repeatable, profitable business model (Blank and Dorf 2012). A small startup founded by two or three entrepreneurs with few employees can create and test the feasibility of dozens of new business idea opportunities, producing a viable product in a matter of months. This flexibility drives the creation of thousands of software startups around the world every year. Based on the largest startup database (Crunchbase 2014), over 200,000 startups have been created in the last 10 years [4].

Practical application shows that entering the market is quite real, there were no insurmountable obstacles to the development of a startup.

It was also proved that it is possible to develop a startup correctly only with knowledge of the theory, which will ensure correct and sustainable development.

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