

### 3.16 Case Study of Russia<sup>1</sup>

#### 3.16.1 Profile of a Woman Entrepreneur



Marina Druzenets – co-founder of company “Siberian project”

Marina Druzenets was born in Zheleznogorsk, a town located in the center of Siberia, in Krasnoyarsk region, Russia. This town is included to the list of mono-cities. The term ‘mono-city’ describes a town with dominated economic role of one big enterprise and low diversification of the local economy. This situation was formed due to the specifics of economic development during the Soviet period. Now there are 319 mono-cities in Russia.

Marina’s father was an engineer and the head of department of non-standard equipment, and her mother was the manager in the department of non-standard equipment control of one of the plant. Marina graduated from the Krasnoyarsk State University as specialist in international economy.

Marina’s first workplace was one of the Russian banks. But in a year Marina realized that she had higher potential and started to look for another job. She then found an interesting enterprise with the tunnel building business. It’s a very prospective business especially for the region with many Hydroelectric Power Stations where technology of tunnel building is widely used. She called the company and said that she wanted to work there. Unfortunately, she received a job offer to work there as an assistant. It was not acceptable for Marina, so she asked about carrier requirements and the HR manager advised her to call later. Marina started to do it every week for about 1.5 months until the moment when she was invited to an interview. She finally received the position of purchasing manager. This episode demonstrates Marina’s high motivation, perseverance and insistence.

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<sup>1</sup> This case study was conducted by Irina Saltikova, Technical Director of ANO APE, Ericsson Training Center and Veronika Peshkova, General Director, IExpert, Russia.

The next large project Marina worked on related to road building. It was interesting but the work in the large company was always routing work in which many things were already defined by somebody else. Being a young woman, Marina wanted to have more independence and creativeness in her work, so she wanted to try working in another way.

To this moment her husband and his friend already had some business and entrepreneurial experiences as mobile operators in Siberia region. When she proposed them to organize a company for realization of a new idea, they supported her. Marina finally started up company “Siberian Project”. On the first step, this company served as a distributor of SIM-card, after which they started to develop mobile applications. On the next step, the company started to engage in the project Cardberry.

### 3.16.2 Profile of a Company



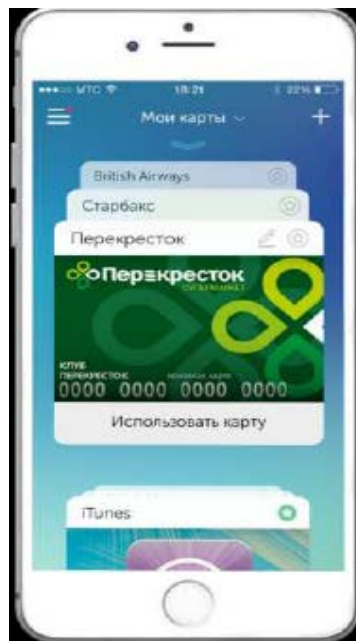
#### Start Business Model

Marina established her startup with a vision to overcome a problem facing everyone in Russia.

Success loyalty programs generate up to 20% of margin in retail and HoReCa sectors. On average each person in Russia has 11 discount cards, 60% of which are not used. It's impossible to bring all of them every day, so when they are going to make a payment, people usually realize that they left out the discount cards they need at home. In common practice the discount cards are also often lost or broken, so 30% of users are interested in using digital loyalty cards.

Currently, there are many mobile applications of loyalty programs working through with bar-code access (45% of all cards), and more than half of the discount and loyalty cards are to be presented physically for a use in outlets. Thus, the idea of universal card could be viewed as fresh and potentially beneficial. The founders of 'Siberian project' started its realization in Y2012 using modern ICT technology allowed creating a universal card that could replace all the electronic cards.

At the beginning in Y2013 the project team formed by Marina, her husband and their friend created mobile application for service payment by QR-code using mobile phone. It was decided to create a product that can come to the market without direct sales affords. The idea was to make a product that customers need and promot themselves. Thus, a universal multi-purpose card that could be used in a variety of retailors and HoReCas finally came into being. Without negotiations with brands-holders or the coalition of brands creation, the team began to distribute the universal cards and a device, which provided the opportunity for the consumers to download the list of discount cards of different brands to form their own list themselves.



The significant problem facing the startup was achieving access to market. According to the business model it was necessary to make retail and HoReCa outlets apply for the software to become the members of the network. However, the team faced the situation when the limited number of consumers registered in the system, which eventually decreased the retail outlets' motivation for application, or vice versa. The limited number of the retailers and HoReCas registered in the network decreased the attractiveness of the application on the part of the consumers. The only opportunity to come over the situation was to conduct direct negotiations with each particular outlet to convince them to make a registration. Unfortunately, being a start-up, they were unable to use this strategy for lack of resources, as there were only 4 people in our team. It pushed to create the unique product – Cardberry.

The business-model transformation provided startup with an opportunity to make promoters from the clients. It turned out that the service provided to the customers made their life easier and more

comfortable. That's why the customers helped business to survive on the one hand and attract the users and achieve co-founder's goals on the other hand in forming the network of retail outlets using the service. Also, as distribution of the universal cards could be promoted through the internet and in social-media, the team created web page: <https://cardberry.com/ru>.



Now Cardberry is an electronic card and mobile app. The complex contains the card reader that allows to read and store any card in the smartphone. In the shop or restaurant, a customer needs just to choose the right card in the mobile app and transfer it to Cardberry. The information is loaded within seconds. Bluetooth is used for transmission, and customers don't need the Internet to use the application. Customers can give the universal card to the cashier and get discount.



Application Cardberry allows to store an unlimited number of cards. Users can see also discount cards of their friends and use them after owner's permission (it's realized with push-notification).

Now Cardberry allows to replace any loyalty cards and access cards (RFID). In the case of common projects with bank, Cardberry becomes a payment card that can replace any banking cards. All transactions can be done through the bank-partner.



Now Cardberry is available for corporate clients as well as for people. Cardberry cards and Cardberry software-as-a-service solution for corporate clients allow to order cards with company's branding, design, and personalized information about customers or employees.

Companies with 100+ employees often have access cards, parking cards and corporate discounts around the office or in the city. With Cardberry, business can manage access cards and corporate discounts of all employees with a centralized, one-click solution. The tool allows to select which discounts and offers are available to which employees. Then it's possible to issue personalized notifications to the employees' smartphones via the Cardberry app.

Cardberry cards provide the users with an opportunity to create their own designs with brand logo and other personalized information, like names and IDs of employees. Universities often have access, identification or membership cards. With Cardberry SaaS they can easily manage:

- student access to individual labs and rooms
- all kinds of student memberships
- discounts for students around the campus or university buildings

A specialized loyalty program can create some additional benefits for businesses, including increased retention, diminished average spending for returning customers and more information about customer behaviors and needs.

### Business Model Development

After the formulation of the key business-model elements, it was decided to view users of the universal cards as key target audience. The production of cards was arranged in China, the logistics channels formed and the price was formed at a level of 129 USD/8500 RUR in Y 2016-2017.

FREEMIUM (basic functions for free + optional services for payment (exchange cards with friend, card shop, interest clubs with additional discounts etc.) is to be applied in 2018. Moreover Y2018 it will incorporate sale of consumer behavior data (how often and where they buy something, favorite brands, restaurants etc.) + usage of Cardberry application as channel for communication and PR.

**Figure 1.** More Than 60 000 Discount Cards in the Database



**Users in more than 20 countries**

**Applicable in any retail equipment**

**Stable requests from American customers (Income of Fuze on Indiegogo – more than 2 mUSD for 7 days)**

**Brand and individual design**

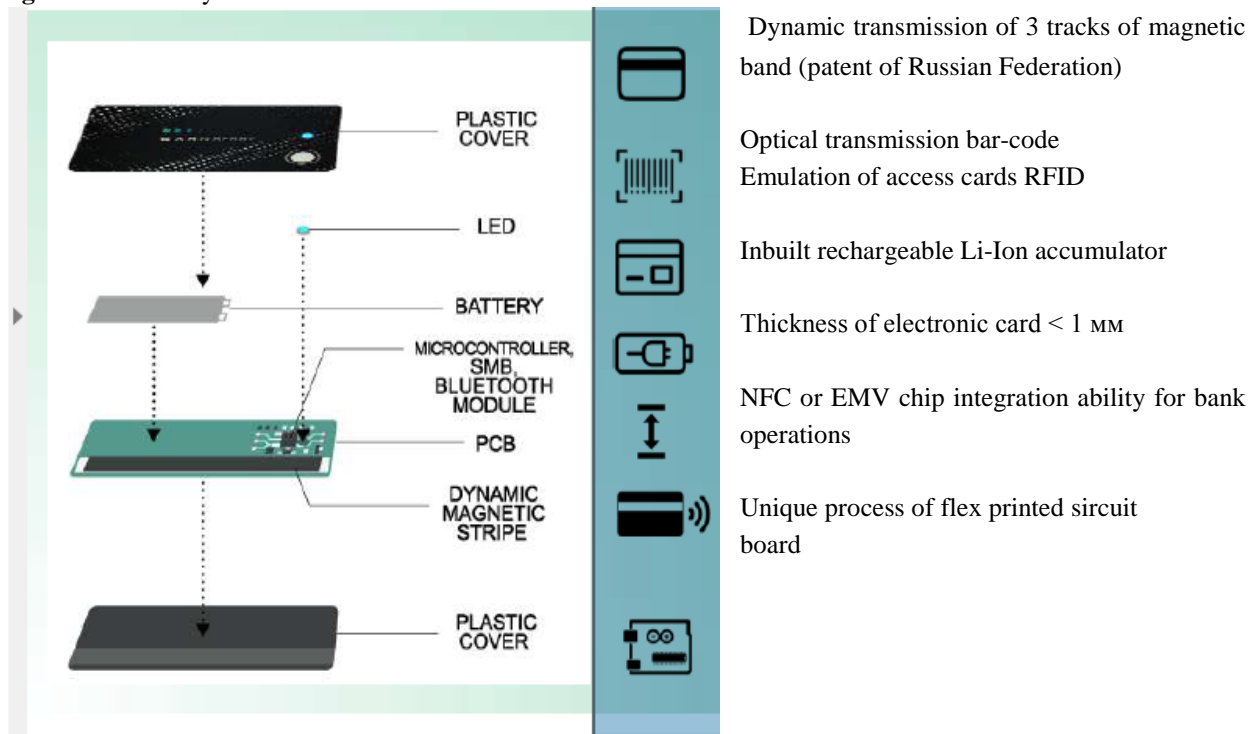
## Carberry Technology Advantages

### *Working principle*



The Cardberry SaaS solution allows customers to manage discounts they can get. It's easy to control additional discounts outside of retail chain. When the customer registers other loyalty cards with Cardberry card, it's possible to get more information about their behavior and needs. This information will allow them to deliver better-conceived, more interesting offers via the Cardberry app.

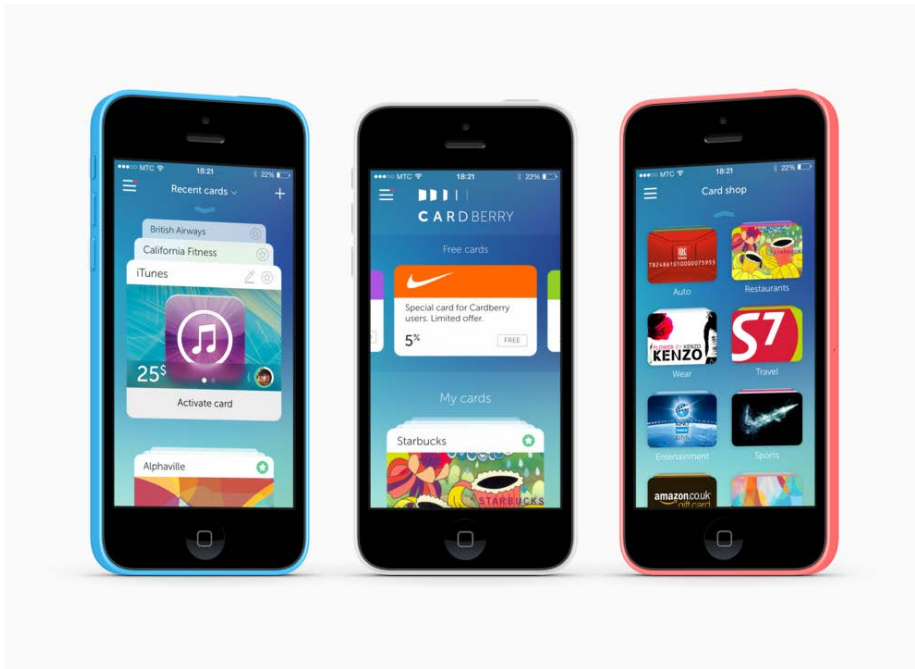
**Figure 2. Cardberry Card**



**Cardberry Reader and Charger**

The Cardberry reader is required to read the information from the existing cards and upload it to the Cardberry App. After that, users can forget about the reader till they get a new plastic card to read information from or they need to charge the battery. As a charger, the reader charges the card's battery within one hour.

## *The Cardberry App*



The App can store unlimited number of users' cards. All the data is securely stored in the Cardberry App. available on the App Store and on the Google Play.

### Partners and Business Growth Milestones

Marina Druzhenets noted that it's difficult to be in ICT business for women. When she started, even her husband decided not to help her and look after her actions, developers did not want to explain some important things her. That's why she decided to prove to them that she was in her place due to her skills and that not only technical knowledge is important in their business. Communication, marketing and PR are even more important, and her responsibility was to find partners. Her first great victory was her invitation to Skolkovo Fund. After that she found other state programs and funds for developing business, and successfully found partners in China. In a year of her efforts she took the Prize "Breakthrough of the Year"

### Customers and Partners References

*"Meeting compatriots who presented their projects on such exhibition as CES I fill the pride"*

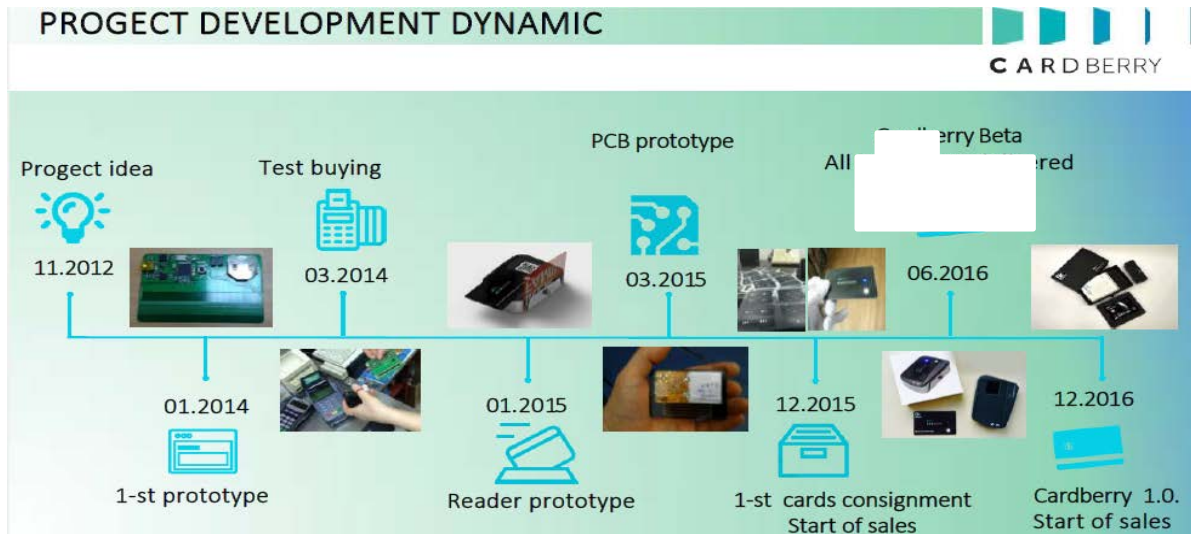
*"This is a great idea. The abundance of the cards impedes. When you have only one- you understand the advantage"*

-Sergey Kachan



*“I need to note that Cardberry come later than COIN. But Russia variant is better because they go far and proposed some new good ideas. This variant is quit good and I think it’s important to distribute it.”*

-Igor S.



### 3.16.3 Findings

#### 3.16.3.1 Success Factors

##### Team Building and Self-Motivation

The key success factor underlined by the interviewee is an appropriate team and its motivation.

*“For start up the main important part is the team. Usually start up doesn’t have good access to finance, as it was in this case as well. The basis was the idea, the loyalty of team to the product and the appreciation of the product, the filling of creating the new something that can change the consumer’s behavior. That can be proved by the comparison with the other projects in our sector that raised significantly higher funds as investments, but unfortunately did not provide successful products to the market”*

As regards the Russian market, the research subject identified a general level of innovative motivation that helps startups to develop without preliminary raising of investments:

*“For example, in America there were several similar projects with higher level of initial resources available than Russian project had, but they couldn’t come to the market, because*

*they could not create the real product for the consumers. For example, The Coin Company in USA raised USD 22 millions of initial investments. The Plastic Company raised USD 15 million as investment. Both of them did not present a working device to the market. The initial investment in Cardberry was USD 1 million. So, the main success factor in this case is a team, as starting up the business and creating a product were possible with limited financing”*

Marina stressed the importance of relying on the professionalism and enthusiasm of the team and team leader’s efforts to motivate the team members.

*“It is important that the team believes in the product and its market perspectives. Like any start-up, we were criticized especially when we started demonstrations of our products and services to potential investors and partners. Our team had gone through the situations many times in which, after the presentation, the potential investors made a conclusion that our business idea is not attractive and they cannot believe in its value. Whenever we encountered this kind of situation, we had to recover from severe disappointment with a belief that someday we could meet an investor who would support our project”*

This quote underlined the importance of team leaders’ ability to be self-motivated and to motivate the team members. Any team is expected to follow their leader and share the values and expectations. That means that the team leader must keep the positive attitude to the project, motivation and enthusiasm to successfully implement the project and gain investors’ attraction.

One important factor in terms of team management in Cardberry is that the project was started by a married couple (Marina and her husband) and their friend. At the beginning stage partners did not fully rely on her ability to promote the project, as she came from the corporate environment. But at the later stages, especially after she received the status of Skolkovo Technopark (<http://sk.ru/technopark/>) residency for the company, colleagues increased the level of trust in her.

#### Innovative Corporate Culture Development

Cardberry’ co-founders created an innovative approach toward creating corporate culture.

*“For a startup with the team of 10 people, you don’t need to use any special methods. The main principle is to allow max freedom to employees when they have to make a decision, and to support their confidence in successful results.”*

Due to such innovative corporate culture, Cardberry could significantly increase labor productivity and enhance the team members’ loyalty and enthusiasm.

*“So, one of the employees can work like 5 different people. For example, Anna who was employed as HR manager took charge of marketing, public relation, exhibition and supervising of the production. Another employee, who used to be a sales manager, proposed the unique technology of packing the printed boards into plastic case with thick 1 mm, and afterwards he became the senior technologist and take charge of all technological processes. The main feature of startup management is understanding that startup is not a big company with many management levels, heads and subordinates. Startup is a team following the leader, who is not the formal boss. In startup, all participants are equal, have suffrage and initiatives”*

Marina highlighted the value of teamwork several times during the interview:

*“We don’t have any special motivation system, but there is a principle in our company, that is, “We are startup and our resources are limited. Consequently, everything that we can do ourselves we do ourselves”.*

The using of innovative culture as a major management approach enabled the company to find optimal solutions in attracting access to the market and, at the same time, save sunk and operational costs:

*“The team found an opportunity to publicize our materials in media and the Internet free of charge and to participate in conferences and exhibitions getting grants etc. And we can say that in ICT segment of the market this product is very popular though the marketing budget equals to 0 all over the years of our product life”*

### Enhancing Professional Contacts’ Network



The next success factor of running women's business in ICT is forming the network of professional contacts. The contacts with other start-ups and entrepreneurs helped to obtain necessary information to find the opportunities of market access and investors' attraction. Networking with the non-commercial unions of entrepreneurs and small and medium enterprise leaders enabled the startup to enlarge their professional networks by meeting potential partners, customers and potential investors, and, at the same time, to receive the information on the available resources, for example, state support infrastructure for innovative startups.

Cadberry became a resident of Skolkovo – formed with a combination of public and private funding in an initiative to support innovative startups located in the western part of Moscow suburb. The Skolkovo community is formed on the innovative start-ups in the sectors of IT, medical and bio- technologies, space technologies, energy and nuclear sectors.



Cardberry received a residency-status in Skolkovo Technopark, which provided an opportunity to become a member of the community, to use the infrastructure provided to the residents, and to receive the tax reliefs available for the residents according the Russian legislation. The status of Skolkovo' resident allows startups to use the tax reliefs for the taxation based on payoffs to the staff. The normal rates of taxation to national insurance funds in Russia are around 30 percent of the salary, but the Skolkovo residents have a 50 percent discount.

In addition to the tax relief it is possible to participate in the community, to present the project on the investment events arranged by Skolkovo Technopark, and to participate in the League of Skolkovo Women' Association. The benefits related to the formed network of contacts and other

informational and infrastructural support is a significant factor for building reputation of the business to promote the project and to sustain entrepreneurial and team motivation.

*“Exchange of information and experience creates a great opportunity to save resources which are extremely limited in case of a startup. Our participation in Startup tours arranged by Skolkovo gave us an opportunity to find additional partners in Russian regions... Our contacts with Opora Russia provided an opportunity to present our project in APEC O2O seminar and look at our project from the international point of view”*

It is also possible to participate in training programs, exhibitions and conferences arranged by the community and other SMEs unions and organizations. Marina plays an active role in Skolkovo Women’ association and participates in many different activities in order to extend her professional networks, both local and international.

In addition to enlarging network through activities arranged by the SME’ associations and communities, Marina also actively participate in business events of different kinds: conferences, exhibitions, business missions etc. For the past two years, Cardberry actively participated in a number of exhibitions competitions and forums to present their project to potential partners and investors, including the following business events:

- Consumer Electronic Show 2016 Las Vegas
- EU Mobile Challenge (The Final of competition)
- InnovFest unBound 2016
- Startup Village 2016 2016
- International student Forun Moscow 2016
- Gitex 2016 and others.



*“Each participation in business events provides useful experience and opportunities: sometimes to enlarge the contacts’ network, sometimes to meet a new partner or to attract a*

*new very perspective employee. We received a residency in Skolkovo after the competition – one of the jury members recommended me to make an application. We did not even think about such opportunity, which gave us a lot of benefits.”*

### Using Opportunities Provided by SME’ Support Infrastructure

Having analyzed the Cardberry as a case study, it can be concluded that, in addition to the forming of professional network, it is important to use the opportunities provided by the state infrastructure of SMEs support, both financial and non-financial. Some of the publications about the product is as follows.

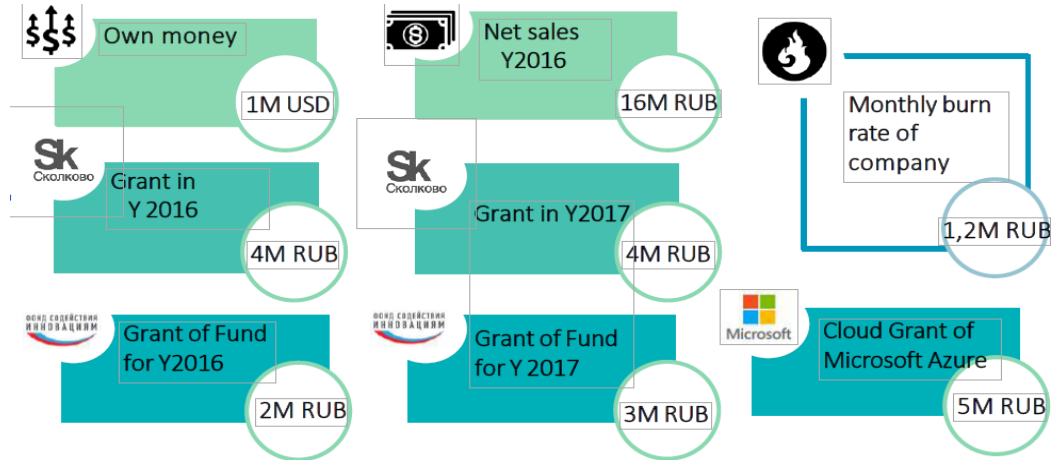
**Table 1.** Publications about the Product

1	Hi-End Gadgets	September 16,2016	<a href="https://www.youtube.com/watch?v=VMgJYZ8AyIk">https://www.youtube.com/watch?v=VMgJYZ8AyIk</a>
2	Kik Survey	September3, 2016	<a href="https://www.youtube.com/watch?v=aWp22-8UoJs">https://www.youtube.com/watch?v=aWp22-8UoJs</a>
3	Vlad Filatov	September 2, 2016	<a href="https://www.youtube.com/watch?v=x3aqCByuHoY">https://www.youtube.com/watch?v=x3aqCByuHoY</a>
4	i Serj	March 21, 2016	<a href="https://www.youtube.com/watch?v=IWorZA66dmE">https://www.youtube.com/watch?v=IWorZA66dmE</a>
5	Wylsacom	January 11, 2016	<a href="https://www.youtube.com/watch?v=pm9KBEmFKkc">https://www.youtube.com/watch?v=pm9KBEmFKkc</a>
6	Startups2016.rbth.com	2016	<a href="http://startups2016.rbth.com/">http://startups2016.rbth.com/</a>
7	techlila.com	April 7, 2016	<a href="https://www.techlila.com/cardberry-blends-all-loyalty-cards-into-one/">https://www.techlila.com/cardberry-blends-all-loyalty-cards-into-one/</a>
8	snapmunk.com	January 14, 2016	<a href="https://www.snapmunk.com/cardberry-unifies-loyalty-cards-one/">https://www.snapmunk.com/cardberry-unifies-loyalty-cards-one/</a>
9	Newsland.com	October 17, 2016	<a href="https://newsland.com/community/5652/content/v-rossiiskoi-federatsii-sozdali-zamenu-dlia-vsekh-plastikovyykh-kart/5511372">https://newsland.com/community/5652/content/v-rossiiskoi-federatsii-sozdali-zamenu-dlia-vsekh-plastikovyykh-kart/5511372</a>
10	Maxpark.com	October 17, 2016	<a href="http://maxpark.com/community/5652/content/5511372">http://maxpark.com/community/5652/content/5511372</a>
11	playground.ru	October 15, 2016	<a href="http://www.playground.ru/blogs/other/v_rossii_sozdali_zamenu_dlya_vseh_plastikovyykh_kart-216978/">http://www.playground.ru/blogs/other/v_rossii_sozdali_zamenu_dlya_vseh_plastikovyykh_kart-216978/</a>
12	Rg.ru	October 14, 2016	<a href="https://rg.ru/2016/10/14/v-rossii-sozdali-zamenu-dlia-vseh-plastikovyykh-kart.html">https://rg.ru/2016/10/14/v-rossii-sozdali-zamenu-dlia-vseh-plastikovyykh-kart.html</a>
13	Cont.ws	October 14, 2016	<a href="https://cont.ws/post/399528">https://cont.ws/post/399528</a>
14	macdigger.ru	October 14, 2016	<a href="http://www.macdigger.ru/iphone-ipod/v-rossii-sozdali-umnuyu-kartochku-dlya-zameny-vsex-plastikovyykh-kart-video.html">http://www.macdigger.ru/iphone-ipod/v-rossii-sozdali-umnuyu-kartochku-dlya-zameny-vsex-plastikovyykh-kart-video.html</a>
15	Imenno.ru	October 14, 2016	<a href="http://www.imenno.ru/2016/10/14/386328/">http://www.imenno.ru/2016/10/14/386328/</a>

In addition to market access and promotion, Cardberry used several opportunities of startup financial support provided by public and private infrastructure and support programs.

The cost of funding in Russia is high and it is very difficult for a start-up to obtain necessary financing. In this case the grants and subsidiaries provided by the state and regional organizations are important. Cardberry used several SME’ and startups’ supporting programs to finance the early stage of project development. The financing structure can be viewed as following:

**Figure 3.** The Financing Structure



There is a special infrastructure of innovative business support oriented on access to finance; however it is not easy to find an appropriate program of state support available. In many cases measures of financial support are oriented on production companies only.

*“As a startup we tried to use all free ways of support. In Russian Federation we have some funds that supported technological startups like Skolkovo Fund and Fund of Innovation support. We used grants from these funds. Moreover, we became residents of Skolkovo Innovation park where we could take the office with the very good conditions. We took the rights to participate in competitions with the money prizes for the business development. We participated in business accelerators, Generation\_S, used programs for competitor’s analysis (like similarweb etc.), for business operations (like slack, trello etc.) free of charge. But I need to say that it’s quite difficult to find the information regarding all available support tools. It’s quite difficult to find the information regarding all available support tools. You need always to read, to communicate with different people to find this information”*

### 3.16.3.2 Challenges

#### Access to Finance

As easily conjectured from the above, the key obstacle facing startups in Russia is the difficulty in attracting necessary funding. The difficulty becomes significant due to the high interest rates on the financial market and significant requirements from that the banking sector request from the potential debtors. As a result, most of women-owned companies are financed from their family or friends at the beginning stages.

The venture investment market is at a low development stage in Russia. The number of potential investors is limited and the institute of business angels is undeveloped. As a result a majority of startups start their business using their own limited funds.

*“At the starting period the key obstacle the team faced was related to attracting first investment to the business. It is not possible to receive the necessary funds as a bank loan in the case of startup, as it is needed to provide the information on the revenues for at least last 6 months and trustworthy guarantees. In the case of IT startup, it is impossible. As a result, to attract the first investor is the key obstacle at the first stage. The deficit of funding at the early stage forms the deficit of other resources.”*

The deficit in financial resources forces the limitations in development strategies availability:

*“One of the main mistake of the founders of this project was the decision not to raise investments from the market at the early stage of project development. If sales started earlier the success of this project would be bigger”.*

However, it turned out that the self-funding strategy that Cardberry used in its initial stage was not helpful for the project development at the later stage; It was significantly more difficult to attract the later stage investors for lack of previous stage experience

*“If we start the project now we will start with attracting professional investor at the pre-Seed stage. When you follow the professional investment stages it is significantly easier to find the next investor based on the positive experience with the previous one. We were thinking on keeping the total ownership of the company, but we have lost the growth opportunity”.*

While many startups focus on obtaining grants from the state SMEs support infrastructure, Cardberry has received several grants, but this process is very laborious and time consuming.

*“If we start the project now, we will not spend resources on interaction with state system of financial support. After you receive a grant you need to follow many rules, which does not correspond with the real needs of startup development. ...if you receive grant from the state-owned fund you spend resources for unproductive reporting process, instead of business development and attracting additional investments. Sometimes it’s much more important not to wait until money from the grant comes to the project because time is very important factor especially in ICT business. Sometimes it’s much more important to find commercial investments. It will be much faster”*

### Labor Market Competition

Another significant barrier to start-up development is difficulties in attracting high-level professionals to the team. Startups are limited in terms of resources, and it is thus almost impossible to attract professionals with many experiences and relevant skills to the team. To overcome this



obstacle, many startups, including Cardberry, attract less experienced but very enthusiastic students who have a strong desire to change the world.

*“It is extremely important to sustain their motivation by offering attractive targets or rewarding opportunities to grow with the successful projects. At the stage of product development (in case of Cardberry it was a bit less than two years), it was difficult to sustain the motivation of the team and its belief in future success, especially when we phased technological difficulties. Every 3 to 4 months we have reached deadlocks. To keep motivating the team members to overcome such situations is one of the most challenging problems”.*

#### Product Orientation VS Market Orientation

Many ICT startups are more focused on product making than on the sales, especially in the early stages.

*“For the long period we were focused on the product itself and viewed programmers and engineers as much more important team-members than PR specialists and sales managers. But in practice we see very successful startups starting from selling the idea of the project, on forming loyal customers’ base. Even in case of bugs, loyal customers stayed with us”*

#### Difficulties in Access to Market, Including International Markets

*“We are originally from Zheleznogorsk. In that town development means entering Krasnoyarsk – one of the biggest Siberian cities. Companies from Siberia are focused on Siberian market and view development as entering Moscow. When you make your business in Moscow, it is very important to be globally oriented, but a majority of Russian companies are domestically oriented. To form appropriate business networks, it is necessary to participate in business events, and it will allow startups to overcome that mental barrier. If I start a new project, I would like to form it as an international one from the beginning, with the focus on international customers and present is to international investors for fund raising”.*

### **3.16.3.3 Policy Recommendations**

#### Link Professional Investors’ Community to Startups

One of the key issues in setting up a new business is to raise first financial resources to begin with. In Russia it is hardly possible for a startup to get a loan from the bank, but the deficit of funding can be viewed as one of the key barriers for starting a new business. So it is important to start dealing with professional investors from the beginning to simplify the process of project

development. In this context, governments should try to form professional investors' community and lead the community to interact with the startups, instead of directly giving funds from the state-owned organizations to the startups.

#### Create Bank Products Tailored to Women Startups

It is important to create bank products tailored to women startups as a measure of real support of their development. The segment of women startups should be viewed by the banks and other financial institutions as an area that needs special attention.

In this case, women startups should have an easy access to the state and private programs of financial support, but, at the same time, they also need an easy access to the information about such programs, both local and international. To achieve the goal, for example, multi-language electronic resources on funds available for women-startups and the ways to receive the funds should be developed.

Currently, a lot of state support programs for new businesses, innovative startups and other SMEs are in place, but, unfortunately, in many cases, those supports are fragmented, and it takes time and money to prepare for applications. In case of startups sometimes that limits the opportunities.

#### Create Electronic Resources for Recruiting and Information Exchange

Another significant issue for women startups is attracting talented, enthusiastic people to the company. In general, recruiting qualified professionals in the ICT field is very competitive, but, in case of startups, it becomes tougher. However, it is known that some of the professionals who would appreciate an opportunity to join a startup lack relevant information. Thus, Marina recommended that the government should create electronic resources where useful information about startups can be shared and recruiting opportunities are discussed.

#### Organize Events to Open a Door to International Markets

Traditionally Russian companies are focused on the local market, but the international cooperation opens better perspectives. It is important to arrange special international events for women-entrepreneurs to provide them with the opportunities to find good partners, investors and customers.

### **3.16.3.4 Advice for Women Entrepreneurs**

Don't use only your own money when starting your business. Remember that there are different levels of investment, and if you skip a low level, an investor in the higher level won't trust you.

Start your business from the idea stage. Do not wait until the moment when you make your product perfect.

Don't stop improving your product in time.

Pay attention to PR managers and sales managers. They are the most important people in your team.

The normal situation for most women, especially for the young mothers who stayed at home and did house obligations for several months, is losing the feeling of the self-confidence.

*“I know it from my own experience. After giving birth to my two children, I lost confidence in my success. It seemed impossible to step ahead to create the project. I thought I did not enough knowledge and skills, and the technology was too far away from the place where I was. My English and presentation skills were poor. But as soon as I started to work, my confidence came back. Yes, my first presentations were awful. The first investors didn't want even to hear my words. Nevertheless, I decided not to think about how others evaluate my actions, and not to be afraid of making mistakes because it's an experience that allows me to come to the next level and to take the next step to the higher stage. I decided to concentrate on my goal and the road map to achieve it.”*

In many cases being a woman should be viewed as a benefit, especially in the ICT sector.

Discuss your ideas with as many people as you can

*“Do not worry that potential investor may take your idea and realize himself. Most people cannot spend their time realizing your ideas, but they can give you good advice how to improve it”*

### **3.16.3.5 Summary and Discussion**

According to the WBI survey conducted in Y2017, 42% of women entrepreneurs in Russia note improved public sentiment towards them. Media, popular lifestyle trends and the celebration of women's business success have helped create a positive narrative around women entrepreneurship. More than three fourths of the respondents to the WBI survey predicted public perception to improve further.

There is also a positive trend in the development of infrastructure to support young mothers who run their own business in Russia. It's essential to keep a focus on building a favourable environment and improving access to preschool child care.

Most respondents (69%) in open sources researches did not, however, expect improvements in the economic environment for startups in the short run. Among negative factors, women entrepreneurs cited a high tax burden, economic uncertainty, a decline in consumer's purchasing power and administrative barriers.

Scarce access to funding was also ranked as a considerable obstacle, as almost half of the respondents said that they preferred borrowing funds from relatives and friends, and less than a fifth applied for funding under SME support programs. However, it is important to start interaction with the professional investors' community from the beginning to simplify the process of raising investment in the later stages. When speaking about barriers to obtaining loans for business growth, women mention the need to provide collateral, high interest rates, complex documentation requirements and the risk that they will anyway be granted only part of the requested amount. These challenges give rise to pessimistic attitudes, with 35% of respondents expecting access to funding to worsen further.

Women who have decided to start a business should be more willing to study and provide training to their staff compared with other groups. However, 50% say that business education costs are a serious constraining factor. To improve access to business education, free online courses or reduced cost training programs are needed.

It's also important to identify the needs of different categories of women entrepreneurs as part of an integrated approach to fostering women entrepreneurship. Understanding the needs of different groups of women entrepreneurs will help identify more efficient and targeted measures that will bolster the positive trends.

Finally, it should be pointed out that there should be necessary infrastructure and improved access to pre-school child care for young mothers who above all need to free up time for their business.