

Spring 2018



# ***BUSINESS QUARTERLY***

Association of European Businesses Quarterly Magazine

CONNECTIVE. INFORMATIVE. EFFECTIVE.

## **Digitalization: a new way of life**



**With AEB updates on: cyber resilience; data protection legislation; digital economy; artificial intelligence in retail.**

**Dear readers,**

I would like to present the Spring 2018 Business Quarterly to you!

In this magazine, we explore the topic that has recently become of paramount importance—trends in digital services and technologies with a particular focus on prospects for business development. For that end, the articles review cutting-edge IT areas from practical, legal, security, human resources and other perspectives.

More specifically, the authors analyse amendments to the Russian legislation on data protection and cybersecurity, challenges in regulation of the Initial Coin Offering (ICO) market, high risks of liability for using Big Data solutions.

Careful consideration is given to the urgent need for companies to bolster the resilience against cyberattacks and shocks. Particular ways to withstand cyberthreats and create a more secure digital environment are summarised.

On the whole, the articles provide helpful tips and recommendations for entrepreneurs and corporations in terms of utilising innovative IT tools to substantially improve business operations and to incur fewer losses. As an example, the advantages of using cloud technologies by companies to effectively develop on the Russian market are highlighted. Experience of applying artificial intelligence elements and augmented reality solutions in the retail industry is shared. The specifics of the IT labour market regarding current trends and forecast for the future, as well as the nuances of the IT recruitment process in Russia are scrutinised.

Two articles are devoted to the Russian government programme on digital economy and the EU new data protection rules to be introduced this year.

Let me cordially extend special thanks to the members of the AEB IT & Telecom Committee for their valuable inputs. I genuinely hope that the magazine due to its high on the agenda topic will be of interest to a broad audience.

As usual, news items covering the AEB most recent activities and developments as well as relevant updates from member companies are compiled in the current issue. Likewise, information about new members is provided. I am pleased to welcome the companies which joined the AEB this year.

Enjoy your reading!

**Frank Schauff**

Chief Executive Officer,  
Association of European Businesses

**Dear readers,**

The purpose of the AEB IT & Telecom Committee's work is to create the right conditions for cooperation and joint development of digital technologies between Russia and the EU, followed by the mutual promotion of projects on the global markets, and to combine EU and Russian capabilities to achieve synergies through enhanced technological cooperation.

In terms of legislative regulation, there has been an increase in government control over the IT sphere in Russia. A number of laws have been enacted and initiatives announced that are worth paying attention to. In May 2017, the President signed the "Strategy for the development of the information society in the Russian Federation for 2017-2030", and in July 2017 the Russian government approved a programme called "Digital economy of the Russian Federation". Both of these documents are aimed at the development of telecommunication and information technology regulation. Among the tasks set by the President and the government are the provision of a legal regime for processing Big Data, the Internet of Things, and artificial intelligence. Many of the directions outlined in these two programmes have already been implemented. It would seem that these initiatives mainly concern the regulation of digital services, which are of particular interest to the state from the perspective of countering terrorism as well as ensuring cybersecurity and information sovereignty.

The Committee will continue its contacts on a regular basis with the key Russian government stakeholders, authorities and business circles. The IT & Telecom Committee will take the lead in driving digitalization issues within the AEB. It already reviewed the discussion on digitalization held by the AEB Board with EU authorities during its mission to Brussels and will contribute to EU-Russia dialogue on this topic in the future.

EU-Russian collaboration in the technological sphere has a long and successful history, and improvement of that collaboration is as relevant as ever.

Sincerely,

**Edgars Puzo**

Chairman of the AEB IT & Telecom Committee,  
Atos Russia CEO



# AEB BUSINESS QUARTERLY, Spring 2018

## Digitalization: a new way of life

### Strengthening digital society against cyber shocks

TIM CLOUGH, Partner, Risk Assurance  
and Technology Leader, PwC Russia

4

### Recent significant data protection and cybersecurity developments

MARIA OSTASHENKO, Partner, ALRUD Law Firm  
ANASTASIA PETROVA, Associate, ALRUD Law Firm

8

### Overview of the digital economy initiative by the Russian government

VALERIA KHMELEVSKAYA, Partner and Head  
of Tax Practice, Brand & Partner  
ROMAN MANKO, Lawyer, Tax Advisor,  
Brand & Partner

10

### Others care about your personal data—you should too. Getting ready for the digital risk of the 21st century

VĚRA JOUROVÁ, European Commissioner for Justice,  
Consumers and Gender Equality

14

### ICO market: overview and prospects

YURI GEDGAFOV, Head of Technology, Media &  
Entertainment, Telecommunications Center, EY

15

### Russian case law scales up risks of using Big Data

VADIM PEREVALOV, Associate, Baker McKenzie

18

### How to find, attract and retain the most in-demand IT talent in today's dynamic market

NADEZHDA STYAZHKINA, Manager, Antal Digital

21



What is the Russian government "Digital Economy" programme?



ICO: challenges and opportunities



How should retailers utilise AI technologies?

**Retail digitalized: how artificial intelligence, Internet of Things and augmented reality shape a new shopping experience**

OLGA BARANOVA, Chief Operating Officer, Orange Business Services Russia and CIS

23

**Easy solutions. How do cloud technologies help to build business?**

ALEXANDER SHVEDOV, Head of the multinational customer relations department, PJSC "VimpelCom"

25

**AEB updates**

**AEB news**

26

**AEB Committees updates**

30

**Member news**

40

**Appointments**

42

**New members**

43



AEB members met with Herman Van Rompuy, President of the European Policy Centre, President Emeritus of the European Council



AEB organised Strategy Meeting 2018



AEB participated in the Gaidar Forum



AEB Board went on a mission to Brussels

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# Strengthening digital society against cyber shocks



**TIM CLOUGH**

Partner, Risk Assurance and Technology Leader, PwC Russia

Massive cybersecurity breaches have become almost commonplace, regularly grabbing headlines that alarm consumers and business leaders. But for all the attention such incidents have attracted in recent years, many organisations worldwide still struggle to comprehend and manage emerging cyber risks in an increasingly complex digital society. As our reliance on data and interconnectivity swells, developing resilience to withstand cyber shocks—that is, large-scale events with cascading disruptive consequences—has never been more important.

There have been no reported deaths from cyberattacks and relatively little destruction. But the disruptive power

of cyberattacks is clear and geopolitics is increasingly at the heart. A December 2015 cyberattack in Turkey impacted networks used by the country's banks, media, and government. Attacks have attempted to disrupt critical infrastructure in a number of countries worldwide and the SWIFT global bank messaging system has come under regular attack from nation state threat actors. In 2017, the Petya attack targeted Ukrainian software, but went on to significantly disrupt businesses in Russia and across the globe. To this day some companies are still trying to fully recover from the Petya and Wannacry attacks of 2017. And these attacks increase the risk of massive data breaches which are raising concerns about the power of cyberattacks to ripple through the global economy.

Executives worldwide acknowledge the increasingly high stakes of cyber insecurity. In our 2018 Global State of Information Security Survey ("GSISS"), leaders of organisations that use automation or robotics indicated their awareness of the potentially significant fall-out of cyberattacks. Forty percent of survey respondents (47% in Russia) cite the disruption of operations as the biggest potential consequence of a cyberattack, 39% (48% in Russia) cite the compromise of sensitive data, 32% (27% in Russia) cite harm to product quality, 29% (30% in Russia) cite damage to physical property, and 22% (21% in Russia) cite harm to human life.

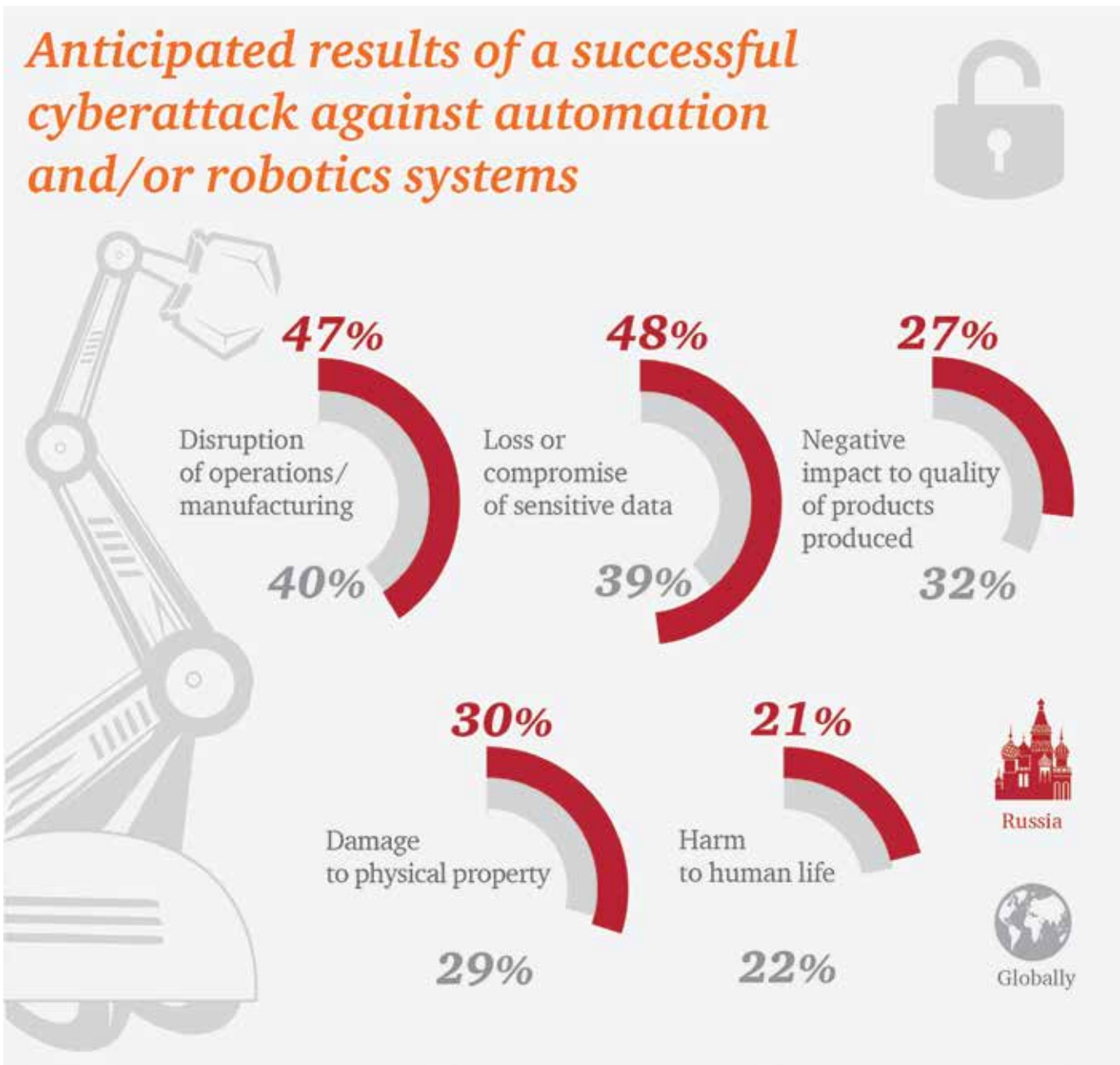
Yet despite this awareness, many companies at risk of cyberattacks remain unprepared to deal with them. 44% (40% in Russia) of the 9,500 executives in 122 countries surveyed by the 2018 GSISS state that they do not have an overall information security strategy. 48% (the same in Russia) say that they do not have an employee security awareness training programme, and 54% (56% in Russia) say that they do not have an incident-response process. As such, it is critical that business leaders evaluate their digital risk and take action to build resilience and prepare for the inevitable cyberattack.

Unfortunately, business leaders are not well served by cybersecurity commentary that veers into hyperbole about "Cyber Armageddon" or the counter viewpoint that most cyberthreats are mundane. Much more productive would be a robust global conversation that gives business leaders actionable advice to build resilience against cyber shocks. Here in Russia, where a key pillar of the Digital Economy strategy is information security, that conversation has started and hopefully this focus will help organisations operating in Russia to better manage their cyber risks.

## Building cyber resilience

"Tomorrow's successful states" the UN Intelligence Council wrote in 2017, "will probably be those that invest in infrastructure, knowledge, and relationships that are resilient to shock—



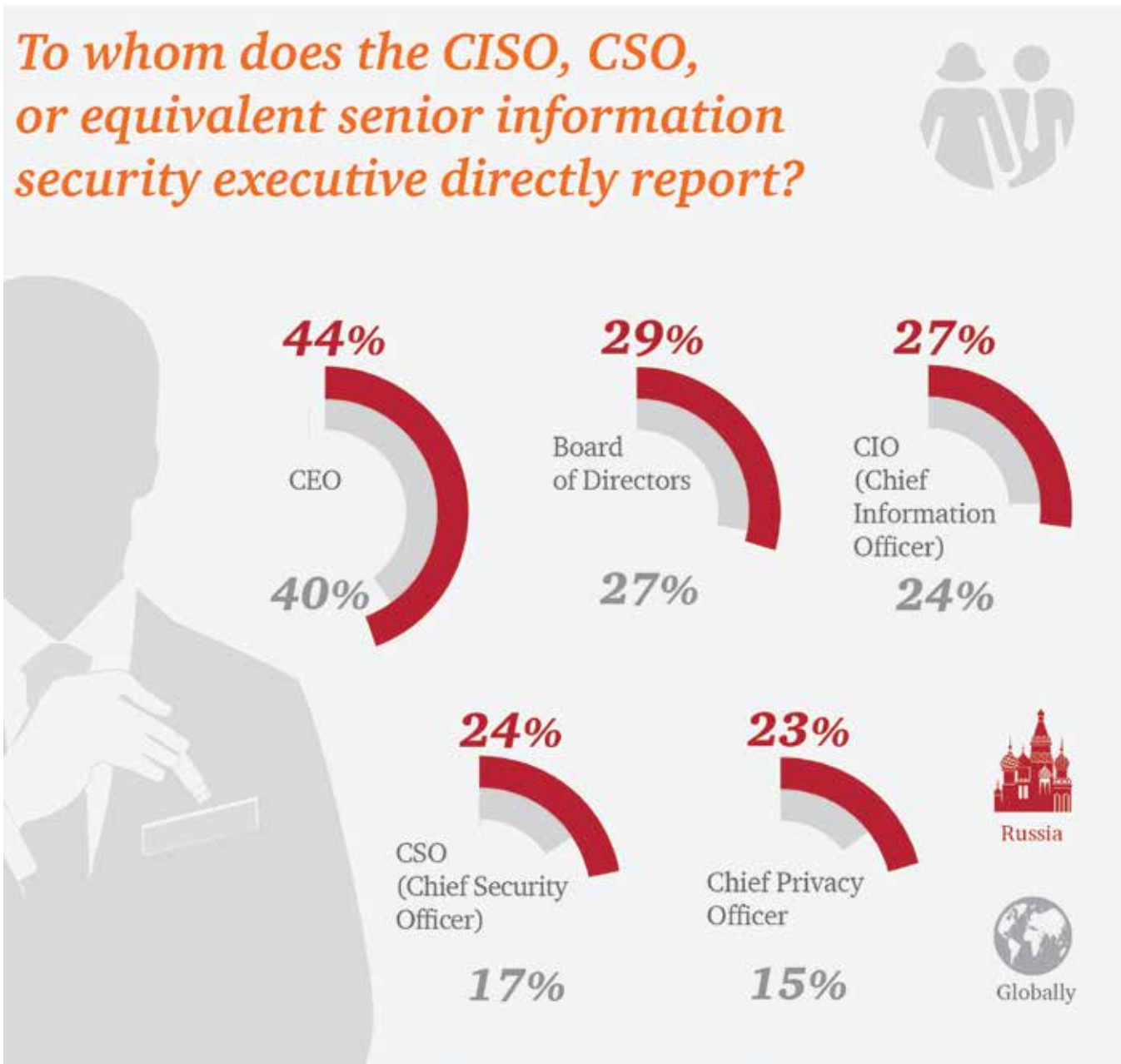


economic, environmental, societal, or cyber". This idea also applies to tomorrow's successful companies—those that are resilient will be best positioned to sustain operations, build trust with customers and other stakeholders and achieve higher economic performance. So how can organisations embed the toughness required to absorb the disruption caused by a cyberattack?

**Leaders must assume responsibility**

Those driving business results must also be held accountable for the associated risks of doing business. Boards must exercise effective oversight and proactive risk management. Strategies for business continuity, succession planning, strategic alignment, use of emerging technologies and data analytics are key. However, our 2018

GSISS survey indicated that boards are not shaping their companies' security strategies or investment plans. Only 44% of GSISS respondents (50% in Russia) say that their boards actively participate in their companies overall security strategy. Many boards still see it as an IT problem and few board members feel very confident that their companies are properly secured against cyberattacks.



**The CISO is increasingly important**

The CISO must help the board understand where the company stands in providing cybersecurity for the company networks. The information provided should include any cyberattacks that have occurred, as well as the shortfalls in training, equipment and tools in the cyber domain. This information will help the board to execute their responsibilities in understanding

and addressing risks facing the company.

**Organisations must understand the risks**

Achieving greater cyber resilience as a society and within organisations will require a more concerted effort to uncover and manage new risks inherent in emerging technologies. Organisations must have the right processes in

place to drive the security measures required by digital transformation. Many businesses are at the start of this journey. For example, relatively few respondents say that their organisations plan to assess IoT risks across the business ecosystem. The ownership of responsibility for IoT security also varies depending on the organisation—29% (34% in Russia) say the duty belongs to the CISO, while others





point to the engineering staff (18% in Russia) or the chief risk officer (19% in Russia). Cybersecurity executives, meanwhile, are still absent in many organisations. 52% of respondents (47% in Russia) say their organisations employ a CISO, 45% (34% in Russia) say they employ a chief security officer; and 47% (35% in Russia) say they employ dedicated security personnel to support internal business operations. Many organisations could also manage cyber risks more proactively. For example, key processes for uncovering cyber risks in business systems—including penetration testing, threat assessments, active monitoring of information security, and intelligence and vulnerability assessments—have been adopted by less than half of the survey participants.

#### **Greater information sharing and coordination**

Only 58% (57% in Russia) say they formally collaborate with others in the

Achieving greater cyber resilience as a society and within organisations will require a more concerted effort to uncover and manage new risks inherent in emerging technologies.

industry, including competitors, to improve security and reduce potential for future risks. Trusted, timely, actionable information about cyberthreats is a critical enabler for rapid-response capabilities that support resilience. Across organisations, sectors, countries, and regions, building the capability to withstand cyber shocks is a team effort, the effectiveness of which will be diminished without greater and more significant participation. It is also important for the information shared to be actionable. Among GSISS respondents who participate in collaboration, only half say

their efforts have led to sharing and receiving more actionable information from their industry peers.

The bottom line is that leaders can, and need to, seize the opportunity to take meaningful actions designed to bolster the resilience of their organisations to withstand cyberthreats and build a secure digital society. Cyberattacks are inevitable and organisations need to be prepared—that preparation will not happen by chance. It requires a concerted and planned effort driven by the leaders of the organisation. |

# Recent significant data protection and cybersecurity developments



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A number of updates were introduced to Russian data protection and cybersecurity legislation in 2017. The introduced amendments and updates are aimed at increasing state control in cyberspace and are having an obvious impact on actors in the private and public sectors in Russia.

## Increase control over digital services

Several notable amendments aimed at regulating digital services have been made to the Russian Federal Law "On information, information technologies and protection of information" (No. 149-FZ dated 27 July 2006). In particular, the following digital services are already on target:

## Anonymizing services

Russian law provides for a specific procedure to block websites (e.g. where personal data processing does not meet the requirements of Russian law, etc.). A well-known example is LinkedIn, which has been unavailable to Russian users since November 2016 for failure to comply with certain Russian data protection requirements. However, blocking could be easily bypassed with the use of tools called "anonymizers". The amendments were introduced to address this problem. In particular, anonymizers' owners and providers are prohibited from giving any technical capabilities to access the blocked information. In case of non-compliance, the anonymizer will be blocked and therefore be unavailable in Russia.

## Messengers

Since 1 January 2018, new regulations primarily targeting such services as WhatsApp, Viber, Skype, Facebook Messenger and Telegram Messenger came into force. The main result of the newly adopted regulations is that messengers are officially recognised as moderators of dissemination of information, and for this reason they are already obliged to retain information on the facts of users' electronic communications (for 1 year) to ensure users' identification and to provide the retained data to Russian state authorities upon their legitimate request. Moreover, starting from 1 July 2018, they will also have to retain the content of such communications for a period of 6 months (based on the well-known Yarovaya Law of July 2016).

## Audiovisual services/ Video-on-demand services

New rules came into force on 1 July 2017 and apply to the Internet services designed for distribution of audiovisual works on the Internet that meet certain additional criteria. However, they do not apply to search engines, registered online mass media, and services where the content is generated by users.

The amendments have introduced a number of restrictions on foreign capital in the above video services and imposed a number of obligations on their owners (e.g. to publish their contact

details for receipt of legal correspondence, to count the number of users in Russian, to attribute the content with an age rating, etc.).

The Russian government decree establishing the procedure for restricting access to the audiovisual service came into force on 28 February 2018.

### Critical infrastructure: what is the law?

The Federal Law "On security of critical infrastructure of the Russian Federation" (No. 187-FZ dated 26 July 2017) came into force on 1 January 2018. The Federal Law involves the adoption of additional implementing regulations. In particular, the Russian government already adopted Decree No. 127 "On approval of rules on categorising the objects of critical information infrastructure and the list of criteria of significance of the objects of critical information infrastructure" on 8 February 2018.

The key purpose sought by the Russian legislator while adopting the law was to ensure that private and publicly-owned facilities having social, economic, political, ecological and public security importance and operated in specific industries (healthcare, science, transport, communications, defence, energy, banking and finance, fuel, etc.) are effectively protected from cyberattacks. For this reason, owners of such facilities will be subject to certain security standards and obligations to ensure lawful interception capabilities.

### Roskomnadzor issued guidance on the privacy policy

Each data controller must have a data processing policy and make it available to data subjects. In 2017 Roskomnad-

zor issued guidance on the content and structure of data processing policies.

Although the document has no binding effect, Roskomnadzor expects data controllers' policies to follow the issued guidance. Therefore, data controllers are recommended to check the content and structure of their data processing policies and update them, if necessary.

### Separate consent for each purpose

In cases where data processing requires written consent, such consent to the processing of personal data must contain the purpose of such processing. It is common practice to include all relevant purposes of processing in one consent form.

In 2017 Roskomnadzor clarified that each written consent should be specified as much as possible and be dedicated only to one purpose of personal data processing. DPA already has commenced the practice of fining data controllers for having only one written, multi-purpose consent. Russian courts supported the position of Roskomnadzor.

As the fine for non-compliance with the requirements for written consent has been raised approximately seven times in 2017, it is expected

that Roskomnadzor will actively check compliance of data controllers' consent forms with the "1 consent per purpose" requirement. In this regard, data controllers are recommended to improve their consent forms.

### Administrative fines for personal data breaches have been raised

Before 1 July 2017, the Russian Code of Administrative Offences (dated 30 December 2001) stated that the maximum fine imposed on legal entities for any violation of personal data laws and regulations could only be RUB 10,000 (approximately EUR 145, USD 180). Since this date, the so-called *per breach approach* has been introduced and maximum limits of imposed fines have been raised. At the moment, administrative fines are imposed based on seven types of violations, and the maximum fine of RUB 75,000 (approximately EUR 1,100, USD 1,330) may be imposed on a legal entity processing personal data without the data subject's written consent, where such consent is required in accordance with the law (e.g. in case of cross-border transfer to an "inadequate" jurisdiction, processing of sensitive and biometric data, etc.). The fines are imposed in accordance with the "per breach" approach. |





# Overview of the digital economy initiative by the Russian government



**VALERIA KHMELEVSKAYA**

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It all started when Russian President Vladimir Putin in his message to the Federal Assembly in early December 2016 addressed the need to create a digital economy to increase the performance of all high-tech industries. The Ministry of Telecom and Mass Communications followed this message with the 1st draft of the programme "Digital Economy of the Russian Federation". After certain revisions and additions to this programme, the revised draft was approved by the government in summer 2017.

## Objectives

This programme outlines the core goals and objectives of the Russian

economy on the way toward transitioning to a new level of information technology use, including creation of the so-called "ecosystem of the digital economy of the Russian Federation" with digital data as a key production factor, creation of conditions for high-tech business, and increasing the competitiveness of the Russian economy in the global market.

The programme determines IT areas which require development, such as Big Data, artificial intelligence (AI), quantum technologies, wireless communications, virtual reality, etc.

According to the programme, the following key indicators should be achieved by 2024:

- at least 10 leading companies (ecosystem operators) and at least 10 industrial digital platforms established in Russia;
- at least 500 small and mid-sized enterprises successfully operating in the digital technologies business and as platforms and providing digital services;
- 120,000 graduates per year from universities in areas related to information and telecommunication technologies;
- 40% share of the population with digital skills;
- 97% share of the "Internet" (100 mbps) in the total number of households;
- sustainable coverage of 5G and higher in all major cities (1+ million residents);
- 10% share of internal network traffic of the Russian segment of the Internet network routed through foreign servers;
- share of purchased foreign software and equipment by state bodies should not exceed 50%;
- share of organisations using the national payment system—90%.<sup>1</sup>

Notably, the digital economy, as determined by officials, means economic

<sup>1</sup> Russian government decree No. 1632-r dated 28.07.2017. Available at: <http://static.government.ru/media/files/9gFM4FHj4PsB79I5v7yLVuPgu4bvR7M0.pdf> (accessed 14.03.2018)



activities with digital data as the key factor in production. Such activities should contribute to establishing the information space, whereby social needs for high-quality and reliable information should also be considered. The latter is especially relevant in the context of ongoing information wars. Such activities should also foster information infrastructure, create information and telecommunication technologies and shape new technological bases for the social and economic sphere.

When creating the programme and determining its importance, the govern-

ment of the Russian Federation relied on the fact that in 2016 the share of residents of the Russian Federation using broadband access to the Internet was 18.77%. At the same time, there were 159.95 mobile phones per 100 people and 71.29 out of 100 people used mobile access to the Internet. The average Internet speed in Russia increased by 29% (to 12.2 Mbit/s), which is the reason why Russia is on the same level as France, Italy and Greece. By early 2017, the Russian market for commercial data storage and processing centres grew to 14.5 billion roubles (approximately EUR 207 million), which is 11% more than in 2016, the latter mainly due to regulato-

ry requirements for the storage of personal data of Russian citizens in Russia. Also, the market for cloud services has been steadily growing by about 40% annually.<sup>2</sup>

Unlike most countries, Russia does not have standards for evaluating data storage and processing centres, and, therefore, there is no objective ability to assess the level of services provided, including the data storage volume.

At the same time and based on modern global standards, the above indicators are at a very low level, which again underscores the importance of

<sup>2</sup> Ibid.



implementing the programme for the digital economy of the Russian Federation.

Thus, at the suggestion of the World Economic Forum, the latest version of the international network readiness index presented in the report "Global Information Technologies" for 2016 is used to assess countries' readiness for the digital economy. According to recent studies the Russian Federation takes 41st place in readiness for the digital economy, with a significant gap from the top ten leading countries such as Singapore, Finland, Sweden, Norway, the United States, etc. From the point of view of economic and innova-

tive results of using digital technologies, Russia holds 38th place.

Such a significant lag in behind world leaders in the development of the digital economy might be due to gaps in the regulatory framework for the digital economy and a less-than-favourable environment for business and innovation. Another reason may be the low level of digital technology use by business structures.

To improve this situation, the government approved the digital economy programme to be implemented until 2024. This programme focuses on five key areas of development dedicated to

regulations, personnel and education, research, information infrastructure and cybersecurity. At the end of February 2018, the government established action plans for each of these areas.

### **Structure, management and financing**

There is a special management structure for the programme, which includes the Working Group of the Economic Council of the President of Russia, the Subcommittee on the Digital Economy, the Analytical Centre of the Government of the Russian Federation, ANO "Digital Economy" and local competence centres. The Working Group of the Economic Council prepares propo-



The main part of financing within the information infrastructure area will be required to create a global multifunctional info-communications satellite system to cover the Russian Federation and the whole world.

sals for the development of the digital economy, hires personnel and creates a united digital space in the Russian Federation. The Subcommittee is responsible for coordinating the interaction of all authorities, the Analytical Centre is a project office, and ANO "Digital Economy" is engaged in processing requests from businesses and analysts. Competence centres were established for each focal area of the programme. Such centres include Skolkovo (regulatory function), Rostelecom (information infrastructure), Sberbank (cybersecurity), etc.

Realisation of the programme would require at least 522 billion roubles (EUR 7.5 billion). The funds will be mainly directed to investments into "Information infrastructure". According to the approved plan of measures, it is planned to allocate 100.46 billion roubles (EUR 1.44 billion) to implement the plan for this area from the federal

budget and 336.1 billion roubles from extrabudgetary sources.<sup>3</sup>

The main part of financing within the information infrastructure area will be required to create a global multifunctional info-communications satellite system to cover the Russian Federation and the whole world.

As for other areas of the digital economy programme, 50.16 billion roubles (EUR 717 million) of budgetary funds and funds from extrabudgetary sources will be provided for research and technological resources. This area should ensure the development of so-called "end-to-end" technologies, in particular, analysis of Big Data, blockchain, quantum computing and artificial intelligence.<sup>4</sup>

In total, more than 34 billion roubles (EUR 486 million) are planned for information security (cybersecurity)

measures in 2018-2020. This area is intended to create national and regional centres to adequately respond to computer incidents, encourage import substitution and ensure control over processing and access to personal data of Russians, in particular, to Big Data of users, including social networks.<sup>5</sup>

Summarising the above, businesses should consider that the importance of future global changes due to digitalization is recognised at the state level in Russia. Hence, it is high time to review and restructure business processes in the electronic space. Current and upcoming legislative changes also need to be considered (VAT taxation of e-commerce, tax registration via Internet, legislation on cryptocurrency, etc.). Foreign suppliers of software and computer equipment should take into account the Russian government's plans to significantly reduce the purchase share of these goods from foreign companies, i.e. localisation of production of these goods in Russia will be strongly supported in the future at the state level.

You can monitor the implementation of the digital economy programme online at the government's website, <http://government.ru/rugovclassifier/614/main/>, as well as on the programme's website at <https://data-economy.ru/>. |

<sup>3</sup> Plan of measures for the "Information infrastructure" area of the "Digital Economy of the Russian Federation" programme approved by the Government Commission on the use of information technology to improve the quality of life and conditions of entrepreneurial activity. Available at: <http://static.government.ru/media/files/DAMotdOImu8U89bhM7IZ8Fs23msHtcim.pdf> (accessed 14.03.2018).

<sup>4</sup> Plan of measures for the "Information infrastructure" area of the "Digital Economy of the Russian Federation" programme approved by the Government Commission on the use of information technology to improve the quality of life and conditions of entrepreneurial activity. Available at: <http://static.government.ru/media/files/1P5evO23war1woLA0q8aJ2DtAqsydInS.pdf> (accessed 14.03.2018)

<sup>5</sup> Plan of measures for the "Information infrastructure" area of the "Digital Economy of the Russian Federation" programme approved by the Government Commission on the use of information technology to improve the quality of life and conditions of entrepreneurial activity. Available at: <http://static.government.ru/media/files/AEO92iUpNPX7Aaonq34q6BxpAHCY2umQ.pdf> (accessed 14.03.2018)

# Others care about your personal data—you should too. Getting ready for the digital risk of the 21st century



**VĚRA JOUROVÁ**

European Commissioner for Justice, Consumers and Gender Equality

Recently I re-watched one of my favourite films, the original 1960s version of *The Italian Job*. Watching it in 2018 made me realise two things: one, how much masked, gun-toting thugs have been replaced by geeks with laptops. And two, that for today's criminals, banks are no longer necessarily the most tempting target available.

Data is the new gold of the 21st century. It is the most valuable resource in today's economy, as well as being essential to our daily lives. We share personal data hundreds of times a day, on everything from banking details and shopping habits to holiday pictures and medical records.

There can be serious repercussions if criminals get hold of this data: intimate details of your personal life or your medical history could be disclosed, and identity theft is becoming easier. Recent massive data breaches such as those caused by the WannaCry, Meltdown and Spectre attacks, or the Uber case, remind us of this new reality.

As of 25 May 2018, strong new data protection rules will apply all over Europe. It is about time. The current EU data protection rules date back to 1995, some 23 years ago, when nobody had heard of Facebook or Instagram. The modernised rules are suitable for the digital age and will help people to regain control over their personal data.

People will have the right to be informed in case their data have been hacked. It will be easier to transfer personal data between service providers. Companies will no longer be able to hide behind legal jargon but will have to give us clear and understandable information on how personal data is being processed. And we will even have, under certain conditions, the right to remove links leading to personal information about ourselves, the "right to be forgotten". Finally, the new rules will have teeth. With possible sanctions of up to 4 percent of annual turnover, we can expect even global players in the IT world to play by the rules.

These modernised rules have not only been crafted to better protect European citizens' personal data, but also to offer more opportunities in a real digital single market of data flows and greater flexibility for businesses to innovate. With one set of identical rules in the EU—instead of a fragmented market with 28 different regimes—businesses should save a significant amount of money and benefit from greater legal certainty. And there is a lot of flexibility built into the new rules for small and medium enterprises.

We are introducing the gold standard of data protection in the world. I am proud that our data protection rules increasingly serve as a reference point and a source of inspiration for other countries and regional organisations, when creating or adapting their own data protection legislation. We are currently in negotiations with Japan and South Korea on data protection and there is a good chance that we will come to agreements with them in the near future, allowing free flow of data between our economies.

In today's and tomorrow's world, the way we handle data will determine to a large extent our economic future and personal safety. We do well to get ready, take the risks seriously and make use of all the opportunities out there. The new European data protection rules will be a strong basis for this endeavour. |

# ICO market: overview and prospects



## YURI GEDGAFOV

Head of Technology, Media & Entertainment, Telecommunications Center, EY

By the term 'Initial Coin Offering' (ICO) we understand raising funds for projects based on blockchain technology by selling digital currency—tokens—which will grant access to a future technology platform. Total ICO proceeds exceed USD 3.7 billion<sup>1</sup> in funds, which is nearly twice the volume of venture capital investments in blockchain projects. Projects with Russian origins make the top three in terms of funds raised. Although investor demand for ICO projects remains high, the ability to reach fundraising goals has been declining since mid-fall of 2017—with 90% of projects reaching the fundraising goal in June and fewer than 25% reaching the target in November. Invest-

tors are more cautious, while regulators have become more sensitive to indicators of violations.

Those are the findings of EY's new ICO market survey. The survey collected data on 372 global projects that have conducted ICOs and performed a detailed analysis of the top 110 projects that raised 87% of all ICO proceeds. As the ICO market is unregulated, there is no single source of ICO data. Data collected was based on public data sources across exchanges, ICO reports and trackers, data aggregators, news sites, blockchain network scanners/platforms, dedicated blockchain social media and interviews. Conclusions were verified against other public studies.

The need for blockchain and a separate token in ICO projects is often unjustified. The application of public blockchain is hindered by the slow speed, high transaction costs and existence of effective centralized solutions. The most successful projects with public blockchains are implemented in the sphere of finance or infrastructure for other blockchain projects. The most successful case is the ICO itself on the Ethereum platform. Most ICO projects are in the prototype or idea stage: their whitepapers describe the planned technology but lack clear explanation of the reasons for blockchain and own cur-

rency (utility token), containing many clichés that attract inexperienced investors with no reasonable justification for blockchain use. Founders are promising launch within a year or more after the ICO. However, selling the idea is easier than selling an actual service: as a result, many projects never get out of the idea stage or their implementation is different from the declared one.

## Token valuation

The majority of ICO projects now use existing platforms, such as Waves, Omni, and Bitcoin fork, with Ethereum leading by far. Due to its popularity, the Ethereum network is overloaded, and the growing demand is driving up the price of Ether and the cost of running ICOs.

Valuations of tokens as a currency depend on parameters that are difficult to determine at the development stage; still, they should be based on traditional project development forecasts and the given token's nature. However, in most cases they actually are driven by "fear of missing out", or "FOMO", and have no connection to market fundamentals. Lack of fundamental valuation and the due diligence process leads to extreme token price volatility in post-ICO trading. "FOMO" has led investors to pour money into ICOs at record speeds, with the 10 shortest lasting ICOs attracting USD 300,000 per second on average.

<sup>1</sup> The figures on ICO funding volumes (total and per projects) are derived from open sources. EY did not audit or confirm the data. Due to high volatility, the data at the time of publication and use may be subject to significant change.





By the term ‘Initial Coin Offering’ (ICO) we understand raising funds for projects based on blockchain technology by selling digital currency—tokens—which will grant access to a future technology platform.

ICO preparation and techniques are the main factors that drive capitalization and the cost of tokens. ICOs can be held in two main ways. The first case involves capped fundraising when tokens are sold

at a fixed price, which creates unprecedented hype. In the second case, funding is uncapped and the tokens are allocated at the end of an ICO *pro rata* to all investments. The share of tokens at the

investor’s disposal is severely diluted due to big volumes and the uncertainty surrounding valuation until the end of the ICO. Often, investors try to wait until the very end and then make multiple applications before the closure, thus overloading the network. The lack of opportunity to run a fundamental valuation leads to extreme volatility in subsequent trading, which may exceed 900%. Another issue is the creation of a two-way bubble in the valuation of the base cryptocurrency and tokens: new tokens fuel demand for BTC and Ether, which boosts ICO capitalization and demand for new ICOs.

## Security and regulation

Investors face two other significant risks. The first one is theft from hacking: ICO market volumes drive surges in hackers' interest. According to Group-IB, a cybersecurity solutions provider and partner of EY, over 10%—nearly USD 400 million—of ICO funds has been lost in hacker attacks. Hackers benefit from the hype, absence of a centralized authority, and irreversibility of blockchain-based transactions.

Funds are misappropriated via substituting project wallet addresses (phishing, site hacking), accessing private keys and stealing funds from wallets, or hacking stock exchanges and wallets, all on top of indirect losses caused by high reputational risks for project founders.

The second risk is regulatory. As far as legislative control is concerned, the trend is the same for regulators in most countries—they either ignore ICOs, ban them or regulate tokens depending on their nature. However, in different countries tokens may be interpreted differently: shares, rights of claims, currency, etc. Regulators in most countries move from ignoring ICO to banning it or regulating it in accordance with token nature. But the interpretation of a token nature can greatly vary between countries: property, shares, right to claim, currency.

Russian regulators have failed to reach consensus on tokens and cryptocurrencies. Despite the overall positive attitude to blockchain technologies, the position on bitcoins is quite the oppo-

site, and there is a proposal to apply the same principles to ICOs as those applied to IPOs. At the same time, current legislation establishes the rouble as the only means of settlement and forbids surrogate currencies.

Nowadays, ICOs are synonymous with hype and excessive risk, but this form of crowdfunding offers unique opportunities. If blockchain solves an existing problem, then a separate token is vital, and additional funding and investor involvement improve a project. As far as the protection of the interests of all ICO participants is concerned, the transparency of open blockchain is currently underused; thus, there are opportunities here for regulators, investors and the projects themselves. |



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Реклама

# Russian case law scales up risks of using Big Data



**VADIM PEREVALOV**  
Associate, Baker McKenzie

**B**ig Data has always been a legally grey area in Russia, but recent Russian case law significantly contributed to the practical risks of liability for using Big Data-driven solutions that involve personal information or third-party datasets accessible online.

Targeted advertising, personalised online shopping, credit scoring and insurance risk scoring, security checks, etc.—all these activities centre around publicly available customer data, including customer profiles in social media, customer comments, likes, photos, activity feeds, etc.

But do all businesses specifically seek their customers' permission to use this information, or do they assume that everyone is free to use it so long as it was lawfully published online? If your business previously adopted the latter approach, you may wish to reassess the relevant practical risks.

## **Emails, mobile phone numbers, device identifiers may all be regarded as personal data**

Until recently, it was widely believed in Russia that personal data laws do not apply to website surfing data, nicknames, emails, mobile phone numbers, etc., provided that a particular physical person cannot be identified based on such information. Hence, the relevant information could be freely collected and used.

However, businesses should no longer take this approach, as the regulators have fundamentally changed their position.

By way of example, in 2015 Russian data protection authorities won a number of cases against telecom operators who shared pseudonymous website surfing data with advertising

agencies without subscriber consent<sup>1</sup>, and in 2017 the Ministry of Telecom and Mass Communications advised that emails and mobile phone numbers should be regarded as personal data even if there are no other personally identifying details.<sup>2</sup>

When deciding to collect and use certain data, businesses may try the following two-step self-test:

- Would it be possible to conclude that several entries we have relate to the same person?
- Would the combined information the company has and information in the public domain allow one to identify the person?

If the answers are yes, then the business probably is processing personal data. Even if datasets can be matched through one's email or even geolocation data, all information relating to the relevant person should be protected as personal data in Russia.

## **Information on social media is no longer "free" to everyone**

In Russia, businesses may collect and use personal data only if they have certain legitimate grounds, and typically

<sup>1</sup> For instance, in cases Nos. A56-6698/2016, A40-14902/16, A40-15198/2016-145-129 and A40-51869/2016-145-449 considered by commercial ('arbitrazh') courts.

<sup>2</sup> Letter of the Russian Ministry of Telecom and Mass Communications No. P11-15054-OG of 7 July 2017.





that means collecting a person's ("data subject's") consent.

The law provides for certain exceptions, one of which is "processing of personal data made publicly available by a data subject". Although the above definition seems to perfectly describe the situation when a person posts something about himself/herself to social media, Russian courts of four instances, including the Supreme Court, have recently concluded otherwise.

In 2016 the Russian data protection authority (Roskomnadzor) audited personal data processing in the National Bureau of Credit Histories. According to the court decisions, Roskomnadzor revealed that the Bureau used two third-party credit scoring solutions, Double Data Social Link and Double Data Social Attributes, which collected publicly

available personal data of clients and potential clients on such social media as VK, Odnoklassniki, MoiMir, Instagram, Twitter, Avito and Auto.ru. Roskomnadzor indicated that the data was processed without user consent, and hence was unlawful. The Bureau attempted to challenge an order to cease such activities in court, but failed.

Although the courts did make some legally disputable conclusions, and a similar case in the future may potentially have a different outcome, businesses should take into account that the practical risks of using publicly available personal data have become significantly higher.

Roskomnadzor as the enforcement authority has declared its intent to prosecute companies that process personal data on social media in similar cases,

and the majority of recent court practice seems to support its approach.

Big Data solutions based on collection and processing of publicly available personal data should now consider whether they have an option to process personal data solely based on explicit user consent, to perform certain legal agreements with the relevant users (e.g. to provide services to them), or be prepared to defend their legal position in Russian courts.

### **Those who own datasets may also have a right to object against access to their databases**

After Roskomnadzor concluded that Double Data Social Link and Double Data Social Attributes solutions did not lawfully process personal data, one of the social networks involved in the case

(VK) also brought a civil lawsuit against the developer of the above credit scoring solutions. The social network claimed that it had an exclusive right to use its database of information collected from users, and requested the court to prohibit the developer of the Double Data solutions from further unauthorised use of materials retrieved from the database of the social network.

The court of the first instance initially rejected the lawsuit, but on 6 February 2018 the Ninth Commercial ("Arbitrazh") Court reversed its decision and ruled that the developer's activities did qualify as an infringement of the social network database maker's intellectual property rights (protected as neighbouring rights pursuant to Part IV of the Russian Civil Code) and prohibited it from such further activities.

At approximately the same time in 2017, the Russian online job bank HeadHunter tried to enforce its own "database maker's rights" with respect to the collection of published CVs via an expedited "anti-piracy" procedure implemented in Russia on 1 May 2015<sup>3</sup>. The procedure, which allows copyright owners to seek preliminary injunctions in the Moscow City Court to expeditiously block infringing content in Russia, previously was mostly used by movie, music, book and software owners. However, HeadHunter used a creative approach, trying to use this legal tool against third-party service providers that allegedly bypassed the official API to access HeadHunter's collection of resumes.<sup>4</sup>

The above lawsuits clearly demonstrate that different platforms in Russia are no longer willing to tolerate unauthorised access to their valuable data assets.

Businesses that are dependent on use of data from third-party platforms should take steps to legalise their access to the relevant platforms or be prepared for the platforms to proceed with legal actions that could potentially result in the recovery of losses, statutory compensation for infringement of intellectual property rights or blocking of an infringing website.

### Unauthorised access to online content is related to many other potential risks

Compliance orders and fines issued as the result of personal data audits and civil lawsuits relating to intellectual property rights infringement are not the only potential risks related to unauthorised use of online content.

By way of example, the Russian Criminal Code penalises "unauthorized access to legally protected computer data", in particular, if "this resulted in copying of the computer data"<sup>5</sup>, which could potentially be the case where a company tries to download someone's personal data without that user's consent and/or the platform owner's permission.

It also establishes criminal liability for "development, distribution or use of

computer programmes or other computer data that is designed", *including but not limited to*, "for unauthorized copying of computer data"<sup>6</sup>, which could potentially describe various web scrapping tools and scripts used to collect content from third-party platforms.

It is also reported that the Russian Federal Antimonopoly Service has expressed particular interest in the digital economy, including those relating to use of digital data. Russian competition laws specifically prohibit unfair competition that involves unauthorised collection, use or disclosure of confidential information<sup>7</sup> (which may potentially include information protected as personal data or trade secrets, among other things). We expect the Federal Antimonopoly Service to help the digital platforms protect their digital assets against unauthorised access since such access should qualify as unfair competition.

Summarising the above, the practical risks of liability for unauthorised access and use of data published online have significantly increased today and businesses should carefully assess the lawfulness of their use of publicly available data and related risks.

At the same time, the platforms whose online data is used by competitors or other persons now have a great opportunity to benefit from the emerging court and enforcement practice and effectively prevent others from doing so or enhance the commercialisation of their data. |

<sup>3</sup> Federal Law No. 364-FZ of 24 November 2014

<sup>4</sup> [http://www.rapsinews.ru/moscourts\\_news/20180125/281748849.html](http://www.rapsinews.ru/moscourts_news/20180125/281748849.html)

<sup>5</sup> Article 272 of the Russian Criminal Code

<sup>6</sup> Article 273 of the Russian Criminal Code

<sup>7</sup> Article 14.7 of Federal Law No. 135-FZ of 26 July 2006 'On the Protection of Competition'

# How to find, attract and retain the most in-demand IT talent in today's dynamic market



**NADEZHDA STYAZHKINA**

Manager, Antal Digital

The IT & Digital practice is one of the largest sectors for Antal in Russia. We interview dozens of candidates on a daily basis, particularly developers and IT specialists. Based on this experience, we are able to provide you not only with a market update but also with some recommendations on how to most effectively recruit and retain staff in the IT sector.

## The IT labour market remains candidate-driven

We are hearing from some companies that the situation on the market has improved, with more candidates having appeared and that sourcing has become easier. However, the overall picture is not so rosy, and this is particularly the case with new technologies such as machine learning, blockchain

& AR/VR, where there is a particular shortage of candidates.

### The market for IT professionals continues to be candidate-driven for the following reasons:

- New technologies grow at a faster pace than candidates are developing their skills and experience.
- The number of companies who have projects where these particular skills are required are significantly greater than the number of relevant candidates, almost all of whom are already employed.
- Candidates are being approached directly more often, and for significantly more money to jump ship, creating a salary bubble for the most in-demand people.
- The best and most relevant IT professionals are to a large extent able to pick and choose where they would like to work. Their main focus is the company, the product and the salary rather than non-monetary benefits such as table tennis in the office.

### Lack of difficulties in hiring IT staff should concern you:

- If you believe that your company has no problem recruiting IT specialists, then you may want to check that you are actually bringing the best people on board.
- Are your staff being approached by other employers? Do your people ever come to you with new initiatives for in-

novative products? Are they undergoing constant training? Do you receive regular feedback from your company's other departments regarding your IT department? If the answer to even one of these questions is 'no', then both your business and your product could be in a risky situation.

### Forecast on the labour market for year 2018:

In 2018 we are currently witnessing a war-for-talent in the key, niche areas of IT, chiefly:

- Cybersecurity. Industrial companies have been forced to implement and maintain such IT products at their sites.
- IoT, AR/VR for companies operating in the retail construction and industrial sectors.
- Blockchain for all business that require instant and transparent verification of their processes.
- Big Data for those organisations that have already begun to analyse their data, but also for those just starting out.
- The demand for developers of web, platform and mobile applications continues to grow intensively, pushing up average salaries across the IT sphere.

## Five recommendations for more effective IT recruitment in Russia

Companies compete for the best candidates based on the size of their project,



the product involved, the actual tasks, the project manager and, of course, the salary and benefits offered. Available training can be a big pull for potential candidates looking to make a move, but what else is worth taking into account when hiring?

### **Establish in advance exactly which IT specialist you need and why**

The success of any hire depends on the specific requirements. All technologies are welcome, although you would do well to decide which are the most crucial and which are “nice-to-haves”. Additionally, what are you changing here and what will happen if you do not do this. On top of this, what are the key business needs in question here?

You would be surprised how often a hiring manager either does not know what he/she wants or is not able to convey the message clearly to his/her HR colleagues. Far too often they end up looking for a universal IT guru who can solve all the company’s problems. Unfortunately, it simply is not practical to look for an expert who will create the firm’s corporate website, fix all computer problems and think up a new long-term IT strategy, all at the same time.

It is critical to ensure that you are fully aware of what will be required from your new person, avoiding the (all-too-common) situation where an experienced CIO is brought on board, yet their innovative experience goes to waste. Instead of driving the company’s IT strategy, they end up downloading apps for the owner’s mobile phone and fixing the old 1C platform.

### **Speed up your search**

An average data scientist can receive about ten job offers a day if he/she

even hints at being open to discussing new opportunities.

Minimise the number of interview stages when recruiting, and get the hiring manager involved early on.

Other factors can also turn out to be a positive influence, from a friendly receptionist to an HR team ready to quickly prepare a job offer once the decision to proceed has been made.

It is crucial to collect references even for lower level specialists, ensuring that you are not massively overpaying because he was the only person on the market at the time with those skills. However, at the same time it is quite possible for that 23-year-old who you just interviewed to indeed have 4-5 years’ relevant experience, for him to be one-of-a-kind and for several of your competitors to be offering him RUB 350,000+ a month.

### **Be ready to offer more than just money**

Competition for top talent can result in the best people being offered increases ranging from the fairly standard 30% to even double their existing pay in some cases. The best examples range from experts in computer vision, virtual reality, artificial intelligence, high-level Big Data developers and pen test engineers. Flexibility is crucial here, such as allowing remote work, or even relocation if possible, plus covering the cost of additional learning. Such candidates are in high demand and receive regular job offers without even writing a CV, let alone posting it on a job board.

### **Be involved in your employees’ growth and development**

Employees in Russia expect to be promoted more quickly than their Western

counterparts, and this is especially true in IT. On top of this, many are looking to simultaneously increase both their knowledge and professional qualifications, such as writing a dissertation. For some, this could be more important than a large paycheck and free lunches.

Visibility is important too. There are candidates who strive to become a market “evangelist”, becoming famous for managing to popularise a particular product. In recent years, we have found that this can be a significant motivating tool.

### **Remember that the key drivers are the product and the team**

Money is important and always will be, but IT professionals are looking first and foremost at the task at hand. This is closely followed by the working environment, meaning the project team. For example, if creating an online store is not seen as a strategic aim for the business but simply a side project, do not be surprised if you find it harder to attract the best people. Those who do join may be considerably less enthusiastic, which can result in a worse-than-expected outcome. People will need to be convinced that their task is a key part of your longer term objectives and that they are working on a unique product for the market.

Regarding current employees, ensure that they are not only proud of their product but also loyal to their team. Having a strong project leader is key to attracting the best people to begin with.

Finally, employees need to be won over with hearts and minds, not purely through their wallets if you want to keep them long term. Be generous not only in financial terms but also with responsibilities and tasks available. |

# Retail digitalized: how artificial intelligence, Internet of Things and augmented reality shape a new shopping experience



**OLGA BARANOVA**

Chief Operating Officer, Orange Business Services Russia and CIS

The retail industry is extremely dynamic—high competition forces retail chains to constantly fight for the customer and for his loyalty. One of the most common means of retaining a customer is to reduce the prices of goods or services sold. But according to our observations, this is a rather one-off and narrowly focused action that cannot work continuously. In the long term, it does not help to strengthen the loyalty of existing customers. In the meanwhile, according to Accenture, 68% of customers will not come back a second time if they are dissatisfied with the quality of services. This fact forces

retail to constantly seek new approaches to its buyers. And this is exactly when new technologies that utilise artificial intelligence come to the rescue. Offline retailers around the globe are struggling. For example, in 2017 in the US, 6,700 outlets were closed, but use of new technologies could help them to compete on equal terms with the growing e-commerce in the very near future.

AI in its weak form is actively used by many in the retail market. For instance, fully automated futuristic stores already exist, created by Amazon in the US or by 7-Eleven in South Korea, but closer to reality examples of automated shopping systems are also becoming more common. For instance, smart shopping carts and cash registers are being implemented in Russia by Globus hypermarkets and several supermarket chains. AI also plays a key role in developing customised marketing proposals for customers. Pilot deployments of such systems allow the retail operator to collect and consolidate information about its customers from several sources (Wi-Fi networks, payment terminals, video surveillance systems, mobile store applications),

determining what exactly a particular customer is interested in. These solutions are also making it to the pilot deployment stage—we are implementing visitor counting systems for two of our clients. This will allow them to analyse their buyers' movement through the shopping space. This information will help our clients to tune up their sales strategy and interactions with their customers. AI is also involved in smart offline advertising. This technology makes it possible to automatically display a relevant advertisement, depending on the gender and age of the person looking at the information panel.

Let us check out some examples. Leroy Merlin recently started introducing augmented reality in its app. Buyers are able to furnish their home or apartment with virtual furniture from the in-app store. A similar technology is used by companies selling cosmetics. For example, the Japanese company Shiseido installed smart mirrors in their stores that allow you to virtually apply available cosmetics. In addition to virtual make-up or fitting, the mirror gives recommendations on the choice of cosmetics, taking into account the individual characteristics



of the client. The clothing brand True Religion uses an original approach to get information about the client by using the network of clothing stores. So far, the programme is designed only for owners of Apple Watch. As soon as the customer enters the store, the device provides the following data: growth, customer size, purchase history and even a wish list.

The use of AI is not limited to the shopping space. Transport and logistics departments actively use mobile management solutions. Each driver receives an optimised route sheet on their mobile devices. It is automatically generated with the current traffic situation and cargo characteristics taken into account. Solutions with AI elements are also used to prevent losses due to sudden mal-

functions of refrigeration equipment. The system analyses readings obtained from the network of special sensors installed in the refrigerators and notifies maintenance specialists about unexpected changes in temperature conditions.

AI also works at a strategic level, as modern ERP solutions also use analysis of large data to optimise the company's business processes. Even a giant staff of business analysts are unable to independently process the huge array of data coming from dozens, and sometimes hundreds, of points of presence and logistics nodes of trade networks.

Solutions using AI are certainly the future of retail, but as in any market in the active stage of development, at

the moment not all of the proposed technologies are of practical value for the business of trading companies. Therefore, for now retailers prefer to deploy such solutions on a limited scale to verify their performance. From time to time we come across phrases such as "Why is this necessary? After all, everything works well for us". Not everyone understands the application capabilities of solutions that use AI. Therefore, instead we try to directly talk with those departments of our customers whose business tasks we can effectively solve. I am sure that the demand for these solutions in retail will grow in different application scenarios. According to McKinsey, today, in one way or another, AI technologies are utilised by almost 20% of retailers around the world. And these numbers only continue to grow. ■



# Easy solutions. How do cloud technologies help to build business?



**ALEXANDER SHVEDOV**

Head of the multinational customer relations department, PJSC "VimpelCom"

The Gartner research company, which studies IT markets, estimated that last year organisations which had been using cloud technologies saved 14% of their budgets. Also, according to its research, more new software is moving from "primarily cloud" to "purely cloud". If you want to keep pace with progress, adopt a cutting-edge experience.

After all, today there is no need to obtain a license for software or its upgraded versions. There is also no need to purchase equipment and employ staff to maintain it. Many leading companies took this approach a long time ago. They have been implementing cutting-edge IT tools, developing

cloud technologies, effectively testing new ideas, and introducing innovations faster. Based on its services, users are able to launch their own applications.

What is left for an entrepreneur? Only paying for the resources used—a business-model called "pay as you go", which is becoming widespread around the world. Today, clients have the full ability to utilise Infrastructure as a Service (IaaS) services for self-installation and launching arbitrary programme software. The next stage is the services of Platform as a Service (PaaS) and Software as a Service (SaaS). According to Gartner, the latter ones promise stable growth in incomes in the coming years: they will be provided SaaS offers for managing HR, interacting with customers, and boosting procurements. Consequently, today more and more leading corporations are leaning toward cloud service thinking.

Use of cloud technologies by Russian representative offices of international companies helps them to effectively develop in the Russian market, for example, the use of Cloud PBX technology, which allows you to provide remote offices with communications, thereby linking them to the main telephone network of the company very quickly.

Of course, cloud infrastructure reliability is one of the key issues today.

It is important to pay attention to the provider's infrastructure and characteristics of the data centre, where the clouds "live". The newest Beeline data centre is one of the most advanced in Russia today. In terms of reliability, it meets Tier III standards according to the Uptime Institute's international classification. Data centres of this level around the world are considered to be the most optimal in terms of the price-continuity ratio. Such compliance requires particularly expensive solutions in the construction of the data centre and when ordering additional equipment. The facility has four independent optical data lines, overlooking the different main directions, and two independent power supply lines, plus dual redundant power supply. Overheating is controlled by an ambient air cooling system. Free cooling is used 90% of the time during the year, which allows you to use less air conditioning.

Another advantage to using cloud technologies is that they relieve the headaches in meeting regulatory requirements. This issue has already been resolved by the provider, whose powers, technologies, and services are certified by the state services, in particular, the Federal Service for Technical and Export Control (FSTEC) of Russia. For example, all data coming through our communication channels are stored and processed in the country. ■

# AEB News



L-R: **Tatyana Valovaya**, Minister in charge of Integration and Macroeconomics, Eurasian Economic Commission; **Markus Ederer**, Ambassador of the European Union to Russia; **Frank Schauff**, AEB CEO; **Evgeniy Vinokurov**, Director, Centre for Integration Research, Eurasian Development Bank.

## AEB participated in the Gaidar Forum 2018

On 17-18 January 2018, Frank Schauff, AEB CEO, took part in the experts discussion "EU-EAEU: Is there potential for developing interaction?" and "DNA of hidden champions" at the Gaidar Forum on the premises of the Russian Presidential Academy of National Economy and Public Administration (RANEPА).

The panel "EU-EAEU: Is there potential for developing interaction?" was moderated by Vladimir Salamatov, Chairman of the Committee, EAEU Business Council, General Director at the Research Centre "International trade and integration".

Dr. Schauff noted that for many years the AEB had been fostering a fruitful dialogue with the EAEU authorities on various topics such as IPR, technical regulations and standardisation as well as customs procedures.

Among other speakers were: Markus Ederer, Ambassador of the European Union to Russia; Marina Larionova, Vice-

President, Committee on International Cooperation, Russian Union of Industrialists and Entrepreneurs (RSPP); Djoomart Otorbaev, Prime Minister of the Kyrgyz Republic (2014-2015); Tatyana Valovaya, Minister in charge of Integration and Macroeconomics, Eurasian Economic Commission; Evgeniy Vinokurov, Director, Centre for Integration Research, Eurasian Development Bank.

The panel "DNA of hidden champions" was moderated by Andrey Sharonov, President of the Moscow School of Management SKOLKOVO.

The following speakers attended the panel: Evgeniy Demin, General Director, SPLAT; Valeriy Fedorov, General Director, the Russian Public Opinion Research Centre; Mikhail Levchuk, Deputy General Director, Argus Security; Sergey Medvedev, Professor, Higher School of Economics; Andrey Movchan, Director, Economic Policy Programme, Carnegie Moscow Centre.

## AEB business breakfast with Herman Van Rompuy

On 17 January 2018, Herman Van Rompuy, President of the European Policy Centre, President Emeritus of the European Council and former Prime Minister of Belgium, met with AEB members for a business breakfast organised by Deloitte, the AEB sponsor company.

In his speech, Mr. Van Rompuy spoke about the future of the European Union and the EU-Russia relations. He focused on the importance of the EU-Russia cooperation in a globalized and multilateral world, having stressed the role of Russia in the European history and its strategic place on the European continent. He also noted that the trust between the EU and Russia needed to be restored.

The discussion was moderated by Ian Colebourne, Managing Partner of Deloitte CIS.

Frank Schauff, AEB CEO, made closing remarks and expressed his gratitude to Deloitte for the meeting.



**Herman Van Rompuy**, President of the European Policy Centre, President Emeritus of the European Council and former Prime Minister of Belgium.



L-R: **Filippo Baldisserotto**, AEB Board Member; **Teemu Helppolainen**, Deputy Chairman of the AEB Board; **Alexander Liberov**, First Deputy Chairman of the AEB Board; **Thomas Staertzel**, Chairman of the AEB Board; **H.E. Sylvie Bermann**, Ambassador of France to the Russian Federation; **Frank Schauff**, AEB CEO; **Olga Bantsekina**, Deputy Chairperson of the AEB Board; **Gerald Sakuler**, AEB Board Member, Treasurer; **Ruslan Kokarev**, AEB COO.

## AEB Strategy Meeting 2018

On 25 January 2018, the AEB organised its Strategy Meeting 2018, where Board members, CNR representatives, Committees Chairpersons, guests of honour, and the AEB staff brought together at the Hotel Intercontinental Moscow Tverskaya to discuss the results of 2017 and define the Committees' main goals and initiatives for 2018. Thomas Staertzel, AEB Board Chairman, overviewed the AEB strategic development and perspectives for the future.

H.E. Sylvie Bermann, Ambassador of France to the Russian Federation, spoke about the current EU-Russia relations. AEB CEO Frank Schauff made an operational report and a short introduction into the Strategy Discussion 2018.

The participants of the meeting took part in the parallel sessions on five strategic topics: localisation and instruments for its support, moderated by Filippo Baldisserotto, Board Member; membership and services: How to further improve?, moderated by Gerald Sakuler and Cesare Biggiogera, Board Members; events at the federal and regional levels, moderated by Olga Bantsekina, Deputy Chairperson of the Board; trade barriers and other regulatory measures, moderated by Alexander Liberov, First Deputy Chairman of the Board, and Paul Bruck, Board Member; digitalization and its consequences for the businesses, moderated by Frank Schauff, AEB CEO. The moderators summarised the results of the sessions and Teemu Helppolainen, Deputy Chairman of the Board, moderated the general discussion on the strategic development.



## AEB participated in the RSPP Annual International Forum

On 7 February 2018, AEB CEO Frank Schauff took part in the RSPP Annual International Forum "International economic cooperation in the new realities" in the framework of the Russian Business Week.

The discussion of the Forum focused on the impact of new trends, in particular digitalization and rise of protectionism, business environment, trade and economic cooperation.

Dr. Schauff highlighted the issue of trade barriers and its impact on European business in Russia.

The participants discussed cooperation priorities in the context of new challenges that Russian and international business, national governmental authorities and international organisations face.



Participants of the Forum



L-R: **Frank Schauff**, AEB CEO; **Lev Kuznetsov**, Minister of the Russian Federation for North Caucasus Affairs; **Vyacheslav Bitarov**, Head of the Republic of North Ossetiya-Alaniya; **Rashid Temrezov**, Head of the Karachay-Cherkess Republic.

## Presentation of investment potential by the Republic of North Ossetiya-Alaniya and the Karachay-Cherkess Republic

On 1 March 2018, the AEB organised the presentation of investment potential by the representatives of the Republic of North Ossetiya-Alaniya and the Karachay-Cherkess Re-

public with participation of Lev Kuznetsov, Russian Minister for North Caucasus Affairs.

The event took place at the Permanent Representation of the Republic of North Ossetiya-Alaniya.

The presentation was moderated by Olga Rukhullaeva, Deputy Minister for North Caucasus Affairs.

Frank Schauff, AEB CEO, delivered a welcome speech. He stressed the fruitful cooperation between the Ministry for North Caucasus Affairs and the AEB.

Vyacheslav Bitarov, Head of the Republic of North Ossetiya-Alaniya, made a presentation of the investment potential of Alaniya. The region has a number of investment opportunities in agriculture and food production, building materials, hotels and tourism. Rashid Temrezov, Head of the Karachay-Cherkess Republic, spoke about the investment potential of the Republic in agriculture and food production, medical devices, building materials. The Minister of the Russian Federation for North Caucasus

Affairs Lev Kuznetsov noted the high potential of the region in the area of tourism, prospects for the development of medical and balneological treatment.

The General Director of the Agency for Development of the Republic of Alaniya Pavel Ignatiev and Aliy Nakokhov, Minister of Economic Development of the Karachay-Cherkess Republic, shared their vision about the competitive advantages for attracting investors to the Republics.

The representatives of European businesses raised questions about the production of construction materials, car production, and the development of tourism in the region.



L-R: **Paul Bruck**, Member of the AEB Board, General Manager, Most Service; **Marie Rondelez**, EU Adviser, AEB; **Alexander Liberov**, First Deputy Chairman of the AEB Board, CFO, Siemens Russia; **Frank Schauff**, AEB CEO; **Mariya Gabriel**, Commissioner for Digital Economy and Society, European Commission; **Filippo Baldisserotto**, Member of the AEB Board, Italcantieri LLC; **Thomas Staertzel**, Chairman of the AEB Board, General Director, Porsche Russland; **Gerald Sakuler**, Member of the AEB Board and Treasurer, individual member; **Teemu Helppolainen**, Deputy Chairman of the AEB Board, General Director, YIT; **Edgars Puzo**, Chairman of the AEB IT & Telecom Committee, CEO, Atos Russia.

## AEB Board mission to Brussels

On 21-23 March 2018, the AEB Board gathered in Brussels in order to discuss EU-Russia economic relations with European policy-makers, more particularly, with the European Commission, the European Parliament, the European External Action Service, the Russian Ambassador to the European Union as well as European partner associations.

During the mission which has become a tradition, the Board members articulated to the European authorities the concerns of the European businesses with regard to the following issues: state of play of EU-Russia relations and EU Strategy

towards the Russian Federation, in the wider geopolitical context; EU Dialogue with the Eurasian Economic Union (EAEU); current economic situation and investment climate in Russia; possible role and contribution of the European businesses in improving EU-Russia relations, possible areas of cooperation, in particular, in the IT-telecom sector; latest Russian government measures, specifically, on import substitution and localisation, state procurement, trade irritants.

The AEB delegation welcomed the current cooperation of the European policy-makers with Russia and the EAEU at the working level in the areas of mutual interest.

# AEB COMMITTEES UPDATES

## Automobile Manufacturers Committee



**Joerg Schreiber**, Chairman of the AEB Automobile Manufacturers Committee, President and General Director, Mazda Motor Rus.

On 12 January 2018, the AEB Automobile Manufacturers Committee (AMC) organised its XI Annual press conference "REVIEW 2017".

The event took place at the Hotel Intercontinental Moscow Tverskaya.

The main speakers at the press conference were Frank Schauff, AEB CEO, and Joerg Schreiber, AEB AMC Chairman, Mazda Motor Rus.

The sales results of the Russian automotive market in 2017 and prospects for 2018 were presented.

In December 2017, sales of new cars and light commercial vehicles in Russia increased by 14 % compared with December 2016 or by 20,348 sold units, and amounted to 166,013 cars, according to the Committee data.

In 2017 new car and LCV sales increased by 11,9% or 169,946 units in comparison with the previous year.

This year in January-December 1,595,737 cars were sold.

Joerg Schreiber announced market results for 2017 and AMC forecast for 2018: "December sales dynamics stayed in tune with the preceding months, by improving at a two-digit pace compared to the same month one year ago. Thus, despite a weak start in January and February, full year sales of passenger cars and light commercial vehicles in Russia improved by 11.9% year-on-year, to a level of 1.596 million units. The market has a long way to go returning to its former strength, but the first and important step in the right direction has been made."

The main issues on the AMC agenda were discussed. CEOs and representatives of major automotive companies participated in the event. The representatives of leading mass media were present and expressed huge interest in the press conference. A series of individual interviews with the speakers and individual brands' representatives were organised after the event.



## Compliance & Ethics Committee



L-R: **Anton Subbot**, AEB Compliance & Ethics Committee Chairman, Partner, Baker McKenzie; **Grigory Khoroshukhin**, Regional Compliance Officer, Robert Bosch OOO; **Irina Maurits**, Legal & Compliance Lead Europe East, Syngenta LLC; **Lenar Zayalov**, Head of Compliance Control, Russia Division, Fortum Corporation; **Maria Birenberg**; Regional Ethics and Compliance Director, Russia and CIS, GSK Pharma.

On 28 February 2018, the AEB organised a session as part of the VII Annual International Compliance Association (ICA) Conference “Compliance management: looking into the future, preparing now”.

The session was organised by the AEB Compliance & Ethics Committee and chaired by its Chairman Anton Subbot, Partner, Baker McKenzie.

The session was dedicated such topic as “Internal audits and external investigations: triggers, participants and roles, time-frames, potential outcomes and implications”. The participants were: Grigory Khoroshukhin, Regional Compliance Officer, Robert Bosch OOO; Irina Maurits, Legal & Compliance Lead

Europe East, Syngenta LLC; Lenar Zayalov, Head of Compliance Control, Russia Division, Fortum Corporation; Maria Birenberg, Regional Ethics and Compliance Director, Russia and CIS, GSK Pharma.

They shared experience and discussed challenges which arouse in the process of building compliance systems.

For the third year in a row, the AEB has acted as an information partner of the Conference which aims to discuss the unification of approaches of international organisations and government agencies to compliance regulation and supervision, and ranking the liability subject to presence or absence of compliance management systems.

## Construction Industry & Building Material Suppliers Committee

On 28 February 2018, the AEB Construction Industry & Building Material Suppliers Committee organised a meeting with Roman Kuprin, Deputy Head of Metallurgy and Materials Department of Minpromtorg of Russia.

Mr. Kuprin spoke about the implementation by Minpromtorg of a policy in the field of the construction materials industry, measures of state support for the industry, and the elaboration of a strategy for the development of the waste recycling industry.



Participants of the meeting

## Customs & Transport Committee



L-R: **Marina Lyakisheva**, SV-TRANSEKSPPO; **Sergei Gusev**, Deputy Chairman of the AEB Customs & Transport Committee, ElectroLux; **Maria Pereiaslavl'tseva**, Renault; **Alexander Kosov**, Pepeliaev Group; **Dmitry Cheltsov**, Chairman of the AEB Customs & Transport Committee, IRU; **Seiji Hattori**, Sumitomo Corporation; **Kunikhiro Nomura**, Head of JETRO; **Sergei Vasiliev**, DLA Piper; **Dmitry Yakukhno**, Sumitomo Corporation (Central Eurasia) LLC.

On 18 January 2018, the AEB Customs & Transport Committee (CTC) organised a joint meeting with JETRO and Japan Business Club Customs Committee on the Development of Customs Regulation. Traditionally the meeting has been held on an annual basis since 2011.

The meeting was moderated by Dmitry Cheltsov, AEB Customs & Transport Committee Chairman, IRU, and Seiji Hattori, JBC Customs Committee Chairman, Sumitomo Corporation.

Dmitry Cheltsov presented the AEB Customs & Transport Committee activities, informed the participants about the priority topics discussed at the joint events with customs authorities, and the results of the Committee work in 2017. Seiji Hattori shared the results of the survey "Customs processing/clearance challenges for Japan companies working in Russia in 2017".

The CTC experts provided detailed comments and professional overviews of the most acute questions identified by the Japanese businesses operating in Russia.

Sergey Vasiliev, Chairperson of the AEB North-Western Subcommittee on customs, transport and logistics, DLA Piper,

made a presentation on the current practices and regulatory developments with regard to customs valuation.

Marina Lyakisheva, Counselor to CEO, SV-TRANSEKSPPO, spoke about the peculiarities of customs risk-management system and the ranking system of foreign trade participants in Russia.

Alexander Kosov, Head of Customs and Foreign Trade Regulation Practice, Pepeliaev Group, addressed the main demands of customs authorities regarding HS codes, re-classification of goods by the customs authorities, and specified the means allowing for correct classification of goods.

Dmitry Maslov, Head of Freight Insurance Department, Zurich Reliable Insurance, made a presentation on measures to claim compensation of damages caused to cargo by customs inspections.

Maria Pereiaslavl'tseva, Director of Export and Business Development, Renault Group, shared the Renault Group's experience in operation in the framework of the FTA with Vietnam.

The Q&A session concluded the working programme of the meeting.





L-R: **Leonid Lozbenko**, Head of the Public Council of the Russian Federal Customs Service; **Timur Maksimov**, Deputy Head of the Russian Federal Customs Service; **Dmitry Cheltsov**, Chairman of the AEB Customs & Transport Committee; **Frank Schauff**, AEB CEO; **Vladimir Bulavin**, Head of the Russian Federal Customs Service.

On 21 February 2018, the 14th annual AEB conference “Customs and business: 10 steps toward each other” was organised in the Tchaikovsky hall of the Four Seasons Hotel Moscow.

Dmitry Cheltsov, Chairman of the AEB Customs & Transport Committee, and Head of the Eurasian Representative Office of IRU, moderated the Plenary Session.

Frank Schauff, AEB CEO, delivered a welcome speech.

Vladimir Bulavin, Head of the Russian Federal Customs Service, Timur Maksimov, Deputy Head of the Russian Federal Customs Service, and Leonid Lozbenko, Head of the Public Council of the Russian Federal Customs Service, spoke at the Plenary Session.

After the session, Frank Schauff signed the Declaration of Recognition and Support of the Charter of the Good Faith Foreign Trade Participants. He pointed out that, by signing the Declaration, the AEB was acknowledging the need for initiatives and measures aimed at implementing anticorruption programmes and engaging in foreign trade.

The Heads of the Federal Customs Service and the AEB concurred that the signing of the Charter by AEB companies could be a good opportunity for them to demonstrate their support for the efforts of the Federal Customs Service and foreign trade participants aimed at creating favourable conditions for foreign trade and its sustainable development.



**Frank Schauff**, AEB CEO, demonstrating the signed Declaration of Recognition and Support of the Charter of the Good Faith Foreign Trade Participants.





L-R: **Elena Bricheva**, Head of Division for customs payments, customs value and country of origin, EEC; **Dmitry Nekrasov**, Director of Department on customs legislation and law enforcement practice, EEC; **Dmitry Cheltsov**, Chairman of the AEB Customs & Transport Committee, General Delegate to the IRU Permanent Delegation to Eurasia; **Mukai A. Kadyrkulov**, Member of the Board, Minister of Customs Cooperation, EEC.

On 14 March 2018, the AEB Customs & Transport Committee organised a briefing by Mukai A. Kadyrkulov, Member of the Board, Minister of Customs Cooperation, Eurasian Economic Commission (EEC).

The briefing was opened by Frank Schauff, AEB CEO, and moderated by Dmitry Cheltsov, AEB Customs & Transport Committee Chairman, General Delegate to the IRU Permanent Delegation to Eurasia.

Frank Schauff and Dmitry Cheltsov underlined that the constructive cooperation and open dialogue with the Eurasian Economic Commission was highly appreciated by AEB members. AEB will continue to share with EEC the best European

practices of customs administration and regulation including examples of customs processes managed in Europe by AEB members.

Mr. Kadyrkulov briefed on the EEC activities in the field of customs regulation and presented the New Customs Code of the Eurasian Economic Union, which came into force on 1 January 2018.

Dmitry Nekrasov, Director of Department on customs legislation and law enforcement practice, and Elena Bricheva, Head of Division for customs payments, customs value and country of origin, EEC, commented on the law enforcement practice.

## Finance & Investments Committee



**Apurva Sanghi**, Lead Economist for the Russian Federation, the World Bank.

On 23 January 2018, the presentation of the World Bank report "A rebalancing China and resurging India: How will the pendulum swing for Russia?" was organised by the AEB Finance & Investments Committee.

The report was presented by Apurva Sanghi, Lead Economist for the Russian Federation at the World Bank. The report assesses the future impact of two dynamically transforming economies—China and India—on Russia's economy. China is rebalancing its economy whereas India is rapidly expanding. What does this hold for Russia? The event was moderated by Stuart Lawson, Chairman of the AEB Finance & Investments Committee, EY.

The welcome speech was delivered by Frank Schauff, AEB CEO. During the meeting the participants discussed numerous questions including scenarios for Russia, digital transformation, labour and capital free movements, competitive services and commodities, policy barriers, investment climate in Russia, etc.

On 13 February 2018, the AEB Finance & Investments Committee held an open Committee meeting devoted to the new US sanctions. Alexander Anichkin, Partner, Clifford Chance, made the presentation and spoke on CAATSA as a new sanction regime, "Kremlin report", Russian government response to CAATSA (legislative changes).

The event was moderated by Stuart Lawson, Chairman of the AEB Finance & Investments Committee, EY.



Participants of the Committee meeting



L-R: **Alexey Portansky**, Professor, Faculty of World Economy & World Politics, Higher School of Economics; **Natalya Milchakova**, Deputy Director, Analytical Department, Alpari Group; **Evgeny Nadorshin**, Chief Economist, PF Capital; **Stuart Lawson**, Chairman of the AEB Finance & Investments Committee, Executive Director, EY; **Frank Schauff**, AEB CEO.

On 27 February 2018, the AEB organised its 5th Talks on the Russian Economy entitled "Russian Economy: Quo Vadis?"

The meeting was moderated by Stuart Lawson, AEB Finance & Investments Committee Chairman, Executive Director, EY, and Frank Schauff, AEB CEO. Several important topics were discussed during the event: effectiveness of the Russian monetary policy, economic relations between EU and Russia, perspectives, barriers and forecasts for the development of the Russian economy, sanctions and their impact.

## Human Resources Committee

On 13 February 2018, the AEB Human Resources Committee organised its 15th Jubilee HR Conference entitled "Team Spirit 2018".

In 2018, Russia will host the FIFA World Cup and the AEB is trying to keep up with the times.

The programme of the 15th AEB Jubilee HR Conference was designed to demonstrate challenges with respect to achievement of strategic goals, typical for both big sports and HR global practices.

The conference's sessions were focused on the following topics: shaping a global project team and the role of corporate culture for team performance; building a high-performing team from scratch; agility in talent attraction, management and assessment; motivation of an effective team: trends and automation paths; Russian salary market: main trends and future outlook; digital C&B: why and how to create a useful salary review tool; labour law, rules of the game for the last season: who will get a yellow card?

The panel "Interaction of CEO and HR Director" was a special session closing the event.

The panelists discussed the impact of productive relationships between CEO and HRD on business efficiency and achieving the company's strategic objectives.



L-R: **Michael Germershausen**, Chairman of the AEB Human Resources Committee, Managing Director, Antal Russia; **Vsevolod Kukushkin**, Counselor to the President of the International Ice Hockey Federation (IIHF), Member of the Russian Union of Journalists, Member of the International Sports Press Association (AIPS); **Frank Schauff**, AEB CEO.



## IT & Telecom Committee



L-R: **Sergey Soloviev**, Head of Competence Centre, Siemens; **Alexey Krechetov**, Business Development Manager, Orange; **Evgeny Makhortov**, Head of Government Relations East Region, Nokia; **Andrey Goryainov**, Director of the Department of Platform Solutions, SAP; **Edgars Puzo**, AEB IT & Telecom Committee Chairman, CEO, Atos Russia; **Vadim Konyushkevich**, Partner, LP Law Firm; **Gleb Bazurin**, Associate, LP Law Firm.

On 30 January 2018, the AEB IT & Telecom Committee organised the Conference on Big Data which generated huge interest among the AEB members—almost a hundred persons attended the event. The speakers from ALRUD Law Firm, Baker McKenzie, LP Law Firm, Orange, Nokia, PwC, SAP C.I.S, and Siemens addressed the audience in three sessions: analytics, legal and practical implementation, and answered the questions raised by the participants.

The event was moderated by Edgars Puzo, Chairman of the AEB IT & Telecom Committee, Atos Russia CEO.

## Machine Building & Engineering Committee

On 7 February 2018, the AEB Machine Building & Engineering Committee organised a meeting on energy equipment issues with Vasily Osmakov, Deputy Minister of Industry and Trade.

Mikhail Ivanov, Director of the Department for Machine Building & Investment Machine Building, and Vladimir Raspopov, Deputy Director of the Industrial Development Fund, also took part in the meeting.

The participants vividly discussed power engineering industry issues, special investment contracts and localisation programme implementation.



L-R: **Alexey Soldatov**, Chairman of the AEB Product Conformity Assessment Committee, BSH Bytowiye Pribory; **Olga Silnitskaya**, AEB Committee Coordinator; **Ekaterina Radionova**, Kuusakoski Recycling; **Mikhail Turundaev**, Deputy Chairman of the AEB Machine Building & Engineering Committee, Schneider Electric; **Philippe Pegorier**, Chairman of the AEB Machine Building & Engineering Committee, Alstom Transport Rus; **Vasily Osmakov**, Deputy Minister of Industry and Trade of the Russian Federation; **Frank Schauff**, AEB CEO.

## North-Western Regional Committee



L-R: **Andreas Bitzi**, Chairman of the AEB North-Western Regional Committee; **Gabriel Di Bella**, Resident Representative of the International Monetary Fund in Russia.

On 1 February 2018, the AEB North-Western Regional Committee organised a briefing with Gabriel Di Bella, Resident Representative of the International Monetary Fund in the Russian Federation, titled "Russia: in search of a new growth model". The event was traditionally kindly hosted by the Consulate General of Lithuania in St. Petersburg.

Meetings with high-ranking experts from international financial organisations have become a long and well-established tradition.

The event was opened by Dainius Numgaudis, Consul General of the Republic of Lithuania, and was moderated by Andreas Bitzi, Chairman of the AEB North-Western Regional Committee. The briefing was followed by a Q&A session.





Participants of the meeting

On 1 February 2018, the AEB North-Western Regional Committee took part in the regular meeting of the Investment Council under the Governor of the Leningrad region, which took place in Otradnoye, the Leningrad region, on the premises of the JSC Geser plant.

The meeting was devoted to the issues of improvement of the investment climate in the Leningrad region.

The Chairman of the North-Western Regional Committee, Andreas Bitzi, presented the results of the annual survey implemented in cooperation with the administration of the Leningrad region among the AEB members operating in the region. The survey revealed the level of satisfaction of European investors, members of AEB, with the investment climate in the region and with the work of the investors support organisations, as well as the challenges encountered by the companies in the course of the investment projects in the region.

In June 2017, the AEB and the Government of the Leningrad region signed a cooperation agreement on joint activities to support foreign investors.

On 15 February 2018, the AEB North-Western Regional Committee held an open event titled "Financial outlook 2018—update for successful business".

The leading experts from such companies as Commerzbank (Eurasija), Nordea Russia, SEB Russia and Dentons briefed on overall financial situation in Russia with forecasts for the current year, tendencies on financial markets, shared their experience regarding the successful strategies of financing business in Russia, trends in financial markets development (blockchain, cryptocurrencies, etc.). The event provided a lively platform for discussion and exchange of practical experience, opinions, concerns and proposals.

The event was kindly hosted and supported the Consulate General of Germany in St. Petersburg.



Presenter: **Anton Poddubny**, Dentons.



L-R: **Tatyana Safonova**, Head of the Immigration Control Department; **Olga Zubrilova**, Head of the Legal Department for Migration Issues.

On 13 March 2018, the AEB North-Western Regional Committee's HR & Migration Subcommittee organised an open event in St. Petersburg entitled "Latest changes in migration legislation and procedure of application of migration rules in St. Petersburg and the Leningrad region". On the threshold of the 2018 FIFA World Cup in Russia, the participants were able to get first-hand information from the high-rank representatives of the Migration Directorate of the Main Directorate of the Ministry of Internal Affairs of Russia (UVM GU MVD) in St. Petersburg and the Leningrad region: Olga Zubrilova, Lieutenant Colonel of Police, Head of the Legal Department for Migration Issues, Directorate of Migration Issues, and Tatyana Safonova, Lieutenant Colonel of Police, Head of the Immigration Control Department.

The event was kindly hosted by Baker McKenzie in St. Petersburg.



Participants of the open event

On 15 March 2018, the AEB North-Western Regional Committee's Legal and Taxation Subcommittee held an open event entitled "Main trends in the field of taxation, commercial law and corporate regulation".

The leading legal and tax experts from such companies as EY, BEITEN BURKHARDT, SCHNEIDER GROUP, Dentons and EPAM shared their expertise regarding the latest changes in taxes legislation and administration, commercial law and corporate regulations.

The meeting provided a lively platform for discussion and exchange of practical experience, opinions and concerns.

The event was kindly hosted and supported by Egorov Puginsky Afanasiev & Partners (EPAM) in St. Petersburg.

## Real Estate Committee



L-R: **Vadim Kolomnikov**, Associate in the Real Estate, Construction and Infrastructure Practice, Debevoise & Plimpton LLP; **Ekaterina Sidenko**, Associate, BEITEN BURKHARDT; **Dmitry Maximovich**, Senior Associate, EY Law; **Filippo Baldisserotto**, Chairman of the AEB Real Estate Committee, Managing Partner, Italcantieri; **Ruslan Kokarev**, AEB COO.

On 16 March 2018, the AEB Real Estate Committee held an open event "Results and prospects in the field of legal regulation of commercial real estate".

The event was opened by Ruslan Kokarev, AEB COO, and chaired by Filippo Baldisserotto, Managing Partner, Italcantieri, AEB Real Estate Committee Chairman, AEB Board Member.

Dmitry Maximovich, Senior Associate, EY Law, gave an overview on the main changes in Russian real estate legis-

lation as of 2017 and briefed about upcoming challenges. Ekaterina Sidenko, Associate, BEITEN BURKHARDT, told about interesting court cases on the issues of the lease of real estate and their implications for contractual practice; Vadim Kolomnikov, Associate in the Real Estate, Construction and Infrastructure Practice, Debevoise & Plimpton LLP, spoke about principal trends in court practice: issues to be taken into account in the area of real estate and construction.



## Southern Regional Committee



Participants of the event

The Chairman of the AEB Southern Regional Committee (SRC) Oleg Zharko acted as the speaker at the Round Table “Kuban-2030: Strategy for the Human Being”, which was organised at the Russian Investment Forum in Sochi on 15 February 2018.

The Administration of the Krasnodar region was represented by the Governor Veniamin Kondratiev and his Deputy Igor Galas. Oleg Zharko talked about the SRC joint initiatives, including the successful experience of the business schools projects at the Kuban State Technological and the Kuban State Agrarian Universities supported by the AEB SRC member companies.

On 2 March 2018, the Conference “Sustainable development of territories: synchronisation of business, society and government activities” was held in Krasnodar within the framework of the programme “Time of new strategies 2018”.

The conference was organised by the AEB Southern Regional Committee, the Public Chamber of the Krasnodar region, the Agency for Investment and International Cooperation and the social-political daily YugTimes.

The event was moderated by Oleg Zharko, Chairman of the AEB Southern Regional Committee.

Sergey Altukhov, Deputy Chairman of the Legislative Assembly of the Krasnodar region, Alexander Polidi, Chairman of the Commission of the Public Chamber of the Krasnodar region, Igor Yakimchik, Business Ombudsman of the Krasnodar region, spoke at the conference.

The Round Table united the representatives of business, public organisations, universities. They discussed the main trends in



L-R: **Sergey Altukhov**, Deputy Chairman of the Legislative Assembly of the Krasnodar region; **Oleg Zharko**, Chairman of the AEB Southern Regional Committee, Danone; **Igor Yakimchik**, Business Ombudsman of the Krasnodar region; **Alexander Polidi**, Chairman of the Commission of the Public Chamber of the Krasnodar region.

the formation of modern views on sustainable development, the experience of companies and the specifics of the transition to sustainable development of the Krasnodar region.

## Taxation Committee



L-R: **Alexey Nesterenko**, EY; **Anton Zykov**, Deloitte; **Alexander Erasov**, Goltsblat BLP; **Yulia Litovtseva**, Pepeliaev Group; **Vadim Zaripov**, Deputy Chairman of the AEB Taxation Committee, Pepeliaev Group.

On 14 March 2018, the AEB Taxation Committee organised an event titled “The responsibility of company’s executives for tax violations: survive and win”.

The agenda included recent changes in the legislation on bankruptcy, Constitutional Court decision on collecting tax debts from individuals, clarification of the Federal Tax Service on the matter, and other important topics related to responsibility of company’s executives.

The event provided an excellent platform for discussion and knowledge exchange by professionals. Yulia Litovtseva, Pepeliaev Group; Alexander Erasov, Goltsblat BLP; Anton Zykov, Deloitte; Alexey Nesterenko, EY; Tatiana Kirgetova, Gide Loyrette Nouel; Valery Getmanenko, Baker McKenzie; Vladimir Kremer, AIG, shared their expertise and gave recommendations on important tax and related matters.

The event was moderated by Alina Lavrentieva, Chairperson of the AEB Taxation Committee, PwC, and Vadim Zaripov, Deputy Chairman of the AEB Taxation Committee, Pepeliaev Group.



# MEMBER NEWS

Dear members, please be informed that you can upload your news or press releases on our website in "Member News" section via personal page absolutely free of charge.

## Atos



### Unify and Atos integrate structures in Russia

Atos, a global leader in digital transformation, announced

structure integration of Atos and Unify in Russia. The incorporation process was launched according to the global integration programme Unify and Atos started in 2016.

The merger caused certain changes in the Unify internal structure: Edgars Puzo was appointed as CEO of Unify in Russia since January 2018. Sergey Razmahaev keeps the position of Sales Director in Unify and the Deputy of Unify CEO in Russia. At the same time, the partnership programme and all the interaction procedures remain the same.

As part of Unify integration in Atos Russia, a new department specialising on Unify software and communication services was created. Unify, as part of Atos, continues to offer unique integrated solutions for unified communications and collaboration. Edgars Puzo, CEO of Atos Russia, CIS and Baltic countries: "The merger of Atos and Unify will strengthen our positions in the area of communication services, as well as additional offers, technologies and commercial in the future on local and global level in the near future".

Company Atos has frequently emphasised its integration capabilities, in particular in the successful integration of 33,000 employees of Siemens Information Systems, 9,300 employees of Bull and 9,600 employees of Xerox ITO. Today Atos has about 100,000 employees in 73 countries. Together Atos and Unify plan to develop unique integrated proposals in the field of unified communications.

## Bilfinger Tebodin



**BILFINGER**

### Tebodin becomes Bilfinger Tebodin to be a stronger global brand in consultancy and engineering

Since February 2018, the consultancy and engineering firm Tebo-

din started to operate under the name Bilfinger Tebodin. This name change emphasises that Tebodin is an integral

part of industrial services provider Bilfinger SE. Bilfinger acquired Tebodin in 2012 to strengthen its engineering business.

Based on a long-standing reputation as global independent consultants and engineers, with local execution, Bilfinger Tebodin fulfils an essential key role in Bilfinger's overall strategy. With a strong focus on the further development of its global business, Bilfinger Tebodin can offer their clients a broader range of services.

Bilfinger Tebodin CEO Niels van Rhenen: "Our close cooperation within the strong Bilfinger network gives us the opportunity to anticipate client demands even more proactively. We will further drive our ambition to become a stronger global brand in consultancy and engineering, including project and construction management."

Bilfinger Tebodin offers a broad scope of independent services, covering all phases of a project: from initiation to completion, in six main industrial markets. Niels van Rhenen: "The talents and knowledge within our global organisation help to differentiate us from competitors, based on the additional services we can deliver as part of the Bilfinger Group."

## Borenius

### Borenius celebrates its 5th anniversary in Russia

In February 2018, the law firm Borenius celebrated the fifth anniversary of the launch of its operations in Russia. The firm was founded in 1911 and is one of the largest and most successful firms on the market in Finland. Borenius opened its office in Russia in February 2013 having brought together an exceptionally qualified team of lawyers under the brand of one of the foremost firms in Scandinavia.

Over this short period, our Russian practice has come a long way, from a legal start-up on the Russian market to a renowned and reputable brand with Finnish DNA. Our team occupies exceptionally strong positions in ratings, offers services of consummate quality, and accomplishes increasingly challenging integrated tasks in providing support to foreign and Russian clients.

What is Borenius Russia at present? It is a team of 15 high-profile lawyers working together in the practice areas



of corporate law and M&A, real estate, dispute resolution, IP and TMT. In addition to what we call our 'classic' practices, Borenius Russia has two multidisciplinary (or what we sometimes call industry-based) groups, i.e. White-Collar Crime & Crisis Management, and Fashion & Lux. Over the past five years, Borenius Russia has been awarded prominent, top-tier positions in such international ratings as those produced by Chambers & Partners, Legal 500 and IFLR 1000.

"Five years is a relatively short period," notes Andrei Gusev, managing partner at Borenius Russia. "However, we have been working with our specialist partners and senior counsel for over 10 years now. We have got to know each other very well over that time. I am most grateful to the team here at Borenius for our long years of collaboration, and I am absolutely positive that we have laid a solid foundation to enable us to further develop and prosper on the Russian market."

## Merck

### Merck: "Biotechnology production at a facility of a size of laboratory is already a reality"

On 21 February 2018, Merck took part in Life Science Talk, a German-Russian scientific discussion "Life Science—A Bridge between Science and Business". It was an important event focused on consolidating all forms of collaboration between Germany and Russia in innovations and giving an impetus to new partnership relations. This high-profile international dialogue platform collected the representatives of the Em-

bassy of the Federal Republic of Germany in Moscow, Russia's Ministry of Education and Science, German House of Science and Innovation (DWIH), Helmholtz Association, Russian and German scientific foundations and innovative companies. The Life Science Talk aroused strong interest and gathered about 200 participants.

Merck presented a bright example of successful international cooperation between business and science. The company's portfolio includes partnership agreements with the Institute of Bioorganic Chemistry of the Russian Academy of Sciences and the Far Eastern Federal University. Under these agreements, Merck provides access to advanced equipment, free samples and facilitates collaboration with Russian partners in research and development sphere.



Merck's advanced concept of flexible solutions and single-use materials for biotechnological production arouses strong interest among Russian start-ups. "The pharmaceutical production process is complicated. In addition to discovering a molecule, it is necessary to competently produce this molecule on a commercial basis. The concept of flexible modules and single-use solutions allows to manufacture different products within the framework of one and the same production line. The concept utilises single-use devices, so there is no need to prepare and clean equipment on purpose or perform other time-consuming activities," said Pavel Savkin, Head of Pharma Processing unit, Life Science, Merck.

This technology is popular among research and development teams that have already discovered a molecule but face some problems with producing it. At the same time,

Merck's technology allows commissioning of a production line at a facility as small as a laboratory.

Merck representatives also shared the information on a number of other company's innovations, e.g. in genome editing developments. For instance, six patents for the unique CRISPR technology have already been granted. This development focuses on searching for new treatments for the most complicated contemporary diseases, including cancer and orphan diseases. "Our mission is to ensure that in the process of every new discovery our technological solutions are being used," said Antonina Shuvalova, head of Laboratory Technologies Division, Life Sciences, Merck.

## JSC NPF SAFMAR



**SAFMAR**  
pension  
fund

### NPF "SAFMAR" and "Epiroc Rus" launch corporate pension programme

JSC NPF SAFMAR, a member of the industrial and financial group "SAFMAR", and "Epiroc Rus" signed a non-state pension provision agreement in March 2018, according to which NPF "SAFMAR" implements a corporate pension programme for employees of "Epiroc Rus".

"If an employer launches a corporate pension programme for its employees, it means that he appreciates their work

and looks forward to a long-term cooperation. Such programmes not only enable employees to save for retirement, but also increase their loyalty to the employer," said Alexander Lorenz, Head of SAFMAR Board of Trustees.

Within the corporate pension programme, administered by NPF "SAFMAR", it is envisaged to form pension capital on the basis of co-financing, when the employer doubles the employee's contributions. Pension funds are invested by NPF "SAFMAR" through asset management companies of the Fund and bring investment income.

"Epiroc Rus" is a responsible employer who always provides high-quality social packages to its employees. Now it has been replenished with the pension scheme. Under the terms of the corporate pension programme, participants will be able:

- to double their contributions to 5% of the salary through co-financing by the employer;
- to accumulate within five years funds in the amount of half-yearly income;
- to receive an annual social tax deduction.

"Epiroc" is a leading partner in productivity in civil engineering and mining. Due to advanced technologies, Epiroc develops and produces innovative drilling rigs, equipment for mining and construction, provides first-class service and consumables. The company was founded in Sweden, Stockholm. The company employs enthusiastic people who support customers in more than 150 countries.

# APPOINTMENTS

## Legalife Diaz Reus



Pietro Fantappié

Legalife Diaz Reus, the Moscow office of global law firm Diaz Reus, announced in February 2018 that a new attorney joined the firm: multilingual and multi-faceted Senior Associate Pietro Fantappié is an international lawyer with hands-on experience in business who

focuses his practice on the retail sector and service industries such as real estate and hospitality, cross-border transactions, blockchain and ICO, and commercial law. He also assists high net worth clients with international planning.

A British and Italian national, prior to becoming a member of the Italian Bar and joining Legalife Diaz Reus, Pietro interned in law firms in Moscow, Munich (Germany), and Portland, Maine (USA), and then went on to practice as in-house lawyer in Italian companies. He also spent a stint at the Council of Europe's Commissioner for Human Rights' Office. He holds a Diploma in Business Administration from London's Westminster College and a J.D. equivalent from Florence University, Italy.

"Pietro Fantappié versatile and international experience is a great addition to our Moscow office's team. We are delighted to welcome him to Legalife Diaz Reus," said Massimiliano Ballotta, Senior Partner and Director of Business Consulting at Legalife Diaz Reus.



# NEW MEMBERS

## Allianz

### Allianz Russia

Allianz is one of the world leading integrated insurance and financial service providers. Since 1890 the company has been providing millions of clients with the reliable insurance cover throughout the world. More than 144 thousand employees of Allianz Group service about 85 million clients in more than 70 countries.

Allianz Group entered the Russian market in 1990 by founding Ost-West Allianz (which later became CJSC IC Allianz). In July 2001 Allianz acquired 45.47% of ROSNO stock and in 2007 became its majority shareholder, which helped Allianz to expand significantly on the Russian market. On 21 May 2007, Allianz SE became a holder of 100% equity capital of the insurance company Progress-Garant. In 2011 it was decided to integrate three Russian entities of Allianz Group: ROSNO, Progress-Garant and CJSC IC Allianz. The new company OJSC IC Allianz started working in April 2012. Allianz Group in Russia comprises: OJSC IC Allianz, LLC IC Allianz Life (life and pension insurance), CJSC Medexpress (medical insurance) as well as clinics OJSC My Clinic and LCC Progress-Med.

[www.allianz.ru](http://www.allianz.ru)

## APLEONA

HSG Facility Management

### Apleona HSG

Apleona HSG is one of a few companies on the Russian market that focuses on commercial real estate facility management services exclusively. Today Apleona HSG is one of the global leaders in providing integrated facility management services.

The company has been operating in Russia since 1997. Having started from maintaining 18,000 sq m, the company succeeded in gaining confidence of major Western and Russian investors and companies. Currently Apleona HSG maintains over 4,000,000 sq m of commercial properties.

Apleona HSG focuses on the total facility management solutions for business centres and office complexes, retail entertainment centres, storage and industrial real estate construction projects throughout Russia and Kazakhstan.

[www.ru-hsg.apleona.com](http://www.ru-hsg.apleona.com)



HOTEL ASTORIA  
ST PETERSBURG  
A ROCCO FORTE HOTEL

### Hotel Astoria St Petersburg

Located at St. Petersburg's most prestigious historic address at the very heart of the city, home to famous actors and musicians, politicians and artists, Astoria is a part of Rocco Forte's exclusive collection of hotels. It is a vibrant hotel with illustrious biography, blending European sophistication with contemporary and timeless style. Just steps away from the Hermitage and Mariinsky theatre, Astoria allows you to experience the best of the dazzling city up close and enjoy a carefully preserved tradition of true Russian hospitality. Relax and refresh in the comfort of your room, where fashionable design features are in respectful harmony with classic interiors. Enjoy a Russian Afternoon Tea in sunlit Rotonda, where for many years delicacies have been served on blue patterned Imperial Porcelain dishes Astoria is famous for, and feel the history coming alive in the most authentic hotel in St. Petersburg that has been part of the city for over 100 years.

[www.roccofortehotels.com/ru/hotels-and-resorts/hotel-astoria/](http://www.roccofortehotels.com/ru/hotels-and-resorts/hotel-astoria/)

## bauma CTT RUSSIA

### bauma CTT RUSSIA

International specialized trade fair of construction equipment and technologies bauma CTT RUSSIA is a new name for CTT exhibition which has been held annually since 2000. Over the period the event has become the largest in Russia and CIS countries and got support from top construction machinery companies, specialized media as well as governmental bodies and professional unions. Since 2015 CTT Expo LLC has been a part of bauma network-construction machinery shows around the globe organised by one of the world leaders of the trade fair industry, Messe Munchen, Germany.

[www.bauma-ctt.ru](http://www.bauma-ctt.ru)



### Eurasian Certification Company

Eurasian Certification Company founded in 2007, provides a variety of services including certification, declaration, state registration of products (in medicines, sport food, cosmetics, BAA), assessment of conformity of products, development of technical documentation, certification of management systems (ISO 9001, ISO 22000 (HACCP), ISO 14001, OHSAS 18001, ISO 13485), industrial safety (licenses: on carrying out of mine-surveying work, on operating with explosive and flammable and chemically hazardous production facilities of I, II and III hazard rating, on manufacture, use and expansion of industrial explosives, etc.), product testing and other related services.

Thanks to our own test laboratories and highly qualified experts we can answer your requests quickly and flexibly, carry out real tests and offer quality services to our partners.

All this enables Eurasian Certification Company to significantly strengthen its position on the Russian certification market.

[www.ecert.ru](http://www.ecert.ru)

## FläktGroup

DENCO HAPPEL SEMCO FLÄKT WOODS DELBAG ILOXAIR

### FläktGroup

FläktGroup is the European market leader for smart and energy efficient indoor air and critical air solutions to support every application area. We offer our customers innovative technologies, high quality and outstanding performance supported by more than a century of accumulated industry experience. The widest product range in the market and strong market presence in 65 countries worldwide guarantee that we are always by your side, ready to deliver excellence in solutions.

Product range, wide functions and complete solutions presented by FläktGroup are from simple air terminal devices for distribution air in the room up to complicated Air Handling units, chillers, fans and special fire safety systems for underground car parks. Air Conditioning & Heating, Controls, Service cover numbers of business segments as Residential, Industrial, Oil & Gas, Clean Rooms, Data Centres, etc.

FläktGroup policy has always been clear: "We do not compromise on integrity and nothing is more important than compliance with both the law and our internal rules & regulations."

As a leading supplier we can assist to achieve this with focus on energy efficiency to lower the life cycle costs, and to create higher property value for owners.

FläktGroup focuses on sustainability that allows people and businesses to grow.

[www.flaktgroup.com](http://www.flaktgroup.com)



HYATT  
REGENCY™

MOSCOW  
PETROVSKY PARK

### Hyatt Regency Moscow Petrovsky Park

Hyatt Regency Moscow Petrovsky Park, a new premium business hotel with an impressive capacity of 298 contemporary rooms including 39 spacious suites, is located next to the famous VTB Arena-Central Dynamo Stadium named by Lev Yashin and the historic Petrovsky Park.

The guests will be welcomed by light inspiring design and general feeling of comfort and coziness of modern accommodation ideal for business and leisure travelers interested in upscale service and creating valuable connections. They can enjoy lively culinary experiences in the hotel's restaurants and bars, dynamic multifunctional and light-flooded conference spaces perfect for various events, as well as a spacious energizing fitness area. A team of professionals will provide seamless service of the highest level, ensuring efficiency and comfort at every touchpoint.

Proximity to the VTB Arena-Central Dynamo Stadium named by Lev Yashin and easy transport access make Hyatt Regency Moscow Petrovsky Park an excellent choice for a stay during major sporting and recreational activities. The hotel is located just five kilometers from the Kremlin, near key business and shopping areas of Moscow and the main highways of the city.

[moscowpetrovskypark.regency.hyatt.com](http://moscowpetrovskypark.regency.hyatt.com)



### IE Business School

IE is one of the leading European higher education institutions, whose belief in innovation and entrepreneurship is the integral part of its drive towards academic excellence.

IE Business School is ranked among the best business schools according to the Financial Times, the Economist and Forbes. IE is a leader of blended education, being the pioneer of online teaching, it delivers a learning experience which combines interactive online teaching via video conferences and debate forums, with short face-to-face periods at the IE campus in Madrid.

The IE Ecosystem consists of five Schools:

- IE Business School—a school for transformation, creation and innovation. Our internationally recognised approach creates an environment of thriving professionalism.

- IE School of Human Sciences and Technology—educating innovative professionals for the new world of work. Our students draw on communication, media, social sciences and technology to impact business and society.
- IE School of International Relations—we train influential leaders to transform and truly make a difference in the private, public, and non-profit sectors.
- IE Law School—IE Law School drives innovation in the legal world, training global lawyers that stand out for their passion for entrepreneurship and humanistic spirit.
- IE School of Architecture and Design—architecture and design education is based on innovation, responsibility and entrepreneurial spirit, all fostered through project-based learning.

[www.ie.edu](http://www.ie.edu)

## LOTTE

HOTELS & RESORTS

### Lotte Hotels & Resorts

Lotte Hotels in Moscow and St. Petersburg belong to Lotte Hotels & Resorts, Korea's largest luxury hotel chain, which is in turn part of the Lotte Group, a multi-branch holding as well as the leading conglomerate in the Asia-Pacific region. Award-winning Lotte Hotel Moscow, located in the city centre, offers 300 rooms, 2 superb restaurants – Italian OVO by Carlo Cracco and Japanese MEGUmi, and The Lounge Bar. The hotel also boasts modern meeting and convention facilities, unique Wedding & Event Bureau, Club Lounge, Fitness Club with a pool, Mandara Spa and 3-level parking. Five-star Lotte Hotel St. Petersburg, located in the historical centre of St. Petersburg, features 150 rooms and suites; The Lounge, an elegant restaurant with a stained-glass dome; MEGUmi Japanese restaurant; L Terrasa, a terrace bar with a spectacular view of St. Isaac's square; and a Balinese centre Mandara Spa.

[www.lottehotel.com](http://www.lottehotel.com)

## PHILIPS

### Philips Lighting

Philips Lighting (Euronext: LIGHT), the world leader in lighting products, systems and services, delivers innovations that unlock business value, providing rich user experiences that help improve lives.

Serving professional and consumer markets, we lead the industry in leveraging the Internet of Things to transform homes, buildings and urban spaces.

With 2017 sales of EUR 7.0 billion, we have approximately 32,000 employees in over 70 countries.

[www.lighting.philips.com](http://www.lighting.philips.com)

## quality partners.

business solutions partners.

### quality partners.

quality partners. are young, talented, highly-motivated and goal-oriented consultants. The team is built up around a core that has worked together for many years as a core team in consulting before joining quality partners.

quality partners. stand for efficient, client-oriented, high quality solutions for your business in Russia. Our staff is multilingual; all our colleagues speak Russian as well as English. Furthermore, we have German, Italian and French speaking colleagues.

The vast experience in all our relevant spheres of consulting international clients make us your perfect partners to support your business in Russia. We are big enough to cover a broad range of services and, at the same time, small enough to be able to act quickly and offer flexible solutions. We provide our services in St. Petersburg and Moscow to subsidiaries of companies from all over Europe and the Americas.

Our services cover the following:

- business set-up;
- general business consulting;
- HR consulting;
- HR audit;
- recruiting;
- motivation, communication, coaching;
- accounting, reporting, controlling and financial analysis;
- payroll;
- internal financial & tax audit;
- financial & tax due diligence;
- tax consulting;
- legal consulting;
- compliance;
- localisation of manufacturing;
- migration, work permits;
- interim or long-term management;
- office lease, legal address, business representation.

[www.q.partners](http://www.q.partners)

## sato

### SATO

SATO is one of Finland's leading rental housing providers. Our aim is to offer comprehensive alternatives in rental housing and an excellent customer experience.

SATO holds roughly 24,000 rental homes in Finland's largest growth centres and in St. Petersburg.

[www.satodom.ru](http://www.satodom.ru)



## SOGAZ®

INSURANCE GROUP

### SOGAZ Insurance Group

The SOGAZ Insurance Group was founded in 1993 and is one of the largest federal insurers in Russia. We offer more than 100 insurance programmes for individuals and companies across various fields of activity. The regional network of SOGAZ Group comprises more than 800 outlets.

The reliability and financial stability of the SOGAZ Group is confirmed by leading international and Russian rating agencies. Quality reinsurance risk coverage as well as the amount of insurance reserves and equity make SOGAZ a reliable insurance company and ensure the highest level of insurance protection for the Group's customers.

SOGAZ Group is a recognised leader in the field of corporate insurance. Strategically-important Russian corporations and their employees trust us with their coverage. Our clients include the Gazprom Group, Russian Railways, Rosneft, Rosatom, Severstal, Evraz Group, Power Machines, United Machinery Plants, Rostec, United Ship-Building Corporation, United Aircraft Corporation as well as thousands of other businesses and organisations.

The SOGAZ Insurance Group consists of a dedicated team of specialists with unique market experience, knowledge and technology. The Group's companies are members of leading professional associations and take an active role in developing the Russian insurance market.

[www.sogaz.ru](http://www.sogaz.ru)



### TechSert Group

The Certification Body TechSert Group is the result of the combined effort of several experts, with long time experience in the field of certifications EAC and Gost R. TechSert can offer a wide range of services in five different languages, from the early stages with a free consulting, to the issue in-house of the necessary documents. TechSert Group is specialized in the EAC certification of oil & gas equipment, industrial machinery, measuring instruments, pressure equipment and electronic devices. Furthermore, TechSert Group maintains one of the most popular website of the sector, with thousands of views each week, at <http://www.gostrussia.com/en>.

We are able to guarantee:

- assistance by an expert consultant fluent in English, German, French, Italian or Spanish—to reduce language barriers;
- direct connection with the certification body—no middle-

men between you and the issuer of the certifications to reduce costs and time;

- after-sales assistance—our service does not stop at the issuance of the certification, we are always ready to help you to correctly use the document and solve the problems related to the matter;
- applicant EAC—we help you to correctly and easily manage the mandatory regulation of the representative for the certification registered in the Customs Union;
- all necessary documents—beyond the certifications we can handle all the necessary technical documents, for example: technical passports, safety justifications and safety expertise;
- international experience—we are since the origins an internationally oriented company, thanks to our team of people from all around the world.

[www.gostrussia.com/en](http://www.gostrussia.com/en)



### TL GROUP (TRANSLOGIX)

TL GROUP (TRANSLOGIX) is the largest customs broker and logistics operator providing all the range of customs and logistics services. The company was founded in St. Petersburg and today it has 11 representative offices in the regions including the Far East, the Central Russia and the south of the country plus four offices in Europe.

The main areas of activity are as follows: customs; logistics; international transportation; domestic transportation; warehouse; outsourcing of foreign trade activities; customs consulting.

Benefits to the customers of TRANSLOGIX:

- the whole customs and logistics chain via a single operator;
- certificate of inclusion in the Register of Customs Representatives;
- personal manager (including English-speaking);
- customs clearance during the period of free storage;
- work with the entire product range;
- no commission for the third party services (terminals, ports);
- own vehicle park;
- working with all customs mode.

High professionalism, wide experience and personal responsibility of each employee allow the company to guarantee quality services at a very high level.

[www.tl-group.ru](http://www.tl-group.ru)



Association  
of European  
Businesses

## AEB MEMBERSHIP APPLICATION FORM / ЗАЯВЛЕНИЕ НА ЧЛЕНСТВО АЕБ

Please, email a scan of completed and signed application form to: [membership.application@aebrus.ru](mailto:membership.application@aebrus.ru), and send the original document by post / Пожалуйста, вышлите скан заполненного и подписанного заявления на адрес: [membership.application@aebrus.ru](mailto:membership.application@aebrus.ru), а оригинал направьте почтой.

Calendar year / Календарный год: 2018  (Please check the appropriate box/boxes / Укажите соответствующий год/года)

Name of your AEB Contact / Ваше контактное лицо в АЕБ: \_\_\_\_\_

### 1. COMPANY / СВЕДЕНИЯ О КОМПАНИИ

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Legal Address (and Postal Address, if different from Legal Address) / Юридический и фактический адрес, если он отличается от юридического:	INN / KPP / ИНН/КПП:	
	Phone Number / Номер телефона:	Fax Number / Номер факса:
	Website Address / Страница в интернете:	

### 2. CATEGORY/КАТЕГОРИЯ: THE CATEGORY IS DETERMINED ACCORDING TO THE WORLD'S TURNOVER OF THE COMPANY Please attach the information letter on the activity of the company and its annual turnover with the signature of the head of the company on the official letterhead

Please indicate your AEB Category / Отметьте категорию	Company's world-wide turnover (euro per annum) / Мировой оборот компании (евро в год)	AEB Membership Fee / Членский взнос в АЕБ
<input type="checkbox"/> SPONSORSHIP / Спонсорство	–	10,000 euro/евро
<input type="checkbox"/> CATEGORY A / Категория А	>500 million/миллионов	6,300 euro/евро
<input type="checkbox"/> CATEGORY B / Категория Б	50–499 million/миллионов	3,800 euro/евро
<input type="checkbox"/> CATEGORY C / Категория С	1–49 million/миллионов	2,200 euro/евро
<input type="checkbox"/> CATEGORY D / Категория Д	<1 million/миллионов	800 euro/евро
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**Any non-EU / non-EFTA Legal Entities applying to become Associate Members must be endorsed by two Ordinary Members (AEB members that are Legal Entities registered in an EU / EFTA member state or Individual Members – EU/EFTA citizens) in writing/**

Заявление любого юридического лица из страны, не входящей в Евросоюз/ЕАСТ, и желающего стать членом АЕБ, должно быть письменно подтверждено двумя членами АЕБ (юридическими лицами, зарегистрированными в Евросоюзе/ЕАСТ, или индивидуальными членами – гражданами Евросоюза/ЕАСТ)

**Individual AEB Membership is restricted to EU / EFTA member state citizens, who are not employed by a company registered in an EU / EFTA member state /**

К рассмотрению принимаются заявления на индивидуальное членство от граждан Евросоюза/ЕАСТ, работающих в компаниях, страна происхождения которых не входит в Евросоюз/ЕАСТ

**Please bear in mind that all applications are subject to the AEB Executive Board approval /**

Все заявления утверждаются Правлением АЕБ

### 3. CONTACT PERSON / INDIVIDUAL MEMBER / КОНТАКТНОЕ ЛИЦО / ИНДИВИДУАЛЬНЫЙ ЧЛЕН

Title, First Name, Surname / Ф.И.О:	
Position in Company / Должность:	
E-mail Address / Адрес эл. почты:	

4. COUNTRY OF ORIGIN / СТРАНА ПРОИСХОЖДЕНИЯ	
<b>A. For a company / Компаниям:</b> <b>Please specify COMPANY'S country of origin /</b> Указать страну происхождения компании <sup>1</sup>	
<b>or B. For an individual applicant /</b> <b>Индивидуальным заявителям:</b> <b>Please specify the country, of which you hold CITIZENSHIP /</b> Указать гражданство	
<p align="center"><b>Please note that only EU / EFTA members can serve on the Executive Board and the Council of National Representatives/</b>            Внимание! В Совет национальных представителей и Правление могут быть избраны члены,            представляющие страны Евросоюза или ЕАСТ.</p> <p align="center"><b>Please fill in either A or B below/</b> Заполните только графу А или В</p>	

5. COMPANY DETAILS / ИНФОРМАЦИЯ О КОМПАНИИ			
<b>Company present in Russia since: _____ /</b> Компания присутствует на российском рынке с: _____ г.			
<b>Company activities/</b> Деятельность компании	<b>Primary /</b> Основная:	<b>Secondary /</b> Второстепенная:	
<b>Company turnover (euro)/</b> Оборот компании (в Евро)	<b>In Russia /</b> в России:	<b>Worldwide /</b> в мире:	<input type="checkbox"/> Please do not include this in the AEB Member Database/ Не включайте это в справочник АЕБ
<b>Number of employees/</b> Количество сотрудников	<b>In Russia /</b> в России:	<b>Worldwide /</b> в мире:	<input type="checkbox"/> Please do not include this in the AEB Member Database/ Не включайте это в справочник АЕБ
<p align="center"><b>Please briefly describe your company's activities (for inclusion in the AEB Database and in the AEB Newsletter) /</b>            Краткое описание деятельности Вашей компании (для включения в базу данных АЕБ и публикаций АЕБ)</p>			

6. HOW DID YOU LEARN ABOUT THE AEB / КАК ВЫ УЗНАЛИ ОБ АЕБ?	
<input type="checkbox"/> <b>Personal Contact /</b> Личный контакт	<input type="checkbox"/> <b>Internet /</b> Интернет
<input type="checkbox"/> <b>Media /</b> СМИ	<input type="checkbox"/> <b>Event /</b> Мероприятие
<input type="checkbox"/> <b>Advertising Source /</b> Реклама	<input type="checkbox"/> <b>Other /</b> Другой

**Signature of Authorised Representative of Applicant**  
**Company /** Подпись уполномоченного лица заявителя:

**Signature of Authorised Representative of the AEB /**  
**Подпись Руководителя АЕБ:**

\_\_\_\_\_

\_\_\_\_\_

Date/Дата:

Date/Дата:

<sup>1</sup> Location of a parent company or of the main shareholder/ Местонахождение головной конторы или основного учредителя.



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Human Resources

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Construction Equipment

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