

## TECHNOvision

# Ceonex explores business opportunities closer to home

## Firm bolsters global client list with activity from Berkshire base

BY JOHN TOWNES

While many small firms dream of making the leap from local clients to large national or international ones, Ceonex is attempting to do the opposite.

Since it was founded in Boston in 1998, the website and business-solutions firm has cultivated an international client list that includes Fortune 500 companies and other large firms.

Now, after moving to Berkshire County, Ceonex is reaching out to expand its involvement in this region's economy by serving more local companies and eventually expanding its staff and operations here.

"One of our core business goals is to expand our presence in Berkshire County, because this is our neighborhood now," said Theodore Agranat, CEO and co-founder of Ceonex, which relocated its main office to North Adams in 2002.

Ceonex provides a variety of business services including Internet and marketing consulting, web development and design, branding, system integration and other business solutions.

Its clients have included Bayer Pharmaceuticals, Bates Healthworld, Computer-Weche, ComputerWorld, Gateway, Hewlett Packard, IDG Global Solutions, KPMG, Lucent, LSI Logic, Network Associates, NetworkWorld magazine, NewFoundland Power, OrthoMcNeil Pharmaceuticals, Phillips, PhotonEx, Radio Shack, RackFast, Sante, Siebel, Texas Instruments and Xerox, among others.

The idea of becoming more involved in this region was inspired by Berkshire Life Insurance Co., which retained Ceonex last year to redesign its website and online customer services.

Agranat explained that he had been teaching as a volunteer at the Massachusetts Museum of Contemporary Art (MASS MoCA) in North Adams. Berkshire Life contacted the museum looking for leads for potential website developers, and someone at MASS MoCA suggested that the Pittsfield-based insurance company contact Agranat.

"They called me out of the blue," said Agranat. "It was a surprise but it made sense. We've been looking all over the world for business. After Berkshire Life called, we realized, 'Why not also look for business here in our own backyard?'"



After moving to Berkshire County a few years ago, Ceonex co-founder Theodore Agranat took the additional step of relocating the main office of his company here as well. While still serving international clients, the company also is developing a base of business activity in the region.

He said this is also a way the company can contribute to the community where it is now based. "As a business, our mission has always been to make a difference for our clients," said Agranat, who has lived in the Berkshires since 2000. "Now that Berkshire County is our home, we also want to make a difference here and help to build the regional economy."

Ceonex's primary focus is Internet promotion, marketing, e-commerce and security through web-based and database-driven systems and applications. It also offers related services such as graphic design, interactive presentations and animation, custom sound production, photography, copy writing, and market analysis, among others.

### Decentralized operations

Agranat described Ceonex as a geographically decentralized company that relies heavily on modern communications. For a period after personally moving to the Berkshires, he ran the company in Boston by telecommuting from his home

here. "We use video conferencing, e-mail, the telephone and our website a lot to communicate," he said.

Those communication tools have remained central to the company's operations following its shift to the Berkshires.

At first located in the Eclipse Mill (now being converted into an artist loft complex), Ceonex recently moved into 1,500 square feet of offices in the Beaver Street Mill a short distance away on Route 8.

Including the five-person North Adams office, Ceonex currently has a total staff of about 40 people working in seven offices in the U.S. and abroad. In addition, it works extensively with freelancers and other outside contractors.

Its branch offices are located in Washington state, Canada, Austria, Russia, Australia, and the Dominican Republic. Three other office locations are currently being planned.

Ceonex's co-founder and chief operating officer, Vadim Gafarov, lives in Los Angeles. He and Agranat are the sole owners of Ceonex, although the company has also partnered with individuals and clients to establish some of its branch offices.

The main office in North Adams oversees the overall business as well as handling production work. A representative or small staff in each branch office operates with a large amount of autonomy, handling client accounts in its territory.

Agranat said that while Ceonex is not primarily oriented to businesses that plan on limited use of the Internet, his firm is less concerned with the size of a client than with its goals. He said that when considering whether Ceonex can help a potential client, they look at what the business wants to accomplish rather than where they are today. "We want to grow with our clients over the long run," he said.

He emphasized that they view each client individually, and emphasize flexibility in their services and pricing. "We don't have any rigid guidelines on these things," he said. "It has more to do with whether what we can offer is a good match with what a client is looking for."

"If a local business approaches us because they want a simple website as a promotional tool for the local market, we might suggest that they can probably do better with some other local website designer that is more focused on that," he explained. "However, if a small company wants to use its online presence to expand to a larger market, we can be a good match."

Currently, he said, about 20 percent of their client base could be characterized as small business. In addition, they have developed a division, Pixelbrick.com, specifically to offer cost-effective entry-level Internet solutions.

Agranat added that one of the satisfactions of his business is helping small companies grow by using the Internet. "The Internet allows underdogs to pitch against the big companies," he said. "A smaller company can invest \$50,000 in its online presence, and still create the same perception and quality of online service as a company that spends \$5 million."

### Reflects founders' experience

Agranat said Ceonex reflects its founders' interests in combining artistic creativity with entrepreneurship. Its geographically decentralized approach also is an outgrowth of the partners' international backgrounds.

Agranat was born in St. Petersburg, Russia and grew up in Austria before emigrating to the United States. Gafarov was also born in Russia, and currently divides his time primarily between Los Angeles and Moscow.

"Because of that, it's just natural for us to have an international outlook and not limit ourselves geographically," said Agranat.

Agranat began working as a freelancer when he was 15. He worked for a television station in Austria and also as a language translator. He dropped out of college and moved to the United States in 1993, when he was 18.

He first earned his living in the U.S. by rebuilding and selling cars. Then he began building computers for sale. "I started on the mechanical side of it, and then I became fascinated by computer graphics and the ability of computers to connect people," he said. "I decided that's what I want to dedicate myself to."

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Gafarov, meanwhile, had previously worked as technical director at Sonix Software before establishing his own computer wholesale and retail firm in 1996.

The two men met through their work, and they founded Ceonex in 1998. "Vadim and I started collaborating on projects and it grew from there," said Agranat.

Agranat said the company evolved from an informal partnership into a business with a core staff and a large network of subcontractors and freelancers. "I'd always wanted to put together a group of people that works together to make a difference," Agranat explained.

Originally, their focus was more as an advertising and design agency that worked with print, video and multimedia. However, they shifted their emphasis to become more focused in the practical use of the Internet as a marketing tool and other computer-related business applications.

"We realized we had to focus on a niche rather than spread ourselves too thin, or trying to be another 'cool' design agency," he said. "We decided we could make more of a difference and establish ourselves by helping companies integrate online marketing with their overall business operations."

Agranat explained that the company approaches the Internet as a key element of

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business. A primary goal is to help clients integrate their online presence with other operations, including its use in back-office operations and efficiencies. "The Internet is not just a promotional tool," he said. "It's really a business tool. It's a way for companies to interact with their customers 24 hours, seven days a week."

Because of that, he continued, they work with clients on a number of levels. "We help them analyze their target audience, and how to create an emotional connection with that audience using the Internet," he said. "We look at what type of tools and assistance they need to reach that audience. Sometimes they ask us to help shape the product itself. It all depends on what the client is looking for and what we can offer."

Agranat added that they are able to work as a full-service design and applications business because of their affiliations with freelancers and other contractors, who can provide the specific expertise as needed.

They also operate on a principle — common to many small businesses — of utilizing their core staff in different ways. "We all wear different hats, and everyone on the staff is encouraged to try new things," he said. "Someone who is a programmer might also get involved in graphics, for example. I'm the CEO but I also work on the details of designing websites. It allows us to do more, and the variety keeps it fresh for us."

### High goals, hard work

This also reflects the company's philosophy of making the most of its resources, and "growing organically," according to Agranat.

Although started during the peak of the dot-com boom, that philosophy allowed Ceonex to survive the shake-out of the subsequent bust in the high-tech economy and the national recession, he noted.

He explained that they never sought investment capital, but instead financed the venture themselves by starting modestly and plowing all profits back into the company while it was in its formative stages.

"From the beginning we decided not to take on any debt or investors," Agranat said. "When you get outside investors, your whole approach and goals have to change. And we are looking at doing this on a long-term basis. We're not out to make a quick killing by selling the company and getting out. This is something I hope to be doing for the rest of my life, because I love it."

When asked how Ceonex made the leap from a small start-up to working with large corporations, Agranat attributed it to high goals and hard work.

"It's just a matter of how committed you want to be," he said. "Working with large clients was our original goal, and we never compromised on that. We also dedicated ourselves totally to this business. In the first years of the company, this was all I did. I'd

work all day during the week, and instead of taking a day off on the weekend I'd go in and work then too."

Eventually, however, he reached a point where he recognized that such a pace would be unsustainable for the long run, which prompted his move to the Berkshires. He had also gotten married and wanted to spend time with his family.

"When we did start getting bigger clients, I realized that to take it to the next level, I'd have to also take care of myself personally," he said. "I was already getting burned out, and saw that I'd lose my drive if I exhausted myself."

He also believed that it was time for a change from the urban environment. "I'd lived in cities all my life and I was oversaturated with them," he said. "I'd been on trips to the Berkshires and had fallen in love with the nature and calmness of the area. I thought I should try this, instead of just going on vacations from the city."

Agranat believes the environment here is conducive to his business, because of the lifestyle and the presence of a growing creative community.

"It's very stimulating to be in an area that's so beautiful, and where you are surrounded by other creative people and businesses," he said. "It keeps us stimulated and fresh. It also can be more productive. One day I took my palmtop to the lake and wrote a website in two hours. I'm sure it would have taken me a lot longer in the office." ♦

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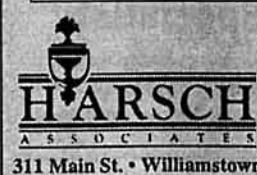
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