

BIGMOSCOW

JULY – SEPTEMBER 2015 | DIGITAL MAGAZINE

ENGLISH VERSION



Russia's small
to medium
foreign
business finds
sanctions
no obstacle

An Engine for the Economy

Italian **Bontempi**

How did he acquaint
Moscow with pinzas?

Frenchman **Jacquart**

Changing us all over
to electric bikes

Chinese **Jiangsheng**

Making money out
of Chery in Russia

Content

BIGMOSCOW



From Leksikon to Orange

In connection with sanctions, the Dutchman **Richard van Wageningen**, Managing Director of *Orange Business Services* in Russia and the CIS, has calculated several scenarios of the development of the business for 2015. He is confident that the crisis has been left behind.

JULY – SEPTEMBER

2015

TRADING WITH MOSCOW



Chery – assistance on the road

The Chinese **Xu Jiangsheng** is strengthening the positions of the *Chery Automobile Co.*, whose Podnebesnaya is already recognized as the best-known marque in Russia.

STARTUP AND VENTURE



Food Optimization

Olga Zinovieva's startup *Elementaree* chooses the right eating regime for her clients, as well as delivering the prepared ingredients with instructions on how to cook them.



The Potential to Change the World

American **Lawrence**'s first ever investment in Eastern Europe is in the Russian startup *Elementaree*. He is certain that Russia is the investor's Promised Land!

TRENDS



Given the green light!

Viktor Ermakov, Managing Director of the *Russian Small and Medium Business Support Agency*, is confident that the Russian and Chinese authorities will help entrepreneurs of both countries to arrange effective contacts.

CONSULTATIONS



Defending Yourself against Hackers

Every month in Russia, *Group-IB* files in the order of 900 attempts to steal money from corporate bank accounts. **Ilya Sachkov**, founder and CEO of the company, knows how to protect his business against





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1 Main Menu

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3 Back

This arrow takes you back to previously viewed content.

4 Contents

Complete list of issue's contents.

5 Detailed Contents

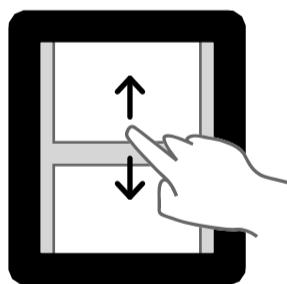
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6 Quick Navigation Panel

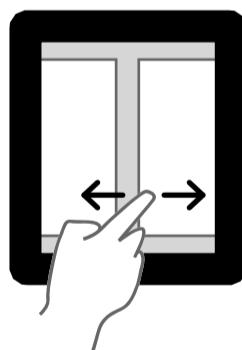
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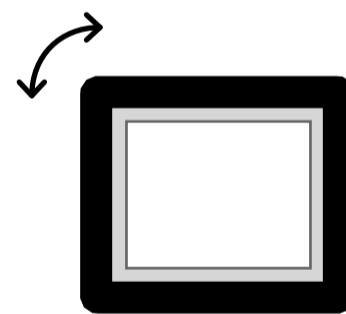
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PEP



*The Indian Sammy
Kotwani dresses Russia's
elite, offers consultations
to Indian businessmen,
and is opening a branch
of his company
in the Crimea*

The Main Thing is That the Suit Should Fit

BY: STANISLAV KOMAROV | PHOTO: FRANCESCO ROSSINI | TRANSLATION BY: JACK DOUGHTY

*The Indian Business Alliance, which is headed by the well-known entrepreneur **Sammy Kotwani**, combines 170 small and medium business companies operating in the Russian Market. It was set up in 1993, The key task facing the IBA is to develop commercial relations between India and Russia. The Business Alliance also provides all-round assistance to Indian firms in business here, adapting them to modern Russian reality.*

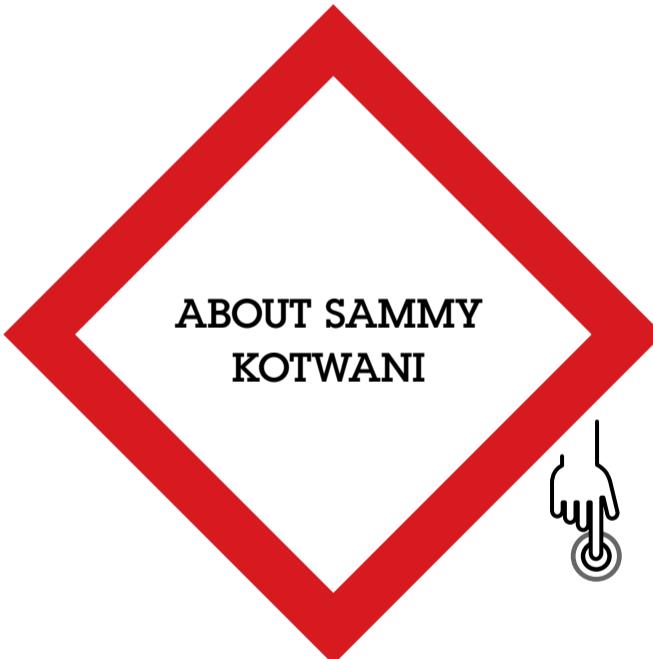
– How hard is it for Indians to open a business in Russia?

– The first thing they have to understand is that Russia of the nineties and Russia of the new century are two different countries. When I was beginning my business towards the end of the 20th century, there were still elements of the Mafia gangster market here. They have been left behind in the distant past. Now it is a stable, profitable, civilized market. You can earn money here, but it requires considerable effort. No-one will hand you money on a plate. But if you do everything right – legally, intelligently – you could well reckon on being successful.

– Surely the Indians don't still have memories connected to the wild nineties?

– Don't forget that in India, most of the population can speak English fluently. They all read newspapers in English, which sometimes quote information from the Western press. Many in our country really have no idea of what is going on in

Russia. Indian businessmen of the new generation hear much that is negative, so they are not willing to come to Russia. The leaders of our countries should think seriously about this and draw the appropriate conclusions. After all, friendship between India and Russia has deep roots. Your market



is free, there are whole industries in which there is no strong competition, where Indians could find their niche.

– *What niches are you talking about? How is Indian business represented in Russia?*

– Traditionally, for many years, Indian business in Moscow has been represented by a wide variety of companies. In the pharmaceutical industry I would name such brands as MJ Biopharm, Ranbaxy Limited, Naprod Life Science Pvt., Glenmark Pharma, Sun Pharma, Panacea Biotec, Unique Pharmaceuticals and Lupin Limited. In the field of telecommunication, the project of Sistema Shyam Teleservices Ltd stands out. It is an Indian cellphone communications network, a joint venture of the Russian AFK Sistema (73.71% of the stock) and the Indian Shyam group of companies (23.79%). Thermax Ltd is a leading Indian company producing boiler equipment



and chemicals. The company has been operating successfully in Russia and the other CIS countries for more than 30 years. The Russian firm “Shelkovy dom Suriyasilk” is the official representation of the holding Sabava Impex. This producer and supplier of India’s textile products has been known in the textiles market for more than 15 years. Tata Tea, one of India’s biggest foodstuffs companies, has set up a joint venture in Russia with the well-known Russian tea and coffee producer TD “Grand”. The Indian tea company

Russia's market is free, there are whole industries in which there is no strong competition, where Indians could find their niche.

*About Russian-Indian
trade relations*



West-Line, and Indian Spices, are operating stably in your market.

– Is the Russian market still attractive to Indian businessmen?

– The point is that the predicted and actual profits which the Russian market as a whole and Moscow in particular provide for entrepreneurs are considerably higher than could be reckoned on in Europe or the USA. The success of the Indian pharmaceutical industry is a case in point: the generics (analogues) niche is not yet full, and the original products from the market leaders such as Germany and the USA cost a lot more in Russia. Leading Indian companies: Cipla, Ranbaxy, Nicholas Piramal, Sun Pharma, Dr. Reddy's, Wokhardt, Torrent Pharma and Lupin, have subsidiary production facilities in 60 countries all round the world. For example, one of the lines most in demand in the world is medications for men (Viagra, Levitra, Sialis), and these goods are inexpensive generics from India.

– What can you say about the prospects for our relations?

– The question of increasing trade turnovers is a task for India and Russia which is fully achievable and only needs time. The reorientation of your country from Western markets to Eastern ones, which is being much talked about at present, will not take place in a day, in any case. But these processes are taking place before our eyes. And there can be no doubt that the dynamic of development of relations will be positive.

In connection with the sanctions on food, India is actively offering Russia its agricultural produce. This includes potatoes, onions, gherkins and much else besides. Here's an interesting fact: India used to be supplied with dried milk from the USSR, but now it's the other way round. Our country has become the world's leading producer of dairy products. We are also breeding cattle, and have begun delivering buffalo meat to Russia.

The setting up of joint ventures has begun in Krasnodar and Stavropol

The transition to accounting in national currencies “rouble – rupee” is a mutually beneficial system.



“ SAMMY KOTWANI

*Main bilateral
cooperation projects*



Territories. The Indian company Labindia Consultants Pvt. Ltd is attracting investors to carry out a pilot project to create a special economic zone for tourism and relaxation, "Novaya Anala". That is also where a Russian-Indian joint venture is building a factory to produce biodegradable eco-ware. Investments in the project are predicted to be about 460,000,000 roubles.

The reconstruction of Astrakhan port will help increase trade turnover to deliver goods from India as the situation demands. This will make it possible to halve the travel time to Moscow and other regions of Russia. The development of the economies of both countries will also enable the transition to accounting in national currencies. "Rouble – rupee" is a mutually beneficial system, enabling the dollar to be cut out of accounting altogether. All

parties will benefit from this: both the entrepreneurs and the national economies.

A not unimportant spur to the development of our relations is the ability of Indian entrepreneurs rapidly to assimilate the cultural specifics of the country where they live and work. They quickly adapt to the existing

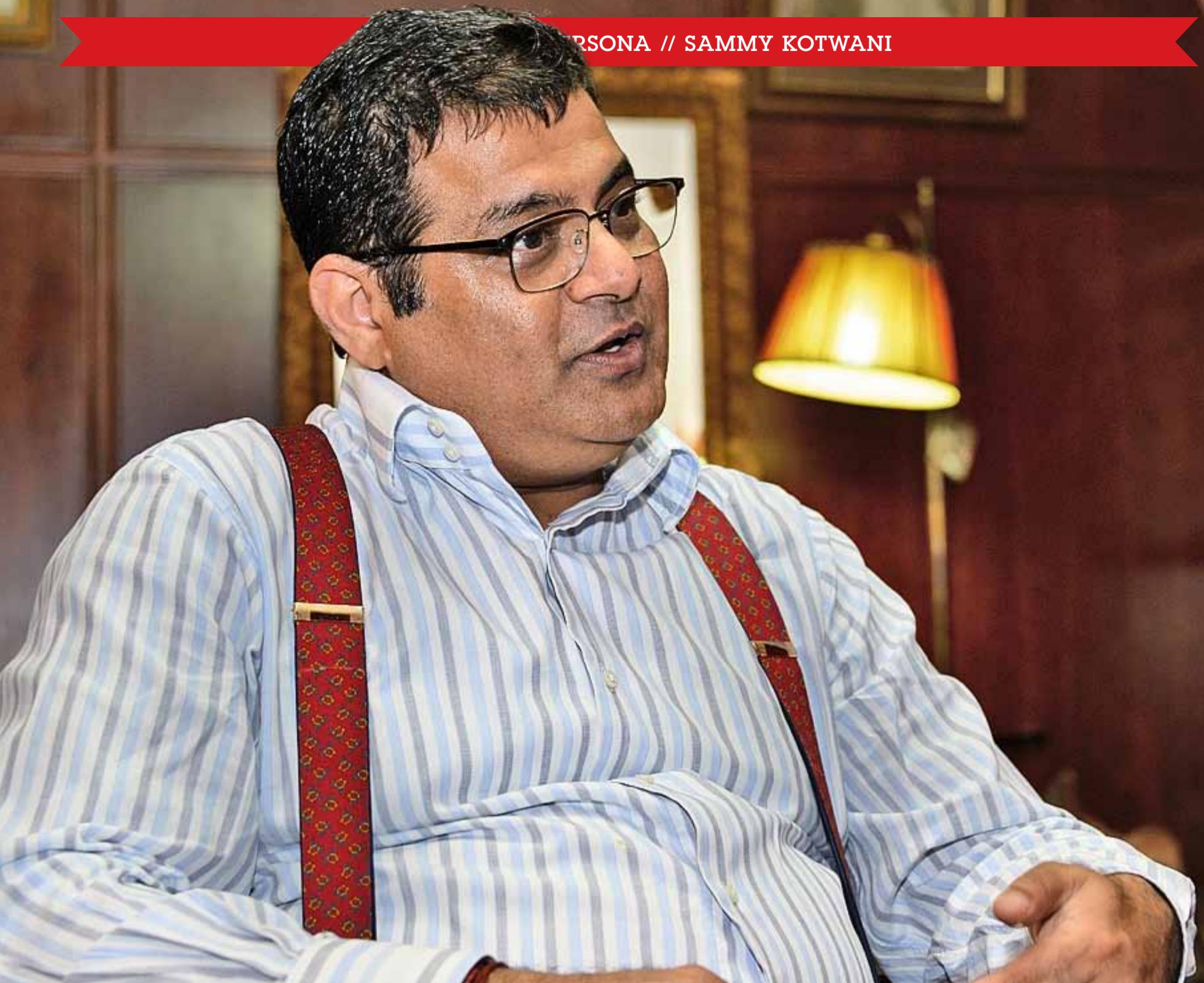
realities of conducting business.

– Are there any more examples of the setting up of joint ventures? Are Indians bringing production facilities into use on Russian territory?

– It is true that in the textiles industry, Indian companies have bought up old Soviet mills and have put efficient production facilities into use there. All this production goes onto your internal market, apart

In Russia, not only the bureaucratic burden on small and medium businesses, but also the tax burden, should be reduced.





from some which goes to Europe. For example, the company Ecotex has been operating successfully for many years now. It has its own production facilities and is the official representative of several Indian textile mills in Russia.

Indians have built factories in your country. There are even companies extracting oil in Russia. Not everyone knows that the main investment project implemented with the participation of Indian partners on Russian territory is "Sakhalin-1".

On the basis of a production sharing agreement, ONGC Videsh Ltd. (OVL) has a participant share of 20% in it. Since 2006, OVL has been receiving its share of the extracted product (crude oil, and from 2009, liquefied natural gas).

– How should an Indian entrepreneur start opening his business in Russia?

– First of all he needs to hire an educated and experienced interpreter whom he trusts. Then

a lawyer, with the same stipulations. It must be remembered that unlike the Western countries, Russia is a country with a young democratic economy. And the rules for conducting entrepreneurial activities and relations between business and the state are not set in stone. They change periodically. You have to be prepared for this, so that at the end of the financial year, you do not end up in the red.

– *What advantages does an entrepreneur gain from*

sometimes this permission is required not only for him but for his Indian co-workers. He brings his trusted fellow-countrymen to work with him.

The Indian Business Alliance actively assists businessmen, if they ask, to resolve these matters as quickly as possible. And the Moscow authorities meet us halfway. Another aspect is representing Indian companies in front of the state authorities if tax problems arise. As in many other countries,

**My company's business plan
for tailoring covers
four decades.**

membership of the Indian Business Alliance?

– The IBA is a non-commercial organization. Unfortunately, the abundance of bureaucratic procedures involved in registration is a serious barrier for small and medium entrepreneurs from India. Arranging permits to work can take up to three months, It happens not infrequently that an entrepreneur opens a firm here, of which he is the managing director, but he does not yet have the right to work in Russia. And

the taxation service in Russia is often not very friendly to small and medium businesses, sometimes we are virtually their only protection.

– Comparing Russian and Indian bureaucracy, which is the worst?

– There is more bureaucracy in Russia, in India businessmen can live more freely. Here even the most petty officials like to make themselves out to be important leaders. That is your mentality: officials work not only for the state, but for themselves too.



In my view, in Russia, not only the bureaucratic burden on small and medium businesses, but also the tax burden, should be reduced. Even to the extent of relieving them of some taxes altogether. The small family business, in which three or four people work unstintingly from morning till night, is just the sort which the state ought to help get on its feet. Let the real monopolies like Rosneft and Gazprom pay more taxes. Why help them? They can manage without.

– But for all that, Indian small and medium businesses are not leaving Russia. What is the reason for that?

– You can do business in Africa too, but in Russia there is the greatest purchasing power of all the BRICS countries. As I already said, the norm for profit in Russia is higher than in the developed Western countries. Indians find it comfortable to work here, we quickly find a common

language with Russians. We get along fine with each other at the same festive table. I have been to quite a few countries, but I have never met such warm-heartedness and hospitality.

– Are your personal plans and those of your company connected with Russia?

– I don't intend to leave Russia. My company's business plan for tailoring covers four decades. Business is going well, in spite of the crisis. To turn to the most recent events, I have decided to open a branch of my company in the Crimea, in Simferopol. I reckon that the present minor recession will end next year, and I shall return to the usual norm of 30% profit.

Moscow is a splendid city, it is in the list of the 25 best mega-cities of the world. Many influential state officials know me, they are my clients. I can't complain. I have every opportunity to develop my business successfully. ■

PIECES OF ADVICE
FROM **SAMMY
KOTWANI**
FOR THOSE WHO WANT TO START
A BUSINESS IN MOSCOW



Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

PIECES OF ADVICE
FROM SAMMY

BE DECISIVE.

You need boldness and positive thinking to start a business in Russia. The Russian market does not tolerate pessimists.



Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

PIECES OF ADVICE

SEEK OUT KEY PEOPLE.

From the very beginning, select the right people to deal with the paperwork. The most important in this process are a capable translator and an experienced lawyer.



Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

PIECES OF ADVICE

BE INVENTIVE
AND INGENIOUS.

Those businessmen who believe that the principles of doing business in Russia simply amount to buying cheap and selling dear are mistaken.

The times of "the shuttle trade" have long been over.



Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

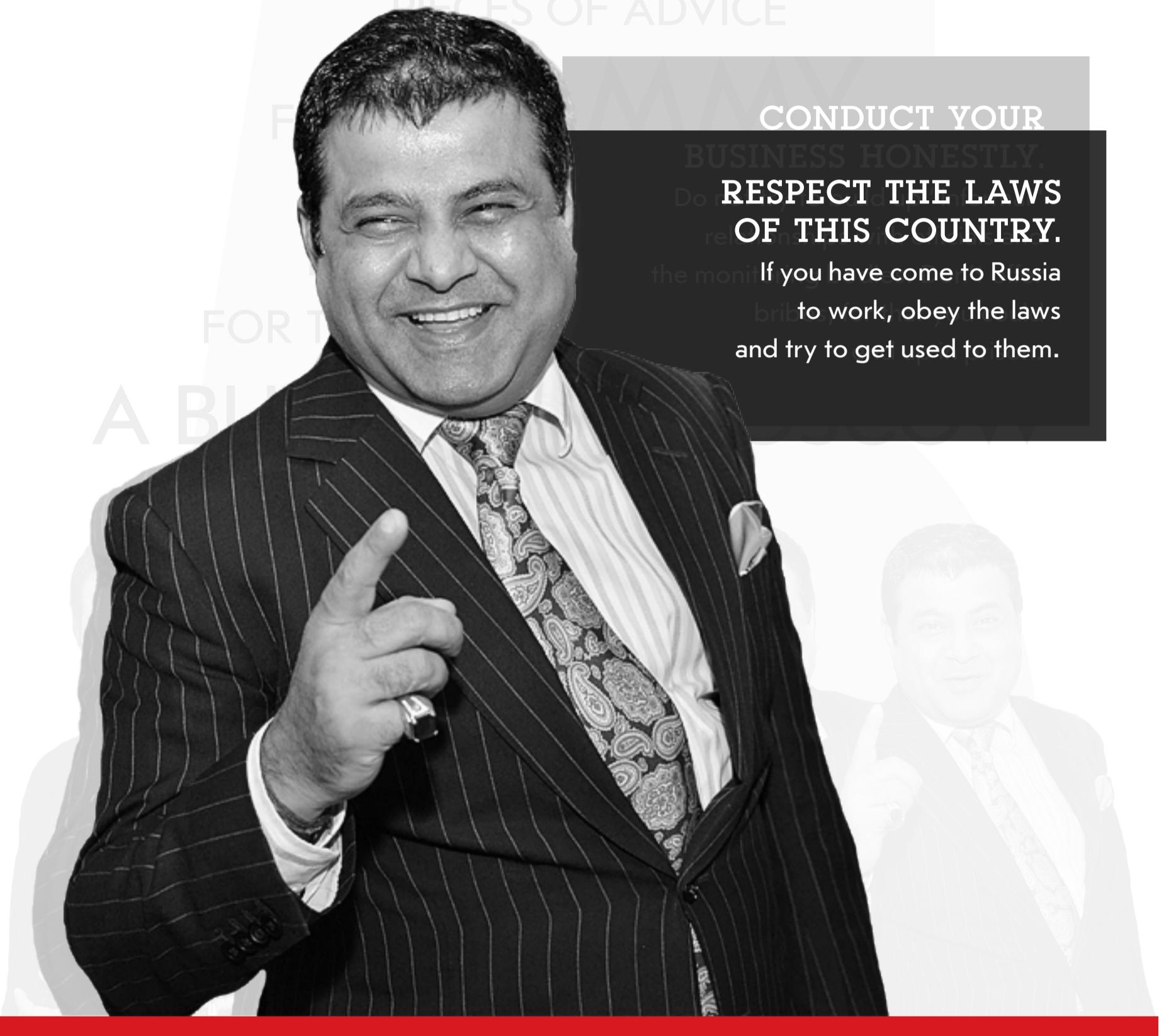
PIECES OF ADVICE

CONDUCT YOUR

BUSINESS HONESTLY.

**RESPECT THE LAWS
OF THIS COUNTRY.**

If you have come to Russia
to work, obey the laws
and try to get used to them.

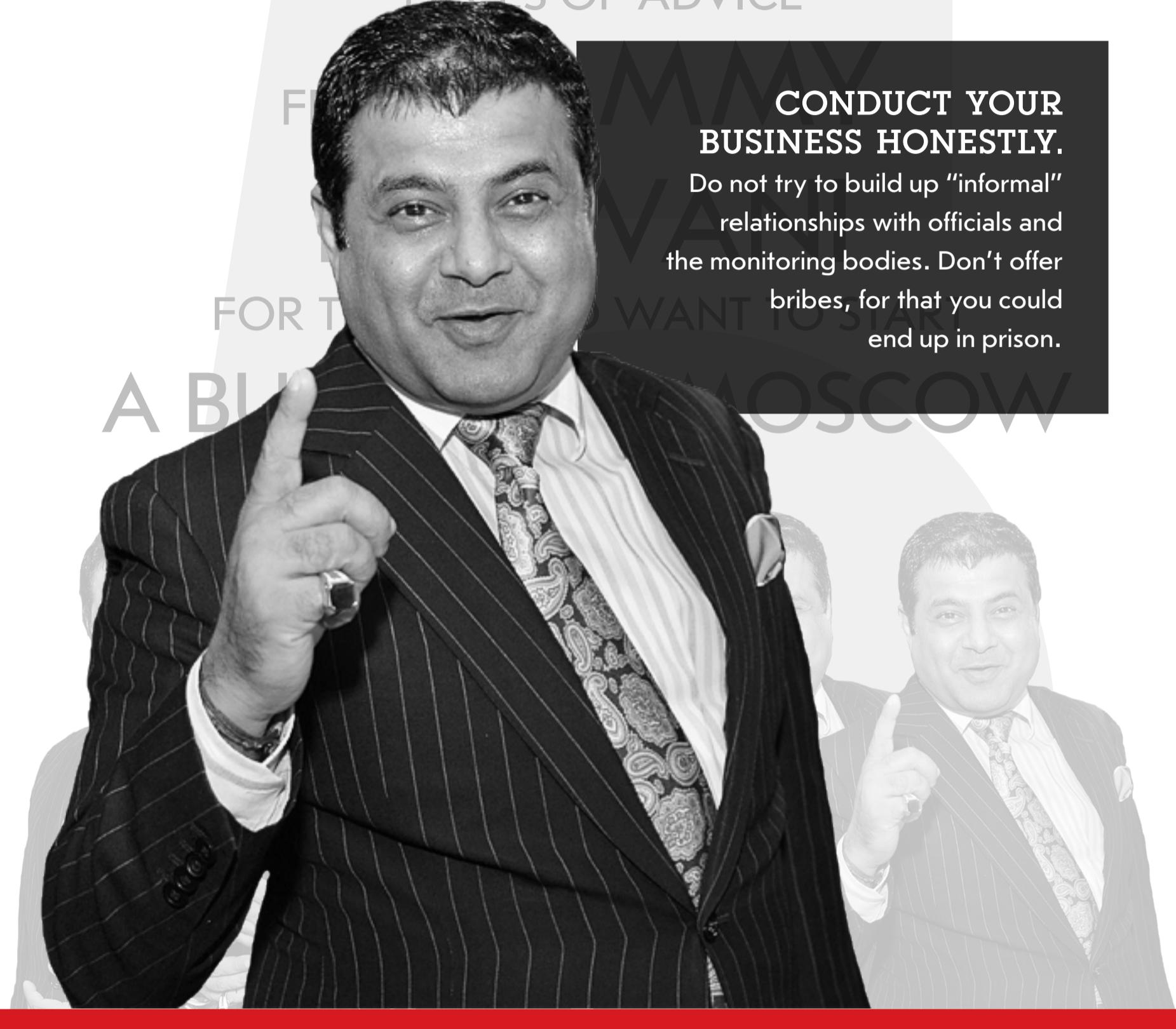


Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

PIECES OF ADVICE

CONDUCT YOUR BUSINESS HONESTLY.

Do not try to build up "informal" relationships with officials and the monitoring bodies. Don't offer bribes, for that you could end up in prison.



Behind each piece of advice lies the experience and knowledge of a man who has worked in Moscow. Touch here to find out.

PERSONAL EXPERIENCE



*German
Helmbrecht
is creating
a striking image
for Moscow's
Domodedovo
airport*

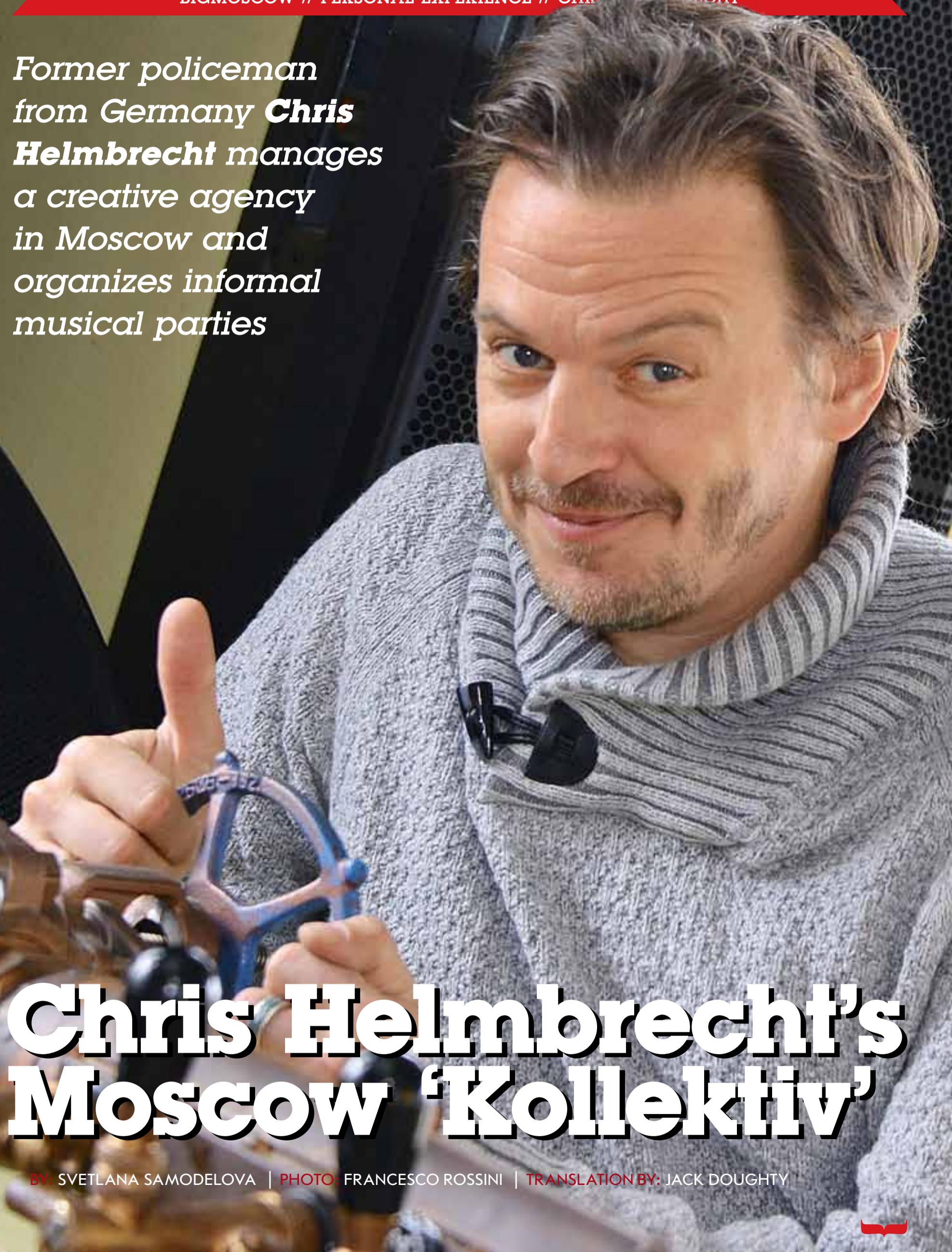


*Frenchman
Jacquart
is moving
Muscovites
onto
electric bikes
and scooters*



*Italian
Bontempi
acquainted
Russians with
a forgotten
recipe
for pinza*

*Former policeman from Germany **Chris Helmbrecht** manages a creative agency in Moscow and organizes informal musical parties*



Chris Helmbrecht's Moscow 'Kollektiv'

BY: SVETLANA SAMODELOVA | PHOTO: FRANCESCO ROSSINI | TRANSLATION BY: JACK DOUGHTY



Chris Helmbrecht is 43. He was born in Munich, has lived in New York and Spain, and moved to Moscow 12 years ago. Here he manages 'Kollektiv', a small advertising agency. And Muscovites also know him as the promoter and DJ of Dj Two-Zero. He organizes parties in Moscow clubs attended by more than a thousand people.

– **When did your independent life begin?**

– I am a product of the sexual revolution. My mother was a hippie, one of those who wanted to return to natural purity by love and pacifism. After school I entered a police academy, studied for three years and became a police officer. I worked for five years in the operations department. We patrolled territory in a helicopter. I was the navigator, setting the route. I very much wanted to fly myself, but I didn't manage to become a pilot. I was “too hippie” for a policeman, and eventually decided not only to leave my job, but to leave Germany too.

– **Where did you go?**

– The Internet boom was starting. I sold my car, computer, CD collection, DJ gear and mixer panel, and left for New York. There I soon opened a web design agency. Then I managed the Internet subsection of the company Euro RSCG. After six years, I was earning ten thousand dollars a month. We had some big clients, such as Intel and Volvo. This meant orders worth millions. But everything collapsed on 11th September 2001, when the Twin Towers were blown up. An economic recession began.

Orders stopped coming in. When the money ran out, I left for Spain, where I worked as deputy director of a company responsible for an IT service. And I was educating myself all the time.



BIGMATIONAL EXPERIENCE // CHRIS HELMBRECHT

I was “too hippie”
for a policeman

– *How did you come to Russia?*

– I was called by a Russian friend, an investment banker, whom I had got to know in New York. After the crisis he returned to Moscow. One day he rang me and said: “Come on over!” I definitely did not like Moscow at first. I left sunny Spain in October, and here it was pouring with rain, cold rain which soon turned into wet snow. The city seemed uncomfortable to me, and the people unfriendly. At first I lived with my friend. He moved around Moscow in a car with guards. And he told me “Don’t go around the city on foot, it’s very dangerous”, Two weeks later I went out alone for a walk anyway, and... nothing terrible happened. How I laughed at my own fears! I soon began to gain new friends.

– *Is there a particular concept of friendship in Russia?*

– It isn’t easy to find someone after your own heart in Russia, but once you do, it will be a long, strong relationship. In Russia, friends are

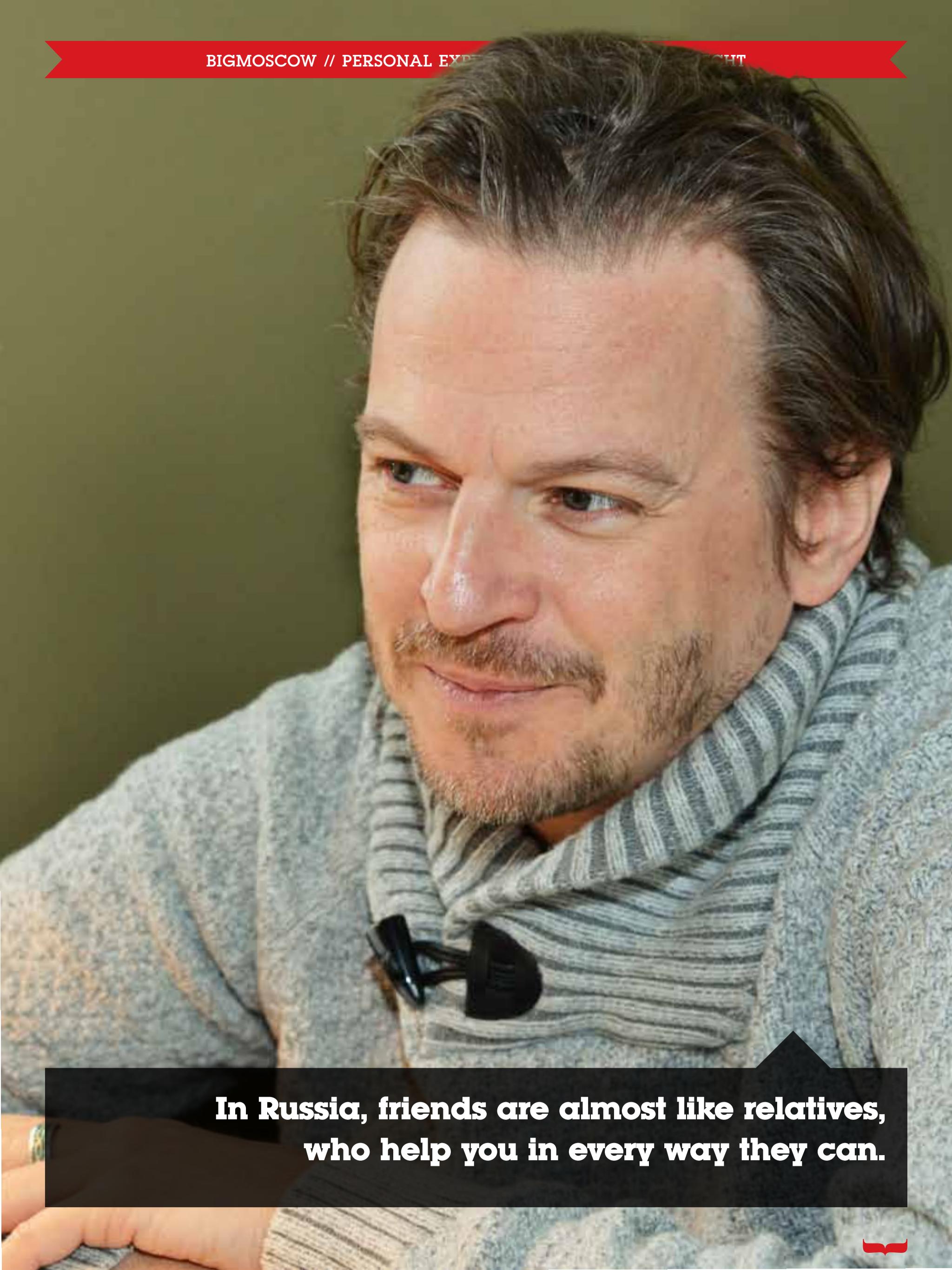
almost like relatives, who help you in every way they can. Four months later I opened the Cygen interactive agency in Moscow. I had to invest ten thousand dollars, My friends helped me fill in the tax declaration and explained the nature of Russian laws, which are quite unlike American or German or Spanish laws. And for all this, they wouldn’t take a kopek from me. There was an advantage in our firm not having to look for partners, they were already there. We made use of our earning made while we were in New York. We had customers from all over the world: Volvo USA, MCI Worldcom, Red Bull, Vitaminshoppe, New Balance, Schering Plough, TBWA and Saatchi & Saatchi. It makes sense to operate in Russia because the workforce is cheaper here.

– *Did your interest in music help? After all, you were continuously working as a DJ.*

– Being a DJ is largely a hobby for me, but it does bring in some money all the same. Once or twice a week I still earn something as Dj Two-Zero,

I definitely did not like Moscow at first.





In Russia, friends are almost like relatives,
who help you in every way they can.

because it's something I really like doing. I get paid five or six thousand roubles for a party.

– Why did you close the Cygen agency?

– The company, which was engaged in design, began bringing in less profit. The people there wanted to receive good salaries, drive expensive cars and hang out in expensive clubs. As a result, I had to part company with them. In 2008, an American friend and I decided to open a new advertising agency, ‘Kollektiv’. In addition to us, a Russian programmer was involved. But the American partner ended

up marrying a German woman and going back to America. The Russian programmer was keen on getting money but not so keen on earning it. We parted on good terms, he went away with a good pay-off. As a result, I was left as the sole owner of the company called ‘Kollektiv’. I had two MSU graduates working for me, they were both 23 years old. In 2012, when I couldn’t pay their wages, they said: “We are all one team, we’ll work without pay, you can pay us when some money comes in.” Two months later we were doing fine, and I said: “You helped me out in a difficult period, so I’ll make you partners in my company.” We three became the

Opinion



Danilo Lange,
managing director
of the international
marketing
communications
agency Louder



I think advertising agencies in Russia offer very good creativity, but the client is sometimes not bold enough to bring it to life. Everyone wants something unusual, but when it comes to choosing, clients often settle on a more boring variant. That is why we simply do not see enough creative proposals. There has never been a problem with creative ideas in Russia, but in my view there are problems with high-quality implementation. I would not recommend opening an agency during the crisis without any investments to cover at least the wages





co-owners of 'Kollektiv'. Then one of the lads left the company to open his own business, so now there are two of us at the helm. We have three people working under us.

– *Can you say how much you pay them?*

– From 1500 to 2000 dollars. I would pay more, but we have big expenses. Take for example our project with Volkswagen, for whom we made a video advertisement. The process of making a media product is quite labour-intensive. You have

to pay a creative director to compose the original scenario, a copywriter to write the text, and a director. There can be up to 45 people involved in a large project like that. The production company manages some of them and we manage the others.

– *Whereabouts is your office?*

– It's in one of the basement premises not far from the Frunzenskaya metro station. It's a bad thing, of course, to have such a modest office. I don't invite clients to the office. If necessary, I go out to

them, We are having to economize now. Previously our office was on Tverskaya, we shared it half each with another company.

– How much is the rent?

– We pay two thousand dollars a month for premises of 50 square metres. In Germany, a basement like that would be no more than 500 euros. Moscow is a very expensive city.

– How did the sanctions crisis affect your business?

– At the end of the year, orders were down by 30%. January was better, but in February and March we

had to invest serious money to cover the losses. They pay money very quickly in Russia, unlike America or Germany, where you have to wait about three months to get paid. Now we have a very big client, Domodedovo airport. We produce booklets and other printed products for them.

– How did you learn Russian?

– I studied with an MSU professor. The lessons were quite expensive. But he not only taught me the Russian language, he also explained the difference in the meanings of different words, and historical cultural associations. I began

Expert



Andrey Ushakov,
co-chairman of the
Committee of Creative
Agencies AKAR and
executive creative
director of Leo Burnett
Group Russia



The advertising market has grown both in quantity and quality over the past five years. According to the latest figures, it totals 340 billion roubles. From last year's results, Russia is among the five biggest advertising markets in Europe and holds 11th place in the world's biggest advertising markets. The improvement in the quality of the creative product is confirmed by the rising number of international awards at such prestigious festivals as Cannes Lions, Clio, Eurobest and many others. For the first time in history, Russia won the Grand Prix at





learning Russian quite recently, three years ago, when I got married and realized that I would be in Russia for a long time.

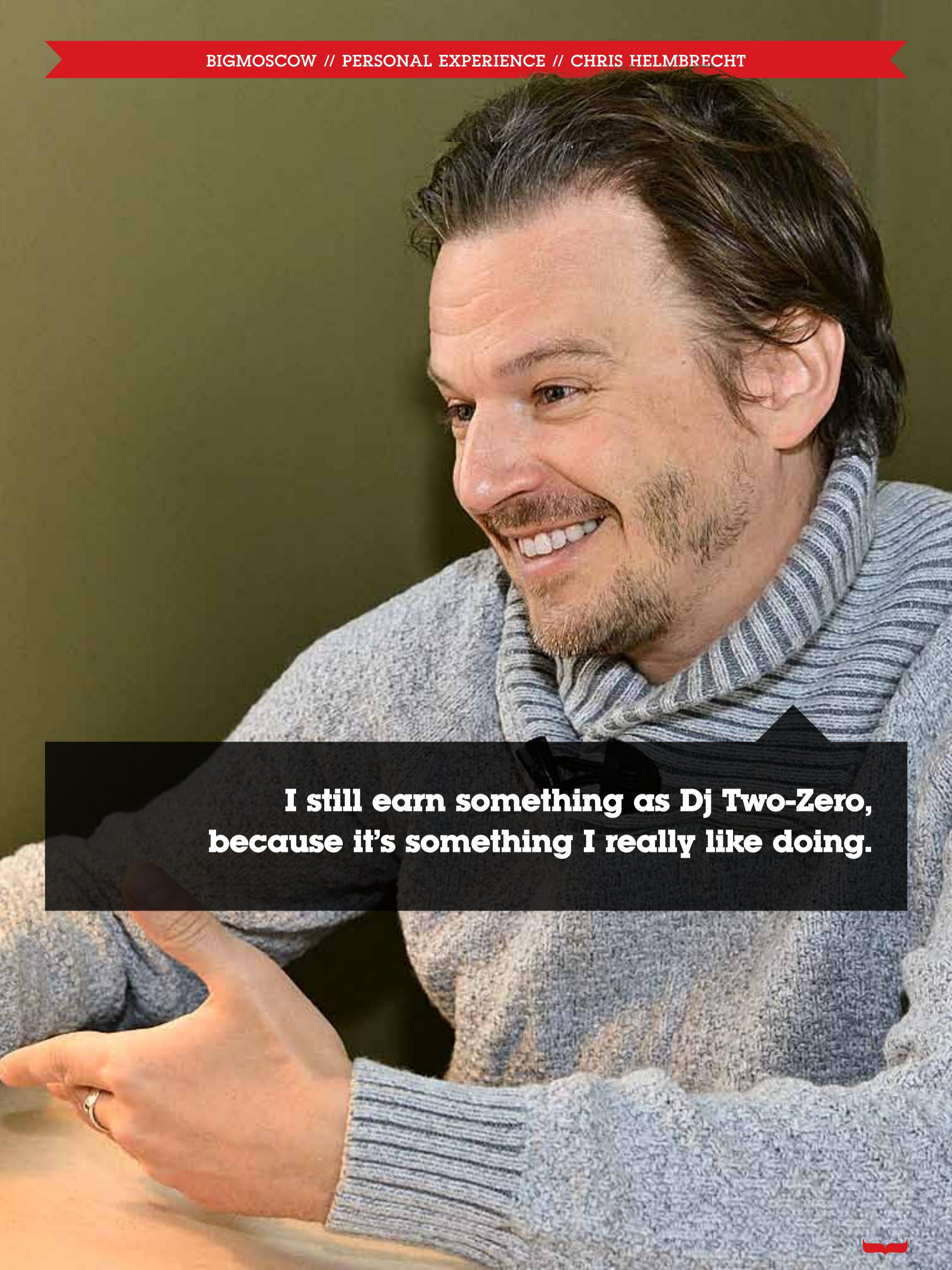
– Why was that?

– As I said, I got married. My wife Yelizaveta is 20 years younger than me. She is an actress. We got to know each other in making a short film about a German getting to know a Russian girl. The Russian director and scenario writer Nikolai Khomeriki was looking for an ethnic German, and happened to find me. I was taken on as the leading man. I wasn't working for money, once again it was a matter of helping out

a friend. Liza played a secondary role, but in real life she became my wife. She flatly refuses to leave Russia, she is a patriot, her parents live here, and her career is going successfully, in spite of her having to spend a lot of time bringing up our little daughter Charlotte. Liza is now acting in a serial running on the main Federal channel.

– Are you renting an apartment?

– Yes, we have taken an apartment in the centre. We are paying 66,000 roubles for 40 square metres. It is a small apartment, but it is in what they call a "Stalin house". It has been well renovated.



**I still earn something as Dj Two-Zero,
because it's something I really like doing.**

– How much do Russians and Germans differ in their way of thinking?

– Working in business, I suddenly discovered that the Russians have a southern temperament, like the Italians. For example, to make a German shout, you have to try very hard, it takes a long time to get him to do it, but a Russian gets there in no time and starts shouting right away. On one hand this is bad, because it takes up a lot of energy when the matter could have been settled calmly. On the other hand, it is an outward expression of emotion, a Russian person is open, he has no hidden agenda.

– You have been in Russia 12 years now. Have the Russians changed in this time?

– Russians have become more positive, more democratic, there is less showing off in their behaviour. But a certain problem arose a year ago. It now seems to the Russians all the time that foreigners relate badly

to them. This brings a certain tension into relations. But I should like to say that their fears are unfounded.

– Do you have any favourite places in Moscow?

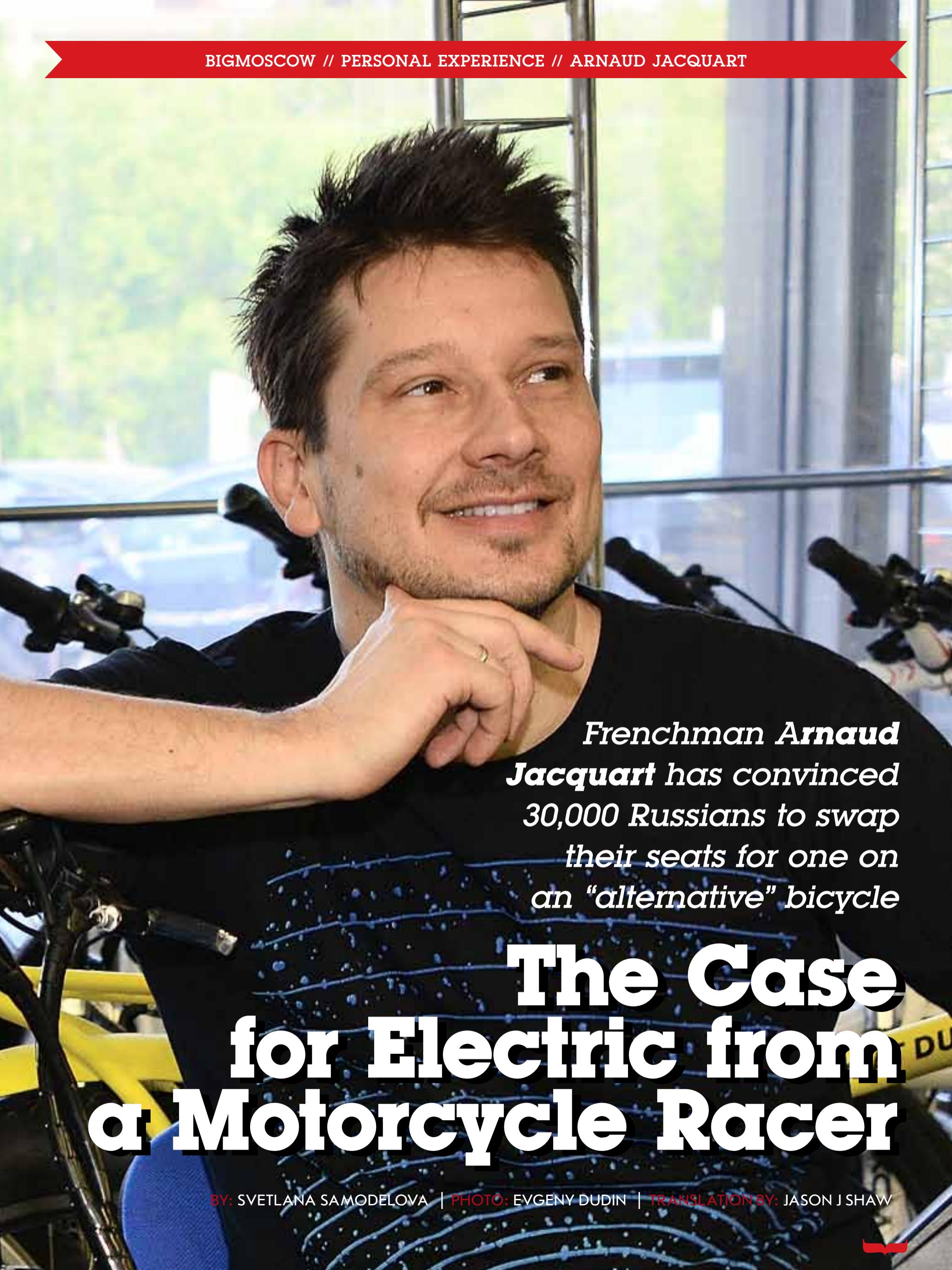
– I very much like the Novodevichi monastery, it is particularly attractive at sunset. There are many green avenues there. I take a skateboard with me when I go walking there, and tennis racquets. I love the bars on the top floors of hotels. Moscow is a city where the distant view is always screened from you. But from on high, a most beautiful panorama opens up. I order beer or whisky and admire Moscow, and watch the aircraft coming in to land.

– Is it worth coming to Russia in this time of crisis?

– My oligarch client say that the biggest fish grow in cold water. I think it's worth the risk! ■

Russians have become more positive, more democratic, there is less showing off in their behaviour.





Frenchman Arnaud Jacquart has convinced 30,000 Russians to swap their seats for one on an “alternative” bicycle

The Case for Electric from a Motorcycle Racer

*Of his 44 years on the planet, Frenchman **Arnaud Jacquot** has spent 22 of them in Russia. After completing his military service in the army at Versailles, former residence of the kings of France, he found himself working in the north of Russia. He provided the catering in the camps for shift-workers in the oil industry. He has put the knowledge he acquired at university in Lausanne into practice in Naryan-Mar, Magadan, Norilsk, Yakutsk, and Ulan-Ude. In 1996, he started his own company ACS Catering in Moscow. Whilst Russians were eating his croissants, **Arnaud Jacquot** was winning silver representing Russia in the World Championship Cross-Country Rally in Morocco. He wouldn't have been a true biker if he hadn't packed it all in with the bakeries and restaurants in order to start, first of all, Bikelectro, and then Re-volt, companies which promote alternative forms of transport in Russia such as electric skateboards, scooters, and bikes.*

– All my life I have needed open spaces. I was born on the shores of the Atlantic Ocean, in the west of France, in Brittany. I had my basic education in Paris, where I trained for the restaurant business, and received my baccalaureate at university in Switzerland. My hobbyhorse became catering – onsite catering, as well as the sale of pre-prepared food.

– **How much did you invest in your first Russian business project?**

– Around twenty thousand dollars. We signed our first contract when we didn't even have a kitchen stove. Then we found a chef, and rented a car. Soon we had our own kitchen, accounting department, and storeroom manager. All our earnings went back into developing the business. We had no





other life except for work. But it was all worth it! After three years, we were firmly standing on our own two feet. Five years later, I sold ACS Catering, where, by then, there were 250 people working, and the production area covered one and a half thousand square metres.

– Why did you decide to part with a successful business?

– We had working at the premises five restaurants, a chain of

20 patisseries called “Le Khleb”, and 60 bakeries. But there was no longer any drive, and I have been in a state of searching my whole life. I had already reached the level in this business where I no longer had anything to prove. Sitting in an armchair with no interest in my work: that is not for me. I wanted to try something new, to start a business from the ground up. I put some of the proceeds from the sale of ACS Catering into a pension fund, and started a new enterprise, Bikelectro,

and then Re-volt. I began supplying electric skateboards, scooters, and bikes in Moscow. I packed in the croissants and switched over to electric power.

– *Did you have any competition?*

– Of course. When I started the business, everyone who was supplying scooters laughed at me: “You’ll go bust. You won’t have the demand here”. It went like so. A well-known scooter dealer was selling 30 mopeds, whereas I was selling one electric bicycle. After a year, we were matching him for sales, and after three years, I was in favour, whereas it turned out that few people needed his scooters. Now, we supply electric bikes and scooters across Russia, and we have around 50 distributors.

– *Where do you buy the electric technology from?*

– From China, and partly from Germany. But now there are bikes which we assemble in Russia. We have our own production works near Yaroslavl. It’s a joint project with a classified defence company. 50% of

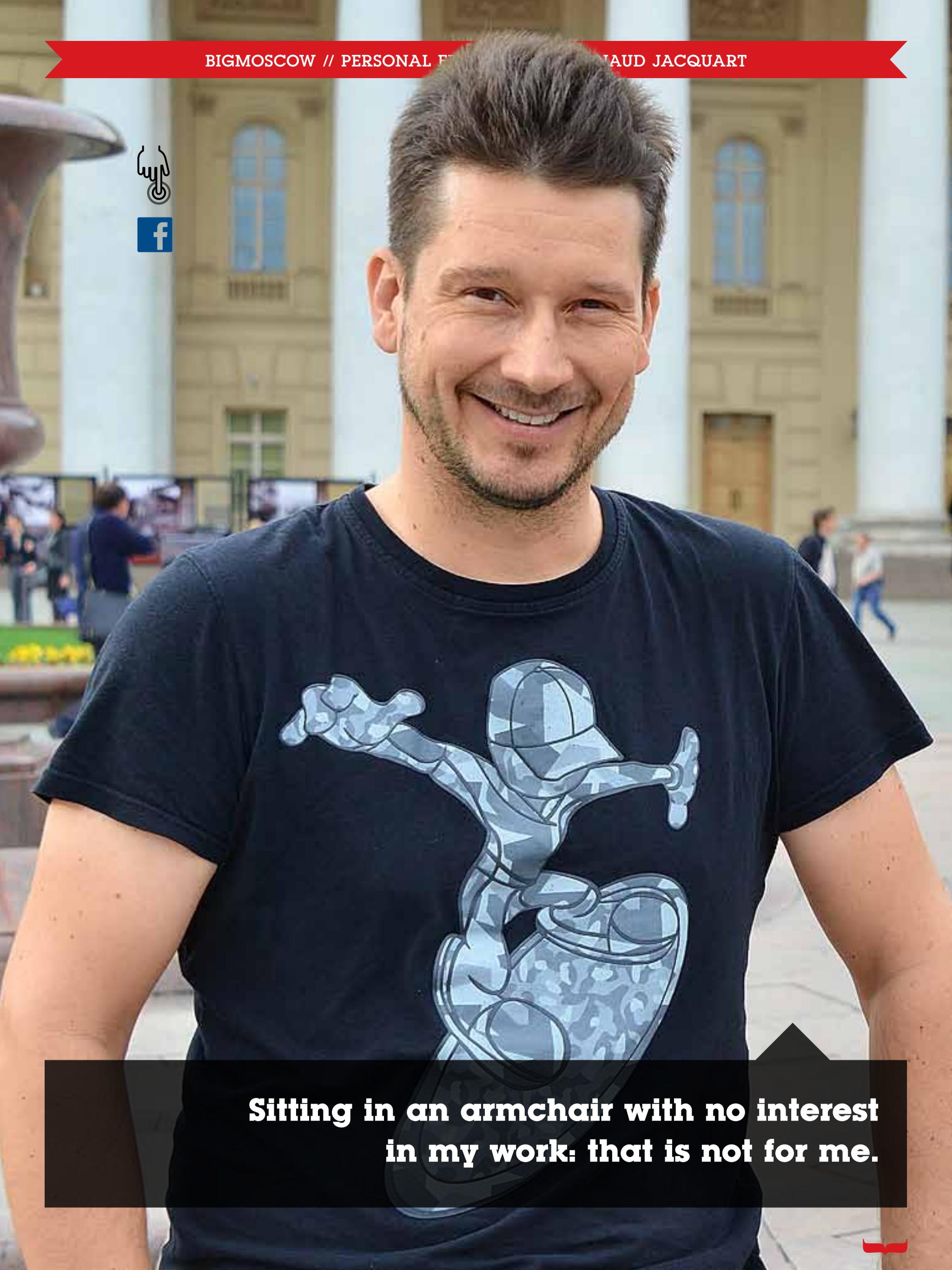
the parts still come from abroad. We are still waiting for a supply of Russian motors, so, in the meantime, we are using Chinese ones. I think that we will switch over to locally produced parts in the near future.

– *How many bicycles do you sell each year?*

– It all depends on the weather in the summer season, but in Russia we have sold in the order of 30,000 electric bikes, all told. That’s not bad for a new market. It is growing year on year. There are two opinions on our technology. One considers them toys, and the other, an alternative mode of transport. More and more people, given the constant gridlock on the roads, are inclined towards thinking that the electro bike is an excellent means of transport. Once, there was no internet, no mobile phones, and now people cannot imagine their lives without them. It will be the same with e-bikes. Judge for yourself: it has two 350W motors, it can get up to 40 km/hr, and it can go these forty kilometres with one battery charge. The entire electro

We supply electric bikes and scooters across Russia, and we have around 50 distributors.





**Sitting in an armchair with no interest
in my work: that is not for me.**

drive, with its high angle of uphill elevation, weighs 20 kg. What is more, it folds up neatly and can be kept in the flat. That's just one of the available models, and there a lot of them. In the urban jungles, they will be simply indispensable.

– *What is the price range? What is the cost of the very cheapest and the most expensive e-bike?*

– From 30,000, up to 400,000 roubles for one of the most prestigious German makes.

– *How many people work with you?*

– Six people. You could say it's a family office, bound, not by family

ties, but by those of shared interests. My co-workers are cycle racing fanatics. I recruited people with "sincerity in their eyes". They all came on recommendations. We don't take on just anybody.

– *Are you at liberty to say how much they are paid?*

– The minimum salary, before bonuses, comes to about 30,000 roubles a month. For the CEO, it's 120,000 roubles.

– *How difficult was it renting premises?*

– Finding premises doesn't present any difficulties, especially given the crisis: the choice is simply enormous.

Opinion



Viktor Shevchenko,
Sales Director at
the electric transport shop,
electrovelisoped.ru



Director for Development at Blue Shock Bike, Neils Kalnins, volumes of sales of electric bikes are growing on average by 20% annually. As far as Russia is directly concerned, rates of growth substantially exceeded even these figures. By our calculations, demand has virtually doubled every year (2011–2014).

The market for personal electric transport in Russia is one of the youngest and most dynamic. The electric bike successfully represents a substantial increase in the capabilities of the ordinary bicycle both as a means of transport and as a way of metering out strenuous activity. Both of these





**In Russia, I am completely
in my element!**

We are based in the same building as a car showroom near Aeroport metro station. Here, I have in the same place, an office, warehouse, and showroom where we not only demonstrate our electric technology, but sell it, too. All promotion is done through websites.

– *Many in Russia know you as a distinguished motorcycle racer.*

– I am a sportsman of international standing. The pinnacle of my career was in 2009, when I took part in the Dakar Rally representing Russia and won silver in the World Championship Cross-Country Rally in Morocco.

– *Does participating in events like that provide some kind of dividends?*

– It puts a huge strain on the wallet. None of the prizes covers the costs. I didn't have any sponsors. I spent my own money, so there was nothing left for me to do but succeed, which I did.

– *Is your second wife a motorcycle racer?*

– No, she is an artist. She is involved with book design. I am now the father of many children. I have two children from my first marriage, and a child has come along in my second. It is good that I managed to buy a flat in Moscow whilst I was still working at Sodexo Russia. Doing that now, at today's prices, wouldn't be realistic.

– *Was it hard adapting to the Russian mentality?*



Andrei Petrakov,
member of ASCONCO,
Executive Director
of the consultancy
firm RestCon



Personal electric transport is well known in Moscow, albeit not that widespread as yet. The situation has started to change in recent years, and there are for reasons for that. First, income for over 40% of Muscovites has grown to the point where they can think about such an acquisition. Second, such modes of transport have started to be in fashion. Third, there has been the realisation that these types of battery-operated transport are in many ways capable of fulfilling the functions





**My hobbyhorse became
catering – onsite catering.**

– In Russia, I am completely in my element! Since the start, I have had total rapport with Russians. The way they view life appeals to me, as does their magnanimity, warm-heartedness, and sense of humour. I look at my friends who stayed in France now, and all is not well with them: they are dissatisfied with everything. But due to the constant political and economic ebb and flow, life for Russians is never boring. I like the fact that in Russia you have to find the motivation all the time to keep going and develop your business further.

– *How dangerous a city is Moscow?*

– I can go down to the metro at one in the morning without any worries: something I wouldn't be about to do in Paris. I find it funny hearing people say that for the foreigner in Russia unpleasantness lurks at every corner. At the moment, Russia is being made out to be some kind of monster. Recently, back home in France, I discovered that I, it turns out, am a “terrorist”. And it's all because I do

business and live in Russia. It got to the point where, when I tried to open a branch of my company in the South of France, I encountered the distrust of my fellow countrymen. For future operations, I had to open a bank account, but they drew my attention to the embargo with Russia. I, though, am a Frenchman, and in theory, they are not supposed to refuse a French citizen.

There are double standards in effect in Europe. And there, they, in all seriousness, think that Russia is about to attack them. This is forever being driven into people's subconscious. But I am proud of the Russians who laugh good-naturedly at the fears of Europeans. I sometimes hear from my Russian friends: “We are used to it. The situation has been worse than this”. They are not short on optimism.

– *How did you get to grips with the Russian language?*

– When still in the Komi Republic, I found myself in a Russian-speaking environment. I soaked it all up like a sponge, learned the language by “immersion” in it. The foreigner who

I think that we will switch over to locally produced parts in the near future.





A close-up photograph of a man with short brown hair and a beard, smiling and pointing his right index finger directly at the viewer. He is wearing a dark blue t-shirt featuring a graphic of a hand holding a soccer ball. The background is slightly blurred, showing what appears to be a large hall or stadium with architectural details and windows.

Russia represents an extensive field of action.

is to grow a business in Russia needs to take a responsible approach to this issue. You can, of course, hire an interpreter. But to achieve mutual understanding, you need to know Russian. In Russia, like anywhere, direct, personal contact is important. I, for example, was constantly educating myself, and then, one fine day, I suddenly realised that I was able to read Russian.

– *What do you not like about Moscow?*

– I am very worried about the city's environment. What surprises me is: why don't Muscovites protest against the antiquated vehicles operating on the roads? I mean, one particular unregulated truck, and it makes up the majority here, "breathes out" as many exhaust fumes as 500 modern cars.

– *Where do you like to relax in Moscow?*

– Despite all that, Moscow is still the greenest capital in the world. I adore the local parks, especially Sokolniki. Thanks to my electric bike,

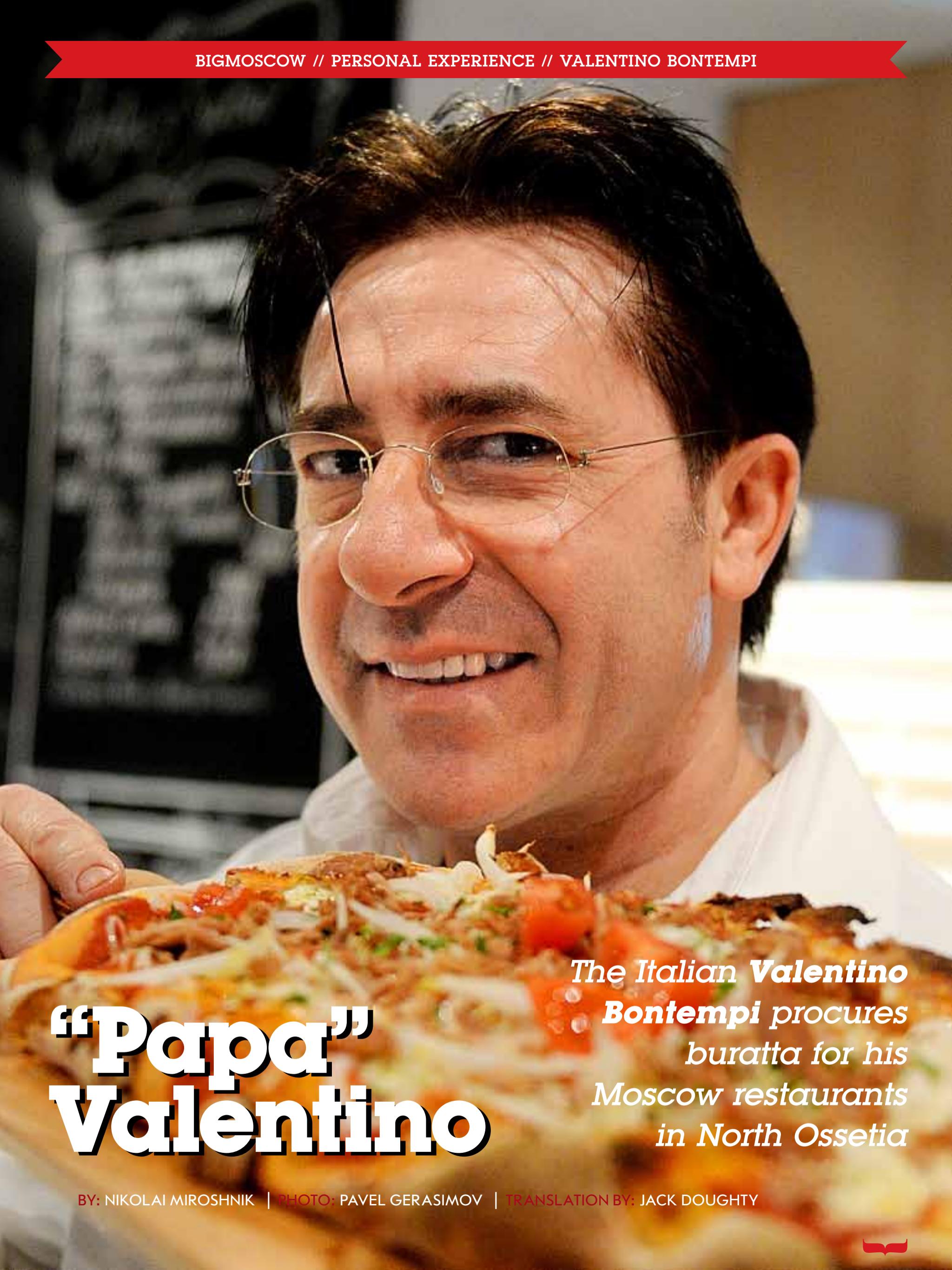
I have toured many green spots in the megalopolis, and seen a different side to the city!

– *What would you like to say to those foreigners who are still in doubt about whether or not they should go to Russia to do business?*

– If they are in any doubt, then they would be better off staying where they are! The less competition from other foreigners, the better. (Laughs.) Those who say that setting up a business in Russia is complicated, chances are that they are scared of a lot of things in life. It is unlikely that their business will even be successful in their home country. A good businessman, if he has succeeded in starting his own business in, let's say, Brazil, he will not find it difficult to do so in Russia. Man should be a fighter. And Russia represents an extensive field of action. ■

**I am proud of the Russians
who laugh good-naturedly
at the fears of Europeans.**





“Papa” Valentino

The Italian Valentino Bontempi procures buratta for his Moscow restaurants in North Ossetia

BY: NIKOLAI MIROSHNIK | PHOTO: PAVEL GERASIMOV | TRANSLATION BY: JACK DOUGHTY



*In culinary Moscow, **Valentino Bontempi** is a popular and authoritative personality. He gives consultations to new restaurants and also master classes. His two Moscow enterprises, the haute cuisine restaurant Bontempi and the Pinzeria Bontempi, are always full of guests in spite of the crisis. In the spring of 2011, in an Internet competition on the Internet portal Menu.ru, the Bontempi Moscow restaurant was voted the best in the "Haute Cuisine" category.*

He says himself that he came to Russia almost by chance.

"In 2005", recalls Valentino, "The Italian Cooks' Federation offered to help me organize a kitchen in a new restaurant which a fellow Italian, a woman, was opening in Moscow on Nakhimovsky Prospekt. And I worked there as a consultant for about five months. Then I got a call from the head chef of another Moscow restaurant, Settebello. Somewhere along the line I met my future wife, and a son was born to us.

– How did your first Russian enterprise, the haute cuisine Bontempi Restaurant, come to be born?

– In 2010, some Russian acquaintances in the restaurant business invited me to become a partner in a new project: setting up a haute Italian cuisine restaurant. By that time I was already quite well known in Moscow professional circles. I agreed, of course. You can work more calmly and confidently with serious and experienced Russian partners. Also, they owned suitable premises on the territory of the former 'Krasny Oktyabr' confectionery factory opposite the Temple of Christ the Saviour.

– What was the most difficult thing at the initial stage?

– To get everything functioning properly. After all, you have to make an impression, to please a client who has come for the first time. You must not





You can work more calmly and confidently
with experienced Russian partners.

make serious mistakes, or you will never see him again.

– *What startup capital is required to open a restaurant in Moscow?*

– It depends on what you want to do. Previously it was considerably more expensive than it is today, in part because it was considered that if you are opening a restaurant, it must be one in the luxury class, with the appropriate surroundings. But today, establishments of various levels are appearing. I think six to eight million roubles would be required to open a small fast-food outlet. This would be enough to enable you to feel comfortable at the initial stages, without worrying every day about where to get more money.

– *In Moscow today, there are hundreds of establishments offering Italian cuisine dishes. How do you beat the competitors?*

– Our cuisine is one of the most popular in the world. It is in demand everywhere. That is its constant

advantage when starting up. I have never worked in pseudo-Italian restaurants. And now we have Italian food, Italian service and an Italian attitude to the guests. I consider that the winning formula lies in the authenticity of the product we offer.

– *In highly competitive conditions, you need advertising too.*

– In our business there are things which must be scrupulously observed: the quality of the food and service, the price/quality ratio and a cordial attitude to every guest. If you achieve all this, you can reckon you've won the client over. After that, he will do the advertising for you, on a word-of-mouth basis. I rely on that sort of advertising more than anything. It is the most reliable.

– *And how did “Pinzeria Bontempi” appear?*

– The time came when I realized that as well as the restaurant, we needed another outlet available to the public at large. The running costs of the restaurant began to grow, which had an inevitable effect on the income from it. And I didn't

I think six to eight million roubles would be required to open a small fast-food outlet.



BIGMOSCOW // PERSONAL EXPERIENCE // VALENTINO BONTEMPI



**Prices must be
honest.**

think a sharp rise in prices was quite fair. But there was another aspect to it, no less important to me. By that time I had managed to educated some good capable people on the staff and I did not want to lose them. Yet the economic situation required savings in personnel. So I said to them: "Let's open something new of our own." And some of them decided to go over to working in the newly-opened pinzeria, which exists as a sort of cooperative, with my participation and with that of the Russian lads who were working for me. And the main dish of the new outlet was pinza.

can in fact do any of these jobs, so each one is a head chef in miniature! And I sometimes come to the pinzeria myself, as it still requires particular attention. I work together with all the others from first thing in the morning, and we all finish at the same time. I also eat with the lads whatever they make themselves for lunch, though I swear under my breath sometimes because of the Russian habit of adding mayonnaise to everything, which I think is awful. I know they call me "Papa" behind my back. I always try to understand and get into everything that is going on, and not to punish for mistakes.

Factories have appeared in Russia which produce excellent cheese.

– How many people are working in the restaurant and the pinzeria?

– In the summer, when the open-air terrace is in use, usually 30- 35 people. In the pinzeria I try to manage with as few staff as possible, for understandable reasons, because that forms a considerable part of the expenses which I did not wish to compensate for by high prices. So there we have three or four people in the kitchen, a barman and four or five as waiters. All of them

– Do your fellow Italians come to you to eat too?

– A lot of our customers are Italians, which – going back to advertising – also helps increase our Russian clientèle. Seeing my fellow countrymen here, Muscovites are more likely to believe that this is a place where we offer genuine original Italian dishes.

– Public catering is a complicated business; it involves questions of health and fire safety. Our inspectors can





sometimes go too far with their visits. Do they cause you much trouble?

– That is an inevitable part of our work. We have to get used to it. In Italy, our business is controlled much more strictly than here, so I am not particularly inconvenienced by it in Moscow.

– Has the crisis hit you badly?

– The crisis does make itself felt, of course, particularly in the upper segment of our business. We have had fewer guests in the restaurant. But people are still coming to the pinzleria. Anyway, we have not raised our prices sharply in the Bontempi either. Prices

must be honest. It is better to make money from the number of contented guests than from crazy prices.

– But still, many of the ingredients from which you prepare meals have to be imported. Surely you can't make a real Italian dish from Russian raw materials? And imports are much more expensive, and sanctions...

– Here I do not agree with you. Italian cuisine has become popular all over the world precisely because it can be repeated anywhere. I have always operated on the principle that the main

products – meat, greenstuffs – should be taken from where you intend to use them. Good quality greenstuffs are certainly available in Russia, and good meat can be found too. True, it isn't cheap. Russian flour is not at all bad, but the trouble with it is the unstable quality, therefore so far we have been using imported flour. Of course you cannot manage without Italian ingredients entirely – olive oil, raw smoked ham, cheeses... Incidentally, factories have recently appeared in Russia which produce excellent cheese. I have found fantastic burrata (burrata is a soft fresh cheese made from the cream and milk of

buffalos or cows, related to the famous mozzarella – Author's note). It is made in North Ossetia. We now get our burrata there.

– Would you advise foreign colleagues to open a café or restaurant in Moscow today?

– If you have a good project you believe in, no crisis can stop you. We opened the pinzeria at the height of the crisis last year. Of course, we couldn't be sure it would turn out as it has. It has become an additional incentive to work and achieve success.

Opinion

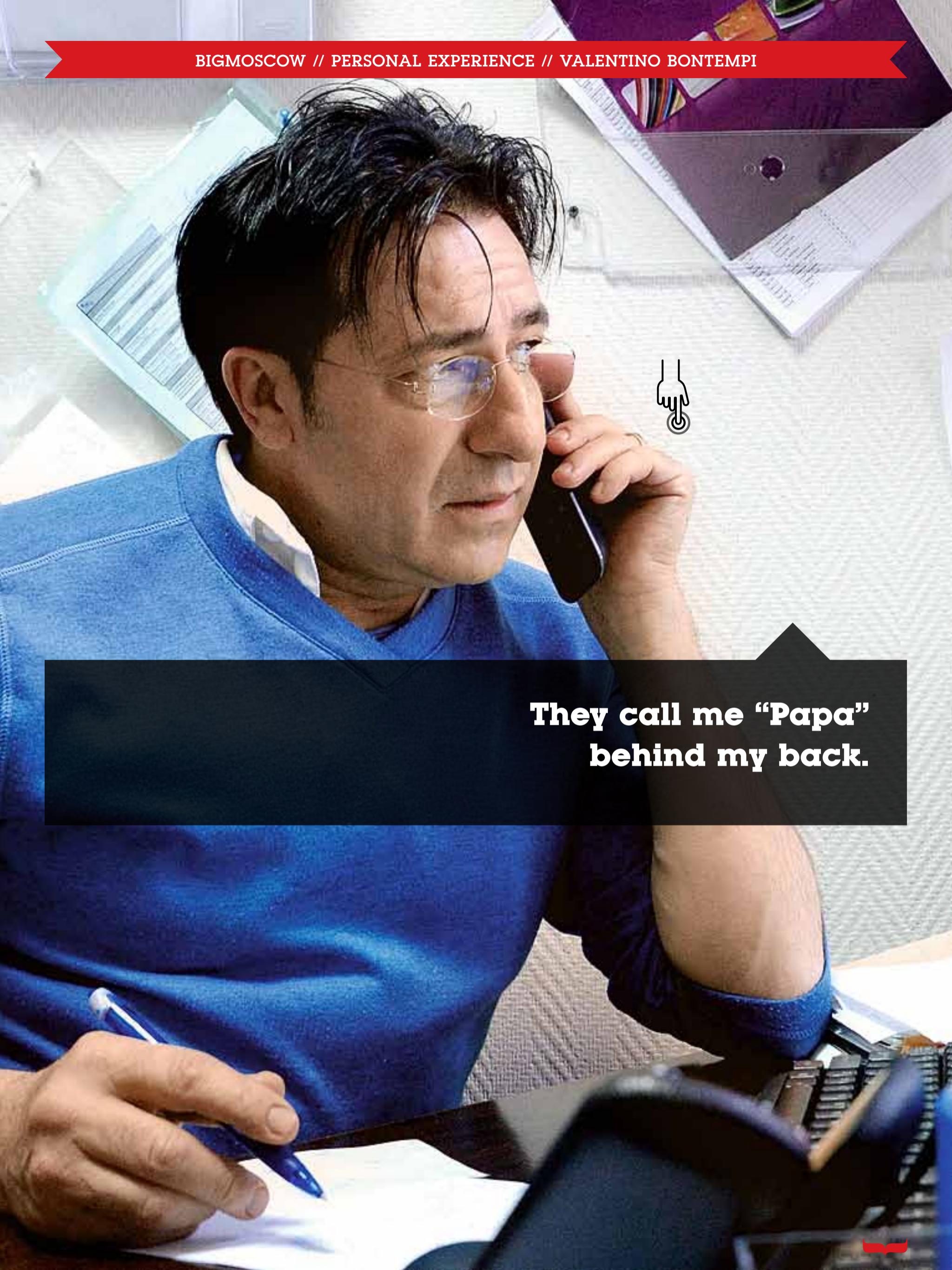


***Maurizio Pizzuti,
managing director of
the "Roberto" restaurant***



In my opinion, it is quite a risky undertaking to open a new restaurant in Moscow today. According to statistics, in December 2014 and January 2015, about 900 cafes and restaurants closed in Moscow, that's eight per cent of the whole market. But this fact can also be used as a competitive advantage in connection with freed-up niches. The initial cost of entering the restaurant business market is 100-150,000 euros. The cost of leased premises varies depending on location, but the minimum floor space required is 200-300 sq.m. By comparison with the Western market, the Russian





**They call me “Papa”
behind my back.**



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• Тартар из ягненка и груши - 990
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• Равиоли с тунцом - 490
• Козленок с коленками - 1200
• Каре ягненка - 1000
• Лапша с ботарга - 850
• Оризетте с песто и кинной - 490
• Гюнк по шумерски - 1200 490
• Ризотто с белыми грибами - 790
• Филе говядина с горохом
карамелис - 1600
• Гашетка с раку из ягненка -
490
• Осьминог на гриле 1700
• Креветки с острым соусом - 990
Sinza:
• Сычужна и плавленый - 990
• Гарнелла с грибами - 1000

– Let us turn to your books. When and how did you take up your pen?

– A Russian publisher suggested the book to me one day. I have written three altogether. I'm glad to say they have

been successful. By the way, you can buy them not only in bookshops, but also in our restaurant and pinzeria. They are set out on shelves. In the last two months alone, in the pinzeria alone, we have sold

Expert

Igor Buharov,
President
of the Federation
of Restaurants and
Hotels of Russia



Today, the restaurant business in Moscow is quite varied: about 65 national cuisines are represented in the capital. Both Western and the capital's own chains of public catering enterprises are operating, and there are also many individual restaurants, many of a sufficiently high level to earn three Michelin stars. In spite of the wide variety of public catering outlets, there are quite good development prospects for entrepreneurs in this sector, particularly in creating niche restaurant concepts. However, comparing the Moscow public catering market with those of Western capitals, one

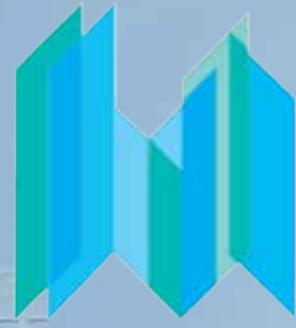


about ninety copies. People come in, see them and take them – with the author's signature, of course.

– Do you have plans for the near and distant future?

– I am a superstitious man, I prefer not to give away anything about specific plans till they materialize. But in principle, it could be a new outlet, and

it doesn't have to be in Moscow, I have travelled a lot in the regions – both in connection with work, and also simply because they interest me. And I might write another book. Not about recipes this time, but stories from my life in Russia. There's a lot here that I could talk about... ■



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From Leksikon to Orange

*The Dutchman **Richard van Wageningen** heads a leading telecommunications company in Moscow and takes a philosophical attitude to Russian bureaucracy*

BY: NIKOLAI MIROSHNIK | PHOTO: YEVGENY DUGIN | TRANSLATION BY: JACK DOUGHTY

Richard van Wageningen is a charming Dutchman who speaks excellent Russian and gives the impression of being a man who is very open and easy to get on with. He is also the Russia and CIS head of a transnational corporation with quite impressive clients: Danone, Heineken, Siemens, JTI, L'Oreal, "Otkrytie" Bank, MDM Bank, Rosbank and Sberbank.



– I understand, Richard, that you have lived permanently in Moscow since 2005.

– My Russian story began way back in 1993, when, as a programmer, I wrote my diploma theses in the company Mikroinform. It produced Leksikon, a Russian-language text editor for personal computers, which was very popular at one time. I was, after all, an electronics specialist, according to my first diploma awarded in Holland.

– And this second diploma was from the North Carolina University, was it not?

– I studied economics there. But that was several years later. I first came to Russia unexpectedly, as you might say. I read an article about AT&T in a magazine and noticed that the director there was a Dutchman. I decided to phone him. We had a good talk, and he arranged a four-month attachment to Telmos for me. This was a joint venture between AT&T and MGTS (Moscow Urban Telephone Network). After two months, they took me on permanently. So I spent eighteen months in Moscow.

– What impression did it make on you?

– I was a student, everything interested me. My best friend, also a Dutchman, was working in the Moscow Times newspaper. He lived in the centre, we went to Red Square and travelled to Zagorsk. At first there was much that I did not understand in this huge city with a population the same as that of the whole of Holland.

For example, what is a dacha? Or the Moscow shops of that time. Today you pick up a trolley in a supermarket, collect your products and go to the cash desks. But then you went to some "gastronom",

each department was a shop in itself. If you bought milk you paid for it on the spot. Then you might buy a baton loaf, and you would have to pay for it at the bakery department cash desk.

– Did you know Russian at that time?

– I knew none whatsoever. I picked it up somehow as I went along. When you are a student, you know, you have the brains, the time and the desire to do such things.

– Do you think it is absolutely necessary for someone working





A close-up photograph of a middle-aged man with dark hair and glasses, wearing a dark suit jacket over a white shirt. He is smiling broadly at the camera. The background is slightly blurred, showing what appears to be an office or studio environment.

**It is very important to develop
good relations in a Russian collective.**

**in Moscow to speak Russian?
Or is it possible to manage with
English?**

– Strictly speaking, it is probably possible to work without knowing Russian. But you lose a lot. Both from the business and personal points of view. There are more than a thousand people altogether in our company in Russia, and only a quarter of them are foreigners. And each worker is an individual personality. It is very important to develop good relations in the collective.

– You have worked in Holland, Saudi Arabia and Portugal. You have studied in the USA. You are in a good position to make comparisons. Where is it easier to live and work, and where is it harder?

– First of all, easier does not mean better. I am a Dutchman, I was brought up on Dutch culture. It would probably be easiest for me to live in my homeland. But if you take drive and excitement into consideration, I certainly like it better in Russia.

– How do you assess the Russian telecommunications market?

– It has very good prospects I won't quote any figures, but last year our business went very well, we achieved a high ranking among other companies in the industry.



– The current international situation, the notorious crisis and the effects of the crisis in the Russian economy must surely have had a great impact on your work?

– We did not lose our clients. For us, growth continues. The plan for 2005 was formed taking account of the present situation. We calculated several development scenarios for ourselves. And we hope everything will proceed normally.

– Is our bureaucracy a real pain?

– There is bureaucracy in Russia, of course. In some respects there is more, in some respects less. I take a philosophical attitude to such problems: things are as they are, and you have to work with them. It's like traffic jams. If you just sit there and swear in a traffic jam, nothing will change. And I prefer not to swear. In the struggle against bureaucracy, we begin with ourselves.



If you compare Holland and Russia,
our people are quite close in character.



– So what in your view are the main dangers a foreign entrepreneur coming to do business in Russia might face?

– I would put it this way: sometimes a man thinks that he will begin to make money quickly here, although he knows very little. For example, he has not studied the law or his potential partners. This is dangerous. Before thinking about how quickly you will make money, you need to have a good idea of what you are going to do and where you are going to do it.

– Does the way of thinking of Muscovites, their approach to life and work, differ in some way from, say the Western European?

– Of course every country has its own particular aspects. If you compare Holland and Russia, our people are quite close in character. Here we find a sense of humour, and the same preferences in cuisine...

– In cuisine too?

– Well, we have the same basic foods: potato, meat and herring.



**I feel safer in the centre of Moscow
than in the centre of Amsterdam or Paris.**

We also like kefir, pancakes... But anyway, my colleagues often say that I am more a Russian than a Dutchman.

– *Do you live in a rented apartment in Moscow?*

– Previously the company paid for my accommodation, so there was no point in buying my own. Now I'll have to think about it.

– *Is it expensive?*

– We live virtually in the centre, near the Belorusskaya metro station. Of course it isn't cheap. But it's the same everywhere. I reckon we're paying quite enough.

– *In your view, is Moscow an expensive city for a foreigner?*

Yes, it is. For example, we spend considerably more on food than we would in Holland. But in the dacha, as is customary, we grow our own potatoes and other vegetables.

– *So now you not only know what a dacha is, you have one of your own.*

– Yes, near Tarusa, 150 kilometres from Moscow.

– *That's quite a long way.*

– Yes, but there are some beautiful places round there. My wife's grandfather, who was an air force pilot, has a small dacha there. Then

his relatives moved there too. So we too bought a hectare of land, and built a dacha on it. We could live there the whole year round. I have a Russian sauna and a table for Russian billiards. I try to spend my days off there.

– *You can't enjoy the journey, particularly in summer.*

– The dacha has a sort of out-of-town office. I can be in contact at any moment and up-to-date on company business. Therefore I can sometimes allow myself to travel out to the dacha after work on Thursday. We return to Moscow very late on the Sunday. It may be a little tiring, but for me it's worth it. At the dacha I have a hobby: riding around in a jeep. I have more than enough places I can go. Russia is not Holland, only two hundred by three hundred kilometres. You can't get up much speed there.

– *The Dutch are a sporting people, I have seen for myself how everyone there either jogs or rides a bicycle. What about you?*

– There's a bicycle at the dacha, I ride around on it a bit. But in Moscow, particularly in the centre, it's difficult, and the air is not very suitable. What surprises many people in Russia is how can I be a Dutchman and not a football fan? I like simply going for walks in Moscow. At lunchtime I usually stroll around near the office,





along the bank of the Moskva river. In my free time, I visit the Park of Culture or the National Economy Exhibition, though I don't go to the latter in summer, only in spring or autumn, when it is less crowded. And I also like to wander the alleyways in Stary Arbat. On Sundays, around two or three in the afternoon, you may be in the city centre but there are no people or cars about. There are some

very interesting houses there, even wooden ones.

– Can Moscow be considered a city safe for foreigners?

– I feel safer in the centre of Moscow than in the centre of Amsterdam or Paris. And it's certainly cleaner in Moscow.

– You don't say!

– Yes, have you ever been out walking in either of them? On some streets, even in the centre, it's simply a nightmare. There are people sleeping on the pavements, on mattresses of some kind. I was in Paris recently, and one of my colleagues warned me frankly that I'd do better to use the metro, the streets can be dangerous late in the evening. Of course, you always need to think about things. For example, in a café or restaurant, I speak Russian. Obviously with an accent, but I am often taken for someone from Riga or some such place.

– You have your work and family here. What do you miss most about being in Moscow?

– Probably only my parents and brother. By the way, my parents come here two or three times a year. The last time was for the May celebrations, we all lived together at the dacha.

– Do you often go back to Holland yourself?

– Not often recently. Once a year on business or to see relatives. I can't say I'm particularly homesick for Holland. Well, maybe I am right now, particularly for Dutch cheese; I can't get it here because of the sanctions.

– So you feel at home in Moscow?

– I always work in a place I like to be. This refers to the specific company and the specific country. If I do not believe in the company, its opportunities and prospects, or if I don't believe in the country where I would have to work, then I can't and won't work there.

– So you're not planning to leave here in the foreseeable future?

– We have just bought some saplings for the dacha, I want to grow a small forest on the plot. Does that answer your question? ■

**At the dacha I have a hobby:
riding around in a jeep.**



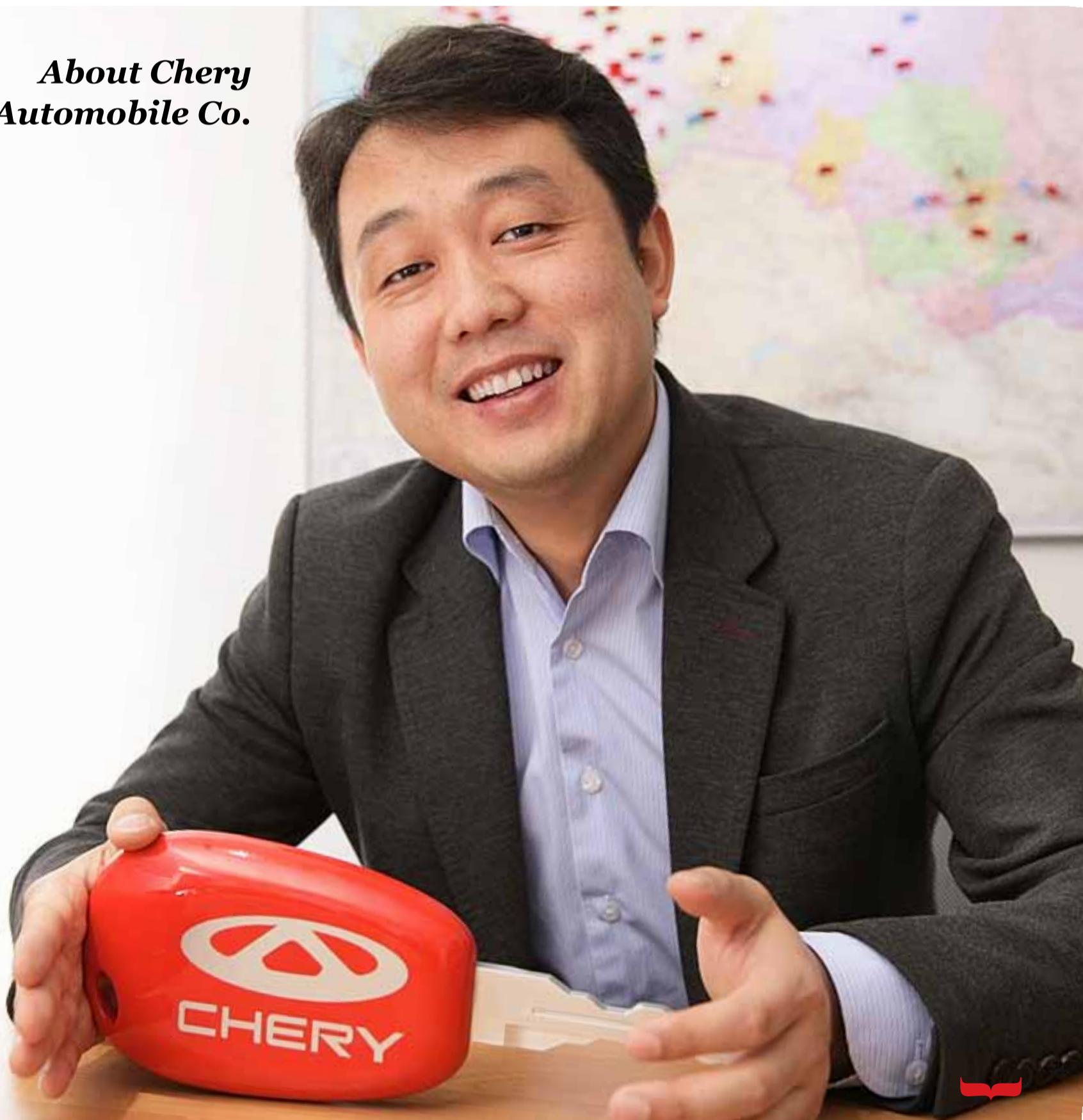
Chery – assistance on the road

*The Chinese **Xu Jiangsheng** sells
the cars of the Chery Automobile Co.,
whose Podnebesnaya
is the best-known marque in Russia*

At 36, Xu Jiangsheng, Deputy Managing Director of Chery International, is a manager with impressive international experience. Before coming to Moscow three years ago, he worked for five years in a similar post in Spain in a branch of the Haier Corporation, a major Chinese producer of domestic appliances. He is now responsible for sales in Russia and the CIS countries of the products of a major Chinese car manufacturing company, CHERY Automobile Co., Ltd.



About Chery Automobile Co.



Almost 90% of our cars are delivered to the Russian market from the factory in Cherkassk.

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When we reached agreement (though his Russian colleagues) about this meeting, we noticed that the head of the company had a name that did not sound Chinese – Joe Johnson. However, he is really called Xu Jiangsheng, Xu being his surname (under Chinese rules, the surname is always written first). The explanation proved highly practical. In order not to create unnecessary problems for Russian colleagues

and partners, who do not always find it easy to pronounce and remember Chinese names, Xu was modified to the European form we find more familiar.

– Did you expect Moscow to be your new work location?

– For several years, in Haier, I was head of the subdivision responsible for the sale of industrial air conditioners in Europe, including Russia and the CIS. I visited Moscow more than once. I had certain connections here. I knew the Russian market. That was why they decided to send me here. Today we are selling Chery cars in Russia with a guarantee for five years or 150,000 kilometres. That means that Chery is a fully competitive, high-quality and continuously renewable

product. And this refers to its position in external markets. Experience was needed, and I had accumulated this in my previous post.

– How many Chinese car marques can be seen in Moscow?





There are four major Chinese car marques which seem well established and “make the running”.



– I couldn't even tell you. The number is constantly changing. Some small companies enter the Russian market, which is extremely attractive; others leave it because they can't stand the competition. But there are four which seem well established and "make the running".

– ***Who do you consider your direct competitors in Russia, not counting the Chinese ones?***

– Probably the marques from Korea. Korean marques entered the Russian market before Chinese ones. They have a considerable and stable market share today. They have a good service network. We study their experience.



Our clients are people aged from 25 to 55.

We would like to learn something from them and to cooperate with them in some ways.

– ZAO “Chery Automobiles Rus” was created in 2005. Who are its owners? Is the Chinese Chery company associated with it?

– “Chery Automobiles Rus” was founded as a Russian distributor firm. But it is a company with foreign capital. It belongs 100% to the parent company, Chery.

– How many people work in “Chery Automobiles Rus”?

– Seventy-six Russian specialists plus nine Chinese.

– Who are your clients in Russia? By social status, by income...

– The Russian car market has a longer history, the customer here already knows exactly what he wants, what use a car is to him and how he will use it. And he chooses the marque and model accordingly.

It is a different situation in China. For many Chinese families, the car the

are buying today is the first one in their lives. For them it is still an object of some luxury. Sometimes they do not yet have a clear idea of how they will use their car. So they often choose by the marque and are attracted to the larger-sized models.

– How constant are your clients in Russia? Do many of them stay faithful to the marque?

– Fidelity to the marque is high in the Russian market Our dealers confirm this. Clients often trade in their old Chery for a new model. According to the analytical agency “Avtostat Info”, Chery is the most popular Chinese marque in Russia. And the Avtostat statistics include both sales of new cars and deals in the second-hand market. That is, sales of second-hand Chery cars are also increasing in Russia. And this shows that people trust the reliability and quality of our products.

– How is the current crisis affecting Chery’s plans in Russia? In 2014, you opened

Our network in Russia is not only stable, but growing.





***new sales and service centres
in a further 23 towns. How do
you assess the prospects for this
year?***

– It's a difficult situation. But we look on it as a challenge, and new potential opportunities. Our network

in Russia is not only stable, but growing. Furthermore, last autumn we introduced three new models of the most up-to-date Ambition Line series: the crossover utility vehicle (CUV) Tiggo 5, the B-class sedan Bonus 3 and the C-class car with business-class

dimensions Arrizo 7. And we don't intend to stop there.

– You are offering eight Chery models in Russia at the same time. But sales statistics show that 68% of your turnover comes from two models, the compact CUVs Chery Tiggo FL and Tiggo 5, which is new. Are you maintaining such a wide range for prestige reasons?

– We are keeping eight models on the market so that we can satisfy the demands of all possible categories of purchaser. We shall make use of this demand, and may possibly add new cars specifically for this niche to our model range.

– Ninety per cent of the main Chery company belongs to the state. We are sometimes told that state companies and companies with state participation are always less efficient than private ones. What is your opinion?

– I can state with confidence that we are more efficient than many private Chinese companies. But Chery is always willing to assimilate front-line technical experience and to cooperate with the best producers of the West and East. In 2002, for example, Chery became the first Chinese car manufacturer to receive an ISO/TS 16949 TUV certificate. This is an

international industry standard of requirements for quality management systems in design, production and servicing.

We have cooperated with the Japanese Mitsubishi and the British Lotus Engineering. Our new transmission was created with the participation of the German Bosch. Eighteen different car engines have been developed and produced together with the Austrian company AVL. And the new series of Chery Ambition Line models which we offered last year was worked on by a whole international team of engineers, constructors and designers. Germans, French – and the head designer was the Canadian James Hope, who previously worked for the US firm General Motors.

– The Chery marque has a highly developed network in Russia today: 106 dealer centres in more than 80 towns. How do you select new dealers?

– First we select candidates for the dealership department, and then we talk to representatives of each candidate here in the company. We discuss their capabilities and prospects in terms of technical equipment, marketing strategy, supply of spares and so on. And then we decide who to select. We are interested in long-term cooperation with them.



– Last year Chery stated up its own assembly line in Russia at the Derways factory in Cherkassk. Are you selling models assembled there in Russia, or are you also importing cars made in China?

– They come both from China and from Cherkassk. Although already almost 90% of our cars are delivered to the Russian market from the factory in Cherkassk. And this share will grow.

– Your company takes part in the Russian road rescue service for drivers. I am thinking of “Chery – assistance on the road”...

– Yes, we are the only Chinese marque in the Russian programme of technical, informational and legal assistance to motorists on the road. We joined it even before the Russian “Lada”. The programme is run with the assistance of our partner, the company “Russian Automobile Association” (RAA).

– What sort of car do you drive in Moscow?

– An Arrizo 7.

– Is that the rule, that you have to drive a Chery car?

– I simply like it a lot. It uses all the latest technologies. Besides, I always want to get behind the wheel myself, to understand what is changing in our cars and in what way. Because it is one thing to talk about what is written in the brochures, and quite another to experience the changes yourself. ■



elementaree.ru



Food Optimization

Olga Zinovieva's startup Elementaree delivers prepared ingredients to Muscovites for meals at home along with instructions on how to cook them

Olga Zinovieva's startup Elementaree interested future investor Lawrence Lepard straight away. At the time, Olga was finishing her course at Harvard Business School, and Lawrence was going there every year to judge a startup competition.

The idea for the Elementaree project was simple: freeing up time for those who want to eat well but are not prepared to spend the lion's share of their time cooking meals at home. Elementaree's deliverymen

supermarket itself, is inefficient. There are too many links in it. We buy goods which we don't need. According to statistics 30% of products purchased are simply thrown away. Therein lay the potential for a successful business! As a former optimization consultant, I wanted to put this right. My training and experience is across-the-board: consultancy companies and funds (McKinsey & Company, Horizon Capital, Russian Direct Investment

In June of last year, Elementaree launched its healthy eating programme

bring the prepared ingredients along with instructions on how to cook them. In June of last year, Elementaree launched its healthy eating programme. The client fills in a form, setting out their aims: to lose weight, maintain their figure, or simply to feel more energetic. Referring to these, Elementaree's dietician selects the appropriate nutrition programme.

"Going to the supermarket is still the main way of getting food," says Olga. "Modern people with iPhones and Google Glasses are still pushing the same old trolley around. This whole chain, from the food producer to the

Fund), and Harvard Business School. However, I wanted to do business in an area where it was possible to take convenience and the price to quality ratio for the customer to a radically new level."

The project was launched in the autumn of 2013 when Olga returned to Moscow from Harvard. It was started in tandem with Szilard Buksa who she was at college with. A Hungarian by nationality, he came to live in Moscow in order to commit to the project. They worked in a rented apartment. As soon as the product appeared and the first orders came in, they hired



I do business in an area where it is possible to take convenience and the price to quality ratio for the customer to a radically new level.

a professional kitchen. This is where the whole operational part of the team are to be found. The other part – involved with sales and marketing – moved to a co-working space near Kurskaya metro. The reason being that the offices there attract many experts who can always be counted on to give advice.

The company now employs 30 people: 11 of them deal with the sales, marketing, and customer support side, the others being the chefs and the deliverymen. IT and accounting are outsourced, as are several dieticians from various countries. The investment of 200,000 dollars (10% of the company's value) mostly went towards the employees' salaries. Later on, Olga also put in some money of her own.

Interaction with the investor mainly goes on by phone. Once a quarter, Elementaree sends off its accounts, they are discussed, and the necessary

decisions are reached. This far from typical way of interacting Olga describes like so. "We are the only ones in this niche in the Russian market. Management of operations is 100% in our hands. The investor helps us with his advice and support. Today Elementaree has over 1,000 regular customers, and the company has completely recouped its outlay, and manages without the need for further investment." ■



Read here the interview with project investor Lawrence Lepard, head of Equity Management Associates.



The Potential to Change the World

American **Lawrence Lepard** is investing in his first Russian startup, Elementaree, where he is counting on people rather than business plans.

BY: IGOR LEVSHIN | PHOTO: LAWRENCE LEPARD | TRANSLATION BY: JASON J SHAW



Lawrence Lepard, who heads *Equity Management Associates*, has been in the venture capital business since 1984. And he only invests in a business he understands. He doesn't seek out something radically new, preferring a traditional approach. And what could be more traditional than a business that helps people to eat well?

– **How did you come to invest in the Russian startup Elementaree?**

– I have been professionally involved in investment my whole waking life. I graduated from Colgate University and Harvard Business School, where I was awarded an Academic Distinction. Every year, I go to Harvard to judge a startup competition. When Olga Zinovieva finished her MBA course, she presented the business plan for the Elementaree project. Her work made a big impression on me. The potential of this startup gave me the idea of investing in Elementaree. It stemmed from the following considerations: healthy food, and a convenient way

of obtaining it, is a worldwide trend. The more society develops and becomes more affluent, the more people think about their health. A high-quality diet is the most important factor in their concerns. There is a great deal of evidence that people are prepared to pay a lot more than normal for high quality, healthy food. The success of Whole Foods Markets in the US is further confirmation of this. As I see it, Russia is no different from the rest of the world in this sense, and Moscow is the perfect place to put this idea into practice.

– **Many investors prefer to put their money into IT or the mobile**

Healthy food, and a convenient way of obtaining it, is a worldwide trend.



***phone market, others into biotechnology or medicine.
Which markets do you prefer?***

– My criteria for choosing the economic sectors to invest in are very simple. It should be a business I understand, and it should have the potential to grow and to change the world for the better. I don't invest in biotechnology as I am not a scientist. With medicine, more often than not, industry development is directed more by the government rather than the market. I love investing in services and retail trade: these are businesses I understand very well. My favourite and most successful projects are where technology has given a traditional business the opportunity to work in a new way. Elementaree immediately falls into this category. It uses the internet so that busy people don't have to spend time preparing home-cooked food but can select it through an online service. With Elementaree, it is put together, and delivered to them.

– What makes Elementaree unique?

– Selling food is in no way a unique occupation. But Elementaree sell not just food, they sell convenience and quality in one “package”. You could say that they have created a new business product, a new market even. As far as I know, not one company in Russia offers the same quality of service at such prices.

– In which countries apart from the US and Russia have you invested?

– I am prepared to invest in any country. There are projects, set up with my money, in Norway, India, Vietnam, China, and Brazil. I work wherever I manage to find the right people. The startup Elementaree is my first ever investment in Russia and Eastern Europe as a whole.

– When is it, in your opinion, that you can take a risk for a greater profit, and when is it better to deal with a stable business?

**I love investing in services and retail trade:
these are businesses
I understand very well.**



– Embarking on something that no one has done before is always a big risk. My fellow investors and I have a saying: “You can always tell a pioneer by the arrows sticking out of his back”. For me, the main thing in business is people: decent and mature, and who know what they are prepared to sacrifice to turn their plans into reality. Furthermore, having an idea which is smart, and which the world needs. I like businesses where I know beforehand that they are going to work and bring in a certain amount of income. For example, I do not have the slightest doubt in the future of Elementaree nor in the fact that in the future people will be chowing down on food with an eye on its quality and health benefits. In every country!

I prefer a business which is more stable and less profitable. I believe that it is possible to succeed with a more low-risk project too: just that it will take more time. I have plenty of that, and am prepared to wait! The scenario in the spirit of “Take a risk: it’s all or nothing” is not for me. Offering people

healthy food of good quality, though, is a simple and comprehensible business. If you do it well, your business will flourish.

– How much of a risk do you see in investing in Russian projects?

– I’m not an expert on Russia, but I think that every government in the world, in one way or another, is getting to the point where entrepreneurs offering the market something new will become an organic part of the local landscape. Russia is developing in line with these trends, and I look with optimism at a situation which others would consider to be risky.

– How important to the investor are the differences between countries in terms of mentality and cultural traditions?

– Very important. When you are counting on specific people, you assume that they know and understand the country they live in. Look at Olga, somebody who is capable of building a business in Russia. It is also clear

Entrepreneurs offering the market something new will become an organic part of the local landscape.



that not every idea will work in this or that country. However, countries and people have a lot more common than is commonly thought. If you follow the development of a business plan in the US, you can forecast with great accuracy its development in other countries. Patterns usually repeat themselves.

– *Would you care to compare Russia with other countries you have invested in?*

– In my view, Russia is an incredible place to invest in. Massive opportunities! People are responsive and capable of hard work. I am judging this by the businesspeople from Russia who I know. They have great originality, single-mindedness, persistence, that which Americans call grit. They are talented, decisive, and practical, all at the same time. Compared to the US where a lot of businessmen are spoiled and think that the whole world is owed them, Russia is a Promised Land for the investor! Olga's and her team's attitude towards their business is phenomenal. It is

a battle every day to change people's habits, to teach their customers how to feed themselves differently: with better quality and greater benefits. I was struck by her the first time we met. Since then, this impression has only grown stronger.

– *How important in the countries you invest in is the presence of a developed venture investment infrastructure? Would you mind comparing Russia with other developing markets?*

– When a country has venture investment infrastructure, it helps a lot: connections, contacts, and extra funds for the next rounds of investments are all very valuable. If there is a wide choice of successful entrepreneurs who can become mentors for the initial stages of projects, a lot of issues can be more easily resolved. Russia has done a lot in this area, but it still has further to go. I think that technology here in the next ten years will develop, that there will be fresh success stories. My feeling is that Russia is roughly at the same stage of development as other

Russia is an incredible place to invest in.



BRICS countries like Brazil, India, and China. In terms of venture investment infrastructure, only India is ahead. For example, in Brazil and China, a good start for a business is mainly a question of connections, and how close you are to an influential family or clan. Any serious venture capital infrastructure is not something that I noticed there at all.

– *How important is government support to a venture business?*

– The best thing that a government can do for business is to not throw a spanner in the works. If they want to help, then great! But there is no real need for this. Entrepreneurs will work out for themselves how to solve their own problems. When it comes to investing, what is important for me to know is that the country's government itself is not a problem. In contrast to several American politicians who are forever trying to get dragged into some kind of conflict, the RF government officials make a much

more favourable impression on me. They have a responsible approach towards fiscal and monetary policy. They want to see the Russian economy growing and flourishing. It is vital that the government plays by the rules and believes in the supremacy of the law. Entrepreneurs cannot run a business in a market where the rules are constantly changing. As long as these principles are upheld, small companies can grow successfully and thrive.

– *What advice would you give to foreign investors?*

– My experience tells me that, to a large extent, good people in different countries are very similar. They like to work hard, support their family, live in peace. Cultures differ, but wherever you go, you will always find decent people. My advice to all investors is this: first get to know them better, then have faith in the people in whose projects you are about to invest in. There is no such thing as foreigners: we are all the same species! ■

The best thing that a government can do for business is to not throw a spanner in the works.





Given the Green Light!

*China and Russia make use of great
possibilities of small business*

BY: VIKTOR ERMAKOV | PHOTO: RUSSIAN SMALL AND MEDIUM BUSINESS SUPPORT AGENCY

TRANSLATION BY: JACK DOUGHTY



Russian-Chinese relations in the field of small and medium business are reaching a new higher-quality level, thinks **Viktor Ermakov**, the RF Public Representative (Ombudsman) for Protection of the Rights of Small and Medium Business and Managing Director of the Russian Small and Medium Business Support Agency.



A significant even took place in Beijing at the end of April. The first Russian-Chinese “Great Possibilities of Small and Medium Business” forum was held in the “Diaoyutai” (the residence of the Head of the Chinese State). From the Russian side, the forum was run by our agency, and from the Chinese side by the Association for the Planning and Development of Enterprises Abroad. The organizers included the Russian-Chinese Friendship, Peace and Development Committee and the Russian-Chinese Business Council. The event was officially supported by the RF Ministry of Economic Development and the PRC State Committee for Development and Reform.

The forum has a history. In Beijing last year our agency, as instructed by the Asian-Pacific Economic Council, presented a business platform for the advancement of the products of small and medium enterprises in the countries of the Pacific region. It was then that

SMALL AND MEDIUM BUSINESS RELATIONS BETWEEN OUR TWO COUNTRIES HAVE NOT BEEN SYSTEMATICALLY REGULARIZED.

the Chinese leadership had the idea of holding the forum, which was to become a continuously operating platform for effective communication between the small and medium enterprises of Russia and China.

Crude self-interest – buying cheap in China and selling dear in Russia – has long ago faded into the background. According to travel agencies, the number of Chinese coming to Russia has increased by 150%. But paradoxical as it may seem, in spite of recent “people’s” links in this field, small and medium business relations between our two countries have still not been systematically regularized. Yet the problems arising were based on one simple thing! Small and medium businesses always have difficulties with their marketing and advertising budgets. And they cannot allow themselves to have external economic relations departments in their structure to travel round cities and everywhere else to advertise their products. In some countries, these functions are undertaken by the state: it examines the products, then presents and publicizes them in external markets. Medium and small businesses are thus relieved of overhead expenses, and can go on to find their niches and partners to implement their contracts to great advantage. We have come close to this business model too.

The announced agenda was popular. Interest in the forum exceeded all expectations. From the Russian side, more than 320 people took part, including about 200 representatives of 145 companies and 120 members of official and regional delegations. There were 38 of these altogether from the RF, 11 of which represented



RUSSIA AND CHINA HAVE COLOSSAL POTENTIAL IN THIS SECTOR.

their regions as ideal areas for various kinds of investment. From the Chinese side, over 40 different investment companies were represented at the event.

The very fact that the forum was held in the main residence of the head of state means a lot. For a Chinese businessman to be able to come here is a sign of the highest respect and recognition for his services. The PRC leadership was represented at the forum by Zhang Gaoli, Deputy Premier of the PRC State Council and one of the seven most powerful politicians in China, and the Russian delegation by Arkady Dvorkovich, Deputy Chairman of the Government. It is curious that the moderator of some of the forum platforms was Deng Rong, the daughter of the former leader Deng Xiaoping.

It was said more than once in the corridors of the forum that the new format had been given the green light. This was confirmed by the first results. The signing of an agreement on cooperation between the “Skolkovo” fund and the Cybernaut investment group took place at the opening ceremony. The contract provides for creating joint Russian-Chinese business incubators, a robot technology centre and a venture fund.

An agreement was also signed on cooperation between the Chinese Association for the Planning and Development of Enterprises Abroad and the Russian Small and Medium Business Support Agency.

In the course of the forum, understandings were also reached on the joint implementation of several business projects. In particular,



TWENTY PER CENT OF THE FORUM PARTICIPANTS CONCLUDED SPECIFIC AGREEMENTS AND CONTRACTS.

the Chinese company MSS agreed to invest in the construction of infrastructure projects in Vologda and Novgorod oblasts, and the company ZTE agreed to finance the creation of an electronic platform for the sale of agricultural produce from China in the RF.

Both sides supported the idea of holding such forums on an annual basis; the next one is due to be held in Russia. At the closing ceremony, Boris Titov, Chairman of the Russian part of the Russian-Chinese Friendship Committee and the RF President's authorized representative on the rights of entrepreneurs, announced that the next forum is planned for April 2016 in Sochi.

We understood with complete clarity: Russia and China have colossal potential in this sector, as well as mutual interests and capabilities. The products of Russian small and medium enterprises are truly competitive in the Chinese market. This particularly applies to the foodstuffs group of goods. There are several reasons for this. Firstly, in connection with the change in the rouble rate, from an import niche, we have gone over to a price niche of Chinese production. Secondly, the high quality and ecology-friendly nature of our products has turned out to make them in high demand in the Chinese market. The Chinese are also prepared to invest not only in major infrastructure projects, but also in joint ventures on Russian territory.

To sum up: at this forum Russia made itself known as a serious producer, ready to assimilate considerable investments. The Chinese leadership, by all its actions, gave it to be understood that the necessary conditions for



Russian small and medium enterprises to enter the Chinese market have been created.

The fact that twenty per cent of the forum participants concluded specific agreements and contracts is a clear confirmation of this. ■



Defending Yourself against Hackers

*How the foreign businessman can secure
his bank accounts in Russia from attack
by cyber criminals*

BY: STANISLAV KOMAROV | PHOTO: GROUP-IB | TRANSLATION BY: JASON J SHAW



Russia's leading company for prevention and investigation of cybercrimes and internet scams, Group-IB, each month files in the order of 900 attempts to steal money from the bank accounts of domestic and foreign companies. Ilya Sachkov, founder and CEO of Group-IB, reveals how to protect your business from hacker attacks and online intruders.

– A foreign businessman comes to the Russian market and starts a company. And immediately he encounters the issue of his business' information security?

What awaits him in Russia?

– Any businessman working in Russia, regardless of his nationality, needs to understand that the most prevalent crime in our country is the theft of money through the online banking system. Unfortunately, little is said about this, but each day around fifty legal entities in Russia lose the money in their bank account. That

is just the official statistic. In actual fact, there are a lot more such crimes. Neither large companies nor small and medium-sized businesses are insured against stealing of funds from the company account. Russia is not the exception here: companies are exposed to cyberattacks of varying severity in all the developed countries of the world, and you have to be vigilant at all times. As an example, only last month, we were able to prevent our clients from losing 12 billion roubles. That's a great deal of money.

NEITHER LARGE COMPANIES NOR SMALL AND MEDIUM-SIZED BUSINESSES ARE INSURED AGAINST STEALING OF FUNDS FROM THE COMPANY ACCOUNT.



– *What is the point in hackers targeting small and medium-sized businesses?*

– Such things bring the business of companies to a virtual standstill. Money disappears from the account and a lot of running about begins. To the police, lawyers, expert organizations, all of which requires the expending of a huge amount of energy and resources. In 2009, one of the first victims of cybercriminals was a large foreign clothing retailer which dug out its branch in Russia. For reasons of corporate etiquette, I am not able to reveal the name, but a very large sum was stolen. It caused them a fair amount of nail biting. A recent example of one of our successful investigations is when we uncovered a criminal gang of hackers which had infiltrated two hundred organizations in Russia and stolen a billion roubles from their accounts.

– *How do you safeguard yourself from such a threat?*



– The basic principle of defence: the computer on which the organization's transactions are carried out should be used for that alone. The accountant or director uses it only for online banking. We recommend buying a dedicated computer, spending 15–20,000 roubles for this purpose, installing the necessary software, and forbidding any internet access security strategy other than the banking resource itself for updating the software.

How does your computer normally become infected? The user decides to visit an unauthorized site because

**THE BASIC PRINCIPLE OF DEFENCE: THE COMPUTER
ON WHICH THE ORGANIZATION'S TRANSACTIONS
ARE CARRIED OUT SHOULD BE USED FOR THAT ALONE.**

the subject-matter is of use to him, but that resource has already been hacked. “Sitting” there is a virus program which begins to seek out vulnerabilities on your computer and downloads the virus onto it. If the virus detects any signs of any kind of payments, it loads a specialized program module. And the intruders begin to see how much you have in your accounts. Theft occurs in such a way in 95% of the cases we have investigated.

– That’s terrible. Say that very same unfortunate incident happens to a company. What is the next step to be taken in such a case?

– Stay calm. Turn the computer off. And not only complete the operating system’s tasks, but unplug it from the wall. Then there are two more actions you need to carry out. The first: write a report for the police. According to current legislation, you can do this at any police station, but it’s better to do it in the one in the same area as your bank. The second action you can carry out in tandem. Make a written claim to

the bank regarding the transaction. I will say straight way, the situation for legal entities is not so straightforward: payment orders coming into the bank have a digital signature. For the bank, this is already a legal basis for processing the transaction. The bank, of course, can meet the client halfway and delay the payment until an investigation has been carried out. The basis for carrying out such a cyber-investigation is your police report.

– What else can be done to protect the funds in an organization’s accounts?

– We recommend that the company accountant checks the company account several times a day, all the more so as this can be done automatically. It is preferable to know personally the employee who deals with your transactions at the bank. Inform them of the average daily amounts for transactions. If an unusual payment involving an unusually large sum of money takes place, request that they delay it and let you know by telephone. In our experience, there have been

THE BASIS FOR CARRYING OUT SUCH A CYBER-INVESTIGATION IS YOUR POLICE REPORT.



some fantastical payments: a pharmacy in St. Petersburg bought a crane for 16million roubles. Clearly, that was an attack by cybercriminals.

Certain forms of defence require a certain amount of investment. It is possible to insure yourself against such incidents. In Russia, there are several insurance brokers which have begun to offer such services. It doesn't cost much: from 20,000 roubles a year, but in the event of a hacking, the insurance enables you to save money on investigating the crime and the subsequent legal actions.

– *Is it only foreign companies which run these risks in Russia?*

– A very dangerous thing is: data leakage. For the businessman, it deserves to take second place in terms of importance. Employees who have been fired, as ever, like to take confidential information about your company with them. They steal it digitally and by printing it off. If there

is a trained lawyer working at your company, he should introduce into the company a non-disclosure agreement regarding commercial secrets. Company employees become aware of this document by signing it. It guarantees that on parting with an undesirable expert, you will take a stand, and a reasonably tough one at that.

There is one more prevalent and, at the same time, simple internet scam. Many foreign companies setting up in Russia obtain a domain name. But a few forget to renew it every year. There is a massive business in our country connected to the purchase of domain names. The “forgetful” company then has to pay three times as much to get it back. If this domain name is “tied” to an email address, then the scammer can, for a time, receive all of your correspondence.

– *What means of protecting information would you recommend to the foreign*

IF THERE IS A TRAINED LAWYER WORKING AT YOUR COMPANY, HE SHOULD INTRODUCE INTO THE COMPANY A NON-DISCLOSURE AGREEMENT REGARDING COMMERCIAL SECRETS.



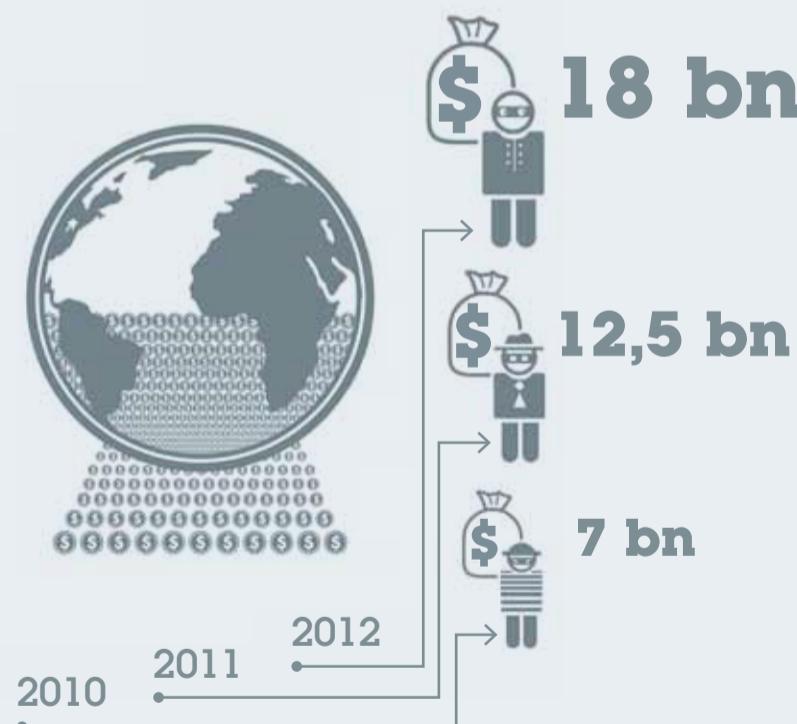
businessman? What do they cost on the Russian market?

– Our technology is with the leading Russian service providers, and it is through them that we seek to handle the threat of viruses towards your organization. We don't protect the end-user's computer, we try to protect the whole network interaction of your enterprise.

Of the means of “individual” protection for your business, we recommend Bot-Trek Threat Detection

Service (TDS): a service we have developed enabling your company to identify in real time any infected parts of your network, prevent data leakage, targeted attacks and industrial espionage using information technology. The cost depends on the number of computers in your network. Don't be afraid to come to us for a consultation: we give them free of charge. After all, the most unexpected and specific risks can arise, depending on the type of business you are in. ■

Loss to the global economy due to cybercrime



WE SIMULATE SITUATIONS



worldwidegost.ru



Technical question

When goods are imported into Russia, certification for them will definitely be required

BY: OLGA SENATOROVA | PHOTO: WORLDWIDEGOST | TRANSLATION BY: JACK DOUGHTY



*Foreign suppliers often do not know that any goods sold in Russia must have a certificate confirming their compliance with national standards and norms. And Russian standards and norms are much stricter than those in other countries. **Kseniya Maksyukova**, development director of certification agency WorldWideGost, tells of the particular features of drawing up technical documentation for bringing in imported products.*

SITUATION



A company from the Netherlands producing measuring instruments for the oil and gas industry concluded a contract for the delivery of its products to Russia. It became apparent in the course of implementing the contract that the instruments must have special Russian certificates.

The Dutch applied for consultation to a private Russian certification agency. With the aid of experts, a programme of technical tests was drawn up taking into account the Russian requirements for the production capacity of the supplier company. As a result of these tests, the company was able to obtain the necessary certificates.

Remember: to obtain a Russian certificate for any technical device, special technical tests must be conducted. The results of the tests must also be drawn up to an established standard and in accordance with the requirements of the Russian regulatory authorities.



SITUATION

2

A Turkish company distributing finishing materials from an American producer studied the prospects of entering the Russian market. The company received a proposal to conclude a contract for the delivery of products to Russia. In the course of the negotiations, the question arose of who would undertake to draw up the technical certificates. The Turks applied to Russian specialists for consultations.

They found out in the certification agency that either the supplier or the purchaser of the goods could undertake to draw up the certificate. Since this process takes time and money, the expenses are usually undertaken by the party with the greatest interest in the deal. However, it must be remembered that the one who draws up the certificate will be the owner of it.

THE ONE WHO DRAWS UP THE CERTIFICATE WILL BE THE OWNER OF IT.

Of course it is more profitable for the supplier to pass the expenses and concerns of certification onto the purchaser. But then these certificates cannot be used in concluding deals with other clients, who may refuse to draw up the certificates at their own expense.

The Russian company's experts commented that if it is a matter of test batches, one-off deals or concluding a contract with an exclusive distributor, there is no sense in spending money on drawing up Russian certificates. But if the company is going to develop its business in



SITUATION

3

A company from the UK delivers technical equipment for painting and lacquering to Russia. Difficulties have arisen in connection with the introduction of a technical regulation of the Customs Union (the Eurasian Economic Union) which consists of Russia, Belarus, Kazakhstan, Kyrgyzstan and Armenia. This regulation established that applications for Russian technical declarations can now only be submitted by legal entities registered on the territory of Russia. A declaration is required to declare that the imported products comply with Russian technical standards and norms. The British brought in a Russian certification agency to solve the problem.

The question then arose of the need to open an official office in Russia to make it possible to draw up declarations for the company's products. In the course of consultation with Russian specialists, two variants were discussed. It would be possible for the company to register and maintain its own company on the territory of Russia. It would also be possible to entrust the job of drawing up declarations to a Russian organization.

The British company calculated that it would not be profitable to maintain their own office in Russia just for the sake of drawing up technical declarations. Therefore a contract was concluded with the Russian certification agency for it to undertake the responsibility for the quality of the supplied products. By this means the agency undertook to supply applications for technical declarations for the British manufacturer's products, and then to hand over the completed documents to it.

Russian customs check that the company named in the declaration as the applicant really does have an appropriate contract with the supplier company. If discrepancies are discovered, the goods will not be permitted to enter Russia.





Despite the Crisis

*Moscow's industry exhibitions
are gathering entrepreneurs
from all over the world*

BY: IGOR IVANOV | TRANSLATION BY: JASON J SHAW





ИНТЕРАВТО

11TH INTERNATIONAL
EXHIBITION
OF THE AUTOMOTIVE
INDUSTRY "INTERAUTO"
interauto-expo.ru



26.08 – 29.08

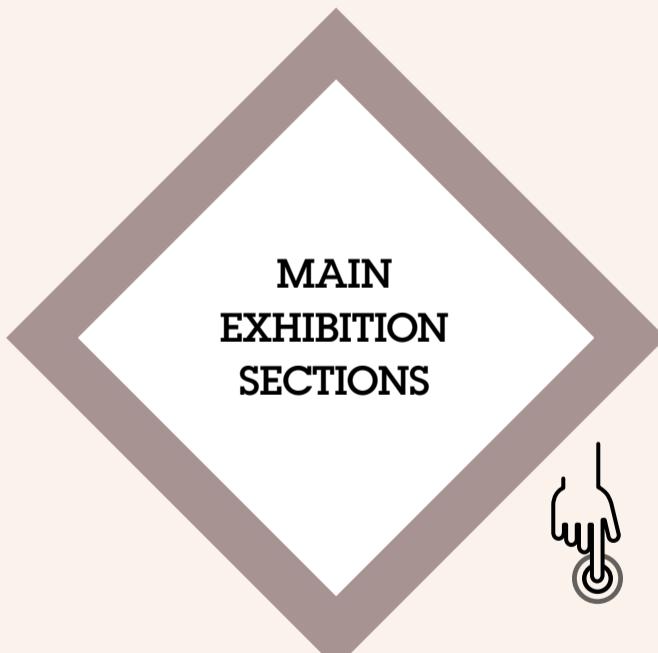
Venue: "Crocus Expo"
International Exhibition Centre
Profile: automotive industry

"Interauto" is one of the effective ways of discovering the potential for Russian and foreign enterprises in the field of manufacturing competitive products and promotion of them on the domestic and foreign markets. "Interauto 2015" will cover over 30,000 sq. m., and taking part in the show will be 700 companies from 30 regions in the RF and 16 countries around the world (Austria, Belgium, Belarus, Germany, Greece, Spain, Italy, Iran, China, South Korea, Poland, Russia, France, USA, Turkey, and Japan). Visitors to the exhibition know to expect a packed programme featuring several standout events:

— presentation of the "Golden Wrench" : an independent international industry award for the market in supplies and brands of vehicle-servicing equipment in Russia,;

— 2nd International Assembly of Automotive Industry (MAA 2015), organized by NAPAK.

MAIN
EXHIBITION
SECTIONS





**9TH INTERNATIONAL REAL
ESTATE INVESTMENT FORUM
«PROESTATE»**

proestate.ru



07.09 – 09.09

***Venues: Expocentre, Congress
Park at the Radisson Royal
Hotel, Moscow***

***Profile: real estate, investment,
development***

The key real estate event in Central and Eastern Europe. Each year, the PROEstate forum brings together over 3,000 leading professionals in the field of real estate and investment from 30 different countries, and 70 cities across Russia. PROEstate 2015 is: real investments in concrete projects, developers from all over Russia, representatives of the Federal and Regional Authorities, and foremost members of the media.

**BUSINESS
PROGRAMME**





**21ST INTERNATIONAL TRADE
FAIR FOR TRAVEL AND TOURISM
OTDYKH LEISURE
*tourismexpo.ru***

15.09 – 18.09

Venue: Crocus Expo

Profile: tourism

This is where the professionals – leading tour operators, travel agencies, national offices for tourism, and Russian regional authorities – meet. OTDYKH LEISURE is the leading international tourism exhibition for Russia and the CIS, held in the autumn. This is already the 11th time that the exhibition will take place alongside OTDYKH MICE (projects specializing in business and incentive tourism), OTDYKH LUXURY (exclusive holidays), and OTDYKH SPA & HEALTH medical and health tourism). The business programme will feature international educational conferences, seminars, round tables, and it will bring together all of the forum's events under the overall brand name OTDYKH.

**MAIN
EXHIBITION
SECTIONS**





WorldFood
Moscow

**24TH INTERNATIONAL
FOOD EXHIBITION
WORLD FOOD MOSCOW**
world-food.ru



14.09 – 17.09

Venue: Expocentre

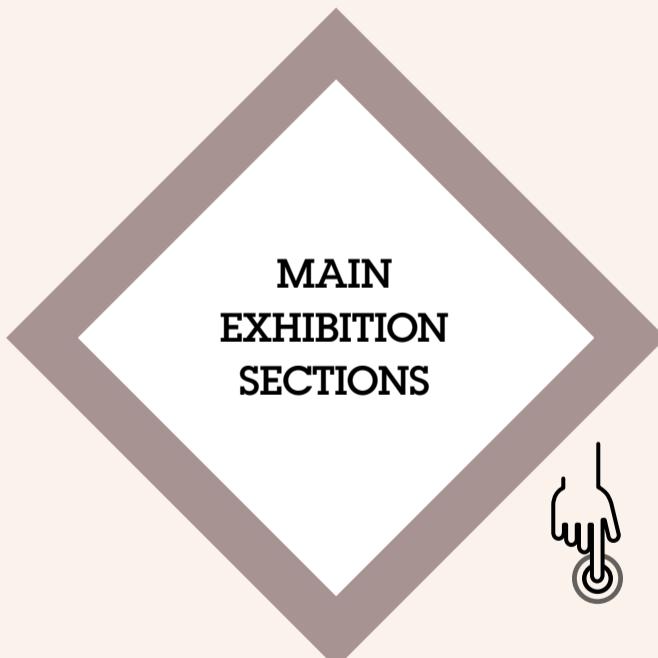
Profile: foodstuffs

The WorldFood Moscow international exhibition is a unique trade fair of standing and with heritage. On show is a wide variety of fruit and vegetables, groceries, confectionaries and baked goods, meat and fish, tea and coffee, tinned goods, dairy products, fat and oil products and sauces, as well as frozen and ready-to-cook food, health foods, and drinks produced domestically and abroad.

The WorldFood Moscow exhibition is a proven platform for introducing new products to the Russian market. This annual show is attended by representatives of such organizations as wholesale food warehouses, distributors, retailers, retail chains, and catering companies so that they can meet and do business with the exhibition's participants: the food suppliers.

The WorldFood Moscow exhibition offers the opportunity for small and large companies alike to increase the volume and geographical reach of their sales. ■

**MAIN
EXHIBITION
SECTIONS**



B U S I N E S S M O S C O W

Diamond Hall is
the new landmark
office building
in Moscow

On Olympic
Boulevard

PHOTO: DIAMOND HALL



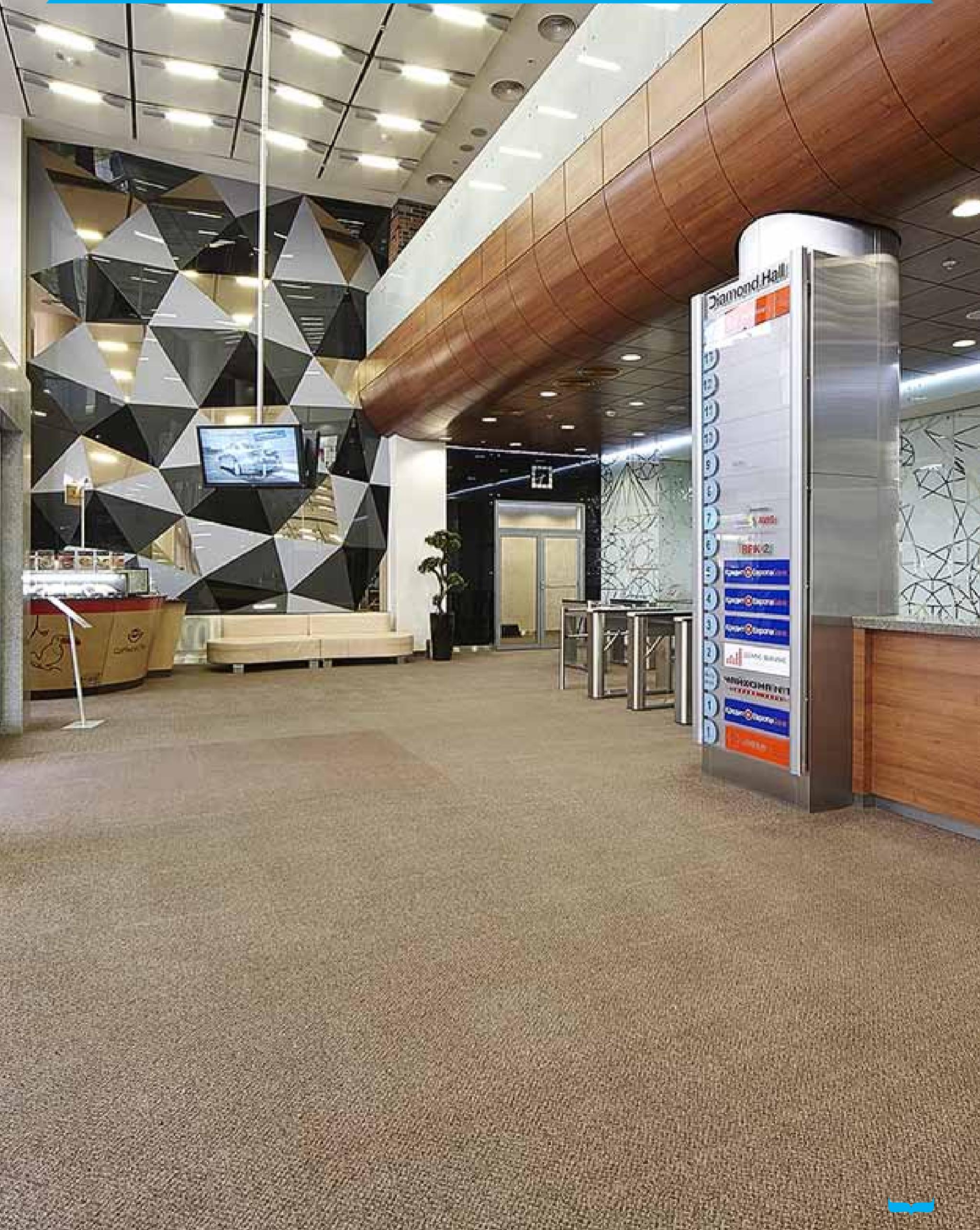
BIGMOSCOW // BUSINESS MOSCOW // DIAMOND HALL



BIGMOSCOW // BUSINESS MOSCOW // DIAMOND HALL







BIGMOSCOW // BUSINESS MOSCOW // DIAMOND HALL



New Zealander
Keith Liddicoat
teaches English
to Russian
businessmen, and
reveres Russian
mathematicians

I Haven't Given Up Hope Yet

BY: IGOR LEVSHIN | PHOTO: YEVGENY DUDIN | TRANSLATION BY: JASON J SHAW

И С МИРОМ

The BKC-IH language school where he teaches, provided Keith Liddicoat with everything that he needs to live in Moscow. But this native of Christchurch, southern New Zealand, dreams of reaching the Arctic Circle by bicycle. Having seen the world, Liddicoat finds Russia to be far more exotic even than Japan.

– How did you end up being in Moscow?

– Oh, that's a long story. I came here for a week in 1985. But not to teach; to learn, at a chess school. I was really into it, and Russia has the best school for chess. It was a different country then, another world, really: the USSR. Chernenko had only just died, and Gorbachev had not yet been made General Secretary. The second time I was in Russia was in 2006. My contract with a certain telecommunications company had come to an end, and so I decided to go travelling. I went on the Trans-Siberian Express from Vladivostok to Moscow: it was part of the itinerary. I had landed in a different country already. A world opened up! The unleashed creative energy of the people was spilling over. I decided then that I had to come back here.

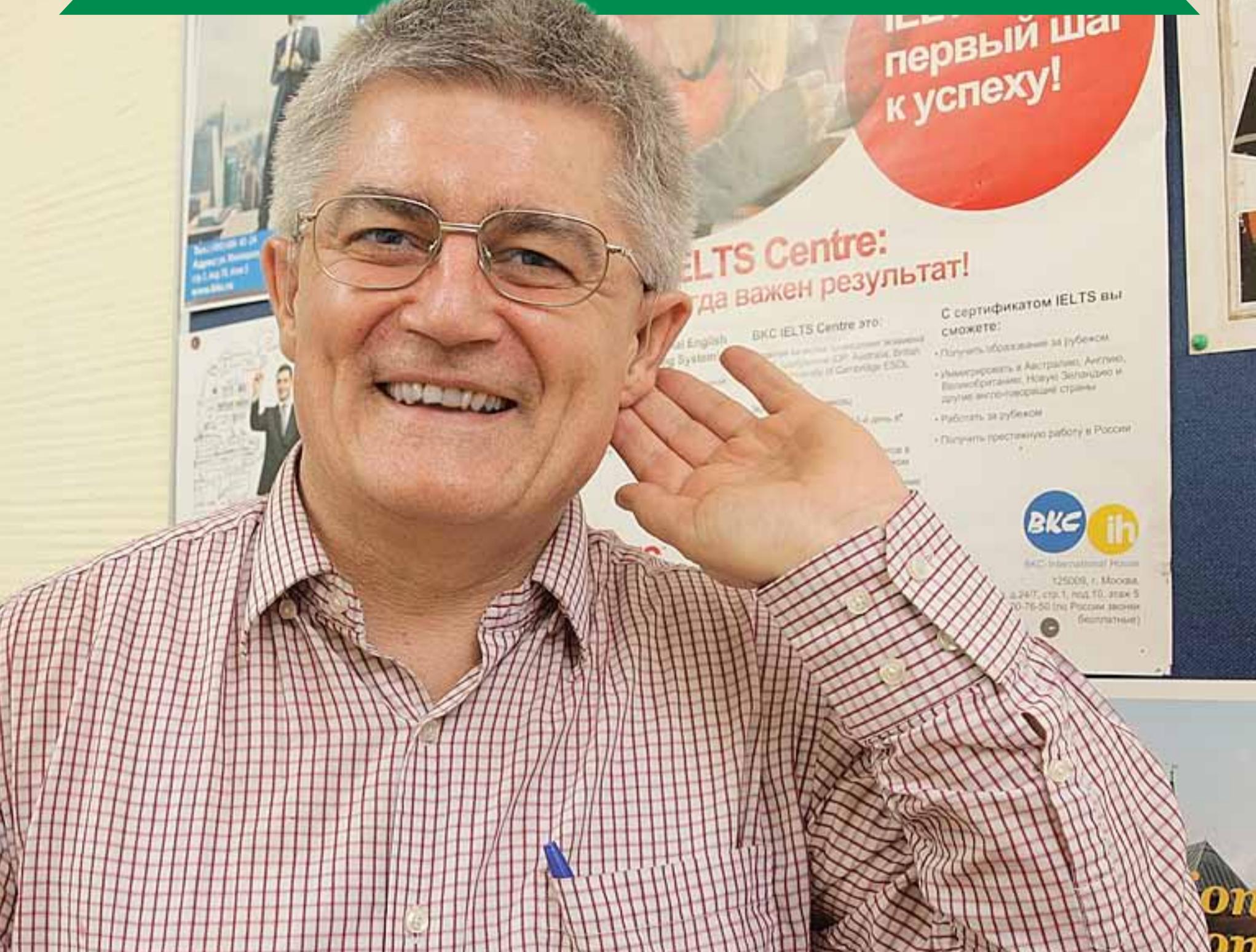
– They were short visits. Your third time turned out to be more serious, didn't it?

– It wasn't any easy choice to make. It all came about at the height of the global financial crisis starting in 2008. Being a financial expert, I decided that it wouldn't be a bad idea to have a second profession: teaching people English. And see the world at the same time. We New Zealanders love travelling. So I became a teacher.

– What encouraged you to take this step?

– John F Kennedy like to say that the concept of “crisis” in the Chinese language is conveyed by two characters: “danger” and “opportunity”. I had the chance to go and do something out of the ordinary. People said that I was mad, but, in the end, I was proved right. In 2009, it wasn't clear how





the situation was going to play out. How was I to get through the crisis? And why couldn't it be done in Russia? My brother buoyed me up saying: give it a try, suppose you get lucky? He had studied in Irkutsk, and was interested in Russian culture. His enthusiasm for your country really took off when he found out that Russians had a fishing complex in New Zealand.

– Is this the first time you have worked as a teacher?

– No. I taught in Japan for 18 months. But I had to leave because of the crisis. It is difficult for New Zealanders to find work in the European Union as EU citizens have priority over those from outside it. Once I couldn't get a work visa for the Schengen Area, your country was left as the completely logical choice. You can travel to Europe from Russia, which is where I was trying to get to. When I was looking for work, it was pretty clear that the situation in Russia

Russians adapt themselves better to crisis: they are trying to think something up while Europeans and Australians are busy tearing their hair out.

was better than in other countries. It soon became obvious: Russians adapt themselves better to crisis: they are trying to think something up while Europeans and Australians are busy tearing their hair out.

– Did you find the school BKC-IH on the internet?

– Yes, there is a popular website in the teaching world: busysteacherscafe.com. A Russian company was looking for an English teacher to work for them. My experience was what they were looking for: Business English.

– Which company did you end up at?

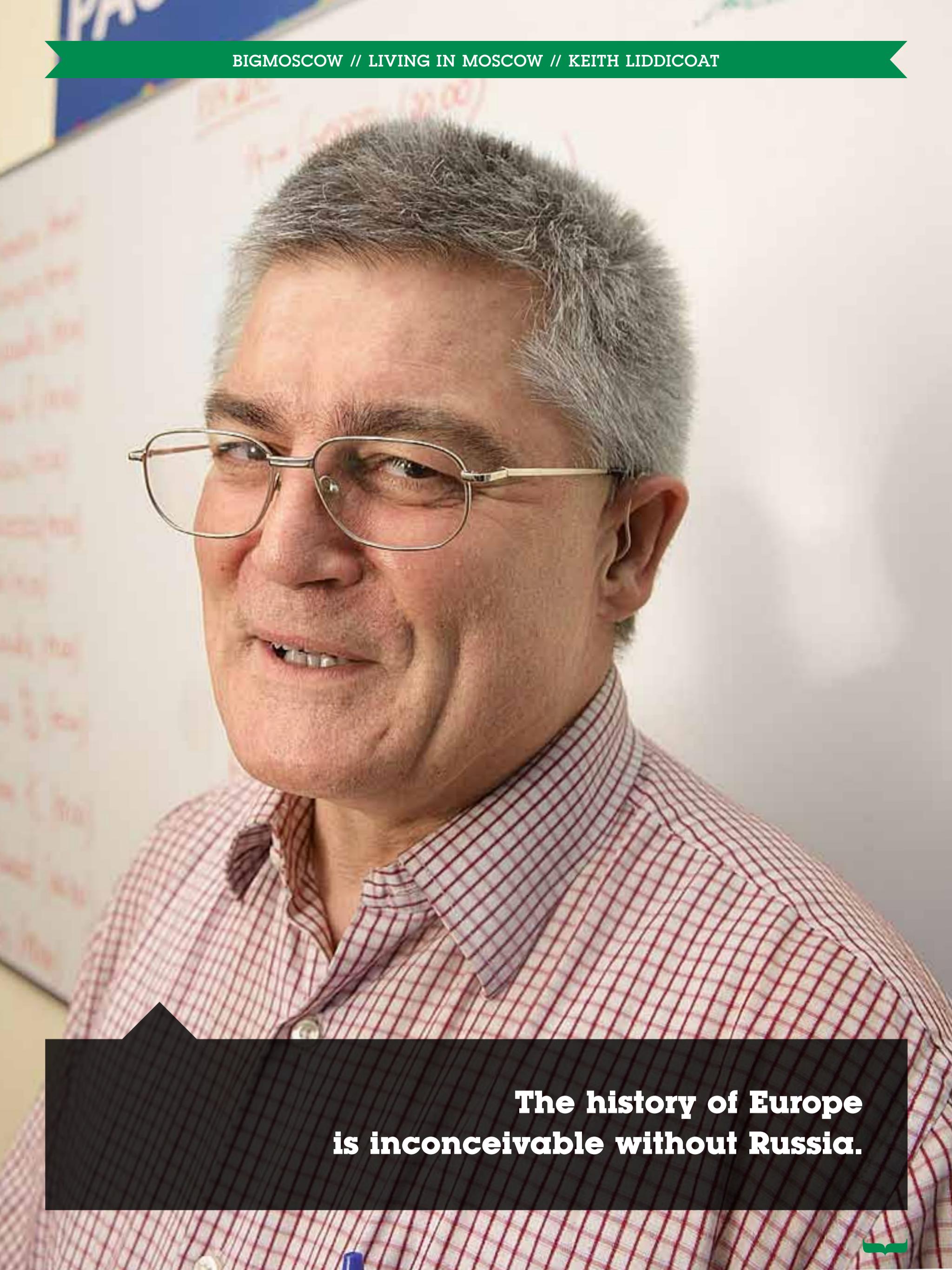
– I was working with pharmacists at Materia Medica Holding. It's a Russian company with a global name. Then, who didn't I teach? I worked at oil and gas companies, including Gazprom. I not only taught them English, but also tested them on their command of financial terminology. I went out to a brewing company, Efes, helped a food retail chain, X5 Retail Group, and did

language teaching at the Skolkovo business school.

– Which country is the more exotic? Japan or Russia?

– Russia. More is known about Japan in the West. They know about the history of Japan, its traditions, its temples, about the volcano Mount Fuji. The main symbol of Russia for the West is Red Square. But there are so many interesting things here apart from that! And what museums inside the Kremlin! I was amazed by the Palace of the Facets. Not forgetting the cities of the Golden Ring! And that



A close-up portrait of Keith Liddicoat, a middle-aged man with short, grey hair and dark-rimmed glasses. He is wearing a light-colored shirt with thin red stripes. The background is slightly blurred, showing what appears to be a wall with some text or posters.

The history of Europe
is inconceivable without Russia.

is but a tiny part of Russia. As I see it, the history of Europe is inconceivable without Russia. There is a lot that I love here: the Russian ballet, mathematics. I truly revere the Russian school of mathematics.

– *Where is it more expensive to live? Let's take, as an example, the rent for an apartment?*

– My apartment in Moscow is not big but it is more spacious than the one I had in Japan, and a little bit cheaper. The same flat in Melbourne would cost at least 120,000 roubles a month.

– *Do you live in the centre of Moscow?*

– In Chertanovo. It's not the centre, but it is not that far away. The area in Moscow is not so important, just as long as the flat is not too far from the metro.

– *Was it hard to find an apartment?*

– In my case, the school itself took care of everything to do with renting a place. It was all sorted out before

I arrived; all I had to do was have a look at the living quarters and give my approval. However, I could have turned to one of the numerous estate agents, explain what I was after, and dealt with it like that.

Of course, there is a huge difference. In New Zealand and Australia, people tend to live in houses rather than flats. But this too has its upsides. Russian neighbours are more considerate towards those living next door. With us, on a Friday or Saturday, neighbours will put on a barbecue and loud music, and forget you are there.

– *You love travelling. How do you manage to get about without companions?*

– With organized tours, there isn't a problem. Independent travelling is trickier. The thing I love to do the most on a trip is long journeys by bike round different countries. Like from Paris in the north of France to Amsterdam and Poland.

– *How many kilometres have you covered then?*

Russian neighbours are more considerate towards those living next door.



– 2,500! That trip took a couple of months. Is that a lot? Travellers aren't those people you see in lycra flying past you on super-lightweight bikes. We move slowly, we drink coffee, eat pizza, talk to the locals. With chocolate, coffee, and pizza, there is no problem at all: these words sound almost the same in Russian as they do in English.

These days, independent travel in Russia has got easier. If you need to go on the metro, you buy a pass from the machine. If you need a long distance ticket, you can buy one over

– ***Have you met any of your compatriots in Moscow?***

– Of course. You can find Kiwis everywhere. They love to investigate the world because our country is so far away from the rest of civilization. I know three or four teachers from New Zealand who are working here. They are connected to our school in one way or another.

– ***Do you not have problems with social interaction here?***

It is as if there are two Russias: the official one, and the personal one.

the internet. You don't have to explain yourself to someone in person. It's very convenient for someone like me whose Russian isn't very good.

– ***Have you found a travelling partner here?***

– Not yet. I want to get by bike from Moscow to Murmansk in the Arctic Circle. It's not easy finding an accomplice crazy enough for such an undertaking. But I haven't given up hope yet.

– It is as if there are two Russias: the official one, and the personal one. We know about the Russian bureaucracy and that dealing with it isn't always pleasant. Of course, as far as I am concerned, the personal Russia is more to my liking. The people here are very amiable although that isn't always obvious at first glance. What's surprising is how students here can easily switch to informal relations with the teacher. They just want to chat. In Japan, for example, teaching is usually





**Overall, in Russia, personal relationships
are valued more highly
than in other countries.**

done without any personal interaction, with both sides keeping their distance.

I like such an attitude. I admit that for me, teaching is more than just a job. It goes without saying that I try to do it as well as I possibly can. I prepare myself for every lesson but for me it is fun as well. Overall, in Russia, personal relationships are valued more highly than in other countries. It can be awkward sometimes, though. You can give a woman a chocolate on the 8th of March, and that business matter which seemed to be unsolvable will then be solved.

– *Do you find everyday communication difficult?*

– Supermarkets are similar in all countries. New Zealand cheese, Australian apples (they, by the way, are cheaper here than they are in Australia), Australian wine. The choice is unbelievable, the widest in the world, in my view. The quality is about the same as in New Zealand or Australia, for the same money. You choose the goods yourself. You see the price on the cash till display. You show your store card to get your discount, be that in Russia, Germany, China or Japan. It's very similar. Like it is with people in all countries: they have more in common than they do differences.

– *How do you spend your spare time?*

– If it weren't for my timetable, I would spend it differently, but I also give lessons in the evening. There are seminars on a Saturday. So making it to the theatre or the ballet, which I adore, doesn't happen very often. I've been to the Bolshoi Theatre but there are other interesting places in Moscow, too. Sometimes I play football with my mates. I've been to some of the games at the Luzhniki Stadium.

– *Do you get to work by car?*

– No way! I haven't bought a car in Moscow. I just don't understand how anyone can drive a car here. There is a very strange attitude towards driving in Russia. Let's just say that they really like honking their horns whether there is good reason for it or not. In Japan, nobody beeps in a traffic jam. I, by the way, wouldn't say that the traffic jams in Moscow are all that bad. Cars don't stand there dead still. They do kind of move. Buses and trolleybuses get people to work and to their houses.

– *Do you go on bike rides round Moscow at all?*

– No. I like to go for a walk, see what people are up to. Cities are often called concrete jungles. But there are a lot of parks in Moscow. There are quite a few streets where the lanes of traffic are interspersed with green patches with trees, lawns and footpaths. I love Gorky Park. In the parks, in summer,





In the parks, in summer, there are exhibitions, dances, concerts, barbecues: plenty of everything.



there are exhibitions, dances, concerts, barbecues: plenty of everything. In winter, I often see people on cross-country skis.

– ***Do you have a Russian wife yet?***

– No. But I haven't given up hope yet! ■

BIGMOSCOW

iPad magazine on how a foreigner can conduct
his small and medium business in Moscow

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