

## Exporting to Russia

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Western computer manufacturers have long cast envious eyes on the Russian computer market. By Western standards, the Soviet Union is heavily under-computerised both in numbers of systems and range of applications, but although the country is committed to large expenditures on computing, there is no potential bonanza for Western suppliers.

The use of computers in Russia is tied to a plan that recognises their role in making government, industry and services more efficient. The plan is bound into the growth of the Russian computer industry and those of allied economies in Eastern Europe.

Through the Rjad plan for a unified range of East European computers and peripherals, the USSR has access to most of the computing power it needs but less so in minicomputers. For the Western supplier, except in exceptional circumstances there is no market for mainframes. Minicomputers are being bought for specific applications, but as local supplies increase, they will follow the path of the mainframes. Because the USSR never embarked upon the widespread use of mainframes as in the West, the use of multiple mini and microcomputers instead of mainframes receives sympathetic attention. Easy to use systems with Cyrillic software, keyboards and printers are being installed to replace manual systems. Just as in the West, technical skills are scarce commodities, and thus the attractions of simple terminal-driven systems with fast delivery and quick implementation are substantial. In theory there is a market for large-scale scientific machines of the kind produced by Control Data, but such sales are so beset by political considerations, restrictions and the need for approvals, that in practice it is difficult to complete a sale.

Probably the best marketing opportunity lies with microcomputers. At the Informtehnika Exhibition in Moscow last month, mainframes were conspicuous by their absence, minicomputers were shown for particular applications, but microprocessors were in abundance. Of the major suppliers at the exhibition, IBM gave pride of place to a laser printer, CII-HB had a graph plotting Level 61/60, Burroughs displayed a B80 and word processing equipment, and Redifon, the only UK computer manufacturer present had two large working R850 DDP configurations with telecommunications networks. The largest stand was that set-up by Wang.

The novel aspect of the exhibition, however, was the presence of the major distributors of personal computers. With their long history of innovative use of equipment designed for other purposes, the Soviet Union could well be attracted to the development of personal computers for business application use. The low cost and high technology transfer benefits must be attractive.

Market entry in the USSR is expensive and lengthy for the Western supplier. The best way in is probably to exhibit at the many exhibitions organised by the ExpoCentre in Moscow. The exhibitions are well attended by the whole spectrum of foreign trade organizations and end-users from all parts of the USSR.

All commercial transactions are completed through the appropriate foreign trade organizations, the government-run import/export agencies staffed by technical and commercial specialists. These people are highly professional in their operations and formidable in their negotiating expertise. As a result, contractual negotiations are detailed and exhaustive.

The Soviet Union expects performance, is prepared to pay for it and will not tolerate mediocrity. Business dealings are scrupulously fair and payments are made on time. The overall business climate in Russia is conservative. It takes time to become accepted as a supplier. Computer acquisitions are often planned years ahead so the individual system buying cycle is slow. When confidence is established, business becomes predictable provided that the supplier continues to perform. IN evaluating suppliers the Soviet Union is careful and methodical. Its starting point is the same criteria used by computer buyers everywhere- company stability, ability to solve problems, growth potential and future possibilities, terms and conditions etc.

Its follow-on position is more inscrutable: the qualitative issues of local staff and organization, commitment to the Soviet market, spares support, all levels of education and training, literature, reference manuals and finally sheer stamina to satisfy demanding and discerning customers. Foreign currency is available only for important projects which inevitably are monitored from pre-contract to post-installation. Complete success is the major criterion. Thus the Soviet Union looks for across-the-board services and organization from the supplier.

In practice, Soviet customers adopt a policy of self-reliance, which is more in line with the national character. Users are not over-demanding of support services. In fact, they are easy to deal with and make excellent references. Above all, they are more creative and innovative in their use of systems than equivalent Western organizations. In marketing computer systems in the Soviet Union it must be remembered that Soviet policy is to develop self-sufficiency. Education and industrial strategy are geared to this end. The Soviet Union does have, however, a continuing need in different areas for Western technology. This need will remain as long as the technology gap exists.

In the future, manufacturing licences may increase and become more valuable than selling finished goods. Available hard currency is better utilised building local industry than financing imports- a lesson that the British government could usefully learn. Licences, however, sometimes have the unfortunate effect of blowing back on the licensor, when the licensee decided to export to markets previously supplied by the licensor. For this reason licences are becoming more restrictive in their marketing rights.

For the next 12 months, the trade environment with the Soviet Union will be dominated by the 1980 Olympics to be held in Moscow. The Games have captured the popular imagination and the authorities are determined that the XXIII Olympiad will be long remembered. For the Olympics, the best equipment available on world markets is being acquired. The Soviet Union is demonstrating high levels of perception and acumen in selling advertising rights and driving hard bargains. Much equipment is being provided from Russia's home industries and from Eastern Europe.

Selected suppliers from the West will be installing computer systems specifically for the Olympics. British companies are well placed. Redifon will be making announcements shortly. The business climate for British systems is good.

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