

# Russia BEYOND THE HEADLINES

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**Business** Russian Web firms look to expand their offerings beyond the local market

# Russian Internet Companies Go Global

Established Russian players like Yandex and Odnoklassniki are introducing offerings abroad in an attempt to gauge the market for further expansion.

ANNA ANDRIANOVA  
RUSSIA BEYOND THE HEADLINES

Russia's established Internet players are now competing with the global giants, and their success will pave the way for investor interest in new start-ups out of Russia, according to a report by global management consulting firm McKinsey & Company.

During the recent Digital Life Design conference in Moscow, Aigool Khalikova, an associate principal with McKinsey, said that Russian language is the second-fastest growing language on the Internet, outperformed only by Arabic.

"Within the next two or three years we'll witness quite a bit of growth being driven essentially by the infrastructure being rolled out as well as huge investment going into the Internet sphere," said Khalikova. "The number of large budget e-commerce start-ups started within the last year is huge."

Startups are learning from the experience of Russia's big Internet companies, which are now looking into geographical expansion. Last year Yandex, Russia's leading search engine, launched a search engine for Turkish users. Earlier this year, the company reported reaching the benchmark of 100,000 visitors per day in Turkey.

Arkady Volozh, Yandex C.E.O., said that the company is excited about looking beyond Russian-language products. "Russian language was a competitive advantage 20 years ago. Now we



compete not only on the language base. We do a lot of things that nobody else is doing," Volozh said. One of Yandex's new innovations is social search, which aggregates feeds from Twitter, Facebook, and popular Russian social networks like VKontakte, Odnoklassniki and LiveJournal.

"Social networks will more and more penetrate into other busi-

nesses, like music, video and e-commerce," said Ilya Shirokov, a vice president with Mail.ru Group.

Social network Odnoklassniki, part of the Mail.ru family, has launched a pilot project with Gala Records, Russia's largest private music label, that allows users to listen to music tracks for free and pay only when the songs are

**Speakers at the recent Digital Life Design conference discussed ways Russian Web companies are expanding into other countries and languages.**

downloaded. Talks on a similar deal with Universal Records have also been announced.

Odnoklassniki has entered Uzbekistan with a test project localized for the region, where everything is tailored for the Uzbek user. The company is viewing this as a pilot project to see how it can brand itself for non-Russian speaking target groups.

**Planes** With the crash of its newest medium-range jet, Russia worries about its place in the market

# Russian Aviation Flying Blind

Experts are divided over the prospects for the Sukhoi Superjet 100 — and Russia's aviation industry as a whole — after a tragic crash in Indonesia.

GRIGORY SANIN, KONSTANTIN UGODNIKOV, VLADIMIR KRYUCHKOV  
ITOGI

Since Russia's most advanced new aircraft, the Sukhoi Superjet 100, crashed in Indonesia on May 9, experts have been asking if the accident heralds disaster for the entire Russian aviation industry or if the Superjet project can overcome the crash's bad publicity.

One of the main questions that aviation specialists have been asking themselves is how the plane's crew could have failed to spot a mountain. The Superjet uses all the latest global security innovations, in particular the traffic collision avoidance system (T.C.A.S.) and the terrain awareness and warning system (T.A.W.S.), and was flown by experienced test pilots.

"Third- and fourth-generation alert systems are installed in all modern planes, including the Su-



**The Sukhoi Superjet 100 looked good as it took off on its final flight from Halim Perdanakusuma Airport in Jakarta.**

perjet," said Rafail Aptukov, president of Flight Security Partnership. "They are much more precise and better protected from interference; they include unique logical combinations calculated for various in-flight emergencies. They are designed to alert the pilot of a

potential collision in good time so he can avoid it."

Aviation specialists have questioned the performance of the local controllers. Some pilots claim that both in Indonesia and the Philippines controllers reply "approved" in response to almost any call from the crew.

"I am concerned that there have been seven plane crashes near Jakarta during the last decade," Aptukov said, supporting this theory.

So far, there are just unofficial versions of what happened. The official report will appear only after the Indonesian authorities, the Russian Industry and Trade Ministry (supported by the Foreign Ministry), Investigation Committee specialists and experts of the Interstate Aviation Committee complete their investigation. But there is no prospective date for the issuance of the official report.

Indonesian salvage teams have said that accessing the crash site is extremely difficult due to the terrain, which will make it harder to recover both large pieces of debris and smaller parts of the plane. Without these, it will be hard to gain a real picture of the tragedy. In the best-case scenario, the official version will not be ready for several months; in the worst, the world may never learn what really happened.

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## NEWS IN BRIEF

### New Cabinet Announced

The formation of Prime Minister Dmitry Medvedev's new cabinet was announced at the end of May. While the appointments held few surprises, political analyst Anders Aslund, writing in the Moscow Times, noted it had the most new faces of any government in modern Russian history — only eight of the 28 positions are filled by incumbents. The youngest member of the cabinet is 29-year-old I.T. and Communications Minister Nikolai Nikifirov. The question now for Russia-watchers is whether the new faces will usher in long-stalled economic reforms or if real power will remain in the hands of the old guard.

### Buranovo Grannies Take 2nd Place at Eurovision



The Buranovskie Babushki ("Buranovo Grandmothers") took second place in the 2012 Eurovision competition, held in Baku, Azerbaijan on May 26. The unusual Russian entrants, whose average age is 64 and whose dance moves include pretending to bake bread, captivated fans from around the world by showing that life doesn't have to get less interesting with age. Their success also brought a tourism boom in their hometown, a tiny village in the Republic of Udmurtia.

The Buranovo Grannies are currently planning a world tour.

Read more about the grannies  
[rbth.ru/15739](http://rbth.ru/15739)

### Internet Overtakes TV

For the first time in history, the monthly audience of Russia's most popular search engine, Yandex (which had an I.P.O. last year on the NASDAQ exchange), has overtaken that of the country's top television network, Channel 1. In April, Yandex was visited by 19.1 million people every day, while Channel 1's daily viewership was at 18.2 million people. The number is just the latest example of Russia's ongoing Internet boom.

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