

markets Germany

CLOSER THAN EVER

InfoWatch CEO Natalya Kasperskaya on the mutual benefits of German-Russian ties.

Foreign Direct Investment

Managers consider Germany the EU's most attractive economic location **p10**

Business

GTAI Investor Support Services Director Iris Kirsch on business financing **p19**

Morgenstadt

Germany helps build the intelligent and sustainable "Cities of the Future" **p24**



GERMANY
TRADE & INVEST

COMBAT IN CYBERSPACE

Interview. Former Kaspersky Lab and current InfoWatch CEO Natalya Kasperskaya is at the top of her game, developing unique technologies to protect confidential data from internal threats.



Natalya Kasperskaya
InfoWatch CEO

Natalya Kasperskaya, a Russian applied mathematician, cofounded the successful antivirus software company Kaspersky Lab and remained co-CEO until 2007. Now the owner and CEO of InfoWatch, Kasperskaya is regarded as one of Russia's most successful business leaders.

You're the cofounder of the most successful Russian company in Germany. What were the reasons behind Kaspersky Lab's original decision to expand to Germany?

Natalya Kasperskaya: We began working in Germany in 1994, three years before Kaspersky Lab was founded. At the time, I worked for Kami, one of the first Russian software firms. We left Kami in 1997 and created Kaspersky Lab. It was a big risk, but we took it. Two companies, Prokon Software from eastern Germany and another one from western Germany showed almost simultaneous interest in distributing our software in their respective regions. We then divided our

business focus into two territories. The western fraction was not as big of a success as the eastern. Prokon, in the East, sold our products very well. Later, we understood that one partner is not enough to reach all target markets. For example, Prokon was great in retail but did not do much in the enterprise segment. In 1998 we opened the market to other resellers. As a result, in 2003 we had around 30 partners in Germany.

What factors were key to your success here?

Kasperskaya: Our success was driven by two major factors: first, our antivirus software has regularly surpassed compet-

itors in tests conducted by German software magazines – which generated positive public feedback about our products. The second factor, of course, was the very efficient distribution chain established by a very talented manager.

Why did you decide to establish your own firm? What are the company's main objectives?

Kasperskaya: In 2003, InfoWatch was founded as a subsidiary of Kaspersky Lab [InfoWatch is now a completely independent business entity]. The idea to create a data loss prevention (DLP) system did not actually come from the market but rather from technological developments. Kaspersky Lab had acquired an antispam technology from another Russian company, and we realized that if we could use the technology to filter information entering the company, we should also use it to filter information being distributed outside the company. We then made a prototype and founded another company to represent it, because I wanted Kaspersky Lab to be purely associated with its best product – antivirus software.

The DLP system is what spurred the establishment of InfoWatch. Our company is focused on developing solutions to protect confidential data. By 2003, InfoWatch had already constructed its first product and created a client base. InfoWatch now consists of a group of companies and has plans to offer a combination of its current business and SMB products to the international market.

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Read the complete interview online:
www.gtai.com

→ The Russian Federation also ranks 16th in investment in “greenfield” and “brownfield” projects in Germany.

Examining Russian foreign investment from a geographic perspective creates an interesting picture. The majority of Russian companies are located in North Rhine-Westphalia (NRW) and Berlin, with those businesses located in NRW creating more than twice the number of jobs. However, more than 93 percent of FDI stocks are held in Berlin. A long-term analysis shows that investment has trended away from the capital: NRW, Bavaria, and Hessen attracted more than half of all Russian FDI projects in Germany between 2003 and 2011.

Around 950 Russian companies were operating in Germany in 2010. The largest corporations were rooted in the energy sector. Oil and gas giant GAZPROM Germania is the industry leader with a turnover of EUR 8.6 billion and a staff of nearly 2,500 employees. LUKOIL Hamburg, a subsidiary of Russia’s second-largest oil company, and Wingas, a joint venture of GAZPROM and Wintershall – Germany’s largest crude oil and natural gas producer – are GAZPROM’s primary competitors. No other company is anywhere near as large, although some are established players in their respective sectors:

software and IT services provider Kaspersky Lab, power tools specialist LIT Trading, electronic components subsidiary of Ioffe Physical Technical Institute, and hotelier BoxTrade are but a few examples. At the other end of the spectrum, some Russian FDI projects are very small indeed: businessman Armenak S. Agababyan is now the sole owner of the historic Dresdner Porzellanmanufaktur in Freital, having rescued the company from bankruptcy and investing heavily in its modernization.

Russia ranks seventh in vital investor nations in Germany

Why does Russian investment continue to steadily flow into German industry? Russian business executives are increasingly deciding to invest in Germany because they identify its central location, infrastructure, and skilled workforce as important competitive advantages when

expanding into western European markets. However, the geographical factor most notably fuels the current growth of Russian investment in the north and south of the country. Kaliningrad and St. Petersburg command 95 percent of sea freight, spurring some 130 Russian companies to set up branches in Hamburg. As a result, container traffic to Russia increased by more than a third in 2010. As Süderelbe AG’s Dr. Jürgen Glaser notes, “Russian companies are showing great interest in the Hamburg

metropolitan region. The Hamburg logistics hub is an ideal nodal point through which to supply trade and industry with goods from China.”

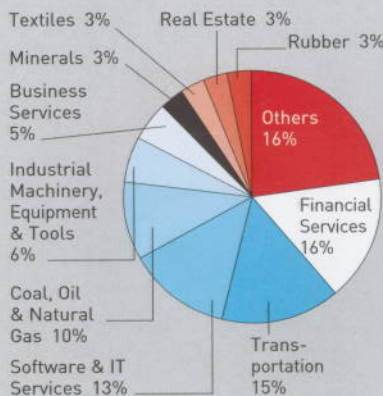
Bavaria benefits from the same geographic advantages. Maxim Bogdanov, CEO of Russian IT company ASCON, outlines the reasons for choosing Munich as a business location: “The establishment of our business in Bavaria is a strategic decision for us – it is the first ASCON branch office in Europe. A branch office located close to our customers is necessary to offer and guarantee the best service. Munich – in the heart of Europe – is the ideal location to develop our international business.”

Infrastructure and a skilled workforce are two additional investment advantages with which Germany has established a comparative advantage. Kirill Sermyagin, CEO of online travel portal Big World GmbH, stresses the importance of a skilled labor pool: “Both of our Bavarian locations have excellent employee potential: on the one hand, young, well-trained talent from a variety of technical fields and, on the other, experienced employees from the tourist industry. The international character of our talent selection plays a decisive role not only at our site in the ‘border triangle’ of Passau but also in the cosmopolitan city of Munich. This international flair enables us to plan and control a global business on a larger scale from Bavaria.”

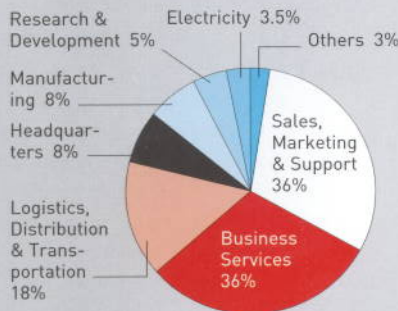
As uncertainty continues to trouble the global economy, Russian companies are searching for new markets and better market access to ensure their survival and growth. Even small companies are now looking for ways to expand into German and, by extension, European markets. Invest in Bavaria cites a significant increase in the number of enquiries from Russian businesses since the beginning of the global crisis. As Russian investors become more aware of the advantages of investment in Germany through the country campaign, this awareness may well generate new, unexpected synergies between business and science. Economic and research ties between the countries can only become stronger.

Russian Projects in Germany

Industry Sector (2003-2011)



Business Activity (2003-2011)



Source: fDi Markets March 2012

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anna-lena.nikel@gtai.com