

Edison: Deploying brightness
Artem Ilin
Solution for the case 1

1 EXECUTIVE SUMMARY

Artem Ilin present solution for the case 1.

Edison is a tech consulting company, which is located in Dubai, because this region has business-friendly environment. Taking into account that business-relationships between UAE and Russia are becoming stronger Russia is chosen as the country where we want to expand. Applying PESTEL and Porter's Five Forces we came up with conclusion that the level of competition among consulting firms decreased and despite economic and political obstacles they are willing to pay for high-quality consulting service. Looking through statistics about global trends in business, we found out that companies are like to invest in its digital transformation and Russian business is not an exception

We present a set of solutions that can help Russian firms with digital transformation. However, we make a focus on data driven solutions. These are the ways of aggregating, processing and interpreting data to optimize processes inside a company and boost its profit. So, we propose a range of such solutions from data analysis up to AI applications.

Our entry strategy is based on Merge and Acquisition (M&A) we decided to buy local consulting firm S+ as we are needed a reputation and it is the fastest way to get it. We introduce an agile technique for managing our company as it brings flexibility and freedom in working process and allows to respond on challenges quickly.

The R&D strategy is absolutely depends on our products and services. We realize that it is essential to be in touch with market demands that is why we provide a strong connection between marketing, sales and R&D departments. We maintain technologies of digital transformation on the top level and change the incrementally, while data driven solutions requires dramatic changes from day to day. So, to keep up with innovations we have partnership with OpenAI, we develop AI solutions in consulting together, and take part in scientific conference to feel the trends and be on hire the best specialist. Further we plan to develop strong collaboration with Russian companies and universities which are engaged in AI development.

Our recommendations mostly refer to development risk management strategy as economic and political situation in Russia remains unstable. Also we decided to conduct marketing strategy by taking participation in Russian business and economic conferences and promoting our agency in the best universities. Considering H&R policy we introduce benchmarking of employees performance to make sure that they correspond to our standards.



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2 EDISON: DEPLOYING BRIGHTNESS

Edison is a tech consulting agency focused on creating and increasing value via reinforcing and reshaping digital processes, products and services. Our aim is to benefit your business and take it to the whole new level of the fourth industrial revolution.

Today many companies are suffering from uncertainty of what they do and how they do it. They are mired in a pile of documents, scattered data, they have no strict corporate structure and do not have future plans. Some of them feel that they are outdated and understand that this is time to change something.



3 DUBAI AS A START

Allocating business in Dubai has several benefits for the company and when dealing with establishing tech consulting firms it provides serious advantages for growth and expansion internationally.

- Dubai aims to be a global technology hub and has made outstanding investments in innovation, infrastructure, and digital transformation to support such intentions. Since then for tech consulting businesses there exists a fertile ground to thrive and tap into numerous opportunities.
- Allocation between Europe, Asia, and Africa is a strategic benefit which provides capability to operate in several regions.
- Regional and technological aspects provide a broader view to the talent market and enlarge possibilities to leverage a human capital.
- Business-friendly environment and taxation policy allows companies to limit bureaucracy operations, and benefit from the absence of corporate tax on most businesses. Additionally, with necessary documents one can apply in person or obtain a commercial license online via a special platform, and the set up of the company would be finished in 4 days, or 15 minutes respectively.
- United Arab Emirates have an access to capital comprehensive as well as a diverse client base, which enables businesses to leverage investments to present cutting-edge technological solutions to exploit a wide range of opportunities.

Based on listed reasoning the decision was made to establish the company in Dubai.



4 RUSSIA AS A DESTINATION

Communication, Culture, Law

Russia has its unique business practices, language, and regulatory framework, which might not correspond with methods of the UAE. Additionally, by addressing Hofstede's diagram of cultural dimensions one may conclude there are no drastic differences between two regions.

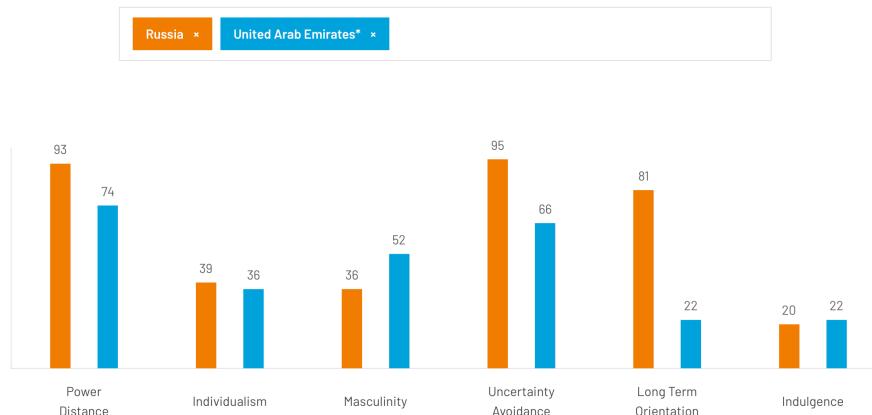


FIGURE 1: HOFSTEDE'S DIAGRAM.

The United Arab Emirates (UAE) turned out to be one of the main beneficiaries of Russia's break in relations with the West.

According to representatives of the business tourism industry, the number of flights by Russian businessmen to Dubai has more than tripled last year. Russian companies are five to seven times more likely to open second legal entities in the Emirates. The Russians have gone from being a niche group to being the main driving force in the Emirati real estate market.

In March 2022, the Financial Action Task Force on Money Laundering (FATF) included the UAE in the "grey list": there were fears that the Emirati banking sector could be involved in money laundering and terrorist financing. The UAE authorities immediately began to strengthen the methods of control over financial flows, which makes it even more difficult for operations to remove assets from Russia or to circumvent sanctions.

Despite all that trade between countries in 2022 increased by 68% and reached \$9 Billions. Additionally, up to date The UAE accounts for 90% of all Moscow investments in Arab countries with 60 project in Moscow from Abu Dhabi, at the meantime more than 4,000 Russian companies allocated in United Arab Emirates.

5 MARKET ANALYSIS

5.1 PESTEL

PESTEL analysis evaluates external factors such as Political, Economic, social, Technological, Environmental, and Legal one, to enlighten managers of the process of entering the market, in our case the Russian one, with an existing company - Edison.

We'll acknowledge the macro environment to assess potential impact on the company.

Political	Economic	Social
<p>Tensions. Political risks include sanctions and complication of supply chains, however it is not likely to interfere in tech consulting since it is a business of talent and not production from raw materials.</p> <p>Taxation is pretty standard for the corporate business; it does not exceed 20% and is one of the smallest around the world.</p> <p>Countries discussing the Free Trade Agreement, and in 2022, trade between Russia and the UAE increased by 68% and reached \$9B. Tourism is actively encouraging from both sides</p> <p>Parallel imports from UAE and Russia exporting oil products at discounted price strengthening the relationship.</p>	<p>GDP Annual Growth Rate shows a decrease of 1.8% since last year.</p> <p>Drastic changes in exchange rates can present serious difficulties.</p> <p>Inflation Rate is 2.5% Inflation Expectations 10.8%</p> <p>Interest Rate 7.5% Bank Lending Rate 9.86%</p> <p>Corporate Profits 6028 RUB Billion</p> <p>Sovereign credit ratings is BBB-</p> <p>Economic freedom, overall index (0-100) is 56</p>	<p>Business Confidence up to 3.9 points (largest in 10 years)</p> <p>Consumer Confidence in Russia increased to -19 points</p> <p>Terrorism Index down from 4.68 to 4.22</p> <p>Corruption Rank is 137, Corruption Perceptions Index is 28, (100 = no corruption)</p> <p>Coronavirus Vaccination Rate is 129 doses per 100 people</p> <p>Life expectancy at birth is 69 years</p> <p>Net migration is 942,445 (2022)</p> <p>Demographic pressures, 0 (low) - 10 (high) is 5.10</p>
Technological	Environmental	Legal
<p>Information technology exports, percent of total goods exports is 0.52</p> <p>Innovations index (0-100) is 34.30</p> <p>High tech exports, percent of manufactured exports is 9.69</p> <p>Gross domestic spendings on R&D is 1.1%</p> <p>ICT goods export is \$1634.0M</p> <p>Actively embracing digital transformation</p> <p>Investments in IT infrastructure, benefits for IT-workers</p> <p>Skilled technology workforce and government support</p>	<p>CO2 emissions 11.8 tons per capita</p> <p>Forest Area 49.8% of land</p> <p>Access to electricity 100% of population</p> <p>Has \$9.5B of ESG funds</p> <p>Enhancing renewable energy and waste reduction are subjects of high interest</p>	<p>Index of legal rights for creditors and borrowers is 9 (0 = weak to 12 = strong)</p> <p>Intellectual property protection rights is crucial for tech consulting in Russia</p> <p>Own regulations regarding Data Privacy and Cybersecurity</p> <p>Employment laws are pivotal when accessing new market's human capital</p> <p>Compliance & Anti-Corruption practices needed to be reviewed</p>

FIGURE 2: PESTEL ANALYSIS.



5.2 PORTER'S FIVE FORCES

RIVALRY AMONG EXISTING COMPETITORS

By the end of 2022 such consulting mastodons of consulting as McKinsey, BSG, Bain, KPMG left the Russian market. Some former employees organized their own companies. Despite that, in response to external constraints it indeed shifted the market of consulting services and provided more possibilities to enter the market at better conditions than before. At the meantime Russian market is affluent of growing businesses which are in need of informational technologies assistance.



FIGURE 3: REVENUE DISTRIBUTION.

According to the RX ranking, the steady demand for IT consulting is associated with the development of digital technologies in solving strategic business problems, scaling and deepening digital transformation, and striving to improve the manufacturability of automated solutions.

THREAT OF NEW ENTRANTS

Despite active reshaping of the market, the entrance barrier for consulting keeps relatively high due to needed customer loyalty in addition with strong clients network, which new players on the market usually lack, high capital requirements, and economies of scale, which we as an internationally growing company have a capacity to provide.

And despite whole economic development, consulting is a business of trust and main obstacle is a brand recognition, and strong network.



BARGAINING POWER OF BUYERS

With a population of 140 million people Russia presents appealing opportunities to run business and provides a significant customer base. In addition, it also has skilled workers and top talents as a valuable resource for tech consulting company. The state has developed a set of support measures for IT companies and specialists for several years to come. Largely due to this, IT-related businesses show growth in the corporate segment and in the service sector for the state, such as provision of IT services, development and support of monitoring and tracking systems, creation of solutions in the field of cybersecurity, IT infrastructure development, Web3.0 and crypto projects, and HR in IT. It provides the great customer base for Edison.

The revenue of small and micro-enterprises, together with "small" individual entrepreneurs, in 2020 amounted to 69.1 trillion rubles (which is a 2/3 of GDP), of which 48.9 trillion rubles fell to the share of legal entities, and 20.2 trillion rubles to individual entrepreneurs. Such data are contained in the preliminary results of continuous statistical monitoring of the activities of small and medium-sized businesses, which is carried out every five years by Rosstat.

This is where a presence of need for technology solutions feels the most.

THREAT OF SUBSTITUTE PRODUCTS

Switching costs are high in the middle of the project and especially, since in the consulting industry, trust is a fundamental aspect of doing business, it provides additional barrier, which reduces the number of potential available substitutes. At the meantime Edison has high uniqueness of product due to its cutting edge data driven solutions. Moreover, in order to keep customer base sustainable loyalty program for subscription services and products are implemented.

BARGAINING POWER OF SUPPLIERS

In reality for tech consulting business we need several IT good such as servers (in this case we can leverage home-based in Dubai) and computers, which is a short run costs only. Another resource we want to leverage is a human capital. Partnership with universities gives us access to the human capital and ability to educate them for the long run aim in our company. Overall, we do not experience any constrains from external factors.



6 PRODUCTS & SERVICES

6.1 DIGITAL TRANSFORMATION. RELEVANCE.

Digital transformation was mainly driven by COVID-19 pandemic, when the interaction of customers and businesses boomed, which is triggered by lockdowns and governmental restrictions.

Across business areas, the largest leap in digitization is the share of offerings that are digital in nature.

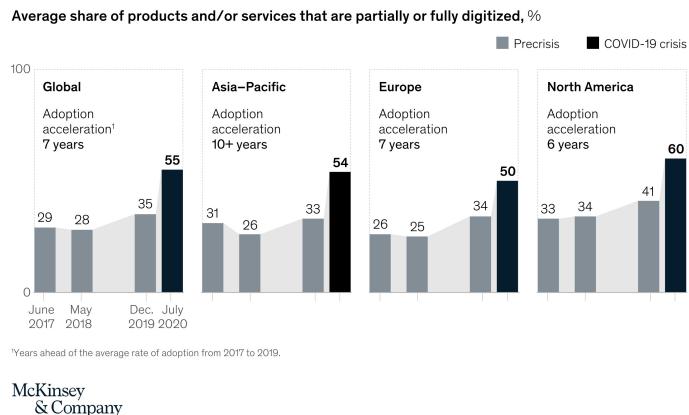


FIGURE 4: DEMAND ON DIGITAL PRODUCTS/SERVICES.

Actually, not only demand for digital interaction increased, more and more employees started working remotely, thus demand for cloud technologies rose and so on. People and companies ultimately recognized that technologies are essential part of any business.

Executives say their companies responded to a range of COVID-19-related changes much more quickly than they thought possible before the crisis.

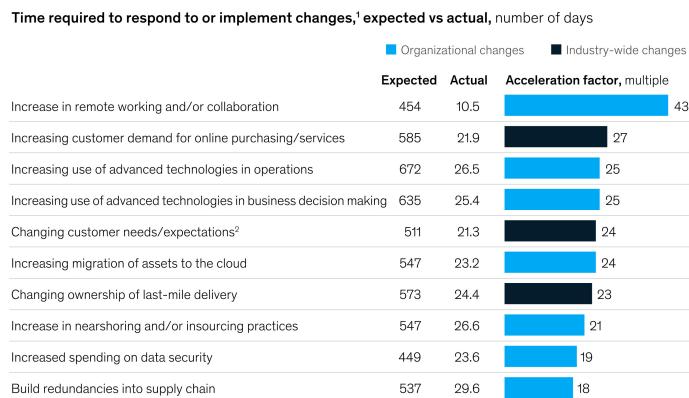


FIGURE 5: DEMAND ON DIGITAL TRANSFORMATION.

After pandemic has gone, the demand on technologies is increasing from year to year in a whole



world. Companies are actively investing in R&D and digital transformation processes, which includes development of new products, improving corporate digital solutions, integrating technologies in products. The share of investment in advanced digital technologies has been growing and could reach 23.4% by 2023, according to the HSE report.

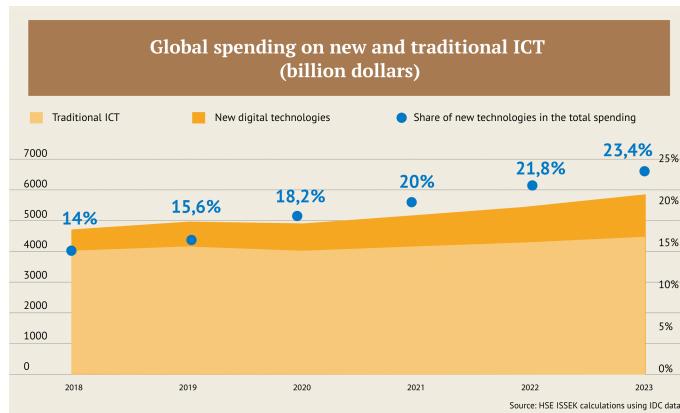


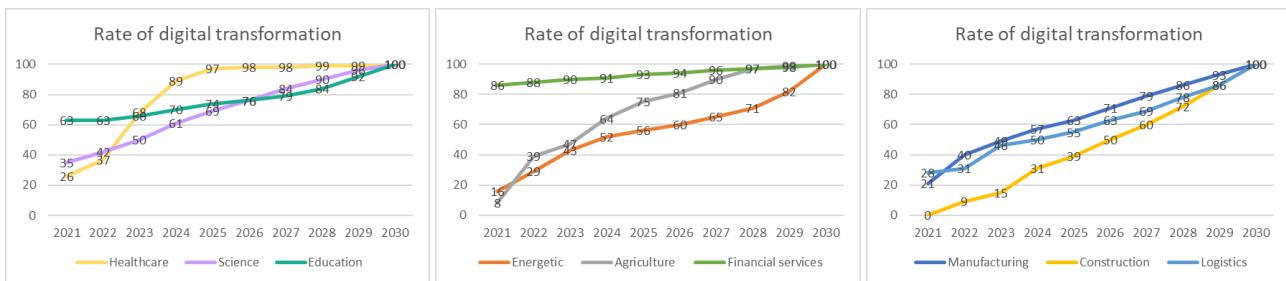
FIGURE 6: SPENDING ON TECHNOLOGIES.

The increasing spending on technologies is affected not only by COVID-19 pandemic, but also shortening technology life cycle and rise of technology-related and social risks. Thus, demand for new digital solutions has accelerated their advancement from laboratory to industrial use, one of the best examples of this is development of AI and its application in many spheres. At the same time producing new technologies rapidly makes the vulnerable, that is where risks come from, and companies have to invest in testing technologies and cyber security.

Looking from this perspective, Russia is not an exception. Russian government initiated national program “Digital economy”, that assumes digital transformation of governmental companies and institutions. Also private sector started investing in digital transformation a lot. The results of successful transformation is already seen in IT and financial services, in particular companies like Yandex, Tinkoff and Sber are currently focused on providing more and more digital services and developing their own digital ecosystems .

However the overall rate of digital transformation do not reach the target rate. According to the report “Digital transformation: expectations and realities” by HSE for the conference “YIAC 2022”, the current rates of digital transformation across the industries are the following: Manufacturing - 49%, Energetic - 43%, Agriculture - 47%, Construction - 15%, Transport and logistics - 46%, Financial services - 90%, Healthcare - 68%, Science and higher education - 50%, Education - 66%.





(a) HEALTHCARE, SCIENCE, EDUCATION (b) ENERGETIC, AGRICULTURE, FINANCIAL SERVICES (c) MANUFACTURING, CONSTRUCTION, LOGISTICS

FIGURE 7: RATE OF DIGITAL TRANSFORMATION AMONG 9 RUSSIAN INDUSTRIES.

6.2 OUR PROPOSITION.

As digital consulting agency we propose a variety of approaches to accelerate digital transformation in a company.

6.2.1 DIGITAL TRANSFORMATION AND ECOSYSTEMS:

- Developing a digital transformation strategy
- Designing a digital operating model
- Data Fabric and the laboratory of digital twins of enterprises
- Customer experience Management Laboratory
- Development of solutions for platforms and ecosystems

6.2.2 IT AND DIGITALIZATION MANAGEMENT:

- Developing a digital transformation strategy
- Designing a digital operating model
- Data Fabric and the laboratory of digital twins of enterprises
- Customer experience Management Laboratory (CX)
- Development of solutions for platforms and ecosystems

6.2.3 SAP ERP:

- Business transformation programs based on SAP solutions
- Replication of global SAP templates (roll out)



- SAP S/4HANA implementation from scratch (green field)
- SAP ERP and SAP S/4HANA maintenance and development projects
- Quality control projects of implemented SAP solutions

6.2.4 AUTOMATION OF BUSINESS PROCESSES:

- Corporate governance, including boards of directors, profile committees and other collegial bodies of companies
- Financial function and reporting, including financial and non-financial indicators of the company
- Risk management, internal control and internal audit
- IT solutions for accounting and monitoring of ESG-significant indicators
- Enterprise content management, including the design of document management systems

6.2.5 CYBERSECURITY:

- Cybersecurity strategy
- Quantification and management of cybersecurity risks
- Cybersecurity architecture
- Security of using mobile devices
- Security of cloud resources
- Cybersecurity issues: employee awareness and training
- Confidentiality and protection of personal Data
- Penetration testing of unauthorized access protection systems
- Information Security Incident Monitoring and Response Centers

6.2.6 MOBILE AND WEB DEVELOPMENT:

- Creating design and backend, develop and test the necessary functionality.
- Refinement and support of an existing mobile/web application.



- Designing the architecture of the entire solution. We will develop a product, including mobile and web applications, as well as backend/infrastructure, build CI/CD and testing processes.
- Evaluation the architecture of the existing application and provide recommendations for further improvements.

6.2.7 DEVELOPMENT OF UI/UX DESIGN:

- We develop user interfaces for enterprise-level systems: SaaS applications, complex web solutions, multifunctional Internet applications, cross-platform software.
- We use modern frameworks to develop adaptive design of mobile applications, providing a single cross-platform compatibility for tablets, iPhone, iPad or any other smartphone.
- We create a user interface for web solutions: content management systems, web portals, e-commerce websites and intelligent applications for bots.
- We help you create an intuitive and highly functional UI/UX design for your landing pages and websites, as well as conduct a UI/UX audit.

6.3 OUR DIFFERENTIATOR.

Effective digital transformation is key to success and it includes many stages from developing a web-site with fascinating UI&UX design up to deploying ERP and CRM systems, however not every company thinks how to maximize its profit even after successful tuning all the systems. Here our solution comes. We provide a set of data drive solutions which are aimed to optimize all existing business processes and generate as much profit as it possible.

6.4 WHAT IS DATA DRIVEN SOLUTIONS?

Data driven solutions involve aggregation, preprocessing and interpretation of data to drive business growth. It contains a diverse range of approaches from predictive systems and targeting up to AI automation.

6.5 WHY DATA DRIVEN SOLUTIONS?

Data driven solutions are mainly used to optimize the existing business functions, which work less efficiently than they could. These are the examples of using data to increase profit:

1. Transforming business models. Tech companies can shift towards service models that generate stable cash flows, requiring improved data integration capabilities and on-demand access to usage data.

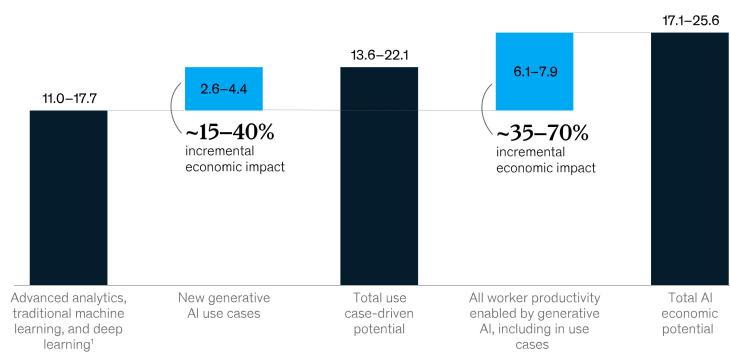


2. Proactively managing internal costs. By identifying critical data use cases, tech companies can optimize costs across the value chain, make informed decisions, and allocate resources more effectively.
3. Raising productivity. Technology manufacturers can leverage robotic process automation (RPA) to automate processes, but it's crucial to prioritize data management to ensure accurate and complete data for successful implementation.
4. Improving customer experience through data security and privacy. Data breaches and noncompliance with data regulations can damage a company's reputation. Implementing data privacy frameworks and technology foundations can enhance data security, mitigate risks, and enable value-generating solutions.

Besides the real examples, there are numerical evidences how advanced data driven solutions, like Generative AI, can boost economic growth.

Generative AI could create additional value potential above what could be unlocked by other AI and analytics.

AI's potential impact on the global economy, \$ trillion



¹Updated use case estimates from "Notes from the AI frontier: Applications and value of deep learning," McKinsey Global Institute, April 17, 2018.

McKinsey & Company

FIGURE 8: IMPACT OF AI ON HUMAN PERFORMANCE.

According to McKinsey research Generative AI is capable of improving productivity from \$6.1 trillion up to \$7.9 trillion and mainly impact on sales, marketing, IT, R&D, customer operations.



Using generative AI in just a few functions could drive most of the technology's impact across potential corporate use cases.

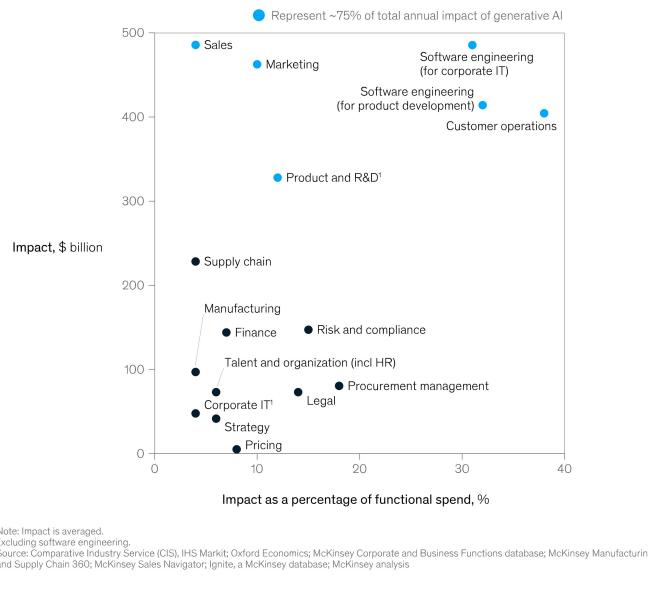


FIGURE 9: IMPACT OF AI ON INDUSTRIES.

6.6 VALUE PROPOSITION.

We have our own view of data driven company of the nearest future. Seeing how data culture is developing, we believe that the ones that will progress in a fastest way will generate the most profit from data-supported capabilities. We developed the characteristics that should satisfy to be a data-driven enterprise:

1. Data is deeply integrated in every decision and solution. Almost all employees use data in their daily routine to make decision, what makes firms do better optimization and automation of every day tasks. Thus, data-driven culture favors the improvement of everyone's performance, differentiated customer experience and allows to create more complex systems.
2. Real time data processing. Modern technologies allows to aggregate and transmit data across the whole network, new applications produces comprehensive analytics and visualization leading to faster insights. In addition, as cloud computing is becoming more available to firms, they can afford even more advanced analytics and increase speed of data transmission. Such convenience is reach by integrated sophisticated databases with flexible architectures.
3. Considering data as a product. Data is maintained as product, which implies the existence of special teams, which provides data engineering, security, evolution of data processing methods and data analytics tools. Data products are evolving depending on customers needs, leveraging continuous processes and tools. These products are aimed to reduce costs and time and respond to business challenges swiftly.



4. Chief data officer (CDO) is aimed to generate value. The responsibilities of CDO includes generating new ways of using data, developing data strategy and ideating approaches to monetize data.
5. Privacy, cybersecurity and ethics are the main priorities. Organizational mindsets are focused on preserving privacy and ethics, keeping data safe due to changes in law and awareness of audience about the data rights, increasing attacks on databases. Processes of transmitting and storing data are organized in the way to minimize data leaks and data loss. AI tools optimize data management what raises the effectiveness of usage and integration in products and makes data secured.

6.7 DATA DRIVEN SOLUTIONS

6.7.1 ADVANCED ANALYTICS:

- Our data experts collaborate with you to overcome most challenging issues by working with your data. The advanced analytics implies the usage of the latest techniques and tools to extract insights for faster and better decisions. From working with customers and data driven supply chain to entry market strategies and demand forecasting, our team can help you to transform your business operations into a source of value.

6.7.2 SUPPLY CHAIN REINVENTION:

- Supply chains are always under attack of external factors whether it is trade wars or pandemics or crisis, and companies are in search of stable and resilient supply chains. We can help you to reach the competitive advantage via combining digital capabilities, deep expertise, and rich database of your industry's key performance indicator for making highly detailed solution. Ultimately, you will receive a proper mix of planning, technical expertise, required tools that ensure that your supply chain reaches its potential.

6.7.3 MARKETING OPTIMIZATION:

- Our optimization provides a balance between analytics and operational and organizational capabilities to make your marketing strategy effective. We focus on eliminating the fragmentation, manual processes and weak collaboration that often reduce marketing efficiency. In results, you can expect the reduction in marketing spending, scaling optimal portfolio of marketing initiatives, marketing metrics framed in forward-looking way.



6.7.4 PRICING OPTIMIZATION:

- Right pricing strategy can boost sales or reduce costs and the results of a more reasonable pricing strategy can affect profits very quickly. We help you get results quickly, moving from detection to action by evaluating the capabilities of other companies, diagnostics that identifies opportunities for improvement, and quick targeted actions aimed at areas with the highest return on investment. We offer a software tool that you can use to continuously evaluate and adjust prices based on performance.

6.7.5 APPLIED AI SOLUTIONS:

- Estimating your problem, we use AI techniques to develop unique solution for your challenge. We use your data and data aggregated across the industry to train AI models on the most fresh data to receive most accurate results. Our AI-lab daily develop most innovative solutions and look for the applications of existing ones to be able to solve a wide range of complex problems across different industries.



7 STRATEGY

7.1 HISTORICAL EXAMPLES

- In Russia and the surrounding countries in 2017, Uber and Yandex combined their ride-hailing companies. The merger resulted in the formation of a completely new joint venture called "Yandex.Taxi." Both companies were able to take advantage of their advantages and grow their market shares in the Russian ride-hailing sector thanks to this tactical cooperation.
- Huawei and Neoflex: In 2020, the Chinese technology behemoth Huawei revealed that it had acquired the Russian software development firm Neoflex. With the help of this acquisition, Huawei was able to improve its capabilities in the areas of cloud computing and digital transformation solutions, better positioning the company to serve Russian customers.
- Cisco Systems and Cognitive Technologies: In 2016, a leader in global technology, Cisco Systems, bought Cognitive Technologies, a Russian firm that specialized in computer vision and artificial intelligence. Cisco was able to boost its position in the Russian market and increase its knowledge of cutting-edge technology thanks to this acquisition.
- The largest Russian bank, Sberbank, and the German software giant SAP teamed up in 2020 to create a joint venture known as "SberSolutions." This cooperation intends to give Russian businesses cutting-edge digital solutions by fusing Sberbank's enormous customer base with SAP's proficiency in enterprise software.

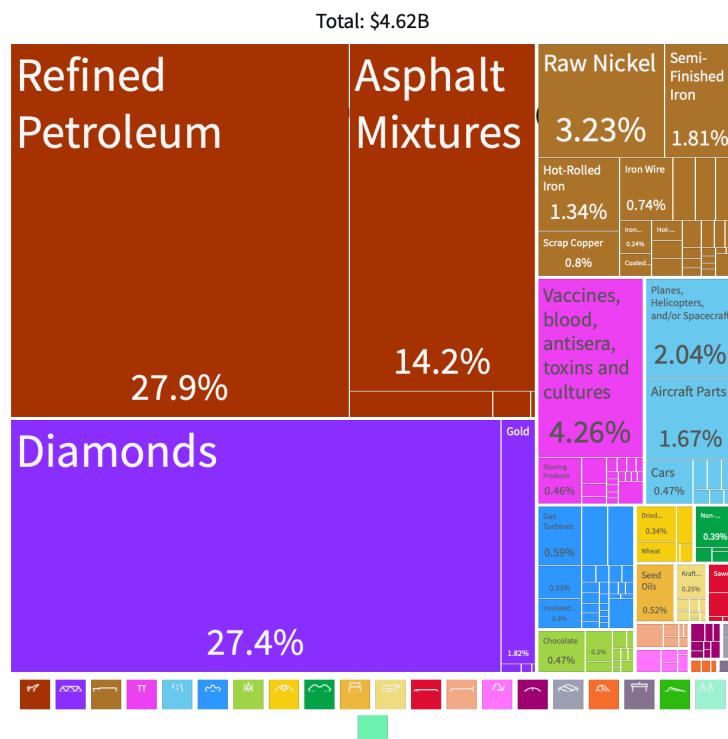
7.2 ENTERING BY M&A

Consulting is a business of trust and brand recognition, and providing solutions in tech is no exception. Since then we want to enter the market with Merge & Acquisition strategy. In particular we want to buy S+ consulting firm. It will allow to acquire existing market share.

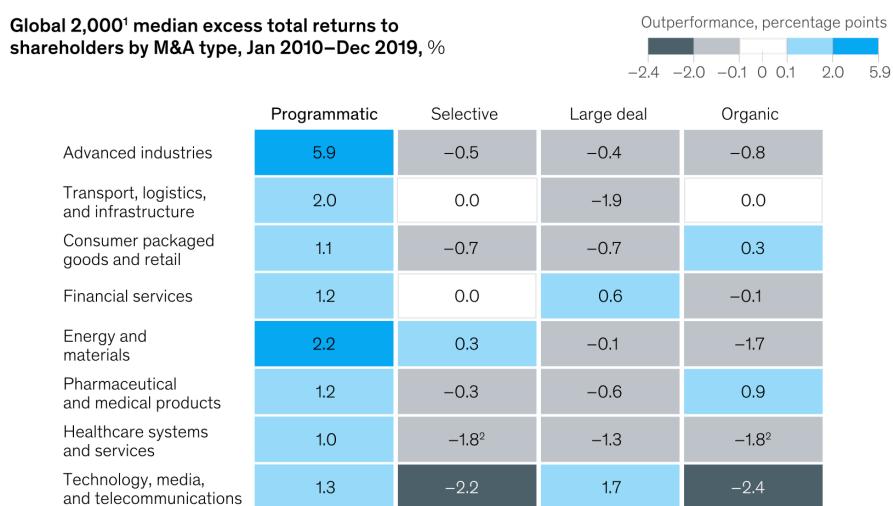
Why S+ Consulting? RAEX rating group rated it as the 7-th strategy consulting firm in the industry, there are strong reasons to believe that we can transform it to leveraging our data driven solutions to expand even more.

In addition, it operates in mining industry which has strong potential for the digital improvement, but lack of digitalization itself at the moment. Worth noticing that export from Russian Federation to the United Arab Emirates has significant part in mining. It will allow Edison gain more knowledge and influence from such important spheres of countries' international trade. As a result increasing value of both branches.



**FIGURE 10: EXPORT FROM RUSSIA TO THE UAE.**

To generate most outsize value for the company Edison need to use pragmatic approach in M&A, which involves continuously assessing and updating central M&A themes, and acting quickly on targeted deals. It also include proactive buying proposals and refinancing cash flows in order to meet corporate intentions and gain competitive advantages. As McKinsey's research suggests it is most likely to generate outstanding ROI than any other approaches. Such way of running M&A deals allows company to adapt to economic shocks and makes it more sustainable during periods of high volatility.

**FIGURE 11: PRAGMATIC M&A LEADS TO HIGHER PERFORMANCE.**

7.3 POST M&A

To capture and sustain growth of the company at post-M&A period we have to continue make actions.

- Securitize business momentum. With preserved key factor (for instance: network and human resources), which drive the company 72% of firms are able to avoid the "dip of 1 year". Make such commitment clearly visible for investors, employees, and other stakeholders.
- Strive to innovation. In order to sustain the transformational actions after acquisition, business's resources and operational focus must be refreshed by integration phases. This as a result leads to successful implementation of >50%. In Edison case it is implementing data driven technology into the workflow.

7.3.1 ORGANIZATIONAL STRUCTURE

After successful implementation of other principals company needs to address its institutional ways of working. As McKinsey's research tells us "60% of practitioners feel they should have put more resources on culture and change". Edison needs to foresee the decentralized organizational structure.

Due to the nature of the sector and its dynamic, often changing landscape, decentralized structures are quite advantageous for tech consulting firms. In case of centralized and hierarchical structure progress is often restricted in the capacity to quickly adjust to external circumstance and constantly evolving trends in the fast-paced tech world.

Tech consulting companies can encourage a culture of autonomy, cooperation, and creativity by leveraging the decentralized structure. It makes it possible to distribute decision-making power to between several teams and experts who are close to the clients and have particular specialized knowledge. This enables consultants to decide quickly and intelligently, leading to quicker response times and more individualized solutions for clients.

7.3.2 AGILE

Tech consulting business considered as a fast paced environment often with short deadlines, challenging requirements , and the demand for feedback and iteration. Agile's methodology provides helps consultants to rapidly react to changes, and maintain satisfaction of the customers during the whole project. In practice it has shown to be quite advantageous for IT consulting firms, since it is built on ideas of going along with the sector's dynamics and constant evolving.



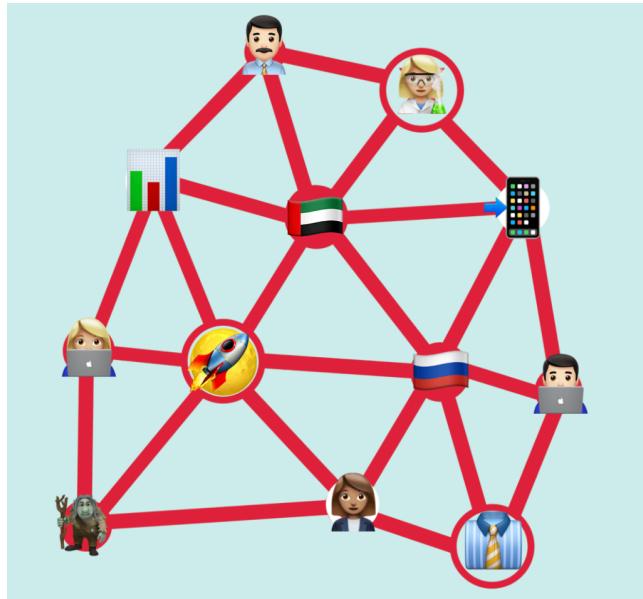


FIGURE 12: DECENTRALIZED ORGANIZATIONAL STRUCTURE.

7.4 DIGITAL EDGE

Addressing the digital business model with presenting a software and as in Edison case the line of data driven products and services in the model of growth, and increasing of prosperity of the company. The key role, however, plays not only the engineering but project management part. As we already covered in tech consulting we need to be Agile in every sense of it.

To fully enjoy the attractiveness of the digital business model, let's address the data collected by McKinsey researchers. It shows the increase in revenue by providing additional value, and as a tech consulting company Edison is confidently aimed to fulfil the desires of shareholders in growth

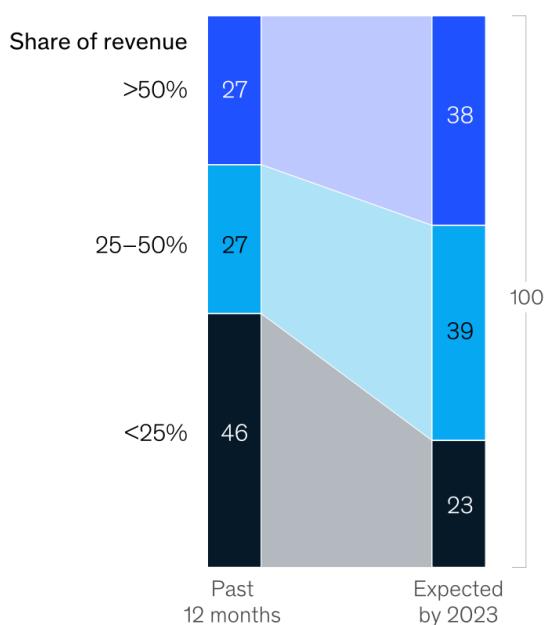
Value gained by shifting to digital business models (examples)¹

BlackRock >\$900 million in revenue	Deere 222% total returns to shareholders delivered in 5 years	Goldman Sachs \$5 billion in loans extended 2 years after product launch	Robert Bosch 37% growth in Internet of Things (IoT) sales in 2019	RXR Realty 2x retention rate for tenants vs industry average during pilot
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FIGURE 13: VALUE GAINED.



Impact of digital solutions on company's overall revenues, % of respondents¹



¹Questions asked of 308 executives: Over the past 12 months, what was the impact of digital solutions on your company's overall revenue (by percentage)? What share of sales from software and digital solutions do you expect to be recurring by 2023?

Source: McKinsey Global Advanced Industries Survey, January 2020

McKinsey
& Company

FIGURE 14: ADOPTING DIGITAL MODEL.

Additionally, we want to continue to increase market share by M&A some small digital consulting companies, and leveraging their resources as well as customer base. To highlight the effect from such maneuvers we address the total returns to shareholders (TRS). When non-digital company makes a series of smaller acquisitions of digital ones it does not have significant effect on its TRS. At the meantime for digital firms accomplishes the same maneuver it nearly quadruples the TRS value. It is again supports decision of entering market through an acquisition.



7.5 INDICATORS

- Return on digital investments (RDOI), company which measured such indicator report its value increased from 4.4% in 2021 to 7.6% in 2022.
- Percentage of annual technology budget spent on bold digital initiatives. Such indicator needed to have a track of, since it elaborates the part of budget responsible for future development and progress.
- Time required to build a digital application. Tech is highly competitive environment with dozens of startups rising up. Speed is the GOAT.

7.6 READY FOR UNCERTAINTY

In case of any sort of a crisis company needs to be ready for high volatility episodes on the market. There several ways to remain sustainability during such uncertainties.

- Bold moves to adopt digital technologies early and at scale, along with resource allocation and M&A, correlate highly with value creation.
- The crisis presents an opportunity to pursue bold digital actions that were previously hesitated upon.
- Acting boldly involves innovating new digital offerings, deploying design thinking and technologies like AI at scale, and leveraging acquisitions.
- Companies should focus on creating new offerings that address evolving customer needs and ecosystem-level changes.
- Reinventing the business model at its core, particularly through AI adoption and design thinking, yields better results than making minor improvements.
- Key themes in the next normal include supply-chain transparency, data security, remote workforces, and automation.
- Mergers and acquisitions can accelerate strategic imperatives and provide access to new products, solutions, and market segments.
- Learning quickly during a crisis is essential for scaling initiatives. Making additional focus on R&D will benefit in the long run.
- Increasing the cadence of data reviews and focusing on technology adoption are crucial.
- Experimentation and test-and-learn approaches become necessary during a crisis..
- Observing interaction effects among multiple variables and simplifying and focusing efforts are important for success.



8 R&D

Our R&D strategy is based on our proposition. Thus, we are aimed on developing data analytics techniques, exploring DWH and databases and AI-solutions with strong connection with our customers to maximize effectiveness of solutions and their satisfaction.

- Strong connection with departments. Our R&D closely collaborate to with marketing, sales department and consulting. This interaction allows us to deeply understand market needs and trends, and eliminates the lack of corporate feedback that may illuminate opportunities.
- The clarity of R&D needs. R&D requires a set of resources including money, equipment, technologies and capabilities (combination of technologies and assets, and focus on the outcomes). In-time understanding of R&D needs increases speed and effectiveness of its work to deliver desired solutions to our customers. As capabilities are mostly provide the ability of R&D to develop new technologies, we seriously focuses on its maintenance. The way to identify needed capabilities is to go through process of solutions step by step.
- How to distribute resources. Providing digital transformation services we differentiate products on ones which needs incremental changes and radical changes. Thus, we consider that Digital transformation and ecosystems, IT and Digitalization management, SAP ERP, Automation of business processes, Cybersecurity, Mobile and web development, Development of UI/UX design demands incremental changes as there are no radical improvements of these technologies, however we properly monitor all changes in order not to fall behind. On the other side, all data-driven solutions refers to fast developing technologies with high competition. Looking at the results of Gartner's research, we observe that Generative AI and Causal AI are considered as innovative technologies. Thus, we conclude that AI technologies experience even more fast pace of development and to reach comparative advantage in this sphere we decided to sign a contract with OpenAI for future AI development and providing AI services together.
- Collaboration with Russian IT companies and universities. There are many universities such as HSE, MSU, MIPT, SPbSU which are aimed on development of AI technologies, so we can open technological hubs in these universities for collaborative development, searching for new developers in our R&D department. Also, besides OpenAI, our joint venture might become Russian IT companies such as Yandex and Tinkoff which are actively invest in AI technologies. Thus, we will receive the deeper integration with Russian science and economy and increase the speed of development of AI technologies.
- Participation in scientific conferences and researches. In the fast developing AI sphere it is also important to be in touch with scientific society, that is why we decided to take part



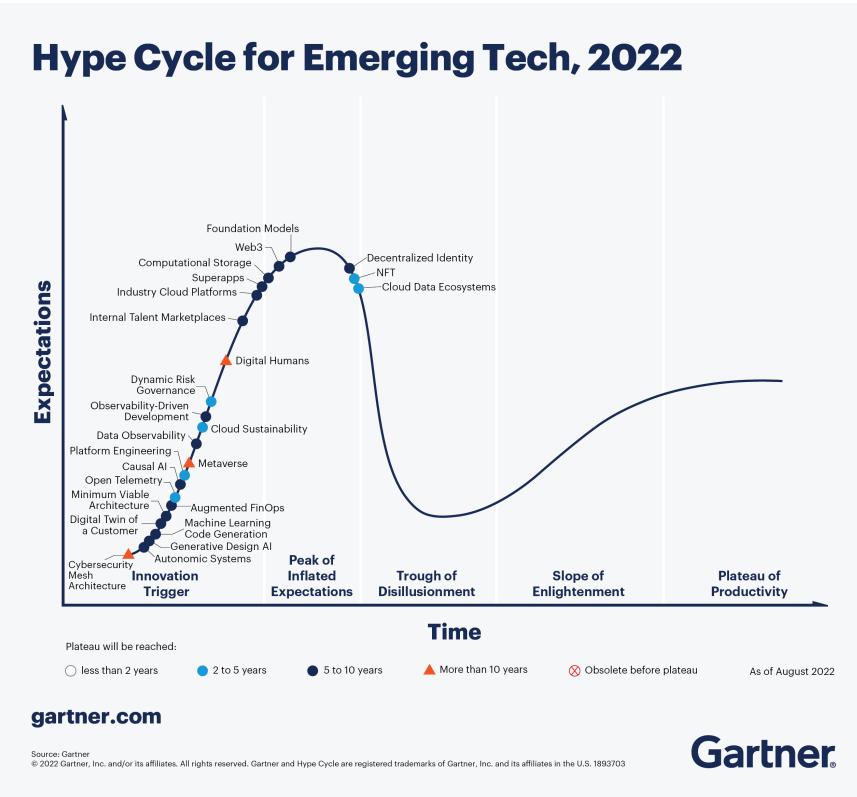


FIGURE 15: HYPE CYCLE.

in the conference as listeners and speakers. There are many international ones: ICML and NeurIPS are the most respectful ones, in Russia it is Neuroinformatics. Presenting our reports there gives us strong connection with the most innovative researches, communication with people who are on the cutting edge of AI development and the opportunity to hire them.



9 RECOMMENDATIONS

After the whole analysis of the market and product and was conducted and entry and R&D strategies were developed, we decided to look ahead and develop a plan for future operation in Russia.

1. Having seen Russian economic and political situations through out recent years, we have understood that proper risk management is one of the top priorities, furthermore we should develop risk management strategies for our clients as many of them experience lack of stability, significant problems during crisis, especially for severe crisis when supply chain are broken and partnerships are not valid anymore. Nevertheless, our comparative advantage is that we have wealthy investors in Dubai.
2. As we chose M&A entry strategy, it is essential to understand that we obtained the company with its whole number of employees. Thus, to be sure that performance of employees corresponds to the standards of Edison, we should first of all benchmark their performance. In case that employees perform worse than we expected should introduce additional training sessions and regular work estimation to reach the desired results.
3. Knowing that S+ is consulting specialized on mining industry, we initially should introduce our proposition to mining companies. This step will allow us to remain a respectful consulting in the industry, otherwise we can lose our reputation and it will be hard to gain it back or operate consulting in other industries without reputation.
4. To be a trusted consulting in other industries we should demonstrate our achievements in technologies for all companies. Fortunately, there are conferences and platforms in Russia, which we can join. Thus, the PIEF is the largest economic conference in Russia, only in 2023 overall there were signed contract on \$... dollars. There were presented the largest Russian companies such as Gasprom, Sber, Aeroflot. In addition, such events are the great way to fund new partners and customers.
5. However, we should focus not only on finding customers, but also on looking for young talented employees. There are many universities in Moscow and St. Petersburg where highly-graduated specialists are graduated from. So, we can cooperate with them not only in terms of R&D. Edison should probably launch its educational master program "Business analytics in consulting", join annual presentation of companies, launch summer consulting schools and conduct master-classes in universities to attract more students.
6. At the same time, Russian business is seeking for expansion internationally. Having an experience of operating globally and working with MNEs we can help companies to develop the proper entry strategy to minimize risks and generate the maximum profit via providing detailed analytics about foreign markets.



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