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Realizing Russia's Potential
THE RUSSIAN IT INDUSTRY GOES GLOBAL
Industry Breakfast

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Moderator:

Denis Viktorov, Editor-in-Chief, Business Journal

Panelists:

Igor Agamirzian, Chief Executive Officer, Chairman of Executive Committee,
Russian Venture Company

Igor Ashmanov, Chief Executive Officer, Ashmanov and Partners JSC

Serguei Belousov, Senior Founding Partner, Runa Capital

Arkady Dobkin, Chief Executive Officer, President, EPAM Systems

Alexander Egorov, Chief Executive Officer, Reksoft

Maelle Gavet, Chief Executive Officer, OZON.ru

Dmitry Grishin, General Director, Mail.Ru Group

Alexandra Johnson, Managing Director, DFJ VTB Aurora; President, The Global
Technology Symposium

Dmitry Loschinin, President, Chief Executive Officer, Luxoft

Valentin Makarov, President, RUSSOFT Association

Sergei Plugotarenko, Director, Russian Association for Electronic Communications
(RAEC)

Andrew Sviridenko, Chairman, Founder, SPIRIT DSP

Arkady Volozh, Founder, Chief Executive Officer, Yandex

D. Viktorov:

It could be said that the technological breakthroughs of Russian companies in the Internet and IT sectors are not as successful as we would like them to be. We shouldn't say "unfortunately", however: today we can see in this hall representatives, all from leading companies, who are bringing fame to Russia in the global high-tech market. Most probably, everyone would like to see within five years a much larger group of such key players assembled in this hall. Today we will be talking with our guests about the Russian companies which are currently active in the Internet market and in the IT sector.

I would like to give the floor to Mr. Plugotarenko, who will present our first speaker, Mr. Grishin. Please, go ahead.

S. Plugotarenko:

Thank you, very much. My name is Sergey Plugotarenko. I am from the Russian Association for Electronic Communications.

I would like to say that I am very pleased to be able to represent at this event an industry which, I believe, is one of the most progressively developing, and is a knowledge-based business in general. This is an industry which could make Russia famous, because according to all measurable indicators, it is growing strongly. We have good economic indicators, many Internet users, we are the leaders in Europe, and fifth in the world in terms of the number of users. Our society is moving at a good pace and our economy is doing well. Currently, the Internet is probably that very same knowledge-based economy, which is often spoken about from the high podiums and on the silver screen by the powers that be, and which should become the pride of Russia.

But that is a very emotional approach. I think that we have problems as well. We will be discussing them today. The main question which I would like to discuss today is whether the Russian Internet (the RuNet) is ready to embed itself into the global Internet and become part of the global economy. I think that all stripes of the RuNet are represented here, from service companies which develop online business to

content companies. The first presentation will be made by Mr. Grishin from the Mail.ru Group, who will tell us about the prominence of the Russian sector in the global Internet, what our growth opportunities are, to what extent we are ready to globalize, and how much Russian companies are prepared to make an innovative contribution to the global Internet. Mr. Grishin, the floor is yours.

D. Grishin:

Good morning to everyone. Despite the early hour, I hope that you are all slowly waking up.

I heard some very interesting news yesterday. We are constantly being surveyed by the company comScore and, yet again, they have concluded that Russia is the fifth country in the world with regard to the number of Internet users, which is good news for everyone. That means that we are constantly becoming more noticed in the global marketplace from the users' point of view.

There are several trends in competition and the global market. The first trend is that the world is truly becoming more global, especially on mobile platforms. We understand that global competition will only increase because, on the one hand, it is much easier for local companies to enter the global market, but on the other hand it is also much easier for the international companies to enter local markets. In other words, we are seeing interpenetration. For instance, in the past it was quite difficult to imagine that a developer from Germany or Brazil would be publishing software for Russia. But, all you have to do today is to highlight two items in the Apple Store or Android Market and translate to a different language in order to make your software accessible anywhere in the world. Obviously, global competition will be growing and any company wherever it is located, whether in Russia or elsewhere, has only one practical direction: to aim at global markets and learn how to work within global competition. That is my first point.

Second is probably the most important issue for Russia. We have already proven that we know how to do well within the Russian language market. We have already proven that we can grow; we have two public Internet companies. In fact, there are

more public companies than that, but 'on' the Internet is what I mean. But one issue that I would really like to touch on is personnel. This is a very serious problem. I think that, if we speak about some of the coming hitches in the global market, there are two points to consider here. The first point is that we already have a significantly serious problem with duplication in Russia, because we do not have enough programmers. As you know, there will be a demographic pitfall as there are less students every year. And unless we do something systematically in this respect, we will not be able to improve the situation.

Also, if you are planning to enter the global market, your entire team must be able to work in English and understand market specifics. It sounds quite simple, but if you think about the Russian mentality, it is not so simple. We have already launched in several markets. We have a presence in Germany, Israel, and in some Eastern European countries. Now we are trying to break into Brazil. Just recently we launched some ICQ technology there and we are trying to see how we will fare in that market. We understand that one of the important aspects is to teach the team to work with a global perspective and to communicate with a large number of offices. The team needs to be taught to understand and think about how the launch of a product now takes place in several countries at once. This is an important lesson that I think needs to be learned.

In conclusion, I would say that we believe that Russian companies have enormous opportunities in the Western market place as well as generally in the global one. We do everything we can to prove this in practice, because the main proof is, of course, not just in words, but in the products themselves that are launched in other countries. These are results and the targets. Thank you.

S. Plugotarenko:

Thank you, Mr. Grishin. According to our schedule the next presentation is from the second public company, which Mr. Grishin mentioned in his presentation. I would like to ask the following question of Arkady Volozh. It is true that companies are entering Western markets, and that companies are attracting Western investments.

However, for quite a long time the RuNet was proud that it was independent, that it could thrive in isolation and provide its users better services than Western companies could. For a long time we have been proud of the fact that we have our own search engine, which remains in first place, an email service, and two social networks that corner a large part of the domestic market. Has the time come for the RuNet to globalize and enter Western markets? Why should the RuNet do this and, judging by the Yandex experience, how successful have we been?

A. Volozh:

I will work up to that answer. There is a Rosneft booth near the entrance to the eighth pavilion, and right next to the entrance there is a yellow barrel filled with oil. In the barrel is real oil, coloured yellow. Yesterday, at the entrance to that pavilion I crossed paths with Mr. Grishin. It turned out that we were standing and talking right next to that barrel, and at one point I looked up and saw that we were being photographed, and then we understood what was going on. Both of us placed a hand on that barrel, and it seems to me that a new symbol for Russia was created. Korea has a power station on their coat of arms, some African countries have a Kalashnikov rifle on theirs, and we have an oil barrel and the two largest Internet companies in Europe as measured by capital.

S. Plugotarenko:

And two heads.

A. Volozh:

And, of course, two heads. That is also important. But really, drawing on that barrel represents the cutting edge of the Russian economy.

The question is, why are there no other large Internet companies in Europe? Why is it that all Internet technologies are not concentrated in France and Germany, even though those countries produce so much? Germany is particularly adept at mechanics, France has incredible engineering, Britain handles the finance sector

excellently, but technology is concentrated somewhere in Eastern Europe as well as in the western United States. I am talking about Seattle, Silicon Valley, Norway, Finland, Estonia, Russia, Ukraine, and Israel. These are the two innovation zones. We must recognize that we are located in a zone of technological innovation. This helped us to hold on to our markets in the past. This would have been an interesting topic for conversation three to five years ago; that the RuNet is independent and that nobody can take us over because we are technologically strong. But that is ancient history, a proven theorem, and there is nothing to return to. Now the question is what can we do with such knowledge, where can we take it? Nobody in the Internet business has come up with an answer to that question yet.

We have many companies that are already exporting technologies to global markets. There are many examples. All of these people are present here. Everyone has something that is being sold outside of Russia. But this has not yet happened on the Internet. Here is a question for all of us. How significant are the technologies in our hands and how likely are we to be able to offer them elsewhere? This issue is further complicated because the Internet is not only technology, but media as well. How much is our technology dependent on the local media for getting our products well placed in other markets? I think that these are the issues that we are trying to resolve right now.

S. Plugotarenko:

Thank you, Mr. Volozh. Let us move on. We are planning to pass the microphone around.

D. Viktorov:

Our group of moderators is working like a group of referees on a football field. I would like to address the next question to Mr. Agamirzian. When Mr. Agamirzian speaks about innovations and the chances Russian companies have to make a big splash on international markets, it seems that he usually speaks with restrained optimism. He does not want to upset us, but he also does not want you to believe

that everything will happen overnight and immediately. Mr. Agamirzian, what are our tangible assets? What helps us to enter global markets, and what are our liabilities and obstacles?

I. Agamirzian:

Good morning. I think that it is all really quite simple. Our assets are, undoubtedly, our human capital. In the modern world and in the modern economy, human capital is in a certain sense more important than financial capital. It is talent that gives birth to technologies. Technologies are not created from scratch; they are always the product of the work of specific people. But the case of the Internet, as Mr. Volozh has just rightly pointed out, sits at the crossroads of technology and media. This talent also includes the media. The content of Internet projects is just as, and in some cases even more important, than the technological side. This talent truly does exist. It is defined by the creativity of our middle class and the system of education, including engineering education, which has been developed in our country over the last hundred years. Russia is a developed country, unlike the majority of countries in the world. Despite the problems which now exist in our educational system, this strong background has not been lost, and there is a hope that it may get stronger in the future.

However, we do have some liabilities. These liabilities, which complicate our entrance into the global markets, are as far as I can see, also primarily humanitarian in nature. They are absolutely not technically related and they have nothing to do with business. It is this mentality, this habit of shutting themselves off, and seeing oneself as some kind of centre of the universe. However, if you spend a little time not only in the United States, but also even somewhere in the Middle East, you begin to understand that from the point of view of a global context, Russia is far from being the centre of the world. This is the situation that suggests that when you are in Rome it is pointless to live only by your own rules. We have to live by other's rules, and to do that there is still a lot that we need to learn. I think that today,

unfortunately, we do not yet have a critical mass of people who truly understand how the global economy works, how consumer demands are arranged.

Lately at various presentations I say what I think is very pertinent and important right now. It is that the fundamental difference between the modern economy and the economy of the industrial period from decades ago is that in the industrial economy, the innovations were mainly driven by the military- industrial complex. In the modern economy innovations are being created by the consumer, and these are two completely different lines of thought, because the consumer is a horizontal market. As soon as we change from the vertical to the horizontal mass market, it becomes apparent that any vertical movement within its framework represents a minuscule portion of the market. In fact, the most successful Russian projects, which operate in global markets, are all consumer oriented. But, I think that as a whole all over the economy, including all over the IT sector, but in a more general sense than just the Internet, a full understanding of this does not yet exist. So in a sense, from my point of view, both the positive trends and the difficulties which we are experiencing are more humanitarian, rather than technical or business-related.

D. Viktorov:

Thank you, Mr. Agamirzian. My next question is for Mr. Ashmanov, Managing Partner of Ashmanov and Partners. Mr. Ashmanov, in what geographical directions do you think the breakthroughs are most likely to happen, if we consider the market for Internet technologies that are being developed in Russia?

I. Ashmanov:

Good morning. We need to understand that Russia has accumulated a layer of technology and a stratum of people, which is quite hard to accrue, and which allows us to overcome serious technological barriers. As Mr. Volozh likes to say, there are fewer search engines in the world than aviation industries or space programs. That is to say that a search engine is more 'cool' than the nuclear industry. There are quite a few technologies like that in Russia. They are not easy to create. In our IT

sphere we have spent the last 20 years developing them and they absolutely can be exported.

Why? Because we can see that, for example, in this sense there is a demand for such products in Southeast Asia. They do not have their own technologies like that, and where the American companies have gained access, they have received this market as a gift. They are like gas, they fill all available space. For instance, Google took over Southeast Asia not because it localized its services well or created some kind of local media component. They simply did not have anything of their own.

The situation in Europe was the same. There were some feeble attempts to create their own search engine, but these were unsuccessful and they do not have one of their own. We have a service which analyses opinions in blogs, a service like this does not exist anywhere else, neither in Asia nor in Europe. Moreover, when you want to analyse the blogging structure in Europe, you will find out that they do not have the own blogs. They have Facebook, Twitter, and to a lesser degree BlogSpot, and that is all. For some reason, they did not create their own service.

It is very interesting to enter the Southeast Asian market, because there is truly a vacuum there in this respect. They have a lot of media projects. So, everything that is linked with pictures and social networks, everything that can be replicated, the Asians can make it themselves. But they do not have the technologies, nor do they have enough qualified personnel. This is why we can easily go there with a deeply localized project (for example, what Yandex is trying to do in Turkey), create many local services, which Americans, for instance, are not going to do. They have enough on their plate. It is possible to carry out a deep linguistic localization, when you are able to figure things out in the language of a given country. Then, chances are, that nobody could beat you. I think that this is a good direction, because we have both specialists and technologies. That Mail.ru does not have enough programmers, well this is understandable because they hire them by the thousands. But to enter the Asian market, in terms of conditions, all we would need is 50 people and our technology. Thank you, that is all I have to say.

D. Viktorov:

Thank you, Mr. Ashmanov. Mr. Makarov, your turn.

V. Makarov:

I am thoroughly enjoying today. I have been listening to how wonderfully the Internet sector is developing and I am very pleased for my colleagues, who have made their marks in global markets. It has worked out that our industry originally started in the global market. At the time that we began working, there simply were no other markets. Currently, it is a fairly decent industry. We have calculated that last year, our exports were equal to about USD 4.1 billion, and the export growth rate was 25%, even higher than the previous year, after the crisis. That is a very good and intensive rate of growth, and I would like to introduce you to the heroes of this process: the industry grew from nothing to USD 4 billion in some 20 years.

The first word goes to Mr. Loshchinin, the President and the Chief Executive Officer of Luxoft. Luxoft represents hundreds of millions of US dollars in exports, many thousands of people in various countries of the world, on different continents, a recognition of its reach. Several times this company was the number one provider in the service industry in Central and Eastern Europe. How do you think the global service market is changing? Where is our industry headed? What are our prospects?

D. Loshchinin:

Good morning. I will say a few words about the global market. Our segment is doing well and is continuing to grow. Globally speaking, there is about 15% growth from year to year; our segment is quite stable in the face of all kinds of crises. We see that Indian and large international companies were and are doing quite well. Moreover, we are witnessing the positions of players coming together. There is already no significant price difference with our Indian colleagues. Global companies like IBM and Accenture are establishing their development centres in India, China, and Eastern Europe. This is why the critical difference which used to exist between

expensive international companies and cheap Indian and Chinese companies is slowly starting to disappear. We hear more and more about expert knowledge and specific solutions. On the other hand, clients are becoming much more demanding, they are hard to impress and are not satisfied with just a large number of smart programmers. They need more specifics.

To talk about our own Russian business then, as Mr. Makarov mentioned, the numbers are quite good. We have about 20-30% growth from year to year. They have calculated it as being USD 4 billion, which is not bad. Although, if we look at who is driving this growth, who is contributing to that USD 4 billion, then it turns out that they are more or less the same companies. It is EPAM, which recently pleased everyone by going public. I am talking about Kaspersky Lab, ABBYY, and Luxoft.

I do not like and am worried by the fact that there are no new players and no middle layers of second and third tier companies which can show good growth dynamics and could move towards global leadership. There are very few of them. In fact, we could say that there are none. If we are talking about the reasons for this, then my gut opinion is that, as Mr. Agamirzian put it, our management capabilities are somewhat in short supply, we do not have a secondary focus and, ultimately, we are lacking vision. That is to say that to become a leader in Russian business is possible only in some small niches, where high levels of specialization, highly-skilled personnel, and some platform or product solutions are required. A business could be built around this that could be commercially viable and could truly make a breakthrough. However, unfortunately, there are very few examples of that, even though, if we look at what is happening in the global technological field, there are many things that are incredibly interesting. Everything that is described as 'smart', such as smart machines, smart energy, smart devices, television, and so on, all require the writing of a huge number of new programs, some new solutions, and there are not enough programmers. This is the area in which we could truly achieve radical success.

Again, I agree that we do not have enough programmers, but I think that this is not the main problem. The programmers will appear, but we need a developed

ecosystem for them. The availability of a well-developed ecosystem will lead to the appearance of more programmers. This is what has been happening in India and China.

We could complain about the fact that government is not helping us. Yes, the government could help and could do more. But the main problem here is not with the government, but with the executives, the managers, and the talented entrepreneurs could quote turn our assets into some impressive end product. Thank you.

V. Makarov:

Thank you, Mr. Loshchinin. Now, I would like to somehow unite our two segments. It seems that they exist separately, but that is not the full story. Today we have with us Mr. Egorov from Reksoft. This is a historically unusual company. It has launched a whole line of Internet projects financed by its other resources. Even the company OZON, which we all know about, was developed by Reksoft, launched on the market, developed to a certain level, and then sold to strategic investors. A number of such projects followed.

Mr. Egorov. From the point of view of a man who has experience in both the service industry and in developing Internet projects, what are the prospects for the interaction between these two segments? What brings them together? What stops them from working with each other? What are the development prospects?

A. Egorov:

These markets are linked together. The fact that today Reksoft has become a platform for the launch of several well-known projects is quite natural, because to launch these products one needs technical expertise. If this was critical 10 years ago, then today the level of software tools and teams on the market has reached a decent level. In principle, we do not need any more companies to launch venture projects, although these incubators and accelerators do exist.

As concerns the development possibilities of all these things, I would like to return to the global market. The thing is that the development of projects today is impossible without a company looking outwardly, beyond its own country. I deeply believe this. I think that good projects appear only when people make the decision to aim at global leadership and global success. It will probably sound funny now, but when we were developing OZON, we wanted to make a project that would be not less, but even more effective than Amazon. Even though this did not happen for various reasons, we had our goal and the result is quite good. The same should happen in other areas, as society's internetization allows us to maintain a certain level.

Apart from the problems mentioned before by Mr. Loshchinin, problems which have to do with the lack of people and talented entrepreneurs, there are quite a number of barriers that prevent us from acting more dynamically.

The first barrier is in our own heads. When I speak with people who are trying to open a new IT business, I usually discover that only 5-10% of them have ambitions to make their business active in the international market. I still cannot explain this. Perhaps the rest are afraid of something, or they do not believe in their own abilities. Nonetheless, this phenomenon exists and many people notice it.

If we could overcome this and talk about the ways of overcoming it, and I have been thinking about this for long time, I think that powerful platforms from service companies which work in the global market and good development ecosystems from product companies within the country which aim to expand into the global markets are two interrelated parts of one whole. In this respect, of course we do not pay enough attention to developing our services. All too often even respected specialists do not consider it worthy of attention, and even perceive it like working for others. Sometimes one can hear people say that they are not creating intellectual property, that the IP belongs to the client, and why would they need that? Over the last 10 years that we have spent working on this, generally speaking nothing has changed. I still hear these words from high ranking government officials. What can I say? This is a huge mistake, because the service platform provides us with opportunities for the growth of the ecosystem. In reality we use the clients'

money to turn, with few exceptions, average programmers who come out of our universities into good programmers who can work at Kaspersky, OZON, and so on. This free conversion of average developers into very good developers and project managers at the cost of the client, which is very important, without spending a penny extra, is somehow overlooked.

What stands in the way of development except problems in our higher education? There are a whole range of idiotic barriers, and I do not understand why over the last 10 years we have not been able to get rid of them. If I was to name two or three at a minimum, you would see that these are quite strange issues that are linked with foreign currency regulations. For instance, the infamous transaction certificate, with which it is impossible to work efficiently and which is very overdue for being liberalized to a certain level. Then there is our customs service, which does not allow us to work in areas that use data terminal equipment, as it does not allow us to import unique samples of that equipment. The companies which develop embedded systems are very familiar with these issues as they have to constantly come up with some tricks to import new specimens of equipment.

Our bureaucrats think that this is completely unimportant, but when a client on the international market is selecting between five or six companies of about the same level and, as it has been said, are roughly equal in terms of price and skill set, Russia always receives low marks in respect to infrastructure and government support, because there are always some problem with imports, money transfers etc. It would be really nice to get rid of these issues in the shortest possible time frame and eliminate them completely. I think that if this was done, then markets dynamics would increase.

V. Makarov:

Thank you, Mr. Egorov. Now I would like to come back to the issue of how these two segments of industry should interact. I would like to turn to Mr. Dobkin of EPAM Systems, a company already mentioned today. This is truly our large, multinational, and Russian speaking symbol. They have more than 7000 employees, offices

everywhere in the world, and have had many market victories in competition with major Indian, American, and other companies. Mr. Dobkin, I know that you have carried out a number of projects in the Internet industry. In fact you even have your own project, which you recently and quite successfully used in an election campaign in one of the countries. Why are all these Western, Eastern, and other major companies coming to you and not doing the filler of their own internet projects? Why do they need these, what do they get out of this? What can our Internet companies gain from working with such service companies as EPAM, Luxoft, and others?

A. Dobkin:

Thank you. I probably do not have to spend too much time defending the service industry. Mr. Egorov and Mr. Loshchinin have already talked about it. But in general, so that we are all on the same page, the IT service industry is big. It is worth about USD 40-50 billion. This industry, as it was already said is growing by 15-20% per year. This industry contains segments worth more than USD 15 billion, that are growing much faster than that and require very complex solutions.

The service industry was created in the last 25 years and especially in the beginning, it was created by differences in price. Thanks to that, those who began the service industry, Indian companies, for example, have grown into giants with hundreds of thousands of employees and offices all over the world. And one more thing, to be clear: the time when these companies were given work because they were cheaper, is gone. Everyone today has international offices. The percentage of people who are scattered all over the world and who are involved in distributed development is enormous. So, these Indian companies are today already confidently competing for major contracts worth USD 100-200 million per annum. It is a huge industry. It would be a bit naïve to say that it is not eye-opening.

What are the specifics of service companies, which have grown on the territory of the former Soviet Union? Of course, we should be very grateful to the system of education which was developed during the Soviet time and which still produces a high-quality product. In any case, on the global market this product is no worse than

what is being produced in the United States, Europe, or other places. We know this because we are truly a service company, which has been competing on the global market for at least the last 15 years.

We have noticed that in the international segment we are always outdoing our international competitors in the fight for the most challenging projects, which cannot be easily made into so-called mission-critical projects. We receive expertise which we pass on to product companies. Many of our former colleagues have started product companies, which is very important. Service companies, including ours, have produced a very serious school of software engineering. However, despite the quality of the graduates who come to us, only a few of them know how to build complex, distributed, and highly productive systems, when we need not five people in one room, but 200 or 300, or even 1000 people, all of which are scattered across 15-20 locations. How can this be done? We have learned how to do it. In any case, the leading companies such as Luxoft and EPAM handle such projects where teams contain dozens or even hundreds of people.

Mr. Agamirzian talked about the importance of understanding that the projects are becoming more consumer oriented. At the same time, we understand that in our industry very large corporations or innovative companies have to build their products quickly. And they need these products yesterday or tomorrow. They need to find companies which have qualified engineers who can do the job.

In the last 3-4 years, EPAM has built Internet applications with mobile expansions for companies such as Expedia or Hotels.com. This is the world's largest online travel merchant. We developed the core platform for this company. We built loyalty programs for Expedia as well as the InterContinental Hotels Group, which is the world's largest hotel chain, comprised of thousands of hotels. The complexity of these applications is comparable to any product. They have millions of potential users, enormously complex integration, and our advantage over IBM, Accenture, Infosys or Tata is the level of complexity which we can deliver today. We are currently launching an enormous number of complex e-commerce portals for

companies working in the consumer market, an invaluable experience that is being accumulated in this specific country in technical companies.

What Mr. Makarov said is without a doubt an opportunity for both new ideas and new startups, and for an understanding of how international business is built. Our companies do not need an explanation on how the Western market works. Again, we have been at this for the last 15-20 years. Thank you.

V. Makarov:

Thank you. Dear colleagues, do not get the impression that the software development industry consists only of service companies. Of course, that is not true. We have with us today Mr. Mikhail Khitrov from SpeechPro; Mr. Boris Nuraliev from 1C; Mr. Alexander Andreev from SoftJoys and, of course, Mr. Sergey Andreev from ABBYY.

Mr. Andreev, welcome. After everything that was said today about service companies, surely you would like to respond. What is your connection to the Internet, what are the development prospects? Perhaps an expansion into Southeast Asia?

S. Andreev:

I think that the industry has some achievements, of course. But there are also some problems that we need to work on. Obviously the contemporary IT world is a global competition of minds. And it is also obvious that, when it becomes global, it is important to have more than just technology, it is important to see and understand the people for whom you are making something. It seems that this is currently one of the main problems for companies that are located in Russia. When you begin competing in the international market, you need to know people and see your customers to make something truly appropriate for that market. More than anything it is here that we are lacking competence.

Therefore, when our Internet firms and product companies begin working in the international arena, this is what they always have trouble with. Obviously, for us this

is above all a question of personnel, in order to develop further. This is a question of not only technical specialists, not only employees that understand programming, but also those who are able to correctly understand what is in demand and how to make the product attractive.

Many companies are currently engaged in work with the Russian educational system, aiming to improve the next generation of engineers and specialists. But in the background of the demographic crisis, on issues such as the growing market, it is obvious that the only way to compensate for this problem is to hammer out how to make our country more attractive, so that competent specialists would immigrate here, with both technical and marketing backgrounds. This would enable us to make good products and services for our foreign clients.

So, what we are talking about is the competition between different territories and different countries about how to interest the limited number of specialists in the labour market, how to get needed people to come to live in this country, and to bring their expertise and ideas with them. This is the only way that we could somehow rationally overcome the local problems related to our demographic crisis, to meet the challenges globalization poses in this regard all over the world, and to strongly reinforce our components.

As Mr. Loshchinin pointed out, we are not seeing many new, emerging companies. Entrepreneurship and entrepreneurs is another interesting area. It is quite obvious that entrepreneurship also needs stimulation and proper PR support, to attract more people to become entrepreneurs. Unfortunately, at some stage the image of an entrepreneur in Russia was marred by a variety of circumstances. But overall, it is obvious that it is in need of some kind of support, positive PR, to encourage more people to make something, to do begin something new. Everything that is going on here is the competition of the self-starter, of the entrepreneurial spirit, of clever people who see the client and who can offer him something interesting. That is what I think.

V. Makarov:

Thank you, Mr. Andreev.

D. Viktorov:

Thank you, Sergey. Thank you very much for the idea that we need to support the image of the technological entrepreneur, and the entrepreneur in general. That is a very important idea.

I would like to give the floor to Mr. Belousov. Firstly, Mr. Belousov, I would like to congratulate you for winning the prestigious Businessman of the Year award yesterday. Let us congratulate Mr. Belousov, as this is a very important thing, which is connected with the support of entrepreneurship, which is what Mr. Andreev was talking about.

From the point of view of an investor, what do you think about what we are discussing? Perhaps it is clear, or maybe not, from where we can cultivate breakthrough projects which could be launched from Russia into a high international orbit. What do you think?

S. Belousov:

I am not prepared for a long presentation. However, in response to this question, I would like to say that sometime in the past, at the time when breakthrough projects appeared, such as ABBYY or Alexander Galitskiy's projects, there were many investments into science in Russia, in particular in the areas of physics, mathematics, and computer science. Now we are investing much less into the sciences. It would be nice to see the volume of these investments grow, particularly in the sciences since they enable the creation of break-through projects. This is a major difference between Russia and India. It is not only that we cannot have service companies based in Russia. Of course, Mr. Dobkin can build them here. But you have to be able to sail upstream. Mr. Dobkin is good at that, and he builds service companies in Russia. In principle, though, it is a hard thing to do. Possibly, it will not succeed for long, because in India there will soon be 1.5 billion people, but there are only 150 million in Russia. Obviously, it is a much smaller number.

But no, of course, the ability to sail against the wind is a wonderful skill; it gives one a great advantage. I would like to say that, for instance, the company Parallels outsources work to EPAM, Mr. Dobkin's company, and not to Indian companies. But to make product companies, we need truly forward-looking engineers and scientists, and this is why we must not forget about investment in the sciences.

There is probably not much government support here, therefore it is important for industry to collaborate with universities, in particular research ones. Because it is particularly out of research universities that such successful companies as Parallels, ABBYY, Kaspersky, and others come.

D. Viktorov:

Thank you. I would like to give the floor back to Mr. Plugotarenko.

S. Plugotarenko:

Yes, thank you. We are again shifting our attention back to the Internet sector. E-commerce is one of the fastest growing segments of the RuNet in economic terms. I would like to give the floor to Ms. Gavet, the CEO of OZON.ru. She will tell us about the current obstacles for systematic development and preserving the speed of e-commerce development, and whether it is possible for Russian players to enter Western markets and how they can successfully compete with Western companies that expand into Russian markets.

M. Gavet:

Good morning. I will begin with good news. Activity in the RuNet is very good right now. It is a good time to be here. OZON grew by 80% last year and we are not the only ones in that market. As has already been mentioned, there are more and more users in the Russian-language Internet, and this is just the beginning, because while 50 million people are active users, we still have 100 million more. This gives us hope that we will continue to grow in the future as we have grown in the past.

Nonetheless, there are some issues that do really concern us. These are related to future development, and they are of particular concern to us at OZON.ru.

The first thing that disturbs us is that Western e-commerce companies can import goods into Russia without paying VAT or customs duties. I am personally concerned about this, because I saw how this almost killed e-commerce in Australia. Local online stores simply could not develop. In this particular case I am not just talking about the interests of OZON, which of course are very important for me, but I think that in this respect, our interests coincide with Russia's interests. This is because OZON is a Russian company, we have a little more than 1500 employees and another 3000 people who depend on us, because they work with us. If Western retailers will be given the opportunity to import goods into Russia in the future without paying VAT or customs duties, we will not be able to compete with them and will not be able to create new jobs here in Russia.

I heard yesterday at the Forum someone saying that e-commerce in Russia will probably create about 300,000 jobs in the next five years. This will not happen if Western retailers can seamlessly send goods here without paying VAT and customs duties. This concerns me. Just look at what has happened in Australia. I think that Russia can do this a lot better.

I am also concerned about something else. At the moment, there is a serious conversation going on regarding the fight against the so-called grey market. It says that we must set up a system where so-called white shops, such as ours, would only accept cashless payments. On paper it looks like a good idea, because then we will be able to control everything that is happening, and these grey shops which cannot or do not want to use this system will encounter serious difficulties. I think that this is the wrong approach, and that exactly the opposite will happen: the Russian consumer is not ready to completely switch to cashless payments. About 80% of OZON.ru's orders are still paid for in cash on delivery. Therefore, it is not expected that some radical changes will occur, just because there is a new law about it. It probably will not work like that. We can predict that, if this will happen, then the majority of Russian consumers will return to the grey retailers and pay with

cash. They do not care that the grey retailers are not transparent and they like the fact that they do not have to give them their card number and pay upfront. Russian consumers really do not like doing that.

I am worried about this, but I want to stop there. I think that life in Russia is quite good, despite what the Western media says. Sometimes they like to say dramatic things about Russia, but as a Frenchwoman, I would like to say that to live in Russia is good, but to live in the RuNet is even better.

S. Plugotarenko:

Thank you! To continue with the topic of e-commerce, we have also planned a presentation from Mr. Darakhvelidze, but that will be closer to the end of our session. Now I would like to pass the microphone to Mr. Makarov, to continue with the topic of software companies.

V. Makarov:

Thank you very much. It is great to hear these words, I can see some interrelation here. Mr. Egorov from Reksoft, the creator of OZON, made some critical comments about the government. I completely agree with him. And OZON is continuing to do that. That is great.

Dear colleagues, I would like to return to the issue which was already mentioned today. In particular, Mr. Belousov said that we absolutely must have some technological innovation, new ideas that can resolve problems, break stereotypes, and create new value. In the past we used to say: "Would it not be great if some Russian company made some kind of application and sold it in the West?" Then we used to say that it would be great if some Russian company made an engine, combined it with some other company's work and also sold it to the West. And now, for example, Mr. Sviridenko from SPIRIT DSP, a technological leader, says that the Russian standard for data transfer, video, and voice can be implemented all over the world and this is not just a fantasy anymore, but a reality. Is that true?

A. Sviridenko:

Thank you, Mr. Makarov.

It is true that our company SPIRIT is a Russian software company, whose goal is to create a world standard in the area of voice and video engines on our platform. Our voice engine is just as much a rocket science as that which is used in search engines. There are only four voice and video engines in the world: one is made by Skype, another by Google, Microsoft has its own, and there is ours. We license our product to software companies, Internet companies, and communications providers. In this direction we have been working in the international market for 20 years, providing 200 million telecommunication channels in 80 countries. Being a Russian producer, we are participating in the international Internet revolution, which allows us to make free phone calls via computers, telephones, and any mobile device.

Ten years ago we sold our products to mobile phone manufacturers, and we are proud to say that our product is installed inside iPhones, HTC, Samsung, LG, ZTE, and dozens of other mobile phones. In about 2005, we were proud of the fact that we concluded serious deals with software companies, major international leading firms, that have used our platform and our engine, and they include Skype, Microsoft, Adobe, and Oracle. At the time we divided the global market; other major players used our competitors' products. These technologies enable users to make calls over the Internet, provide voice and video connections over Internet channels, and one does not need to pay for it by the minute. That is to say that they completely break the traditional telephone communication model, where you have to pay by the minute or pay for roaming. Voice connection becomes free and we have participated in this significant and global revolution.

The next stage is when communications providers become Internet companies. Our latest deals have been made on the operator market. Yesterday, these were deals with companies such as AT&T, and Asian companies are also quite active. Right now, our main market is China and Asia in general. We have helped mobile operators such as Korea Telecom, China Mobile, and BT to do Voice IP services. These are Internet services on mobile telephones, which enable free phone calls. In

the first five years from Skype's appearance in 2005, operators fought this, but by 2011 they understood that fighting new technologies was useless and that they needed to join them. I am very pleased that we have recently announced a deal with the Russian company Rostelecom. This company has used our platform to launch a cloud videoconference service. In other words it has also become an Internet company. These are multipoint videoconferences on our platform and video conferencing bridges, which can go into the cloud, can be received from Rostelecom as an SaaS (software as a service) at Internet tariffs. In this way, Rostelecom has joined the competition with the international software companies and Internet firms, providing their customers with a very inexpensive and popular HD-quality service.

V. Makarov:

Thank you, Mr. Sviridenko.

D. Viktorov:

Thank you, colleagues.

I would like to give the floor to Ms. Alexandra Johnson. Ms. Johnson, it is your turn to have the floor. I will just say a couple of words before you begin.

I remember during a large event of the venture industry, you presided over a round table, which included several very major American investors. At the time I think you suggested to the audience, which included representatives from some Russian startup companies, that they make an elevator pitch. However, nobody spoke up or made an elevator pitch. We are quite aware that young Russian high-tech companies do not really know how to present themselves well. Tell us, what is the situation with the level of technologies which are currently being worked on by high-tech startup companies in Russia?

A. Johnson:

Recently I gave a radio interview in California, and the journalist asked me a question: what Russian companies participate in the global market? It is the same names that we have been saying here and the names of the people who are present here, such as Mr. Volozh and Mr. Sviridenko. I have been following them for many years and these companies have stayed ahead. But what we are not seeing is a new generation of entrepreneurs, which is growing literally before our very eyes. Eight years ago, when we began working in the Russian market, there was no such thing as entrepreneurs as a class. So, what is happening now? The IT industry in Russia has somehow become a leader in all industries that participate in the global market. And the world market, as everyone understands, has become so global in size that we cannot say that there are some special rules for the RuNet or Internet companies that are developing in the market.

Why? This is because the technological global market is largely located outside of Russia. Therefore, talented entrepreneurs that work in this country understand that, the larger the market, the more chances the company has to become successful. This is why they often come to us in California trying to gain access to these holdings. And therefore my answer to your question is yes, of course. If you look at it from the American investors' point of view, the companies which are bringing their presentations to them do not look attractive when compared to the polished presentations of the local entrepreneurs. But as I know Russian industry from within, but I am located in America, here are some of my observations.

The Russian industry is really developing. I would not say that they are similar, just as one cannot say that Yandex shares parallels with Google. These are two completely different companies, different technologies. But the similarity is that Google is no longer just a search engine, and it is surrounded by many other businesses and new investors. The fact that Russian entrepreneurs such as Mr. Galitskiy, Mr. Plugotarenko and Mr. Volozh are in some way becoming investors, this is going in the same direction in which capital is developing in Silicon Valley.

The venture industry is going through huge changes and is going through a massive consolidation. But if you look at the most talented funds right now, such as

Andreessen Horowitz, they were made by people who built their companies by themselves. The Founders Club is different from the large early funds, which are 30 or 40 or 25 years old, because the investors in The Founders Club know how to work with the entrepreneurs on a different level. This is because they are located on the same side of the barricades. This is the difference with the funds that were recently created on the Russian market, such as Runa and Almaz. I think that they are more comparable to funds such as Andreessen Horowitz. Even if we talk about such funds as Sequoia, Kleiner Perkins, and our fund Draper Fisher Jurvetson, then the changes that are occurring are huge. In that sense the market has become global, in respect to the talent and the people who are managing these companies.

I was able to chat with Mr. Dobkin before our breakfast and I asked him a question. It is understood that the Russian IT industry generally began from outsourcing for large technological corporations, and Mr. Makarov was at the wellspring of this. But now when a technological product emerges, some kind of product in these outsourcing companies that begins coming into its own large operations, well, some of them can be separated to create new companies around them. But there are no managers, and everything, again, depends on this.

Since I know the investment environment, Silicon Valley in this respect, and know that we there as investors do not sit back and wait to see what the government will do. You all know that the American IPO market has undergone enormous changes in the last few years, and that investors are joining up in groups and beginning to lobby their own government, the American government, to give the company the possibility to exit when an IPO becomes impossible. The new laws for companies with 500 shareholders were explicitly advanced by the venture industry.

Or, consider new trends such as crowd sourcing and crowd funding. Even last year crowd funding was impossible as an investment element, because the American legislation did not permit it. So, who helped entrepreneurs to push through this legislation at a time when any investor, if they were not experienced enough, was generally unable to invest money into the company that they liked?

Why am I saying all this? This market is so interconnected that at this stage we need just one thing: that companies that Mr. Sviridenko just talked about could be diluted, and show that particular elements in the American technological market have been created by Russian companies. At a certain point, these companies were absorbed by more developed American companies. Therefore, we can show that more than five companies came out of Russia, and they became known. But these examples have to be relayed to the entire world. We need development institutions, such as RVC, which has taken on this role. It must be shown to the world, because in reality the contribution of Russian industry in the global technological market is much greater than is known. It is quite normal that the funds, created by talented Russian businessmen and which are currently coming to Silicon Valley, want to compete in the local market. But, I think that this market needs to grow internally in order to attract American investors to it. Whether the government gives us any warranties is not that important. An American investor will come when he will see something unique in this market, that he cannot find locally. And we really have it here right now, but it must become visible so that the whole world knows about it. The heroes must be named and their names must be heard on the world market. Thank you.

V. Makarov:

Thank you, Ms. Johnson!

It is good that our investment community has a representative in Ms. Johnson. She is truly a very good representative for the whole community and for all of Russia.

Dear colleagues, let us return to the topic of technology. I am very pleased to be able to present a company not from Moscow or St. Petersburg, but from Perm. The company Prognoz made a revolutionary breakthrough this year by entering the Gartner Magic Quadrant in the area of business intelligence. For those who do not know, this company employs more than 1000 people. Allow me to present Sergei Shestakov, the company's Vice President.

S. Shestakov:

Good morning. It is true that at the beginning of this year, the leading international analytical agency Gartner for the first time in history included a Russian company into the so-called Magic Quadrant platform of business intelligence. As is well known, this rating is accepted in the IT industry globally, and the Russian product, our company's product is now basically considered equal to the leading business intelligence applications of international market leaders.

I would like to say a few words about our history and how we have come to this point. First, in the very beginning, 20 years ago, our company made a decision to develop its own standard analytical tools, unlike many others who at their genesis chose to use foreign platforms. In the beginning of the 1990s, when we appeared on the Russian market, there were no comparable local or foreign prototypes, and when they appeared, our platform's functionality was at least as good as that from our competitors, and in some respects even better.

What has been the main factor of our success? This was already discussed; it is the educational base and serious scientific foundation. In our case it is the Perm Scientific School of Mathematical Modelling and Functional-Differential Equations. At the present day our Russian analytical developments are being used by more than 1500 clients in 35 countries, including the IMF, the World Bank, and the World Health Organisation. If we talk about the IMF, for example, where we won an open tender during the crisis of 2008 against many competitors, including major international companies, what do you think, from our point of view, determined the choice of a Russian, relatively unknown company in the American market? This is taking into account that the IMF not only never before worked with IT from Russia, but never worked with any contractors from Russia before this.

From our point of view, it was the complexity of the project, which was already mentioned. This is the combination of development, integration, and presenting a fully functional foundational toolbox. Another important issue is flexibility, not just in terms of license policies and timeframes, but also the flexibility of the foundational

software package. That is to say, that unlike large companies, we are able to quickly react to feedback about the system functions.

If we talk about the connection of our industry and our company with the Internet, then obviously the Internet provides enormous opportunities for business intelligence. Prognoz has been actively developing online analytical portals for processing, analysis, and data dissemination. We have been developing these portals for Coca-Cola, for the IMF, for the WWF, and a number of other clients.

The popularity of mobile devices and tablets has created a new trend for mobile business intelligence. The tools used in mobile business intelligence allow us to solve analytical problems and make management decisions practically anywhere in the world with a few clicks of a button. Earlier this year, the World Bank called Prognoz's Data Finder, developed by us in Russia, the most popular mobile application of the year. This product allows for the analysis of data, which the World Bank collects and distributes with the help of iPads and mobile devices.

Returning to the question of the presence of Russian companies in international markets, I would like to express my opinion about what possibly prevents a more active penetration of Russian service companies as well as Russian vendors into foreign markets.

We believe that there is at some level a time lag, including managerial. Many companies would rather advance and use projects with foreign software products. In that sector we can see high level of activity among foreign actors, who present these products. But, as we can see, some companies which are present here in this hall are able to make this expansion, and this is very good to see. Thank you.

V. Makarov:

Thank you.

So, next, the Internet.

D. Viktorov:

Now I will give the floor to Ms. Treshova, who manages the fund, Fast Lane Ventures. As far as I understand, this company is a speed champion in the launching of startup companies.

Hello, Ms. Treshova. On one hand, the Internet has become a global supermarket, and on the other, a trade centre. What are the prospects for a breakthrough of Russian companies, so to say, into the consumer Internet?

M. Treshova:

Good morning to all. In order to substantiate my response, I will give you a few numbers about the investment interest towards the Russian consumer Internet. We have analysed all deals which have been made in the Russian Internet over the last two years, and the amount of investments which have been made into Russian Internet companies. If we exclude public deals of large companies such as Mail.ru and Yandex, then the volume of investments is about USD 750 million. These numbers are based on publicly available information which we could find: the industry is still quite closed and a lot of information is not published. In 2010 USD 250 million was invested, and double that amount in 2011, USD 500 million. A little more than half of that amount, USD 350 million, was invested into the consumer Internet, into business-to-consumer companies. It is interesting that a majority of deals made in 2010 and slightly less in 2011 were done in companies which were built according to the model of successful firms that work in different world markets.

I deeply respect high-tech businesses, they must exist and grow. But we believe that, today, the Russian Internet is interesting particularly because we have a large number of users and a relatively small amount of services and goods for these consumers. Therefore we believe that the data can be analysed and that we can find out what works in the global market, and if we do not have similar services here, we can more quickly launch similar businesses in Russia, which will give Russian consumers opportunities to access valuable products and services.

Considering that we already have about 17 million users on the Internet and an enormous, growing interest from Russian and Western funds, I think that we are

standing on the threshold of a truly large boom of the consumer Internet. Just in the last six months about 11 new funds have been established in Russia. The largest Western players have not yet come here in the form of fund delegations, but almost all of them, from the top 10, already visit us on a monthly basis, analysing different Internet companies. Therefore this is a big plus. Thank you.

D. Viktorov:

Thank you.

S. Plugotarenko:

Thank you. To continue with the topic of investments, and what Ms. Johnson was talking about before, I would like to say that there are different types of investments. We can see how some representatives of the Russian Internet market are opening up their own funds. For example, on my right sits Mr. Grishin. He has invested and opened a fund called Grishin Robotics, which is going to be working with something other than just content projects. So this is happening as well.

We have some interesting data on the theme of investments. You can find it here, in these brochures, or you can download it from the site by using the QR code, which will be shown in the final presentation. There is a lot of interesting information there, which is similar to what was said by the company Fast Lane Ventures.

Now, to continue the topic of e-commerce and e-money, I would like to give the floor to Mr. Darakhvelidze, from the WebMoney Transfer company.

P. Darakhvelidze:

Good morning.

I have to say that the payment industry is one of the industries which Russia should be proud of, where we are almost ahead of the entire planet. For example, we can be proud of e-money, not bank money, which nowhere else occupies such a place in the payment structure as it does in Russia. Or, for instance, technologies that work with cash, the ubiquitous and unforgettable payment terminals. Russian

companies are actively taking these technologies to foreign markets. It is understood that they are used everywhere in the CIS, but there are also experiments in Thailand, Vietnam, Turkey, and other countries.

The reason for this is very simple and easy to understand. Consider this: the number of Internet users is growing at a blistering pace in these countries, that are called 'developing', but banking payment services are literally not growing at all. Point at the globe, and you will find not one, two, or even ten countries where the number of Internet users represents 30-50% of the population. But those who can use the Internet to pay for something are only 3-5%. This is the niche that the Russian companies are filling, including in our own country.

The second trend which is characteristic of our own market is that the Central Bank of the Russian Federation, as the regulator, has finally accepted the rules of the game and has decreed that all payment systems, at least, the online ones, must be banks or the so-called non-banking microcredit organizations. What effect did this have? The rules of the game have at last become more or less clear, and our market is being penetrated by Western companies: for by instance PayPal, which is getting the microcredit organization license and plans to work according to the rules established by the Central Bank.

But this effect can be completely reversed as well. Since Russian payment systems can become banks, they can use this license to present themselves to the foreign markets, where the word 'bank' is quite important.

This is the situation in the Russian payments market. Thank you. I see that I am out of time, so here is the microphone.

S. Plugotarenko:

Yes, we are already coming to the end of our session, but we have one more speaker. Mr. Makarov will present him.

V. Makarov:

Dear colleagues, we are coming to an end. Unfortunately, our time is almost up. Does anyone want to make a small comment about our presentations? Maybe Mr. Galitskiy would like to say a few words?

A. Galitskiy:

I will make only two comments about our companies in the Western market.

Firstly, we do not like to say that we are Russian. Everyone tries to talk as though they are simply foreigners.

My second comment concerns our investor colleagues in the West. If we look at statistics, every fourth company in Silicon Valley in the software industry uses programmers from Russia, Belarus, and Ukraine.

And there is another point that is very important. If we take the example of the well-known Evernote, then when I read an article about it, I realize that everyone has already forgotten that this company was created by Pachikov, that the company Troika Dialog, which invested money into this company at a critical moment, does not exist anymore. But actually some funds were also provided by Russian Technologies. I know because I participated myself.

And this all says something about the following. The first comment is about ourselves. The second one is for our wonderful journalists, who are used to writing news that only comes from elsewhere. They are not trying to exit Russia and create news stories about the West. This is not just our weakness as IT professionals, but the weakness of the entire journalism industry and its ability to work in the international market.

V. Makarov:

Thank you, Mr. Galitskiy. Now we are going to finish our event and draw some conclusions. As our industry is international and global, we have invited a representative of one of the largest international corporations to conclude our event, Mr. Savage, the Vice President of the Intel Corporation. Mr. Savage, please.

W. Savage:

Dobroe utro (*good morning*). That is about as much Russian as I have, so I will now switch to English. It is exciting to be from Silicon Valley, working at Intel, and in this room, which seems to be an emerging Silicon Valley with all of you: the participants, entrepreneurs, and technologists. I am an observer, and I am going to share some observations, but I am also a participant in the emerging technologies and businesses in Russia. I have heard that there is recognition that we are experiencing business and technology globalization, and that creates opportunities for your Russian businesses, as well as competition worldwide. You talked about the opportunity in South-East Asia being a vacuum – just show up and they will buy your product. There is a vacuum, and there is an opportunity. I think we all recognize the assets of Russian technologists and scientists and the country's education system, but you also cited some liabilities, some habits, and a mindset that may prove to be obstacles, but those things can be changed, right? I was interested – since my part of Intel delivers software developer products – on the observation about the shortage of software engineers in Russia. I guess I have played a part in that because a lot of them are working for Intel, but in that I actually find some encouragement as regards technology. Maybe there is an opportunity to offer products to increase the productivity of software engineers, since that seems to be a recurring theme about that shortage.

Another observation was about the innovation zone of Northern Europe and Eastern Europe, and this is something that you should all take to heart and find as a source of enthusiasm. One of the assets cited for Russia was the barrel of oil outside of Pavilion 8. I think the world, as well as Russia, recognizes the appropriateness of moving from an oil economy to an innovation economy. It is quite appropriate. The thing that this zone creates, and the innovation that I am seeing allows everyone to see that it is possible. You have people in the room who have demonstrated not only that it is appropriate, but that it is completely possible to achieve this innovation, this IT economy. Let me say as an observer from outside and as a

participant from inside, that I am extremely enthusiastic about the possibilities. Those are my observations for you today.

V. Makarov:

Thank you very much.

Dear colleagues, in conclusion I would like to thank Mr. Agamirzian from RBK. This is the second year in a row that we have been able to host our industry event at the St. Petersburg Forum. Mr. Agamirzian, thank you very much.

D. Viktorov:

Dear colleagues, this concludes our business breakfast meeting. Thank you very much to all participants. We have finished on schedule, a big victory for us.

Dear journalists, since we have to empty out this hall, the press gateway will be in the corridor at the exit. Thank you.