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N. Sheffield:

All the way from Australia! This is my first time in Russia, a beautiful country, which I have found to be splendid.

It is a great honour to be moderating this panel with such fine panelists. We have great thought leadership: we have great retail entrepreneurs on the panel, we have telecommunications, and we have people who have built marketplaces across the panel. We also have front-row participants – we have the best of Russia and the world for the next hour and 15 minutes. We will take questions at the end, so if you could please wait until then.

Now, rather than me introduce everyone, I thought it was actually an opportunity to invite all of our panelists to introduce themselves and their businesses and to explain whether they are a disruptor or if they are being disrupted.

I specifically wanted to ask Mr. Johan Aurik to open the panel, because A.T. Kearney has performed a lot of research globally, including Russia, on people's perceptions of e-commerce, and the future of e-commerce. Mr. Aurik, if you could answer, that would be great.

J. Aurik:

Thank you, Ms. Sheffield. It is a pleasure to be here; thank you for inviting us.

A.T. Kearney is one of the largest Global Management Consultancies, and we help advise our companies on how to deal, among other matters, with both the opportunities and the challenges of e-commerce. E-commerce not only affects the retail markets, it also affects many other markets. It is one of the biggest disrupters going in our times – as are many digital things, I might add.

We recently completed a global study, as we regularly do, on the impact of 'Connected Consumers'. That is the title of the report, by the way. Please feel free to download it if from our website: atkearney.com. It was done in all the major countries of the world, to find out what is trending, what the bottlenecks are, where things are going.

As a framework for today's session, I thought it would be good to give you five pointers from that; some are global; some are specific to Russia.

First of all, e-commerce is growing rapidly. Around the world, the average e-commerce growth rate is between 15% and 20% market share. In the Russian market, by the way, growth is around 25%. So very strong growth around the world.

The percentage of retail sales in Russia that go through e-commerce is still relatively small. It is only 2% of retail volume. Just to give you a comparison, in the UK, it is 14%. If you go now to the high streets in London, you see more and more empty windows, because the shops have disappeared. If e-commerce goes above 10% market share, that is what will start to happen. At some point it will be the same here in Russia.

So e-commerce is growing rapidly. Russia has made the Top 10 of global e-commerce countries, not so much because of its penetration, which is still relatively low, but because of its economy and the population size that drives that. The United States of America is number one in e-commerce, China is in second place, and the United Kingdom is in third place. We think that over the coming years, Russia has the potential to climb that ladder, and perhaps enter the Top Five. The potential is absolutely there.

Within Russia, of course, the main market is located in St. Petersburg and Moscow, with a total of 60%. If you know how this country is structured, this will come as no surprise.

We also talked a lot to consumers. Russia is a special market – but the Russian consumers are not. They are just as normal as anyone else around the world, and behave in exactly the same way. When we asked them, "What were the last ten items you bought online?" we got the same diversity that we got from everyone else. With perhaps a couple of exceptions – some people said axes to chop wood – but otherwise the same diversity.

The Russian consumer is a normal consumer. They are used to a high level of service; they expect the same level of service if they go on a website for Amazon as when they go to a local supplier. So consumers have the same level of expectations, which drives the same behaviours, and, we think, drives the competition, going forward. It is very interesting to watch.

The third point is that it is not only e-retailers driving this business: it is very much a multi-channel affair. We call it *omnichannel retail*. Most providers – of which you see more and more, even in Russia – are both 'walk-in retail' and 'e-retail'. It is actually the combination of those two that makes it very interesting and provides interesting growth opportunities.

Mobile phones is strong growth area in Russia – it is about 20% right now, but with a strong growth potential. Just look at the number of people who have smartphones already.

There are two big bottlenecks, and that is my fourth point. The first bottleneck is the payment system. To do e-commerce well, the payment system needs to be smooth; preferably credit card-based, or on a digital basis. The majority of payments in Russia are still cash on delivery. It is changing, but it is still the vast majority; it is something that needs to be overcome, and it is clearly going to be a challenge. The second bottleneck is old-fashioned logistics. We need to look at how transport in Russia is organized. Although 60% of the e-retailing seems to be in St. Petersburg and Moscow, but there is a vast country out there. The provider that can provide cheap and highly effective transport service in a country like Russia can be a world-beater, because there are many more markets around the world that are similarly structured: vast and with pockets of civilisation. Think of Brazil, for instance. So that makes the Russian market very special. In the coming years, you will probably see a big battle between global e-commerce organizers such as Alibaba and Amazon, as well as local ones. I have no idea who will win. A key factor will be who can provide cheap and efficient services around this vast country. It is a battleground to watch. Thank you.

N. Sheffield:

Thank you very much, Mr. Aurik. Mr. Perekalsky, you obviously have a view on disruption.

D. Perekalsky:

Hello, everyone; it is a pleasure to be here. I am Danny Perekalsky from Israel. Our name is already in Russia: ozon.ru. We are building a pure online life and shopping behaviour in the Russian market. I will tell you my personal story and how I see the future of e-commerce. I agree with everything Mr. Aurik said one-hundred percent, even the figures, reflecting our business. Growth and the mobile phone industry are reflected correctly.

I have a 15-year background in traditional trade. In addition I worked with Walmart, Tesco, Carrefour, as well as with local, traditional companies here in Russia.

I have been working in the e-commerce now for one and half years. My views and attitude have been expanded. Everything will be bought online. It is just a matter of whether it is one, two, or three generations. The end of this chain will be fresh food, I suppose, even and especially in Russia. From electronics to cosmetics to toys to fashion: everything will be bought online.

I am meeting and speaking with Russian online shoppers; I read about online shoppers; I can tell endless stories about different behaviours in life. The last one is from this Friday, at a school – one of the parents took out his smartphone, and said, "Oh, I am just looking for a doll's house for my daughter's birthday." He had a one-minute experience choosing the doll's house; giving it to his wife for confirmation took another 20 seconds; it took another minute to place the order. In two and half minutes he had bought the present online, and it was being delivered to his three-year-old daughter tomorrow. It is a new world we are coming to: it is growing. It is growing much faster than the traditional world. I have no doubt this will be a full shopping experience in the next generation to come.

N. Sheffield:

Thank you. Professor Athey.

Prof. S. Athey:

Hello, my name is Susan Athey, and I am a Professor of economics at Stanford Business School. I teach and conduct research on big data Internet platforms and marketplaces. My research focus is the role of aggregators and intermediaries that help bring together consumers and sellers.

I consult for the Bing search engine, and also advise start-ups and venture capitalists. Working with Microsoft, you see the role of the disruptor and the disruptee. Many of their traditional businesses have been subject to a lot of disruption recently, and yet Microsoft is also playing the role of the disruptor in the search engine domain, and some of its other businesses.

I have a few points to make about what is going to happen, and what we can extrapolate from e-commerce progression in the rest of the world to what will happen here in Russia. Search engines also play a very important role in e-commerce. There are different search engines available. Here in Russia, Yandex is one of the few strong competitors to Google. It is also very early days for e-commerce.

First of all, there are huge-scale economies involved in making ‘everything online’ happen. Machine Learning and Big Data are harder than you think. It takes years and years of incremental innovation to make search algorithms work well, e.g. for Amazon recommendations to work well. For any type of business requiring a lot of searching for products, which has many different products, it is very important to get the right recommendation to the right person. In this, machine learning is going to give a big advantage to those that have a lot of data and a lot of experience.

It also gives a big advantage to Silicon Valley and Seattle, and a few other places where there is a lot of expertise. The people – the workers – go from firm to firm, and bring their experience with them. They are very expensive as well. This is going to become even more important with IoT – the Internet of Things – and with logistics, as the technology investment in machine learning affects a larger and larger part of the business. The firms that are good at that will expand and dominate internationally. They will also expand into adjacent businesses.

Secondly, we have economies of scale for marketplace economics. If you have more buyers, you are going to attract more sellers, so any business that becomes a platform will again experience this 'bigger is better' effect.

A third attribute of platforms that is becoming even more important as we go on, is flexibility to adapt to the end device, the terminal device. Mobile devices are becoming the preferred 'shop front' to a consumer; the right platform has a huge impact on distribution. Anybody who wants to get their new e-commerce firm in front of a consumer is going to have to go through a search advertising platform, through an app store, through a mobile device. Firms that can affect the distribution of services have a huge advantage.

This can happen by taking payments for the placement of services. A mobile operator, for example, might accept a payment from a search engine to be pre-loaded with that search engine as the default search engine. Apple receives more than USD 1 billion a year from Google in the United States to have it as the default search engine.

When you have those payments taking place, they happen because you have competing search engines. Bing wants to be there; Google wants to be there: that helps lower the price of the devices for end consumers. Without that competition, it would be conceivable that Google would keep the profits and the consumer would have to pay higher prices for mobile phones.

We have seen, of course, the role of competition policy in this area: the European Commission is investigating Google for putting various shopping search engines out of business in Europe.

A lesson to think about is how government policy can encourage local entrepreneurs. Local entrepreneurs can offer services that are best suited to their regions, within their countries, but they are at a huge disadvantage because of the lack of economies of scale, and because they have to go through the large platforms of multinational firms in order to achieve distribution. We need to have a level playing field, while, of course, not using competition policy for protectionism nor extortion.

Finally, policy in general. Many European countries have not promoted entrepreneurship. Very challenging labour policies make it very difficult for firms to get started. I wonder how Europe and the rest of the world will compete in the digital age if entrepreneurs cannot start their businesses in a flexible way. This will be especially important with the coming automation and displacement of workers. We need to have the rest of the world participate in e-commerce and the Internet economy. Thank you.

N. Sheffield:

Thank you, Professor Athey. I think it is very fitting that we go to you next, Mr. Carlo D’Asaro Biondo, as President of Google Inc. in Southern and Eastern Europe, Middle East and Africa Operations.

C. D’Asaro Biondo:

First of all, I am also on the Board of Retailers, so I spend time thinking about this.

I would like to give a slightly different perspective. Three things. First of all, in Russia since January, more than 50% of online searches were made from a mobile phone. That is a big change. And 58% of people living in a metropolitan area in Russia have a smartphone today.

So the first element is getting mobile. This disrupts – changes – pre-sales, sales, and post-sales. I heard what Mr. Perekalsky said about ‘every sale will be on the Web’. I think it depends on how we define sales. Maybe I will buy something without going into a shop, but I will do part of the pre-sale and part of the post-sale in a walk-in shop.

The element of profitability. Retail is a market where, with competition, on one side and globalization on the other side, the arrival of the Web has had a big impact on profits. Where will profitability come back from, and what will happen?

I believe that ‘development of services’ will be the name of the game in e-commerce, in e-tail, as well. This means using apps. A study has shown that the European Union – though I believe Russia will have the same situation – will have about 3 million people employed by 2018 in the apps economy, generating a total of USD 68 billion.

In summary, e-commerce is dying and m-commerce is booming. Mobile commerce – mobile, mobile. I have the Web in my pocket every day, so I compare prices when I go into shops. If you look at the people who compare prices when they go in shops, do not think it is young people. We did a study in Europe, and found that it is people aged between 55 and 70 who are doing it the most, because they have the most time.

After-sales services are becoming very important. We will see new types of online chain stores open up where having a physical store will be a benefit, because you can provide certain services or create points of connection.

Lastly, by ‘selling’ we do not only mean the moment in which you buy. Purchasing is like a relationship: you are married in one day, but usually to get there, you have put in a lot of work and a lot of effort. All the work that happens before the marriage and what happens after the marriage is as important as the

day of the marriage itself. What I am trying to say: let us look at the full picture. It will be greatly changed by mobile devices, every day.
E-commerce is an incredible opportunity for retailers who have physical shops to become online service providers. If they do that, they will win. I am not convinced, personally, that the online retailers can have, on a global scale, a really profitable business model.

N. Sheffield:
Very interesting, thank you. I would like to ask our last panelist on this side to introduce himself and his position.

А. Скатин:
Добрый день! Меня зовут Алексей Скатин. Я представляю компанию «Почта России». Спасибо за предоставленную возможность сказать несколько слов.
Только что несколько выступающих говорили о том, что одним из элементов бума электронной торговли является сервис. «Почта России» целиком с этим согласна. Более того, мы считаем, что именно сервис для клиента в Российской Федерации во многом сдерживает более быстрое развитие интернет-торговли.
Несколько тысяч миллионов магазинов должны получать как онлайн сервис, так и офлайн сервис. Мы считаем, что для еще более стремительного развития электронной торговли кто-то должен взять на себя нагрузку по так называемой офлайновой составляющей. Относительно сети дистрибуции только что было сказано, что она является базисом для того, чтобы конечный клиент получил посылку, которую он заказал либо где-то далеко, либо в своем городе. При этом мы убеждены, что сервис должен быть одинаково хорош как для трансграничной торговли, так и для домашнего рынка. Много говорится о том, что в Москве и в Санкт-Петербурге сервис

уже хорош, что сервиса не хватает в регионах Российской Федерации: в Сибири, на Дальнем Востоке, на Урале. Это действительно так. Именно поэтому там нужно строить большие логистические фабрики. Нужно добиться, чтобы клиент в Екатеринбурге или в Новосибирске, или во Владивостоке не замечал, что он живет именно там, — не замечал разницы между собой и теми людьми, которые живут в Москве или в Санкт-Петербурге в отношении уровня сервиса. В нашем понимании, это позволит российскому рынку добавить еще несколько процентов, а может, это будет даже двойная цифра по росту электронной торговли в России. Спасибо!

N. Sheffield:
Thank you very much
Dmitry.

Д. Костыгин:
Меня зовут Костыгин Дмитрий, я председатель совета директоров компании «Юлмарт», которая на сегодня является самым большим интернет-ритейлером.
Если отвечать на вопрос о том, являемся ли мы дизраптором или нет в узком контексте, то, скорее, да: мы являемся разрушителем-дизраптором и надеемся, что даже в международном смысле. Мы ведь строим совершенно новое поколение фулфилмент-центров, они представлены на нашем стенде. Это отличает нас и от Amazon. Мы называем Amazon интернет-ритейлером первого поколения.
Мы считаем, что наступило время второго поколения, и именно оно показывает себя устойчивым в России. Практически все попытки копировать Amazon на сегодня либо провалились, либо не достигли сколько-нибудь устойчивого состояния. Действуя методом проб и ошибок, мы пришли к несколько другой модели: центры исполнения заказов были

передвинуты ближе к клиентам, а их деятельность стала полностью прозрачной для покупателей.

Наша собственная идея интернет-торговли состоит в том, чтобы любой из наших покупателей, заходя к нам на сайт (а это на сегодня происходит больше с мобильных устройств, чем с фиксированных), видел, где тот или иной товар находится в данный момент. И неважно, где это: в Санкт-Петербурге, в Мурманске или в Краснодаре. Клиент сам может решить, что с этим товаром лучше сделать. В этом состоит еще одно наше отличие: это не просто покупка онлайн, а, скорее, возможность в онлайн-режиме посмотреть, изучить, сравнить товар с другими вариантами, обсудить это с экспертами, с друзьями, с другими покупателями еще до покупки. Еще одна возможность — бронирование: покупка еще не сделана, но товар уже отложен. Третья возможность — купить. А вот дальше покупатель имеет возможность либо самостоятельно забрать товар прямо из центра исполнения заказов, либо получить срочную доставку в тот же день до дверей, либо получить доставку утром следующего дня — до дверей или до одного из наших пунктов выдачи.

В «Юлмарте» работает выстраданная нами модель торговли, опирающаяся на собственную курьерскую сеть. Мы уже практически не верим в работу с третьими курьерскими компаниями (внутри России). Мы построили и свою собственную сеть пунктов выдачи и обслуживания, которые выполняют также функции возврата и обмена товара. Кроме того, мы построили свою сеть городских и пригородных центров выполнения заказов. Все это дает нам возможность работать вполне надежно, что особенно важно в декабре, когда в торговле высокий сезон, а в России достаточно холодное время. Конечно, полагаться в интернет-торговле только на курьерские службы — это наивно.

Еще одно направление развития — торговля не только тем товаром, который уже находится в России, но и тем, который еще не покинул

территорию Китая. Здесь находится наш партнер JD.com, с которым мы на днях подписали долгосрочное соглашение о том, что представленные у них в Китае товары будут доступны и покупателям «Юлмарта», в том числе для возврата и обмена в случае какого-либо недовольства.
Таким же образом надо работать и с японским товаром, и с турецким, и с польским, и с бразильским. Это новая реальность интернет-торговли: выбор кофе-машины уже не будет осуществляться на основе только 20 моделей, доступных в России: он будет опираться на 200 моделей, находящихся по всему миру. Разумеется, сохранить следует обе опции: заключать сделку через кросс-бординг или выбирать только из того, что имеется в наличии в России.

K.-M. Johnsen:
My name is Kjell-Morton Johnsen, and I am Head of European Operations and Executive Vice President at Telenor Group.
Telenor is primarily a mobile phone company, even though we are the incumbent telecommunications operator of Norway, in the full sense. We have close to 200 million subscribers worldwide. What makes us somewhat unique is that we have over 170 million subscribers in Asia, which is a very exciting market to be in. The preferred way to access the Internet in Asia – broadly speaking – is using a mobile device, whereas in Europe and the US, people will typically have their first Internet experience over a personal computer (PC) device. Hence it is a completely different approach, which we are trying to benefit from here.
To the audience here in St. Petersburg, it is also relevant to know that Telenor owns a third of VimpelCom, which is also an international telecommunications group, a mobile phone company. We have two similar-sized operations in Italy and Russia, and smaller operations in Ukraine, Algeria, and several other countries. VimpelCom is obviously facing some of the same challenges and opportunities that we are.

We have so far heard about having both walk-in and online shops, going into e-commerce or m-commerce from the other speakers today. As a telecommunications company, that is also what we have to do. Going forward, the omnichannel retailing experience needs to reach our company shores, as well. We have not been the fastest moving, but we have to get there, and that is a priority for us.

Before I answer the questions that I have been asked, I would like to reflect on the statement that 'everything will be sold online'. I say, "Guys, please do not let it go that far." It really is quite fun sometimes to go into a shop that is selling some unique, exciting product. I am a great believer in all the cost benefits and other positive effects of e-commerce and m-commerce. Let us support it, but let us keep some nice shops out there as well!

When it comes to disruption, I would say that the ones that have been best at disrupting the mobile industry have been national regulators and the industry itself, where it has gone wrong. It is very seldom that we can blame it on external forces. Yes, of course, we do see the challenges of OTTs, which may become a serious issue for us in many of our markets if we do not take it seriously. That goes back to omnichannel retailing; we have to reinvent ourselves.

Telenor has to transform itself. It is about moving away from being a provider and toward being an enabler of network services. As one of the other speakers said earlier, it is not enough to cover Moscow and St. Petersburg: in Russia, you have to cover Siberia, all the other areas, as well. That is true. That is enabling the digital society. That is where we come into the equation with a big responsibility and a big opportunity.

We always talk about the OTTs as though they are a only a threat to us. However, the opportunities that are identified by OTTs can also be grasped. They can be grabbed by people in our industry, if we are nimble enough, if we are willing to transform ourselves. We will see big differences five to ten years down the road in the big names in our industry: those who made it, and those who did not.

It is back to ‘creative destruction’, which is always around. We will always be around, we have to be a part of it. We are not necessarily the best in class at being an enabler of network services; the industry has struggled to use all the data we have. We understand that; we are working on it. But others have been much better. We have a representative of Google here; we cannot even compare to how quick they have been to grasp an opportunity. But of course we will try to catch up.

Going forward, we need to make some of these disruptive moves ourselves. We can disrupt other industries. We can enable fundamental services here in Russia. Let me use two examples from Telenor from our payment services sector.

The first one is about banking the unbanked. There is a lot of talk about it, people speak about m-pesa in Kenya. We have had huge success in Pakistan with Easypaisa. It is a fantastic product. Why is it fantastic? Imagine you are working in the countryside in Pakistan: you have a relatively modest salary and you want to transfer that salary to your family so that they can pay their expenses. If you use the regular system, you may lose half of the money you are transferring in transaction costs. If you do it over our solution, you pay a fraction of that, meaning that your quality of life improves, because you do not have to actually travel long distances to hand over the money; you can wire it over and focus on your job.

Another example from Europe. Telenor has an operation in Serbia, and we decided to do an experiment there. We bought a bank, together with Société Générale. We were not interested at all in commercial lending to all the businesses, but we wanted the licence and some of the people. We completely revamped the whole thing and started off with something using mobile devices, not desktop PCs. The product we created is extremely easy to use. We have cut transaction fees dramatically, because the banking model there was based on huge transaction fees. We have cut them dramatically, made it easy to switch currencies, and actually also gave them interest on their deposits.

What happens then? It reduces the amount of cash out there in the economy, which reduces the number of cash-based transactions of all kinds, you reduce the risk in people’s lives of having to carry large amounts of money on them, and you also insure against depreciation.

These are just some small examples. However, getting these kinds of services out there is the big enabler for many other industries who are piggy-backing on our networks and our solutions. The next wave in our industry is to transform our entire IT system stack, so that our ease-of-doing-business improves for companies who want to develop new and exciting services for our customers and others.

I have a few other things I would like to get back to, but there are more speakers, so I will stop here.

N. Sheffield:

Thank you very much. Mr. Mark Zavadskiy is the Business Development Director for Russia and CIS at AliExpress, and General Manager at Alibaba Russia. Mr. Zavadskiy, Alibaba and Alibaba Express have had enormous success; they are the biggest marketplace globally. I am sure you have a lot to say.

M. Zavadskiy:

Thank you, Ms. Sheffield, for your kind words. My name is Mark Zavadskiy. I work for AliExpress and Alibaba Russia. I personally do not like the word ‘disruption’ that much, I propose ‘change’ instead. If you ask me whether we change things, or if we are being changed, then, for sure, we change things. We actually see changing how things are done, how business partnerships are being conducted, as our job and our mission.

We do this for the best interests of our two major partners. If you have ever seen our foreign presentation, you will have noticed two ‘shadowy’ figures in the middle: the buyer and the seller. They are our partners. Everything we do, we do for these two partners.

What we are trying to do is to streamline the connection between them, to make it the most effective way. Actually, if you combine buyers and sellers, you will get society. So we can say that we change things in the best interests of the societies we work in.

Just to give you a couple of examples of how we do it in Russia, the first thing is payments. Some of you know, especially those who represent Russian businesses, that the king of payments in Russia is cash on delivery (COD). For many years, experts have been saying that this a problem, that you cannot make people pay online in Russia, that Russian people do not trust the Internet. We do our business completely pre-paid: we do not accept cash on delivery. And yet we have become one of the biggest marketplaces in Russia.

We made people trust shopping; we made them trust us with their credit card information, with their e-wallets. What we saw is that they started to use our services first, and then, after they got some experience and saw there was no problem with this, they started to use local e-commerce as well.

Another issue is that overall it is said that in Russian e-commerce the major market is Moscow and St. Petersburg. For us, it is completely different. For us, only 20% of our users live in those two cities. The rest are evenly spread around Russia. So we actually prove that Russians outside these major cities are not against e-commerce: they actually love buying online.

My third and final point is in regard to social networks. I have been to a couple of panels before with e-commerce players, and they were all saying that social networks are not good for e-commerce. You can get many users from there, but they are only going to engage in discussion on social networks. In Russia, we, like all e-commerce players, probably have our biggest audience in social networks. On VK, which is the major social network in Russia, we have more than 1.7 million followers. We even launched our own social network in Russia. It caters to online ‘shopaholics’, people who frequently buy online. Currently we have several hundred thousand users there, discussing shopping, and advising each other on how to do it the best way.

In answer to your question, yes, we definitely are the changer – we like to change things.

N. Sheffield:

Thank you. Mr. Vasyl Latsanych, you are the Vice President for Marketing, Member of the Management Board at MTS. I am sure that you have something to add, particularly from a mobile devices’ point of view.

В. Лацанич:

Добрый день! Спасибо большое. Мне очень повезло, потому что я буду говорить последним, когда вы все уже знаете о мобильной коммерции. Мне остается только добавить пару штрихов.

Наверное, у меня несколько другое видение: я пока рассуждаю с точки зрения не участника процесса, но того, кто очень заинтересован войти в этот процесс. Дело в том, что мы, группа «МТС» как мобильный оператор (это в первую очередь, но, в принципе, мы являемся оператором любых других сетей: и фиксированной связи, и недавно запустили спутник, и всё остальное), видим естественную потребность развивать e-commerce, но она должна быть очень простая. Мы должны продавать свои устройства и подключения в электронных магазинах, в первую очередь в своем MTS.ru. Но также мы должны обслуживать наших клиентов. Вы скажете: это скучно, это делают все — кто-то лучше, кто-то хуже. В этом есть своя правда, это действительно неинтересно. Нам интересно быть в том, что развивается, и в том, во что мы верим. А мы верим в то, что e-commerce или вообще торговля и обслуживание в Интернете будет развиваться огромными темпами, потому что это более чем естественно. В этом смысле нам очень повезло: мы успели заскочить в вагон, дай бог даже не последний, этого поезда, и благодаря покупке доли в Ozon (совместно с АФК «Система») нам удается быть не только наблюдателями, но и участниками этого процесса.

Участниками процесса нам важно быть потому, что наша роль — не disrupter, а enabler: для того, чтобы e-commerce состоялась, мы можем сделать намного больше, чем многие другие. Не будем забывать о том, что e-commerce живет благодаря Интернету, а Интернет — это наш главный бизнес. Будь он мобильным или фиксированным, это все равно наш хлеб насущный, и мы им занимаемся каждый день. От того, насколько быстры и вездесущи будут сети, очень сильно зависит, состоится ли всё, о чем здесь говорилось. Потому мы здесь — enabler!

Мы и дальше enabler, потому что мы обладаем более чем 70-миллионной базой клиентов в России, с которыми мы осуществляем практически ежедневные операции: расчетные, обслуживающие. Мы можем использовать эту базу для того, чтобы развивать торговлю и интернет-общение, в том числе обслуживание и продажи в Интернете. Мы верим, что база, которая у нас есть, которую мы обслуживаем и за которой, как известно, охотятся все (база интересна «гуглам», «яндексам», магазинам), свидетельствует о высоком уровне доверия наших клиентов. Мы можем переводить этот уровень доверия в другие формы отношений, в том числе и коммерческие.

Мы присутствуем везде. Сегодня говорили о том, что кто-то есть в Москве и в Питере, кто-то — в некоторых городах России, кто-то — более или менее ровным слоем… Мы — везде! Наше покрытие действует во всех субъектах Российской Федерации, мы везде работаем очень активно, доступ к Интернету присутствует везде. Таким образом, мы решаем многие насущные проблемы интернет-торговли как таковой.

Естественно, что, имея более 70 миллионов абонентов, мы постоянно занимаемся их обслуживанием, что также является одной из важных составляющих работы интернет-магазинов. Ведь нужно не просто продать клиенту товар: нужно с ним работать, нужно его развивать, нужно осуществлять оплату, проводить возвраты, начислять бонусные баллы. Мы делаем это всё уже много лет, и мы готовы поделиться этим опытом и приобщить к нему других. Как раз поэтому мы и участвуем в работе Ozon.

Я тут услышал, что мы, оператор, можем отдавать определенные части этому бизнесу. В моем видении мы можем отдавать намного больше и делать бизнес быстрым и большим. Как я уже говорил, в вашем телефоне есть доступ в Интернет, есть application, при помощи которого вы будете выбирать товар, обсуждать его, если захотите, вводить нужные параметры и в конце концов его покупать. В этом же телефоне вы можете проводить оплату, которую мы можем оформлять или даже кредитовать (мы владеем банком «МТС Банк»). Или любой другой банк может кредитовать ваши покупки и осуществлять такую желанную предоплату во многих интернет-магазинах.

Мы, группа компаний «МТС», верим в Интернет и в то, что, как сказал Дэнни, в Интернет переместится если не всё, то почти всё. Чтобы немного успокоить моего коллегу, скажу, что на случай, если захочется что-то потрогать, останутся музеи.

N. Sheffield:

Thank you very much. I would like to draw on some of the themes that everyone has spoken about. One theme that has been mentioned by a number of panelists today is: global versus local. I know that A.T. Kearney has done a big study on that; you found out about the number of local products sold online, using e-commerce in Russia, as well as the number of Russian products that have an international ‘mindset’. We would love to hear more about that.

J. Aurik:

Thank you. I would like some of the different players to comment as well, because, as I mentioned, I think the jury is still out on that. It is very easy to reason both ways on whether global players will have the advantage or whether local players will have the advantage. Global players need good local delivery in order to make things happen. A lot of progress needs to be made in that in Russia still. That is a limiting factor.

Local players can have an advantage if they develop excellent local payment systems and local delivery systems, particularly in Russia. That is going to be absolutely crucial for growth. Right now it is only 2% of retail sales that we are talking about; it is still very small. We all believe in its growth, but how fast it will grow depends on that.

It also depends on the astuteness of the players, who are sitting to the left and to the right of me, in grabbing this opportunity.

We see the jury as still very much out. Global players – Alibaba is here – and local players both have the chance to do that. The trick is, will they grasp the opportunities? Will they overcome the hurdles of this place? It will be very interesting to follow that.

N. Sheffield:

And Mr. Perekalsky, what do you see in your market?

D. Perekalsky:

I will share some figures from our business. First of all, we are proud of building Russian ‘online life’. At the same time, we are proud to have Russians in the United States, in Ukraine, in Kazakhstan, in Germany, in England, purchase online. Even my mother in Israel, who usually buy books in the Russian language online. We are also selling some Russian-made toys abroad. This accounts for about 2% to 2.5% of our current business.

Obviously, our main focus is on Russia. We still have so much to do. We have good colleagues with whom we are developing the Russian market, yet we still have so much space to grow in the Russian market.
Global is growing fast: we now have 100% growth globally, but, again, it is only 2.5% of the business. We believe in that; the opportunity in Russia is still enormous, and our focus is here. Russia has more than 70 million Internet users; there is still plenty of room to grow.
As was mentioned, only 2% to 4% of retail is online as part of the total, so we still have much to do, but we are still growing the global Russian market as well.

N. Sheffield:
Mr. Dmitry Kostygin, as the Chairman of the Board of Directors at Ulmart, what are your plans on local versus global?

Д. Костыгин:
Мы тоже сфокусированы на России. Задачей номер один мы считаем развитие инфраструктуры центров исполнения заказов. Мы считаем, что классический вариант — склады, откуда с помощью курьеров товар доставляется клиентам, — не работает. Он не работает практически нигде в мире и субсидируется за счет акционерного капитала. На наш взгляд, здесь требуется радикально новое решение, которое, как нам кажется, мы и нашли. Оно представлено у нас на стенде. Но для нас фокус — Россия. Наверное, доля работы с другими странами может составлять процентов десять от нашего бизнеса, особенно в те периоды, когда курс рубля снижается. Мы видим, что сегодня много азиатских покупателей приобретают косметику в наших сетях, поскольку она там заметно подешевела в абсолютном значении. Спасибо!

N. Sheffield:

Thank you. Infrastructure, in regard to logistics, has been mentioned quite a lot on this panel. I am specifically interested in how telecommunications companies view infrastructure, in terms of what their plans are for infrastructure. Often people look at infrastructure, or logistics, as stifling innovation, but as Mr. Johnsen mentioned, it is actually an enabler of innovation. What is the telecommunications industry doing to enable e-commerce in Russia? Mr. Johnsen, if you could start, please.

K.-M. Johnsen:

It is a question here of what do the operators do and what do the regulators do.

We have seen a development over time where, in the early stages of the third generation (3G), which was the first kind of mobile broadband, we had a Europe that was quite advanced. The US, with some satellite experiments that did not work out so well, were a little behind. Now, however, we see, of course, that the main thrust is coming from the US and from China, and that Europe is increasingly falling behind.

So the regulatory side of this is extremely important. The operators basically understand what their job is. Their job is to enable high-speed broadband networks over mobile devices, and they will continue to do that. It is when you are up to 4G and 5G that you have the speed, the latency, you need to drive a lot of the new, exciting businesses that we have out there.

I do not think that the operators have a big issue in identifying that. However, if you look at our own scorecard, it very much depends on when you have the regulatory opportunity to do that. It tells us a lot when we notice that the fastest performer in Telenor Group is Sweden: they are far ahead of my country, Norway, simply because the regulatory restrictions that apply in Norway do not apply in Sweden.

We also see that we have a quite good development in central Europe. That might be surprising to some. And, of course, Asia is now basically running the 3G bandwagon, increasingly moving on to 4G. That is the enabling part that we can do.

The question is, of course: how good will we be at participating in the other race that is being put up here? And, how sustainable will our positions be? I am reverting a little bit to your previous question, if I may. There are sustainable opportunities to bring local businesses on board over time, if it is close to a winner-takes-all.

Classifieds are a great example. If you achieve a great position in classifieds, it becomes more or less an onerous decision to go out or merge with someone else. There are some platform synergies, but if you have taken that market, it is very hard to squeeze you out. You are then, to some extent, in control of your destiny.

In other areas, the scale of our platforms is so compelling that, over time, there will be a consolidation across borders, which is a good thing. However, in markets where there is a little bit of this winner-takes-it-all attitude, it can take more time. Is that good or bad? People can have opinions on that.

Regarding payment services, if we do not use the same systems across borders, it will be a waste of society’s resources. We will definitely try to replicate some of the learnings across borders. The case for that is very compelling, and will force itself through.

N. Sheffield:

Thank you. Mr. Latsanych, as Vice President for Marketing and Member of the Management Board at Mobile TeleSystems (MTS), what is your view on the infrastructure question?

V. Latsanych:

I can answer in five points.

I agree with the point made earlier, that we obviously have to have an Internet in order to have Internet trade. That is where MTS comes into play; it is our core competence. We want to put the Internet everywhere.

But then comes something more exciting, at least to me. The other enabler would be Big Data. Because we manipulate a huge amount of customer data, we can use that to extract value out of this data without harming the customers, without disclosing their identities. I believe that things such as location-based, behaviour-based, and income-based targeting will help e-trade to be more effective – by addressing the right customers in the right way, by maintaining competence in getting the right things to the right people because one has the right knowledge about these customers.

The third thing about us is customer care. Because we operate some of the biggest call centres in the world, because we operate 24 hours a day, and because we work with very many subjects in these call centres, we can increase that capacity to cater for more requests that are Internet-based and are associated with Internet trade.

My fourth point is loyalty programmes. Again, because the carriers, and MTS in its place, is the largest operator of a loyalty programme in Russia – basically all the carriers are the largest loyalty programme operators in the world – we can extend this loyalty programme to cater for the needs of Internet trade, for bonus point collection; redemption; exchange; for bonus promotions. That is one of our areas where we try to find synergies and cooperation.

My fifth point is that we can offer payment services, because payments are becoming electronic; money is becoming electronic. We are there already, because we already manage e-wallets; we already manage the cards. We can issue virtual cards, and we can make sure payment goes in the right direction. You are totally and constantly informed of the payment, on the delivery, and there we can be a trusted identity for the people to put their money in and to expect care from.

N. Sheffield:

Thank you. Coming back to the data question, I am interested in reaching out to the panel about data. It comes up all the time. I might start with you, Mr. D'Asaro Biondo. Data has been such a large part of so many parts of your business. How do you see data actually accelerating the success of e-commerce?

C. D'Asaro Biondo:

First of all, I would like to emphasise that Google has invested USD 1.7 billion a quarter in infrastructure for seven years. So, just to clarify, investment is needed in networks, but also in data warehouses and servers, and all sorts of other things. The myth that the Over The Tops do not invest does not apply to the majority of them. It is important to clarify that. Over The Tops have invested over USD 100 billion combined in the last five years. At double the level, we are 20% of that.

Regarding data, first of all, again, it is clear that we all have data. Telecommunication operators have data for billing that comes through to advisers; we have data that is sometimes statistical, quantitative, and sometimes qualitative, individual. It is clear that data are an incredible opportunity to develop services. If we think about e-commerce and retail, it clearly is important to know who and where our customers are.

Good data is fundamental for profitability, fundamental for growth and for service creation. There are different ways of looking at these around the world.

Either we create environments where we protect privacy but look at the detail of every situation, or we protect privacy without creating generic rules that block innovation, or we limit competitiveness.

Let me give you an example. If we compare the Europe of today with the United States, clearly the ability in the US to use data and to develop and leverage services on it is much bigger than in Europe. This is due to the frontiers, the laws and regulations, due to the mentality. And this is creating a huge competitive advantage in service development by and profitability of retailers and their e-commerce activities.

We ought to think about the interests of users, but also the possibility of creating services that users can offer by creating an ecosystem that allows sharing of data.

Innovation will be more and more combinatorial. Imagine, hypothetically speaking, if Google partners with a retailer, or Google and Facebook, for example, or Google and Yandex, imagine the possibilities. Because together they can access the customer when he is outside the shop, bring the customer into the shop, and make the sale through that. Which sector are you in: retail or the Internet? And who is the owner, Google or Facebook, or the retailer? Does it really matter anymore?

We need to make sure that combinatorial innovation becomes possible if we want our economies to develop.

The issue is not whether we should block data, but how we can share data while respecting people: how to share data respecting people.

N. Sheffield:

Thank you. Professor Athey, you have done a lot of work on data. What have you found?

Prof. S. Athey:

Allow me to pick up on the last theme. I completely agree that countries, and Europe in particular, can stifle innovation significantly through policy. It can be difficult to have a conversation about economic costs and benefits in that regard.

In Europe, there is a legal framework that privacy is a fundamental human right. I I have been told that I should not, as an economist, even discuss costs and benefits. The news media is very important for protecting democracies in Europe, yet they need to be funded through advertising. However, if they are limited in how they can use that data, they may not be able to fund themselves and survive.

A rational policy is needed around data, that enables innovation to occur but still protects the user's privacy, as Mr. D'Asaro Biondo mentioned. We need to think about revamping privacy policies to be meaningful, to provide consumers with real choice, so that they will be comfortable allowing their data to be shared in a way that allows innovation.

If we are thinking about expanding credit, for example, providing more credit to small businesses, to be able to participate in the Internet economy, or to 'bank the unbanked', then we need to think about using more data: using data from people's cellphones, their locations, to be able to extend them credit. We need policies that will protect consumers, yet allow these types of products to be created.

More broadly, data are a strategic asset. Hence, companies need to think about what data they have, what data their competitors have, and who will enter new businesses because of the data they have. A logistics firm might enter the credit business, because they can see the suppliers' shipments being received and the shipments coming out from a firm.

We want to look at who has the greatest data assets and what new products and businesses they will enter in the future. It could really change business models.

N. Sheffield:

I would love to hear the Russian Post's point of view on data. Mr. Aleksey Skatin, Deputy General Director at The Federal State Unitary Enterprise Russian Post, how can data assist in some of the infrastructure decisions you are making?

А. Скатин:

«Почта России» сейчас обладает сетью, которая насчитывает 42 тысячи почтовых отделений. Это центры выдачи заказов, которые существуют в каждом населенном пункте Российской Федерации. Более того, по всей стране в доставке задействовано 14 тысяч автомобилей. Недавно появился собственный поезд. Также налажены поставки крупных объемов самолетами.

Если всю эту инфраструктуру заставить работать как нужно, то «Почта России» станет ключевым игроком и ключевым драйвером развития интернет-торговли. Но мы не хотим останавливаться на этом. Мы хотим, чтобы у любого магазина появилась возможность продать товар — в городе, где проживает менее 50 тысяч человек, или в поселке, где всего тысяча жителей, — в любом населенном пункте. Одним из своих ключевых будущих проектов мы считаем создание площадки, где каждый продавец, который умеет что-то производить, мог бы разместить свой товар и доставить его в любую точку, не переживая о сроках и качестве доставки.

В заключение скажу, что для создания полного цикла сервисной компании в России у нас есть еще одна важная предпосылка. Я имею в виду предоставление финансовых услуг, давно ставших заметной составляющей почтового бизнеса. Наши наработки в этой области поддержат и интернет-торговлю: мы можем предложить финансовые сервисы продавцам, использующим нашу площадку в своей коммерческой деятельности.

Мы считаем, что стратегия, которую реализует сейчас «Почта России», действительно позволит нам сделать рывок в части инфраструктуры, в части развития интернет-торговли в целом, и мы надеемся, что к 2018 или 2019 году на этой панельной дискуссии вопрос о качестве доставки если и будет упомянут, то только по случайности.

N. Sheffield:

Thank you. Does anyone in the panel have a view on this? And particularly, we have got the front row VIPs here. Thank you. Can you please introduce yourself? Thank you.

И. Костунов:

Спасибо большое, Николь, что предоставили мне слово. Я Илья Костунов, депутат Государственной Думы. Я хотел бы обратить внимание присутствующих на один аспект, который, как ни странно, ни разу не упомянули, а без него, как мне кажется, картина будет неполной. Речь идет вот о чем: в сфере интернет-торговли действительно практически стерты границы, но подготовка кадров для этой отрасли, возможные государственные дотации, призванные помочь «Почте России» вырваться вперед и начать предоставлять качественные услуги, — это функция государства. Без налогообложения, без сбора налогов государство не может выполнять эти функции эффективно.

Здесь я хотел бы напомнить, что существует огромная проблема, которая в ОЭСР называется размыванием налогооблагаемой базы и уходом прибыли из-под налогообложения. В этом направлении существуют серьезнейшие проекты: к 2017 году планируется провести самую радикальную реформу за последние 100 лет. Но проблемы есть сегодня и в России. Я думаю, что многие удивились, когда прочитали недавно в СМИ, что в 2013 году «Яндекс» выплатил 3,3 миллиарда рублей налогов. Это чуть больше 8% от оборота «Яндекса» в России. Компания Google, также работая в России, выплатила примерно 470 миллионов рублей, что соответствует менее чем 3% от ее оборота. При этом Google достаточно представлен в России. Еще маленькая деталь: как вы знаете по сообщениям в СМИ, в Ирландии (а это не самая большая страна) та же компания Google за семь лет показала оборот более 40 миллиардов евро. Что делать с этой проблемой? Не совсем понятно. Ясно, что нельзя ее игнорировать.

Можно наладить решение этой проблемы в межгосударственных отношениях, как это сделано, например, между США и Японией. Они обмениваются информацией, и потом США за счет пользователей перечисляют деньги Японии в той части, в которой прибыль была сгенерирована в Японии. В Евросоюзе работает другой вариант. Он прописан в Директиве ЕС 2008/8/ЕС. Впрочем, суть решения та же: налогооблагаемая база перераспределяется в ту точку, где была получена прибыль. Можно начать играть с налогами: облагать налогом от оборота, от цифровой аудитории, работать с различными формами НДС.

Я хотел бы призвать вас, уважаемые коллеги, включиться в этот процесс, чтобы выстроить на территории Российской Федерации самую прогрессивную, самую справедливую, самую релевантную налоговую процедуру и, возможно, не ждать 2017 года, когда появятся рекомендации ОЭСР. Мы в Государственной Думе Российской Федерации озабочены этим вопросом и приглашаем всех к диалогу. Спасибо!

В. Страх:

Добрый день! Меня зовут Всеволод Страх, я основатель интернет-магазина «Сотмаркет». На рынке электронной коммерции я присутствую уже десять лет: я участвовал в становлении этого рынка, в его развитии и, соответственно, в его буме в последние годы. На многих этапах развития этого рынка нам очень не хватало участия государства в процессе становления новой отрасли и в регулировании правил игры. Очень жаль, что сегодня среди спикеров не был представлен «судья» именно этого рынка — рынка очень перспективного, который с каждым годом занимает все большую долю в ВВП. Я бы хотел поднять вопрос и выслушать мнение присутствующих вот о чем: сегодня на текущем рынке локальные игроки, ведущие свою деятельность на территории Российской Федерации, находятся не в равных условиях с теми игроками, которые осуществляют свою операционную деятельность из-за рубежа.

Одно из предложений — обложить налогом каждую транзакцию, проводимую электронным способом, и списывать положенную сумму в режиме реального времени. Мне было бы очень интересно и мнение российских игроков (Дмитрия Костыгина, Дэнни Перекальски), и то, как посмотрят на это предложение зарубежные игроки. Понятно, что при таком решении вопроса они потеряют конкурентное преимущество, которое имеется у них в настоящее время. Что они будут делать, если условия конкуренции между ними и локальными игроками выровняются?

Г. Клименко:

Здравствуйте еще раз! Я просто хочу еще «дровишек добросить». Герман Клименко, Институт развития интернета. Я посмотрел цифры. Перед нами сидят два прекрасных игрока — Дэнни и Дмитрий. Действительно, это прекрасные российские магазины, которые достойно выглядят на рынке электронной коммерции и являются ее флагманами. К тому же они входят в первую сотню российских компаний по интернет-посещаемости. Но есть одна особенность.

Я очень люблю Big Data, здесь о них много говорилось. Однако у нас существует такая проблема: самым популярным сайтом, входящим в первую десятку по посещаемости, является Alibaba.com — прекрасная торговая компания. Вроде бы это здорово, что она входит в десятку. Ее сайт популярнее крупнейшего российского торрент-трекера, по популярности он находится на одном уровне с крупнейшей бесплатной доской объявлений, обгоняет по посещаемости компанию Microsoft, где каждый гражданин России обновляет свой софт. Первая десятка — это серьезно. Значит, если копнуть внутрь, выясняется, что интернет-торговля в

России уже построила свой «мир без границ». Всё как в названии нашей сессии. Вот только что мы получаем в результате?

Мир без границ приводит к тому, что в России действует Alibaba.com. Это прекрасный сервис, я сам покупаю там, всё очень здорово, очень дешево (это очень важно). Это чужая экономика, это чужие, более дешевые деньги, более дешевая рабочая сила и абсолютно нерегулируемые сообщающиеся сосуды. Компания, которая за два года с нуля выросла в топ-10.

А вот чем Дэнни и Дмитрий занимаются на внутреннем рынке: российская интернет-торговля — это внутренний каннибализм. Их прекрасный рост обусловлен не каким-то естественным развитием, а победой над классическим ритейлом: онлайн-торговля растет, а ритейл на внутреннем рынке падает. Вызвано это тем, что в нашей российской экономике очень много проблем. Мы проскочили очень многие истории. Мы не только проскочили пейджеры (эпоха пейджеров в России закончилась всего за несколько лет, даже не успела сформироваться культура потребления), но и в электронную коммерцию вошли с огромной скоростью.

Мы вошли в огромный мир несогласованных налоговых условий. В этом отношении я поддержу Севу Страха и действительно хотел бы об этом поговорить: существует огромная проблема. На нашем внутреннем рынке Дэнни и Дмитрий бьются за хорошую премиальную аудиторию, и происходит определенное расслоение рынка. Необходимо уравнять игроков нашего рынка в правах, потому что, еще раз повторюсь, вот сидят Дэнни и Дмитрий, они входят в сотню, а есть Alibaba.com, который доминирует в интернет-торговле на территории Российской Федерации. Наши внутренние игроки что-то делают, но основным их маркетинговым приемом является снижение цены. Мне кажется, что если мы говорим о конкуренции, то конкуренция все-таки должна быть честной! И здесь на первый план выходит регулирующая роль государства. Можно критиковать его за медлительность, можно, наоборот, полагать, что оно действует слишком поспешно и необдуманно, но в любом случае мы — и участники рынка, и государственные органы — должны вместе искать решение этой проблемы.

N. Sheffield:

Is there anyone on the panel who would like to address that? Mr. Zavadskiy, perhaps?

M. Zavadskiy:

Thank you. First of all, I would like to say that we would like local businesses and local economies to see it not as a threat but as an opportunity. We recently launched a couple of new products that are actually aimed at helping local businesses and local companies.

One project is the launch of the first seller on our Chinese platform: the first Russian company has launched a store there. We believe it is going to be a success. It started with food, because Russian food is quite popular in China, as we found out. We truly hope that more Russian goods will follow.

The other panelists were talking a lot about Russian producers. We are talking more about Russian traders, protecting Russian retailers: not the companies that produce Russian goods, but the companies that trade in foreign goods. Their business is very respectable, of course. We need to think about every business in Russia, but the priority should be thinking about how to support Russian producers; how to support their growth inside and outside Russia.

Our second project is a contest with the Skolkovo Foundation, which we launched recently: to find the best Russian B2C companies working in electronics and selling their products globally through Aliexpress. Personally, as the GM of Alibaba Russia, I see this project as one of my top priorities, and hope this contest will be a success, also in terms of fostering innovation in Russia.

Talking about competition with local players, I do not think this question is that urgent. Again, only 2% of Russian retail is e-commerce, so the growth potential is enormous; everyone will find their place there.

In summary, if we take e-commerce as a whole, Aliexpress deals with only a fraction of this. We do not sell services; we do not sell tickets; we do not sell a lot of furniture, or large household items, which is actually a big chunk of e-retailing.

This issue has been raised before over the past year, and again earlier this year. What we are seeing is that generally speaking, society is not really agreeing with this concept. We have seen many polls on the Internet, and usually people vote in favour of having a choice of where they buy goods.

As for the other issues mentioned, I can just say that we are working within the legal framework. We are ready for any discussions. We are in constant discussions with the government, and we will be happy to start and continue our conversations with the Duma or any other legal entity that will start these conversations. Thank you.

N. Sheffield:

Thanks, Mr. Zavadskiy. Mr. D'Asaro Biondo, would you like to comment?

C. D'Asaro Biondo:

Two comments. First of all, the average taxation that Google paid globally in 2014 was 20%, at a total global level.

The second point is that I agree, and Google agrees, that taxation systems were invented before globalization happened. Today, in a world where flows of money for revenue and for costs are global, taxation probably needs to be reviewed, so that the repatriation of wealth happens in a different way.

But it has to be thought through. Comparing companies is difficult. Google is in Russia; we work in many countries, but in most countries, the majority of the turnover we make in that country is generated outside that country, because they ask us to provide them with customers from other countries: we are a bit of a window to the world. Our costs are global. If you look at Ireland, we have an investment of more than USD 10 billion in Ireland, and employ 4,000 people. There is no country in the world, outside of the United States, where Google employs that many people.

So the problem is that taxation actually needs to be reviewed. We are contributing to that by working with the G8 as much as we can. It is not about accusing multinational companies; it is about finding a way to create a system that is effective, that ensures a balanced world, and that works across countries.

It is a very serious issue, a fair problem, but sometimes we talk about it a bit too emotionally. We should look at the facts, compare companies that are comparable, not companies that are not comparable, and try to find ways that work and make sense. It is a serious issue, and we are ready to collaborate with every government in trying to find the right approach for that. We hope for a globally coherent approach, so that competition can be fair, and innovation can come.

The contribution a company gives to a country is, of course, taxation. However, this is only one part of the company's overall contribution. A company such as Google contributes to a location country in many ways: by helping small and medium companies to export; by helping to define and develop infrastructure for education systems; by bringing the rest of the world to that country; and by projecting the image of the country to the world.

I hope the emotions that we have around taxation do not impede us from seeing all the value and all the efforts a company such as Google puts in every day to provide value to society in so many ways.

N. Sheffield:

Thank you. We can take one question. Just put your hand up if you have a question. Back here?

H. Karonis:

My name is Haris Karonis, and I am CEO of Viva Wallet in Greece. We are an e-money licence company, and we have a licence passport in 31 countries in the European Economic Area.

We are speaking about the digital economy today. One of the biggest problems in the digital economy is the problem that we have regarding email and know-your-customer (KYC). In different countries, there are different methods of KYC. What is your opinion on that?

N. Sheffield:

Who would like to take that question? Could you repeat the question? I think there is some confusion.

H. Karonis:

The main problem with the digital economy is that most of companies are using different payment methods. In different countries, we have different KYC procedures and anti-money laundering (AML) procedures. If we are talking about a global digital economy, what about the AML and KYC procedures – how they affect the digital economy?

N. Sheffield:

Professor Athey, would you like to answer?

Prof. S. Athey:

Thank you. Mr. Karonis has correctly pointed out that financial services innovations are crucial in the development of global commerce and that international payments present a great challenge right now globally.

There has been a lot of movement in the last two years among banks and financial institutions around the world to make faster payments, faster settlements. It can take up to eight days to move money from the US to Africa; many multinationals spend enormous amounts in fees, and tie up capital all around the world with their supply chains, because of failures in the global payments system.

I am on the Board of a company called Ripple Labs, which is working for real-time global settlement. There are a number of start-ups today trying to partner with global financial institutions to improve this. Telecommunications companies can perhaps also provide solutions of this sort. It will have a significant impact on global commerce.

N. Sheffield:

Mr. Johnsen, could you give some guidance there?

K.-M. Johnsen:

I would like to comment on what was said here about distribution, because it depends on the perspective. From a political point of view, if you look towards the end of this thing, all you can do is look all the way to the wall there. If you are focused on the short term, then, of course, the priority is to protect national champions: let them have time to restructure themselves, try to avoid selling data across borders, so that you can keep those workplaces you are protecting. If you do that, fine, but there is a price to pay for it.

The issue that was brought up regarding Greece is, to some extent, a function of the fact that Europe consists of a lot of countries, whereas the United States consists of a lot of states, and China is one country. You may not have these 'European' problems there, I guess.

The moment politicians decide they want to move on to be a competitive economy, and let distribution be handled by private players, rather than the old champions owned by the government, the time when we are ready to let information go across borders in an efficient way, so that we can establish the

same platforms, for example, throughout the whole of Europe, that will be a big step forward.
Right now it is not that way yet. I have met with several representatives of various governments who all basically do not want to let Telenor Group transfer data across borders, because they want to protect five or ten workplaces, or a hundred; I do not know what it is. It is, however, a short-sighted strategy; it means we are not granted access to the kind of competence that Google is referring to, that is being built up. It will not pay off in the long run. The politicians have a tough task, and the regulators have a tough task of choosing between the short term or long term. I would advise: think long term.

N. Sheffield:
Thank you very much. This has been a great panel. There were a lot of us, and I wish I had more time with you. I would like to ask everyone to please thank the panel.