

Tourists When Americans visit Moscow, they want both a taste of home and things that seem slightly exotic

The American View of Moscow

Shawn McKenna brought American-style dining to Russia's capital. He and other American expatriates share their favorite Moscow places.

EVA HUA
SPECIAL TO RBTH

Moscow's first American diner was shipped to Russia in parts, much like a recycled amusement park ride. Muscovites lining up in the snow outside the Tchaikovsky Concert Hall noticed one day that a diner was appearing piece by piece, like a stampedin and chrome Lego fortress, right in the heart of Moscow.

It is hard to describe the buzz the Starlite Diner caused when it opened its doors in the mid-1990s. Today, it still draws a cult of devotees with its bacon grilled cheese sandwiches, chicken pot pies and other American novelty foods that predate the term "bad cholesterol." It took four weeks to teach the menu to the first wave of Russian waitresses, who wore uniforms straight out of the TV show "Happy Days."

Suddenly, business deals were being consummated over French fries and ketchup. As expatriate families arrived in Moscow, the restaurant became their first stop after Red Square. Those were heady days for international relations between the West and Russia, and American expats were streaming in — from brigades of consultants and businessmen, to herds of journalists and academics, as well as missionaries, students, poets and dreamers.

Moscow attracted adventurous people who were taken by its energy. Shawn McKenna, one of the founders of Starlite Diner and other restaurants in Moscow, was among the first of these pioneers, and also among the longest lasting.

"I like the vibe and trendiness of the city, the economic development of the entire population, and that it is a melting pot of different nations and regional cultures of Russia," McKenna said.

In his earliest visits to Russia, he identified a niche. McKenna experienced the sometimes amus-



The diner in Moscow has become an iconic place for Americans.



Starlite founder Shawn McKenna came to Russia in the early 1990s.

ing, always frustrating lack of good service in restaurants in the 1990s. "One time our delegation drove to a Georgian restaurant on Tverskaya, which turned to be closed for guests due a lunch break of their employees," he said. "That's when I realized how much opportunity lies here."

By the mid-1990s, he had started his own restaurant business, bringing the classic diner experience to Moscow. Initially, 95 percent of his clientele was made up of expatriates. Today, Starlite Diner serves authentic burgers and milkshakes to mostly Russian customers.

The diner concept also attracted young Russians on a budget. While Moscow gradually grew

into one of the expensive cities in the world, McKenna's restaurant cultivated the Russian middle class with the idea that something could be trendy and cheap at the same time. Said McKenna, "Focusing on Russians brings the success in the long term."

Recommended by Expats

Shawn McKenna spends a lot of time in his own restaurant when he's in Moscow, but still has a soft spot for the famous Izmailovo Vernisage souvenir market on the outskirts of Russia's capital, which sells everything from old Samovars to DVDs and is home to the city's Vodka Museum. "When family and friends come, you have to descend to the class of tourists," he said. "I love the Izmailovo market, the whole experience of bargaining like in the old days in the epicenter of the flea-market society of Moscow, surrounded by this entrepreneurial spirit."

Chris Lee, President of C.B.S.D. Thunderbird Russia, agreed: "In addition to the kebab you can find at Izmailovo, Moscow has a wealth of foreign cuisine you

won't find in the States. Georgian food is something most Americans have never encountered, but that everybody loves. I personally recommend Tiflisky Dvor on Ostorzhenka Street."

To get away from the city's notorious traffic, Lee recommended night driving. "The lighting and architecture of Moscow are an amazing combination. We go up to the Sparrow Hills and Moscow State University to get a view of the city. Christ the Savior Cathedral is one of my favorite places to take guests at night. We're a middle-aged couple with kids, so no night clubbing!"

Karl Swanson of Natura Foods was on the train to Moscow's Domodedovo airport to pick up relatives visiting for the first time when he said: "I want to give the kids a sample of typical Russian culture. The Pushkin Museum is nice, but maybe a little early for them. That's why we're visiting the Moscow State Puppet Theater and the Moscow Nikulin Circus — they'll be absorbed in a Russian story and surrounded by a Russian audience."

American journalist Alec Luhn



The Nikulin Circus was founded by famous Soviet clown Yury Nikulin.



The Fountain of People's Friendship stands at the center of VDNKh.

in fascinated by Moscow's history. "The best place to get in contact with Soviet architecture and ideology is VDNKh [the All-Union Exhibition Center, a park with pavilions showing the agricultural achievements of the Soviet republics] and the Sovetskoye Vremena [Soviet Times] restaurant. I like going to VDNKh because it's a place steeped in history," he said. "Today, the Soviet Union seems strange and archaic, but at one point its ideology completely defined the lives of millions of people, even dictating the way the buildings around them looked. VDNKh creates a physical connection with that world and helps you feel it

in a more visceral way, and it's authentic — not some theme-park recreation."

Eric Leroy, a longtime English teacher in Moscow, appreciates the city's inhabitants. In an interview with Afisha magazine, he said, "Moscow's charm is in its people. I love Russians. I had so many questions before coming here, and everyone told me life in Russia would not be easy. But the opposite turned out to be true: I came here and immediately felt at home. There's some mixture of coldness and rudeness with warmth and spontaneity here that I really love, and with my Russian wife, I'm at home here."

Skolkovo Russia's Silicon Valley goes on the road, taking its message of investment opportunities to California

Russia Looks for Help in Monetizing Its Investment Potential

The leadership of the Skolkovo Foundation visited California to show off and attract investors at the annual Global Technology Symposium.

ANNA ANDRIANOVA
SPECIAL TO RBTH

During the last week of March, a team from the Skolkovo Foundation, the group behind the Skolkovo Innovation Center, sometimes referred to as Russia's Silicon Valley, came to the actual Silicon Valley for the eighth annual Global Technology Symposium. The symposium has always had a bit of a Russia focus, and this year was no different, featuring a half-day of sessions exclusively on Russia. Another highlight of this year's event was the inaugural meeting of the U.S.-Russia Bilateral Presidential Commission Innovation Working Group, established at last year's G8 summit by U.S. President Barack Obama and Russian President Dmitry Medvedev. In its first session, the working group identified particular problems that the countries can work on jointly, exchanged opinions on the legal framework for innovation and discussed future commercialization of new technology.

"Russia has a deep R&D [Research and Development] base," said Lorraine Hariton, special representative for commercial and business affairs at the U.S. Department of State, "but the actual understanding on how to commercialize R&D is something that needs to be developed." She also said that Skolkovo was a great opportunity for Russia to build its own innovative ecosystem.

The Skolkovo group took advantage of the presence of major U.S. tech companies to sign agreements and road maps with

American partners. During the symposium, Cisco signed a strategy document to create an R&D presence in Skolkovo, as a part of the company's multiyear commitment to invest \$1 billion within the Russian Federation.

"We are very proud and excited to initiate our R&D efforts in Russia with this agreement, particularly in Skolkovo," said Marthin De Beer, senior vice president of Cisco's video and collaboration group, "Now we'll start the work specifically in

During the Global Technology Symposium, the Skolkovo Foundation signed a memorandum of understanding with Bessemer Venture Partners for a \$20 million investment over two years.

Russia is attractive for investors because it has both innovative technology and a large domestic market.

R&D in the video area. We have two very large businesses associated with video, and video also drives a lot of networking space, so it is very important and strategic for Cisco."

The state-owned Skolkovo Foundation is only adding to its list of major international partners. I.B.M., Intel, Microsoft and General Electric are already working with the foundation. The center is interesting for big multinational corporations because a partnership with Skolkovo comes with tax breaks and other

incentives to make it easier to work in Russia.

For small start-ups, however, the main value comes in access to government grants, venture capital, and a mentoring program. Russian start-up Kuznech, which was present at the Global Technology Symposium, works on technology to make it easier to search within videos and images online. When the company ran out of the initial investment it received from its founders, it applied for a Skolkovo grant and received \$1 million. Through Skolkovo, Kuznech also had an opportunity to receive feedback from venture capital funds to gauge its competitiveness on the global market.

"We have largely improved our business model and focused more on monetization of the technology," said Michael Pogrebnyak, Kuznech's C.E.O. "So the feedback has helped us a lot."

Kuznech is an example of Skolkovo's model, which connects good ideas with the money to make them possible. The foundation searches for start-ups with innovative, marketable ideas — in Russia and abroad — and presents them to a pool of more than 30 venture capital funds. The funds decide which start-ups deserve investment, and offer grants ranging from \$150,000 up to \$1 million.

Skolkovo was launched with a grant of \$5 billion as a governmental effort to transform Russia into an innovation-based economy through partnerships with leading scientists and corporations. The goal is to create an environment for innovation. Currently, Skolkovo boasts more than 350 companies.

During the Global Technology Symposium, the Skolkovo Foundation expanded its available



Skolkovo Foundation President Viktor Vekselberg (left) speaks at the Global Technology Symposium.

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companies, including many start-ups, are currently operating in Skolkovo. So far, 119 companies have joined the I.T. cluster; 104 have committed to the biomedical cluster; 90 to the energy cluster; another 27 to the nuclear cluster; and 15 to the space technologies cluster.

funds significantly when it signed a memorandum of understanding with Bessemer Venture Partners for a \$20 million investment in Skolkovo participants over two years. Bessemer Venture Partners has been investing in Russia-related businesses since 2005, and its list of successful investments includes KupiVIP and Parallels.

"At Bessemer, we always try to follow the heat and the action, and there is certainly a lot of it in Silicon Valley," said David Cowan, a partner at Bessemer. "But we also see it emerging in a very interesting way in Russia."

Cowan said that his company invests a lot in other emerging economies, naming India as a country with rapid and sustained

TIMELINE

A short history of Skolkovo

NOV. 12, 2009 • President Dmitry Medvedev announces his intention to create "something like Silicon Valley" in Russia to facilitate "an attractive environment for the work of leading scientists, engineers and managers."

MARCH 19, 2010 • Out of several proposed locations across Russia, Skolkovo is chosen as the site for "an ultramodern scientific and technological complex for the elaboration and commercialization of new technologies."

APRIL 27, 2010 • Roger David Kornberg, a prominent American biochemist, Nobel laureate and professor of structural biology at Stanford University, becomes the co-chair of the Science and Technology Council of the Skolkovo Innovation Center.

SEPT. 28, 2010 • Dmitry Medvedev signs a federal law establishing the Skolkovo Innovation Center, following the approval of the law by the State Duma. The law provides special tax, immigration and customs benefits for Skolkovo residents.

DEC. 14, 2010 • Construction on Skolkovo is started outside of Moscow.

APRIL 21, 2011 • Skolkovo Open University begins its work.

OCT. 22, 2011 • The Skolkovo Foundation and M.I.T. sign a partnership agreement for the Skolkovo Institute of Science and Technology. Professors at the institute will hail from M.I.T., Harvard University, Stanford University and other world-famous educational institutions.

G.D.P. growth, but that Russia is attractive for investors because it has both the innovative technology and large domestic market to support the start-ups. "When it comes to innovation

in Internet and computer networking companies and energy related companies, we expect to find a lot more interesting activity in Russia than in any other non-U.S. regions," Cowan said.