

Letter from the President

Dear Interested Reader:

The International Research & Exchanges Board (IREX) is proud to present this very important Internet project for Russia entitled, "Russian Internet: On the Eve of Great Changes." Since the early 1990s, IREX has moved to take advantage of the new openness in the former Soviet region and expand its traditional emphasis on building human networks by promoting electronic communication throughout Eurasia. Vast distances, compounded by the deteriorating infrastructure of existing mail, telephone, fax, and other traditional means of communication, make the Internet an ideal medium to overcome the historical isolation of Soviet scholars, students, and business people and increase communication among the emerging civil society.

This book has been published under the "Consortium for the Humanities and Social Sciences" project, sponsored by the Carnegie Corporation of New York. This edition, available in Russian from the IREX/Russia website (<http://www.irex.ru>), chronicles the dramatic changes in the growth of the Internet in Russia from 1990-1999. With information collected from more than 200 sources, the historical development of this essential tool, and valuable site addresses of leading commercial, educational, and non-commercial organizations, has now been made available for the everyday user.

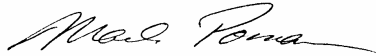
This project would not have been possible without the tremendous contributions of dedicated individuals and nonprofit organizations that blazed the trail of success in the early years of Russia's transition to a market economy and democratic civil society. Among these organizations are: the Carnegie Corporation of New York, the US Department of State, Open Society Institute, Eurasia Foundation, Ford Foundation, National Endowment for Democracy, United States Agency for International Development, World Learning, Project Harmony, Fund for Support of the Independent Media, Internews, American Bar Association, VEGA International Laboratory, and many embassies from western nations, such as Canada and Great Britain. In particular, I would like to thank the Academic Exchanges Division of the Bureau of Educational and Cultural Affairs of the US Department of State whose vision and collaboration on the Internet Access and Training Program and other IREX Internet programs has been vital to the development of this and other projects.

Finally, we wish to thank those individuals, who made this project possible, dedicating their valuable time and energy to its completion. While the list is long and distinguished, of particular merit for mention are Eugene Gorny, Dmitry Altukhov, Alexander Malyukov, Susan Matson (Project Harmony), Jennifer Ragland (IREX/Washington), and Anastasia Danilovich, Marina Kulinich, Marina Mukhina and Dmitry Soshnikov (IREX/Moscow). Special mention should be given to three individuals whose commitment to the project added to its overall excellence: Lyubov Alenicheva (Eurasia Foundation, Moscow), Anna Solovieva (IREX/Moscow), and Victoria Egorova (our distinguished photographer on the project). Our heartfelt thanks go out to all these professionals, without whom the book could not have been completed.

The world changed dramatically in the final years of the last century and as the arrival of this new edition on use of the Internet in Russia proves, IREX is prepared to meet new challenges, adapting its expertise and experience through active partnership with indigenous organizations.

We look forward to our continuing work in the Russian Federation, and hope that projects like this Carnegie-sponsored Internet edition will pave the way for closer cooperation between our two nations.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mark Pomar".

Mark Pomar
President
IREX

MATERIALS ABOUT THE HISTORY OF RUSSIAN INTERNET

From the Compilers

This publication is an attempt to review the history of the Russian Internet from 1990 to 1999. The significance of the events covered by the review is evaluated partly according to the number of references in the press (as well as the quality of their evaluation) and partly according to the author's intuitive vision. Special attention is devoted to the informative side of the Russian Internet (content-projects and services). Facts relating to the technical development and infrastructure of the Net as well as data of a statistical nature are presented selectively.

With the aim of reducing the scope of this publication, a hybrid method of presenting the material has been chosen: chronological principle (a history of events) is combined with the encyclopaedic principle (after the first reference of a project, its subsequent history is briefly described).

During the preparation of the data, more than two hundred sources were utilized. Due to technical reasons a bibliography is not included in this edition; references to sources are edited from the text. When quoting sources directly from the Internet, an URL - a complete electronic resource address - is given in the text.

I would like to show a clear picture of the Russian Internet in its historical development for the last 10 years. Being distinctly aware that this work, like any first attempt in writing a systematic description of a subject, cannot be free from flaws and imperfections, I nevertheless hope that it may prove to be useful to those who are interested in the history of the Russian Internet and can serve as the basis for further research in this field.

Eugene Gorny
March 29, 2000

1990

January: Creation of the social organization "Glasnet"* (<http://glas.apc.org> later known as <http://glasnet.ru>). Financing was provided by the American "Association for Progressive Communication," from San Francisco (<http://www.apc.org>). The Americans devised the name "Glasnet" by combining the words "Glasnost" and "Network". "They provided grants, which financed Internet work for teachers, human rights workers, ecologists, informal groups and other guarantors of the open society. Namely these professions were the first provided with communications by Glasnet. Thematic teleconferences were provided for these organizations and they were assisted in receiving information from the Internet, and were oriented on its use, and these 50 users were serviced by three modem lines in 1990." (Alexander Gagin, <http://inter.net.ru/11>). In 1993, "Glasnet" became a commercial provider. On June 1, 1999 "Glasnet" merged with the company "Sovam Teleport." The technical capacity and the trademark "Glasnet" became the property of "Sovam", and on September 2, 1999 "Sovam Teleport" and "Telephone Communications of Moscow" merged with "TeleRoss Ltd."

The names and projects marked by (*) mean that: 1. There was an interview with the person or he is mentioned in the book; or 2. There was an interview on the development of a given project or the project is mentioned in the book.

August: Computer network "Relcom" was established (the name was formed from RELiable COMmunications). Specialists of the cooperative "Demos" (later the company "Demos, Ltd."), the majority of which were colleagues of the Kurtchatov Institute, took part in the creation of the network. By the end of the year about 30 organizations were connected to the Net, among them the Centers of Russian Science in Serpukhov, St.Petersburg, Novosibirsk, and Dubna. The net was based exclusively on the electronic mail technology UUCP (mainly oriented to mail transmissions between postal nodes via modem during communication contact), providing the possibility to correspond in Russian.

August 28: The first telecommunication contact was conducted with Finland via international telephone line (according to the other sources this took place in July 1989). "Four individuals took part in this: Vadim Antonov, Dmitriy Volodin, Leo Tomberg from Tallin and Petri Oyala from Finland." (Valeriy Bardin, <http://news.demos.su/private/demos.html>).

September 19: "Relcom" registered the top level domain SU (Vadim Antonov).

1991

February: The first connection in Russia via modem between Moscow and Barnaul at a speed of 9600 baud was established (“Relcom”) with use of the TCP/IP protocol.

May 1: The volume of information transmitted via our part of the network to the West and back became lower than that transmitted within Russia. The Net in reality became Russian.

July: “Relcom” participated in the work of the Internet Society (ISOC), the organization that implemented the coordination of inter-network interoperability on the Internet.

“Relcom” started to use the dedicated channel Moscow-Tallinn-Helsinki.

The technology of internodal transmission of teleconference materials (C-News) was established. The first version of postal teleconference server was put into operation.

End of the year: “Relcom” connected many large Russian cities (Ekaterinburg, Barnaul and others), as well as some from the CIS and Baltic countries on the computer network.

The Institute of Commercial Engineering began the project “InfoMarket” whose goal was to provide informational support to the Russian securities market with the newest Internet technologies. Teleconferences relcom.infomarket.talk and relcom.infomarket.quote (moderator - Anatoly Levenchuk) were the first Russian language teleconferences designed for non-computer programmers on the Internet.

1992

July: The network “Relcom” was officially registered in the pan-European network EUnet under the name of EUnet/Relcom and became the largest network on the European continent. The joint-stock company (JSC) “Relcom” was created, the founders were PNTs “Kurtchatov Institute,” RTSB, “Rinako”, Technobank and others. A.A.Soldatov became the president of the JSC “Relcom”. Specialists in science, information technologies and business were placed on the Board of Directors.

Middle of the year: JSC “Relcom” began the experimental introduction of the on-line IP-protocol, providing connection to Internet in real time and making it possible to use many network services apart from electronic mail.

As a result of the active participation of JSC “Relcom” and the use of the resources of the EUnet/Relcom network, the project for creation of the scientific non-commercial network RELARN was achieved, with RELARN as the main organization which became the Russian Research Institute of Public Communications (RosNIIROS).

Astrophysicist Sergey Naumov founded the site “Grandsons of Dazhbog” in the USA (<http://metalab.unc.edu/sergei/Grandsons.html>), basis of which the compiled materials of Russian paganism in English. At first the materials were represented as a file archive FTP (a collection of files, accessible for download by any Internet user), and by spring of 1993 it was transferred to the Worldwide Web technology (WWW).

September: Vadim Maslov opened the first Russian language server abroad (in the USA), “SovInformBureau” (<http://www.siber.com/sib>), which contained sections about russification, visa questions, and also press digests from Russia and the CIS, as well as humor. At first it was an FTP-archive, and since the summer of 1993 – on WWW.

October: The first on-line distribution of the electronic version of the “Izvestia” newspaper and some other Russian papers was organized.

Eugene Peskin founded Eugene’s Electronic Library (EEL) – an FTP archive of freely distributed literature produced in various languages. (The text sources were the western electronic libraries Project Gutenberg and Project Libellus). In 1994, the project was transferred to WWW and reoriented for the distribution of literature in the Russian language.

1993

November: The project Demos Online was commenced. In September of 1994, “Demos” acquires its first users, and in the future “Demos” becomes one of the largest Russian providers.

End of the year: EUnet/Relcom network is officially connected to Internet.

1994

March 17: The RU domain was registered, which can be considered the beginning of the Russian Internet. The WWW server, www.relcom.ru was launched.

August 4: The site “Moscow Libertarianism” (<http://www.libertarium.ru>) was opened, the project of the Institute of Commercial Engineering, coordinator - Anatoly Levenchuk. The original goal of the project was to provide informational support to social activity and scientific developments on libertarianism. In June 1998, the project was reoriented to the service of problems of establishing market mechanisms in the electronic medium. The motto and main subject was “Technology of Freedom in the Digital Future”.

November: The first complete textual electronic Russian library, the future Moshkov Library (<http://www.lib.ru>) appeared. By March 1, 2000, the library contained approximately 25,000 text files in the general volume of 1,300 Mb, which many times exceeded similar western projects.

End of the year: The site “Window-to-Russia” (<http://www.wtr.ru>), a catalog of Russian and Russian-related Internet resources was opened (Relcom, coordinator Eugene Peskin).

Within the framework of the state program “Universities of Russia” a supporting infrastructure, uniting university networks in different regions of Russia, the future network RUNNet (Russian Universities Network) was created. The first phase covered six Russian regions and was already implemented by the beginning of 1995. The communication was established based on a satellite communication system with two control centers in Moscow and St. Petersburg. By 1996, the network already operated in 15 regions.

On the initiative of the Moscow State University and supported by “Relcom”, “Demos” and other large Internet providers, the first Russia node of IP-traffic exchange was established at the Moscow inter-city telephone station M-9 (M9-IX is one of the largest similar nodes in Europe), which allowed a number of Russian Internet providers to directly exchange network traffic with the use of common equipment for reducing transit traffic.

1995

February: “Bout-remes”, became the first Russian-language game on the Internet, as well as the first completely interactive site on the Russian Network (author - Dmitry Manin). By the end of March “The Book of Complaints” of “Bout-rimes”, was introduced. It was the first Russian language “bulletin board system” (webboard), with the assistance of which users could exchange their responses directly on a WWW page.

March: “Utchitelskaya gazeta” (“Teacher’s newspaper”) is the first of the Russian newspapers to create an electronic version.

April: DeLitZyne appears - the first Russian language electronic journal (published on a USA-based server). The editor was Leonid Delitsyn. From the beginning, the journal contained archives of literary works, published in teleconferences (mostly in soc.culture.soviet and soc.culture.russian).

May: The Russian Information Agency “RosBusinessConsulting”, the first of the Russian information agencies, launched its own server on the Internet.

August 16: The first database of Russian legislation (“Inforis” company) appears on the Internet.

October 10: ROMAN - the first interactive literary project (not counting “Bout-rimes”) was introduced. It was also the first experience in network prose literature (“seteratura”, net literature). The creators of the project were Roman Leibov (Estonia), Leonid Delitsin and Dmitry Manin (USA).

October: The catalog “Russian Literature on the Internet” by Alex Farber (Germany) appeared - a systematized list of literary resources and press. In the beginning of 1997, the catalogue was transferred to a server in Russia (<http://www.simplex.ru>).

October-December: “Russia: Elections-95” (<http://www.ice.ru/elect>) published real-time information about the progress of the elections. This was a project of the Institute of Commercial Engineering.

November 8: The project “Anecdotes from Russia “ by Dmitri Werner (<http://www.anekdot.ru>) was implemented. Initially it was an amateur site for the astrophysicist theorist. In 1997, the project was supported by the Internet provider Cityline, a server that transferred from the USA to Russia. The site became one of the most popular on the Russian Internet and for a long time retained the first place in the popularity rating of Internet resources “Rambler’s Top 100”. (This rating was based on an automatic calculation of the individual number of visits to webpages and is one of the most important on the Russian Internet). 6 February 1998 was precisely when this Russian-language site for the first time in history lead one of the categories in the world’s ratings, World Top 1000.

November 21: Opening of the web-publishing server “Infoart” (<http://www.infoart.ru>). In the first years of its existence, “Infoart” was known for two things: for the hermetical arrangement of the server (links to outside resources were practically absent) and for a huge number of “mirrors” - copies of the site on different servers used for easier access (in September 1997 there were already 36 of them). Later “Infoart” became the largest information resource, publishing news and analysis (sections: politics, economics, science, engineering, sport, weather, culture and art). At present, the company “IT Infoart Stars”, into which the “Infoart” web-publication was reorganized, is actively developing different forms of Internet-broadcasting (push-channels, distribution lists, live broadcasts) and a great number of services (iCenter, iSite, iChat, iAgent, iName, iSearch, iPager, “1000 Stars” rating and others).

End of the year: At the initiative of the Federal Agency of State Communication and Information (FASCI), work was started on the creation and realization of the project “Business Network of Russia”. The project stipulated the creation of a network for commercial application, including the resolution of the problem providing information security. The participants of the project were FASCI, Rostelecom, Relcom, Rospak and a number of other organizations.

IREX (International Research & Exchanges Board, USA) began implementing the program “Internet Access Training Program”(IATP). Within the framework of the program, participants of projects (higher education institutions, libraries and non-governmental organizations on the territory of CIS) were financed by the United States government and were provided with free access to electronic mail and Internet. In the first stage of the project, IREX opened 64 points of general access in Russia, Armenia, Georgia, Kazakhstan, Kyrgyzstan, Uzbekistan, and Ukraine where about 35,000 people joined the number of users of the Network. In 1999, IREX continued work on the IATP program in ten CIS countries, where 21 points of general access to the Internet are operating at present; (in Russia, this program from 1999 has been coordinated by Project Harmony, USA).

1996

The inter-departmental program “Establishment of a National Network of Computer Telecommunications for Science and Higher Education” began. Later the network was renamed RBnet (Russian Backbone Network). The program co-ordinated the activity of four leading departments in the fields of science and education: the Ministry of Science and Technology, the Ministry of Education, and the Russian Academy of Sciences, Russian Fund for Fundamental Research, as well as the State Committee of Communication in the Russian Federation. The supporting infrastructure of the network was implemented in 1996-98, based on modern fiber-optic communication lines of “Rostelecom Ltd.”, which by that time, the main regions of Russia were organized and connected.

January 18: The first in Russia Internet-café “Tetris” opened in St. Petersburg (<http://www.dux.ru>). In addition to food and drinks, visitors were offered access to the Internet.

February 16: Artemy Lebedev established a “?.? .? .?” (Nazvanie Zhelayushie Mogut Dodumat’ – “Call it whatever you like”) banner (<http://www.tema.ru/rrr/award.html>) - the first award in Russia for WWW pages. “The “?.? .? .?” banner decorated the majority of the most popular pages of the increasingly-growing Russian Internet. By clicking the mouse on the “?.? .? .?” banner, a user received (and still can receive) Lebedyev’s page where the rest of the

“laureates” are listed. Today, Lebedev is one of the prosperous businessmen of the Russian Net, achieving his success practically independently, while not dealing with the corporate Internet “monsters.” (E.Gorny, A.Sherman, http://www.guelman.ru/vse_obozrev/lebedev.htm).

March 17: “Human Resources Online” (<http://www.hro.ru>), is the first Russian and CIS on-line information system in personnel search and selection was created. (Founder - Sergey Burnin).

March 21: The heading “Network” was introduced in the newspaper “Segodnya” (“Today”). The first issue covered a review by Anton Nosik on the history of Internet, “Mytnyk Saga” by Eugene Gorny, and an article on hackers by Myrza Babayev and Maxim Presnyakov. This was the first serious publication about the Internet in the central, non-specialized press.

March: The “Open Society Institute”(Soros Foundation) implemented the program “University Internet Centers,” which planned to be established within 5 years - before the year 2001. The program was setup jointly with the government of the Russian Federation. Acquisition of equipment and financial support of the University Internet Centers in the amount of 100 million dollars was made possible by the Soros Foundation. The Russian Government is financing in the amount of 30 million dollars satellite and earth channels for connection to Russian and international telecommunication networks with a carrying capacity of 256 Kb/sec.

April 14: “Nashi Seti” (“Our Networks”) (<http://www.sharat.co.il/vesti/zametki/html>) came out - notes by Anton Nosik about the Internet were published in the Israeli newspaper “Vesti”. “This was the first permanent, purely “Internet” column in Russian, not only in Israeli but in any Russian language press throughout the world. The former economic observer turned into a network guru. He taught novices how to become oriented on the Net and taught about computers, contributing his 8-years of experience in dealing with the Net. Many thought this step to be a certain “decline of profile” or degradation. Nevertheless, Nosik stubbornly continued to cultivate the “virgin soil” (http://www.guelman.ru/vse_obozrev/nosik/htm). On Nosik’s home page, was located the newly-created server Sharat.co.il, and had published texts of the first 66 issues of the column (from April 15 to September 16, 1996). In December, Nosik continued his activity in the framework of the project “Vecherny Internet” (“Evening Internet”); and at the beginning of 1997, he returned to Moscow.

May: The regional organization “Center of Internet-Technologies” was established. The chairman of the board was a businessman, Director General of the company “Infodom” and co-founder of the firm “V6,” Andrew Zotov. The stated mission was “to facilitate the introduction of Russia into the world Internet community.” The main goal – creation of conditions on the Russian Network, favorable to the formation of a civilized market.

June: The competition of Russian Network literature “Teneta” began work. The authors of the idea were Leonid Delitsin and Alexei Andreev. The main goal of this competition was to regulate and appraise the literary works published on the Russian Network. (Archives of these contests can be accessed at <http://www.teneta.ru>). In August 1997, “Teneta” joined another literary contest conducted by the anthology “Art-Petersburg”. As a result, the contest was named “Art-Teneta-97” (<http://www.art.spb.ru/konkurs>). On the jury of the contest were Boris Strugatski (chairman), Andrey Bitov, Mikhail Chulaki, Alexander Kushner, Alexander Zhitinski, Viktor Krivulin, Sergey Kuznetsov and other well-known writers, poets and literary critics. During the course of the judging, disagreements arose concerning the novel by Bayan Shiranov, “Lowest Aerobatics,” describing the daily life of drug-addicts. At first, the text was removed from the site; however thanks to public pressure, the novel was again accepted to compete in the contest. The novel finally won first prize under the nomination “Stories and Novels” (this event was widely discussed not only on the network, but in traditional mass media as well). Nevertheless, this joint contest again broke into two separate contests - “Teneta”(<http://www.teneta.ru>), renamed “Teneta-Rinet” and “Art-Lito” (<http://www.art-lito.spb.ru>). In 1998, the works of about 500 authors were nominated for the “Teneta” competitions and readers of “Teneta” amounted to almost 10 thousand people.

The “Stek” company, located in the Pushchino Science Center near Moscow, began working on the “Rambler” project (<http://www.rambler.ru>). The Rambler search engine was introduced into operation in November and very quickly became more popular than other similar search engines that appeared in Russia that year (Russian Search, “Tela-Poisk”(“Bodies-Search”) and others - see the list of all Russian search means for 1996: <http://www.zhurnal.ru/search>). In the beginning of 1997, columnist Ivan Paravozov (penname of Alexander Gagin) compared Rambler with “Altavista” (<http://www.altavista.com>) in terms of search quality. (This author also mentioned some rather interesting figures concerning not only Rambler, but about the scope of the Russian Internet at that time: 500,000 indexed documents and

4,000 servers.) In recent years, Rambler and especially its rating classifier Rambler's Top 100 has become the most visited site on the Russian Internet. On March 7, 2,000, the billionth visit to Rambler's Top 100 was recorded.

The server Tomcat.ru was the first in Russia that started free distribution of currency exchange rates and weather forecast by e-mail. Beginning in November, the distribution of anecdotes was added. Developers of the service were Pavel Yakovlev and Georgi Kiselev, with Arkadi Romanov participating. In December 1997, Yakovlev and Kiselev disagreed with Olly Ltd., whose server they used for their project and they transferred their distribution service "Gorodskoi kot" ("City cat") to the citycat.ru server (and in February 2000 - to subscribe.ru). By spring 2000, "City cat" already had about 500 mailing lists on various subjects and almost 250,000 subscribers.

June 29: "Simplex" (<http://www.simplex.ru>) and "SovInfomBureau" (<http://www.siber.com/sib>) became the first private pages where advertisements were placed for money; their earnings were correspondingly \$113.17 and \$98.44.

July 16: The Russian Presidential elections were effectively covered via the World Wide Web by the National News Service (<http://www.nns.ru>).

August: The first Russian advertising network "Sputnik" was created. Programming and support was provided by Leonid Delitsin and Leonid Umantsev, the designer was Ivan Boiko. It was an advertisement network, not a banner network; it bought hits from participants and sold them to advertisers. The first advertising campaigns were held on the sites: Zhurnal.ru (3 million banners), "Chertovy kulichki" (literally, "Ends of the Earth"), "Paravozov-News" ("Locomotives-News"), "Vecherniy Internet" ("Evening Internet"), and "Reviews of Katya Detkina". At the peak of "Sputnik's" activities, the advertising promotion of the server became CD.ru.com (5 million banners,) which within three months turned into the most often visited music site in Russia (surpassing Music.ru). There were some other big advertising campaigns carried out for Sunrise.ru, Intershop.ru, Flowerlinks.com, Huyunday.com, King-Bell, and Cross.ru. "Sputnik" had a lot of problems: no money, no legal state, no support service, not even a computer of their own. At that time it was a problem to make an advertiser pay. Delitsyn didn't succeed in attracting investors since nobody believed that this business could be profitable in Russia. He was keeping "Sputnik" going with his personal money until he run into debt. With an audience of about 300-500 thousand people, "Sputnik" could not even reach the level of self-repayment. The experience of "Sputnik" was taken into consideration by developers of Reklama.ru and other Russian banner systems.

September 10: The Russian language entertainment server "Chortovy kulitchiki" opened. It was the first server that began rendering free hosting to Russian language-authored projects. The administrator was Valeri Kolpakov. "Chortovy kulitchiki" comprised the oldest games and entertainment projects of the Russian Internet ("Hussar Club", "Bout-rimes", "Sonetnik", and later "Anecdotes from Russia"). New sections were also created: "Zazerkalye", "Arda-na-Kulichkah", "Barakholka", "Kazino", "Traktir", "Policlinica" and others. Initially "Chortovy kulitchiki" was based in USA and in 1997 it moved and became part of the Rambler server (www.kulichki.rambler.ru).

October 2: The first issue of Zhurnal.ru (www.zhurnal.ru) appeared. The publisher was Dmitri Itskovich, chief editor was Eugene Gorni. Practically all current and active independent "network figures" were attracted to the project. Declaring itself as a network culture newsmaker, Zhurnal.ru became "a school of Russian network journalism" and "a testing area of the Russian Internet". In addition to the journal itself (within 18 months, 7 issues were developed, of which 5 were published), about two scores of innovative on-line projects were developed within the frameworks of Zhurnal.ru. Actually this was the first noncommercial portal. The main contribution of Zhurnal.ru was that it showed "the Russian network community proved to the world and skeptics in its own medium the reality of its existence" (A.Nosik, <http://www.cityline.ru/vi/10apr1997.htm>).

October 14: "Radio 1 - Petrograd" implemented the first direct, continuous radio broadcasting in Russia. Its company is "Futures Telecom" (www.freelines.ru).

October 22: ? .? .? .? . (www.tema.ru/rrr/) by Artemi Lebedev was the first private Russian page which placed advertising financed by a Russian sponsor. In the same month, WebDesign (www.design.ru) appeared, it was the first professional studio designing WWW pages (later renamed into "Studio of Artemi Lebedyev"). 66 sites were developed under this studio brand within four years (1996-1999).

October 24: The first on-line conference on the Russian Internet was held: IRC conference with the members of the group "Auktsyon" organized by Zhurnal.ru., followed by conferences with M.I.Mukhin, 24.10.96; D.A.Prigov, 1.11.96; group

“Vopli Vidoplyasova”, 17.01.97; Viktor Pelevin, 23.01.97; Olga Arefyeva, 5.05.97; Ivan Paravozov, 25.09.97 and Artemi Troitski, 7.11.97.

November 6: The first issue of “Paravozov-News” appeared with articles by Alexander Gagin. “Paravozov became a lone columnist and he can be called the second (after Anton Nosik) Russian network journalist. Thanks to his original style that combines healthy anger with unexpected lyricism and the urgency of his regularly presented materials, Ivan Paravozov quickly won glory and respect in the network world. /.../ By the end of 1996, the column “Paravozov-News” was relocated to the Cityline server and became a lively and merry advertisement for the company. Speaking Internet language Paravozov became a content-provider for Cityline (the other was Nosik with his “Vecherni Internet”). At first he worked as a free-lance journalist but in June 1997, Gagin left the company and became a professional network journalist. (E.Gorni, A.Sherman, http://guelman.rulman.ru/vse_obozrev/gagin.htm)

November 21: In the electronic journal Intellectual Capital (www.intellectualcapital.com), an interview of P. Dupont with Alexander Lebed’ was published (audio recording in the RealAudio format and its deciphering in English). Thus General Lebed’ became the first Russian politician whose voice could be heard on the Internet.

November 25: The company “CompTek” presented its new project that made it possible (using the Altavista search system) to carry out russified search on the Internet with allowances made for the morphology of the Russian language.

November 29: At a seminar of ?????, a catalog of Russian language Internet resources was presented and half a year later received the name “Ay!”. In July 1999, became @Rus.

December : The first version of “Krovatka” (“Little bed”) (www.krovatka.ru) was opened on the server chat-radio.msu.net, the site soon became one of the most popular for on-line chat and acquaintances.

The first provider Cityline (Director - Yemyelyan Zakharov, producer - Demyan Kudryavtsev, technical director - Mikhail Bridzhidi, design and advertisement - Artemi Lebedyev) entered the Russian Internet market. An unprecedented advertising campaign started in 1997 and everybody knew of “the merriest provider”. Popular content-projects “Vecherni Internet”, “Paravozov-News”, “Senoval”, “Anecdotes from Russia” and others were used for promotion. Cityline was the first company in Russia that began paying money for texts issued on its server, and the money was great (from 50 to 80 dollars per issue). The next spring, the company found investors, constructed 850 telephone lines and charged unusually low rate for unlimited access to Internet - \$36.6. And although the end of 1997 saw an increase in tariffs to \$58.8, the popularity was already established. In May 1997, a number of co-owners of Cityline and Sergei Skatershchikov’s company joined to establish the company Netskate to which content-projects of Cityline were moved. It was also planned that Netskate would be responsible for publishing the journal “Planeta Internet”. Instead, however, a new journal was registered, it was “Internet” whose chief editor became Alexander Gagin. By the end of 1999, the most important assets of Netskate were bought by the company “Media-Most” and merged into the new company “Memonet”(www.memonet.ru).

December 18: The new server Music.ru, supported by the Internet provider Rinet, was opened. The server allowed users to listen to the works of Russian and foreign musicians in Real Audio format which at that time was actually a standard for sound broadcasting and transmission of audio data via Internet.

December 21: The company “Infoart” opened the two-language catalog of information resources “Internet Stars” later renamed into Stars.ru. (www.stars.ru). After that a rating system of the site was introduced to participants of the catalog (estimated by the number of page visits to the web-sites where the 1000Stars meter was installed); the rating was named 1000Stars (1000.stars.ru).

December 24: The “Vecherniy Internet”(www.cityline.ru/vi/current/htm) began. This was “a daily review of the Russian and world Network” edited by Anton Nosik. The author column by Nosik (only several issues were written by another author) was a great success. The column covered different computer, network, and near-network subjects and thus Nosik trained readers for everyday reading of electronic issues. Issue 441 of April 25, 1999 was the last one.

1997

January: The publishing house “Peter” published “Yellow pages Internet -1997. Russian resources” by Alexey Sigalov. The first part of the book gave a general description of the development and current state of Internet in Russia; the second contained short descriptions of about 1500 Russian and foreign Internet-resources divided into 70 subject sections, which was three times more than those given in the first edition published in 1996. Electronic version of the weekly “Computerra”(www.computerra.ru) was introduced.

January 30: Regular publication of news (mainly translated) in the field of computer technologies began on the publishing house site “Otkrytye sistemy” (Open systems) - thus a competitor of Infoart appeared.

February 3: The mailing list pogoda@ (“weather”) was created. It united those who “made the weather” (the most influential in the Russian Internet). The list was used to distribute news on network events and their discussions until the number of subscribers exceeded the critical mass and the list stopped being efficient. Later its functions passed to the ezhe@ mailing list.

March 3: The electronic literary journal “Slovesnost” was opened, at first within the frameworks of Zhurnal.ru, and then on February 15 1999 it was moved to the server Literatura (www.litera.ru/slova) and was renamed “Setevaya slovesnost”. In addition to the publication of literary and critical works, “Slovesnost” won its reputation as a theoretical interpretation center for problems of literary art in the electronic medium.

March 4: Sergei Kuznetsov began carrying out the “Senoval” (www.cityline.ru/senoval), a review of culture events, mainly cinema and music. It was a double project of Netskate/cityline. The last issue of “Senoval” appeared on December 9, and from December 16 the project was renamed “Monocle” which stands for “Moyi novosti kultury” (“My news of culture”) or “Moskovskiy novosti kultury” (“Moscow news of culture”). It appeared weekly on the server “Russki zhurnal” until October 14 1998, after which it was transformed into “Kulturniy gid” (“Culture guide”) (www.russ.ru/culture/guide).

March 9: “Oneirocratia”, a dream study site by Mirza Babayev was opened (www.zhurnal.ru/oneirocratia). It was one of the oldest projects on the Russian Network devoted to dreams and altered states of consciousness; the initial version was developed in autumn 1995 of the Tartu University.

March 16-19: The first Russian Internet Forum (www.rif.ru) was held. It was organized by ? ? ? ? and the publishing house “Open systems”. The main subject of discussion was: “The Use of Internet in Corporate Networks”. About 300 people took part in the Forum, and they represented about 200 Russian and Western companies.

March 19: The site “Ezhe-dvizheniye” (<http://www.ezhe.ru/manifest.html>) began – an “unofficial guild of the Russian Internet workers”. Alexander “CAM” Malyukov and Leonid Delitsin suggested that daily network publications exchange links with each other. The Project “Ezhednevki” (“Dailies”) won unexpected popularity. On this Paravozov wrote: “the idea of “Daylies” was not supposed to be supported by anybody. However all “Daylies” joined the idea. And since we cannot go mad all at once, my diagnosis was erroneous... This shows that today mutual aid and assisting your neighbor to develop for the common good wins. This also shows that coordination and integration are no less vigorous means of development than self-advertising scandals. And that the good in a certain way wins, though this sounds crazy” (Ivan Paravozov, www.cityline.ru/paravozov/news/d22mar97.html). On April 14, “Dailies” were followed by “Weeklies” - an exchange of links between weekly publications. On August 9, the ezhe@ mailing list was developed and it united the participants of the Ezhe-movement. In November, the project ? ? ? (Faces of Russian Internet) started to work. On June 5, 1998 Ezhe Pravda was issued, it was an electronic newspaper with announcements of new publications of Ezhe-movement participants.

March 14: The rating system Rambler’s Top 100 (www.rambler.ru/top100) was launched and this allowed all persons interested to install a counter on their page and thus take part in the rating of site popularity in different sections of the Russian Internet.

March 27: A site completely devoted to classical music, “Moskovskiy Muzykalny Vestnik” (www.mmv.cityline.ru) opened.

May 19: The project by Alexander Zhitinski - "Russkiye kruzheva" ("Russian lace") - a weekly review of the Russian Internet sites- began. The project was not a great success since the texts showed " the unwillingness of the author to accept and approve the realities of the open network space where everyone is free to speak and publish literally everything one wishes. He kept moralizing and behaving like a mentor, which could not help affecting the relations between him and the "post-perestroika" generation brought up with completely different ethic and aesthetic ideas" (E.Gorny, A.Sherman, www.guelman.ru/obzory/zhitinskiy.htm). Zhitinski wrote 120 issues and began attracting volunteers to the project. "Russian lace" existed (with several intervals) till May 1999. Based on the "Russian lace" Zhitinskiy compiled the book "Yellow pages of Internet'97. Holidays and entertainment" which was published in summer 1997 in the Publishing house "Peter", the edition of 10000 copies. This was the first literary and publishable work about Internet written on behalf of a dilettante-user, not a "specialist in telecommunications". The book presented many witty characteristics of Russian Internet projects of that time.

May 23: A test version of "Russian news track" (ticker) - the original push-program of Netskate was released, which made it possible for Windows users to get news in Russian. Later the program was renamed News Alert (www.newsalert.msnbc.ru). The program was a typical example of push technology using an Internet server that transmits a flow of information to a user's computer as the information is updated. However the program was not widely used, neither was the push-technology as a whole.

June 15: ClickZ, "a Russian mirror of the American network advertisement journal", was opened in Zhurnal.ru. This was the first specialized edition devoted to the advertising business on the Internet (editor and translator - Leonid Delitsin). Later, on June 25 the fifth issue of the journal was published, where technological innovation was applied for the first time: a user could write his reference to any particular article (programming - Leonid Umantsev).

July 14: "Russkiy zhurnal" (www.russ.ru) was opened. At first it was designed as a "discussion forum" for those who "want not only to accept reality but also understand it", as an instrument of "promoting discussions among elite users". As the ideologist and the chief editor of the journal, Gleb Pavlovskiy said "the nearest analog of the Russian program as of today is the world network Internet"(Gleb Pavlovskiy, http://www.russ.ru/journal/zloba_dn/97-07-14/index.html). On October 2, a presentation of the Russian Journal and its paper version - "Pushkin" journal was held (12 issues were released; after the crisis of August 1998 the journal ceased to be published). Russkiy zhurnal was the first Internet project from the Fund for Efficient Politics (FEP). Its main subjects were: book reviews, surveys on political and cultural situations in Russia, problems of educational community, and net-culture.

August: More than 400 Russian network publications were considered in "Gazetnyy kiosk" (a project publishing announcements of current electronic publications).

August 8: As a result of a split among the editorial staff of the journal "Planeta Internet", the first paper issue of the journal "Internet" was released (within a week its electronic version was made - www.inter.net.ru). The publisher was Netskate, chief editor - Alexander Gagin. Anton Nosik who played an active part in the development of this new journal, wrote about its conception, "The principle in selecting and ordering materials (if we had it at all) reduced us to create an edition which is interesting not only for the 'netheads' of the Russian Internet but also for any modern man whose interests and tastes are more or less keeping with our own." (Anton Nosik, www.cityline.ru/vi/07aug1997.htm)

August 13: The banner network Reklama.ru (designed by Artemiy Lebedev, programming by Constantine Morshnev) started. On January 10 of the next year, its modernized version named Reklama.ru.2.0 appeared. Thanks to higher technology (RotaBanner), use of "mirrors", and the possibility to control a target audience, Reklama.ru very soon ousted its predecessor, advertisement network "Sputnik" from the market.

September 15: The free postal service Pochta.ru was opened. Due to the deficiency of software, the service could not work successfully and was closed.

September 23: Official opening of the search system ? ndex.ru (www.yandex.ru) made it possible to carry out a search in the Russian network with complete allowance made for the morphology of the Russian language. The new search system improved very quickly: very soon it was possible to formulate search queries in natural language, range the search results, look for "similar documents", etc.

September 27: A new interactive literary game appeared: “A garden of dispersing hokku” (first it was in Zhurnal.Ru, current address - www.litera.ru/slova/hokku). The authors were Dmitriy Manin and Roman Leybov, designed by Mikhail Leyponskiy. By the beginning of 2000 in the “Garden” there were more than 16000 three-line verses.

December 6: Andrey Chernov and Yegoriy Prostospichkin opened the project “Robot Sergey Datsyuk” (www.nagual.pp.ru) - a generator of scientific and philosophical essays in Russian capable to produce texts of arbitrary length, combining fragments of works of the Kiev writer and network philosopher Sergei Datsyuk.

December: The Fund for the Efficient Politics server (www.fep.ru) was opened and by the next year it began playing a leading part in the development of information in the public and political sector of the Russian Internet.

1998

January 8: Timofey Bokaryev, the author of the electronic journal of humor (www.aha.ru/-timofey), created the site Tim Promotion (later turned into Promo.ru - an encyclopedia of Internet advertisement) that was devoted to network advertisement, marketing and promotion of Internet projects.

January 20: Andrey Deryabin’s project “PsyberLink: Internet resources on psychology and social sciences” (www.nsu.ru/psych/internet) was opened. It was the first catalog on these subjects in Russian Internet.

February 18: Within the framework of Zhurnal.ru, a section of daily political news “Polit.ru” (www.polit.ru) edited by Andrey Levkin, was open. Only two people worked on this project - Levkin himself (international, and then Russian news) and Cyril Rogov (comments on the current Russian politics). Initially the typical characteristic of Polit.ru was its aim at unofficial “intellegentia”-style talks on political subjects. Gradually the project became more popular and beginning from the August crisis of 1998 became one of the Top 10 most visited news sites. With new investors, the staff was expanded. On December 15, Andrey Levkin stopped his work in the project Polit.ru and moved to *Russkiy Zhurnal* where he was responsible for the section “Politics”

March 16: Boris Nemtsov opened the first official political personal server in the history of the Russian Internet (www.nemtsov.ru). On the same day a separate informal “personal page” of Nemtsov (www.boris.nemtsov.ru) was opened as well. Nemtsov’s sites were the first large network project of FEP.

March: Summing up the results of the first Russian festival of art-resources “Da-da-net”(www.da-da-net.ru) organized by Moscow center of modern art of Soros Fund and by electronic publishing house “Artinfo”. The nomination “art-project” turned to be the most interesting both for the participants and the judges. The first place nomination was shared by Mirza Babayev’s conceptual project “Simulacrum turnover” and Andrey Gagin with “Herbarium for Goethe”.

April: Two headings edited by Eugene Gorniy were presented. Both “NET-Kultura”(Net-culture) and “Setevaya zhizn”(“Network life”) were dedicated to discussions and analysis of Network events. Gorniy’s retiring from Zhurnal.ru was going to be announced only in October.

Anton Nosik in the April 1 issue of “Vecherniy Internet” published Mary Shelly’s play: “Runet with Poppy-seed Filling” (in this case the author is not the British XIX century writer but a virtual personality, well-known on the Russian Internet for his/her refined wittiness and inclination for ribaldry). Dramatic personae are public and cultural figures and well-known network persons; the essence of the play is: reputation gained “off-line” in the network medium means almost nothing.

May 7: Radionet (www.radionet.cl.spb.ru), the first radio program in Russia broadcast only on the Internet began. The narrator was Alexey Andreev. By March 2000, there were twenty broadcasts including the series of five broadcasts “Voices of Russian Internet” (interviews with popular network figures).

May 12: A press-conference with the participation of Boris Yeltsin was held on the channel #msnbc; it was opened with the famous phrase: “Good afternoon, people of Internet!”

July 23-25: The “Internet-Marketing” conference was held in Moscow. It was the first in Russia devoted to the theory and practice of advertising on the Internet. More than 100 specialists from 26 towns participated.

June 28: The “Moskovskiy Libertarium” site introduced a new section “Regulation and Economics of SORM (On-line Search Operations Systems)” (www.ice.ru/libertarium/sorm). The section was designed to discuss the SORM-2 project that enables the performance of total shadowing via computer nets, Internet in particular. Thanks to news programs, investigations, comments, as well as performing different actions against SORM, the information of the project became open to the general public.

July: According to research held in July by Moscow representatives of International Data Corporation (IDC) the number of users of Russian Internet reached 1,2 million (in 1996 it was only 384000) (<http://cnn.com/TECH/computing/9906/15/russnet.idg/index.html>).

August 17: The financial crisis provoked a large demand for financial and political information. RIA “RosBusinessConsulting” (www.rbc.ru) server became the leader on providing this information. Since the visits to the RBC server increasingly grew, on August 17 the agency increased the carrying capacity of the channel from 512 Kbit/sec to 1,1 Mbit. However this didn’t prove to be enough. By August 26, the channel was increased to 2,2 Mbit/sec and on September 21 to 3,2 Mbit/sec. (The next great increase in visits to RBC took place in March 1999 because of increasing interest about the events in Yugoslavia. The channel was again increased, and this time to 5,5 Mbit/sec). And in October, the first RBC set up a peculiar record of visits on the Russian Internet - the number of visits exceeded 3 million.

August 20: An on-line conference with cosmonauts who worked on the orbital station “Mir” (www.mir.cosmos.ru) was held. Among the participants was the former assistant to the Russian President Yuriy Baturin who at 49 made his childhood dream - flight into space - come true.

August: The server “Modern art in the Network” (www.guelman.ru) was opened. Established initially as an on-line presentation of “Guelman’s gallery”, the site was later reconstructed to represent all information about modern art in Russia.

September 8: The Eurasia Foundation declared results of the contest “Russian Language Internet Resources”. 112 projects participated in the contest, of them 14 won and were granted \$290.

October 10: An initiative group of Moscow computer media organized and held their first all-Moscow meeting (“OSCOM”) in Central House of Tourists; no less than 3000 people participated in it. “OSCOM-2” held on October 4 gathered about 2000 people. This event roused mainly negative responses in the press and did not become a regular event.

October 20: The site “Cyril and Mephody: The Knowledge of Everything”(www.km.ru), the co-project of R-Style group and “Demo-Internet” company was opened. The server was supposed to be an example of a “general use resource” and was based on network versions of the product created within three years by “Cyril and Mephody” and New Media Generation (both are members of R-Style).

October 5: The “Open Society Institute” (Soros Foundation) announced the project contest on “Electronic Publications in the Field of Culture and Humanitarian Sciences”. The organizers received 513 applications and accepted 80 of them. The total budget of the competition comprised 200 thousand dollars.

November 1: The Free mail service Mail.ru opened. In contrast to the previous attempts to create a similar service in the Russian network (Extranet and Pochta.ru) the project became a real success. Later 20% of stock in Port.ru company were sold to foreign investors for \$940 thousand and as a result the capitalization of the company property (several computers and intellectual property) comprised \$4,7 mln. It can be considered the first big deal concluded in Russian Internet. By March 5, the number of registered users of Mail.ru was 100 thousand, by September 27 - 500 thousand, by February 29 it reached one million.

November 3-6: The festival “Internit’-98 ”(“Interthread-98”) was held in Novosibirsk. The results of the competition “Business-Site’98” were announced; the grand prize went to “RosBusinessConsulting”.

November 27: The most sensational scandal of the year erupted. The free home page server www.people.weekend.ru published a great number of compromising materials under the title "The Claw Rearing the Veil of Reticence and Lie". It was comprised of overheard telephone and pager talks with a number of Russian businessmen, journalists and politicians, as well as secret service analytic documents and results of observations and home telephone numbers of different people - from the political elite to NTV-channel staff. The very next day the site "Claw..." was closed but copies were published on other servers. The "Claw..." was the first example of using the Network to publish compromising materials. (See also Anton Nosik, <http://www.inter.net.ru/13/37.html>).

November: A competition of non-commercial internet-projects "Zolotoy ????" ("Golden URL") started. Organizers: advertising agency "Radio.Ru", ?????? and "Mir Internet" journal.

December 17: Sergei Kirienko's personal site (www.kirienko.ru) was opened. The Fund for Efficient Politics began Kirienko's promotion campaign on the Internet; it lasted the whole year of 1999.

December: The site of Russian branch of Intel presented the "Map of Russian Language Internet Resources" (www.intel.ru/inetmap): "an attempt to visually show the variety of projects that attract the close attention of visitors to Russian language sites"

According to the ?????? report for 1998, the number of Russian Internet users by the end of the year was about 1,5 mln. Qualitatively users can be divided as follows: more than 80% are males, about 55% have higher education; about 80% of Russian language users live in Russia, almost half of them - in Moscow. There are more than 300 Internet-providers in the country and more than 26 thousand information resources were established; the total volume of Russian language information in the Russian network was no less than 0,5 teraB.

1999

January 22: Index started a weekly monitoring of Russian network users' interests, introducing "NINI-index" - a coefficient of interest changes of internet users (NINI stands for Instability of Interests of the Internet Population). The index was published on Mondays and reflected the growth and drop in the number of users' inquiries by certain keywords whose popularity grew most during the last week.

February 1-5: The international conference "Internet. Society. Personality." (<http://iol.spb.osi.ru/IOL1999>) was held in St.Petersburg. It was organized by the "Open Society Institute" (Soros Foundation). The main problems of the conference were problems of application of Internet technologies in humanitarian and social fields. More than 600 people took part in the conference. They were representatives of 339 organizations from 76 cities of Russia, CIS and foreign countries.

February 12: Internet-Parliament (www.elections.ru) was opened; it was a joint project of the Union of Right Powers and FEP, and was a system of discussions on the urgent problems of modern political life in Russia. Beginning in August, the site was reorientated to covering election campaigns: elections to the State Duma and presidential elections of 2000.

March 1: The first Russian daily Internet paper "Gazeta.Ru" was issued (the "zero" number was issued on February 28). The publisher was FEP, with chief editor - Anton Nosik, site designer - Artemiy Lebedev, and programmer - Maxim Moshkov. The "star" staff of the paper made it possible to attract attention to the project long before its opening and expectations of network users were completely justified. "Gazeta.ru" held the top position in the popularity ratings, convincingly demonstrating that it is possible to create an information resource on the Internet which is not only inferior in quality to press publications but considerably exceeds them in efficiency. In September, the publisher and staff of the paper changed. Vladislav Borodulin became a chief editor and "Gazeta.ru" Ltd. became a publisher. The archive of Gazeta.ru for March-August 1999 is available on www.gazeta.msk.ru.

March 5: Late in the evening on "Discussions Polit.ru" information about the suicide of St.Petersburg governor Vladimir Yakovlev appeared. Within several hours, information was repeated by Gazeta.ru and Forum.msk.ru. It was soon known that this was misinformation; a denial followed. Nevertheless the press responded by articles ("Novye Izvestiya" on

March 12 and “Komsomolskaya Pravda” on March 14) where Internet in general was interpreted as a medium of anonymous political provocations.

March 11-13: The third Russian Internet-forum was held. The main topic was “Internet Technologies - The Way to the 21 Century”.

March: Network elite becomes the center of everyone’s attention. The Internet journal 13th issue (www.inter.net.ru/13) appears with a list of “The 108 Best on the Russian Network”. Soon following, the project “Infocratia” by Gorniy and Sherman (www.guelman.ru/vse_obozrev/gorniy.html) also published a list of “The Best People on the Russian Network” (50 personalities which 20 were followed by detailed biographies). By the end of the year, the statement that “a direct relation between the business success of a particular personality and its social effect is not typical for the Russian network (as well as for society in general)” (E.Gorniy, A.Sherman, www.guelman.ru/vse_obozrev/gorniy.html) starts to look archaic. An opinion that is often expressed is that the only criteria for a network personality to join the elite is his financial success.

April 21: The server of the social movement of ex-patriots from USSR-CIS, “For Barak!” (www.ehudbarak.org.il) began in Israel. It was the first experience of FEP to use an Internet-site as a means of pre-election propaganda. Barak wins the elections.

May 14: The Artemiy Lebedev Studio opened the RB2 banner network. It used a new square banner format. Within less than a month, RB2 reached a million clicks per day.

May 24: Summing up the results of the “Da-Da-Net” contest and the International Festival of Net Art, Trash Art was held at the same time (<http://www.da-da-net.ru/TrashArt/winners.asp>).

June 8: Russian Internet catalog “Ay!” opened the system of free e-mail Au.ru, which was renamed after a month to @Rus (www.atrus.ru).

June 21: “Kompaniya” (“Company”) magazine published the article “RUNET Trust” by Dmitriy Buturin and Andrey Soldatov; it developed ideas expressed earlier by Soldatov in his article “The Branches of Well-known Financial Empires that Started Forming on the Russian Internet” (“Itogi”#15, 13.04.1999). The authors stated that several Russian influential groups (corporations) established and controlled the overwhelming majority of influential Network media. Particular names and companies were mentioned; a diagram was attached which graphically showed the structure of “Runet Trust”. The article aroused numerous responses and comments; authors were accused of incompetence and distortion of facts.

July 15: There was an epidemic of Congo-Crimean fever in the village of Oblivskaya in the Rostov region. The authorities kept silent about the event. However after the article appeared in “Gazeta.ru”, all leading media began to inform the public about the epidemic. The network resource proved to be the original source of information.

July 21: A scandal erupted concerning the network publication of the novel “Blue Fat” by Vladimir Sorokin. A discussion of the problem - publication of a novel without permission of the author - turns into general discussion about copyright laws on the Internet. The author of the novel and the publishing house Ad Marginem which has the exclusive publishing rights, brought an action against Andrey Chernov and “obliged the defender to eliminate from his site any access to the text of “Blue Fat”, including links to other Internet sites where one can download the text. On January 18, 2000, Chernov won - the suit was lost.

July 28: The site of Information Search Service of the St.Petersburg Criminal Investigation Department (www.ugro.spb.ru) was opened. It was designed to search missing people and criminals, as well as identify unidentified corpses.

July 30–September 30: Infoart held the “Moscow International Internet-festival’99” (www.iday.stars.ru).

August 19: Yandex introduced a possibility of a “family” search (family.yandex.ru), where pages containing obscene words and pornography were filtered out.

September 1: A network version of “Nezavisimaya Gazeta” (www.ng.ru) was issued. This was the first daily paper that dared to publish materials completely (including its subject attachments) in free access. The site was developed by the Fund for Efficient Politics (FEP) jointly with the chief editor of the paper Vitaly Tretyakov. A well-known network journalist Alexander Sherman became the editor of the paper “NG-Internet”.

September 4: Within the frameworks of the festival “Unofficial Moscow” in the Moscow House of Cinema, an awarding ceremony was held for the competition winners of the Russian network literature “TENETA-Rinet’98” (www.teneta.ru/1998/ceremony). Sergei Kirienko was present at the ceremony.

A ‘round-the-clock’ Internet news service Lenta.ru (www.lenta.ru) was opened. This was the result of cooperation between the Fund for Efficient Politics and the team that created the project Gazeta.Ru in December 1998. The editor-in-chief of the edition was Anton Nosik. Over a short period of time Lenta.ru became the largest information resource on the Russian Internet. In March 2000, Lenta.ru was bought by the investment consortium “Russian funds – Orion Capital Advisors” (Internet Holding Company) which earlier had acquired a majority shareholding of the Internet-portal Rambler.

September 8: The project Monitoring.ru (www.monitorin.ru) was opened. It specialized in social, political, marketing and Internet investigations. The audience, advertisement, information, and popularity of different printed matters, TV companies, radio stations and sites were analyzed.

September 24: Artemy Lebedev’s studio opened the first Russian text advertisement network tx3 (tx3.design.ru).

September 27: The Eurasia Foundation results of the competition “Development of Internet-Commerce in Russian Regions” were announced. Eight projects were selected and the winners were awarded grants in the general amount of \$300 000.

September 28: The first issue of the electronic paper “Utro” (“Morning”) (www.utro.ru) was published. It was a public and political edition of published news and analytical materials on events in political, economic, public, cultural and sports life of Russia. The owners of the paper were the American company Media Press Corp. (75% of shares) and RIA “RosBusinessConsulting” (25% of shares). The chief editor was Mikhail Gurevich.

September 29: Establishment of the Union of Internet Operators (www.soi.ru) was announced.

October 1: The server “SMI.ru: Information and Misinformation” (www.smi.ru) was opened; its current objective was an expert analysis of rumours and speculations originating in information fields. By the end of February 2000, the project “SMI.Ru” was transformed into a portal where publications of all Russian media, and where the network sources were systemized and commented. An editor was the FEP. The chief editor of “SMI.Ru” was Andrei Levkin (former editor of the heading “Politics” in the “Russian Journal” and the creator of “Polit.Ru”).

October 4: A new daily Internet paper Vesti.Ru (www.vesti.ru) was created by the editors of former Gazeta.Ru, the publisher being FEP.

October: Accomplishment of the project “University Centers of Internet” which had started April 1996 by the “Open Society Institute” within the frameworks of the program “Internet”. During the course of the project computer centers were established, equipped and put into operation; the centers had Internet access to 33 universities of Russia. The average cost of a center was \$700,000.

November 9-11: The festival “Inetrnit-99” (www.festival.sibfair.ru) was held in Novosibirsk under the slogan “Internet – for the common good”. The festival gathered a great number of “stars” of the Russian Internet and was covered in great detail both by press and network media. Within the frameworks of the festival, a competition was held among Russian information resources and corporate sites “Business-site-99” (www.festival.sibfair.ru/konkurs). On the first day, festival participants issued a joint declaration addressed to Russian Prime Minister Vladimir Putin. They proposed “to the citizens of Internet community and the government of Russia to jointly create an information resource and discussion space on the Network in order to discuss and work out ways of strategic development of Russia in the third millennium”. On November 10 the Russian prime minister responded to this proposal commissioning the head of the government

machinery, D.Kozak, “to meet with representatives of the Internet community and agree on the system of interaction and cooperation”.

November 17: Internet.ru (not to be confused with Internet!), a daily network publication devoted exclusively to Internet, was launched. The producer was Alexei Krivenkov (Port.ru) and chief editor was Daniil Dugaev (initially – Andrei Cerbant).

November 18: The first issue of the electronic journal eMedia (www.emedia.ru) came out, the chief editor being Olga Khadieva.

November 24: The company “Teleross” comprising the holding company “Golden Telecom”, which in turn was controlled (about 57%) by the American corporation GTS, announced the purchase of the St.Petersburg companies “Nevalink” and “NevaTelecom”. Earlier the companies “Sovam Teleport” and “Glasnet” joined “Teleross”.

November: According to the investigation of www.monitoring.ru, the audience of the Russian Internet amounted approximately to 5.4 mln people, about 5% of the grown up population of Russia. More than 40% of this number began using Internet in the current year.

December 1: An announcement about the establishment of the Russian Internet Academy (www.academia.ru) and its first project – National Intel Internet Award (www.nagrada.ru). The award presentation ceremony was conducted on March 21, 2000.

The Russian virtual library (www.rvb.ru) was opened; it was the first electronic library of an academic type on the Russian Network.

December 3: Opening of the server “The United Power Grouping” (www.ovg.ru), the first in the network non-anonymous compilation (Gleb Pavlovsky was the author) of compromising materials on the leaders of the block “Fatherland – All Russia”

December 6: The media-buying agency “Internet Media House Russia” (IMHO) (www.imho.ru) opened, the first in the Russian Internet. The agency specialized in buying advertisement space from different mass media including TV and press. The founders were Stonton Research, Fund for Social and Non-commercial Advertisement, Artemy Lebedev’s Studio B, Yuli Solovyov, and Anton Nosik. The board of directors chairman was Arsen Revasov, and the general director was Yulia Solovyova. One of the first actions of the agency was conducting an advertisement campaign of Internet resources on NTV (jointly with the Moscow representation of Intel) from February 17 to April 2, 2000.

December 10: The first legal case on plagiarism from Internet was won. At the meeting in Moscow, the arbitration tribunal found the publishing house “Poznavatel'naya Kniga Plus” guilty of plagiarism and held it liable to pay compensation amounting to 54 000 rubles to the aggrieved company Promo.Ru and its director Timothy Bokarev.

December 19: A scandal surrounded the site “Elections in Russia” (www.elections99.com) which on the day of elections to the State Duma published the results of the exit polls in 30 cities of Russia located in different time zones. The site Elections99 became the most popular, visited and cited resource of Russian political Internet in all of its history. On election day, the site created a sensation: more than 50 000 unique visitors, references to all channels of the central TV, and numerous responses in the Russian and foreign press. The site became one of the “loudest” projects of FEP.

There was an official announcement about the establishment of one more academy – All-Russia Internet-academy (www.internetacademy.ru). The founders were the chief editor of the journal “Auramedia” Mikhail Vakhterov, founder of the competition “Teneta” Leonid Delitsin, and “ideologist of Ezhemovement” Alexander Malyukov. The acting president of the Academy became Marat Guelman. On the list of Internet-academicians (76 people), names are selected based on different ratings and competitions which had been held on the Russian Internet.

December 25: Official confirmation that the group “Media-MOST” had acquired the rights to main sites and resources of the company Netskate.

December 28: A meeting was held with Russian President Vladimir Putin and representatives of the Internet community.

December 29: Russian Research and Development Institute of Public Networks Development (RosNIROS) announced a decrease in the cost of registering domain names from \$100 to \$36 beginning from February 1, 2000.

1997

January: The publishing house "Peter" published "Yellow pages Internet -1997. Russian resources" by Alexey Sigalov. In the first part of the book a general characteristic of development and current state of Internet in Russia was given, the second contained short descriptions of about 1500 Russian and foreign Internet-resources divided into 70 subject sections (which was three times more than those given in the first edition published in 1996). Electronic version of the weekly "Computerra" (www.computerra.ru) was introduced.

January 30: Regular publication of news (mainly translated) in the field of computer technologies began on the site of the publishing house "Otkrytye sistemy" ("Open systems") (www.osp.ru/news) - thus a competitor of *Infoart* appeared.

February 3: A mailing list *pogoda@* ("weather") was created, and it united those who "made the weather" in the Russian Internet. The list was used to distribute news on network events and their discussions until the number of subscribers exceeded the critical mass and the list stopped being efficient. Later its functions passed to *ezhe@* mailing list.

March 3: Electronic literary journal "Slovesnost" was opened, initially within the frameworks of Zhurnal.ru, and later on February 15 1999 it was moved to the server Literatura (www.litera.ru/slova) and renamed into "Setevaya slovesnost". In addition to the publication of literary and critical works, "Slovesnost" won its reputation as a center of theoretical interpretation of the problems of literary art in the electronic medium.

March 4: Sergei Kuznetsov began carrying on the "Senoval" (www.cityline.ru/senoval), a review of culture events, mainly cinema and music. It was one of the double projects of Netskate/cityline. The last issue of "Senoval" appeared December 9; from December 16 the project got another name "Monocle" which stands for "Moyi novosti kultury" ("My news of culture") or "Moskovskiye novosti kultury" ("Moscow news of culture") appearing weekly on the server "Russki zhurnal" till October 14 1998, after which it was transformed into "Kulturniy gid" ("Culture guide") (www.russ.ru/culture/guide)

March 9: "Oneirocratia", a dream study site by Mirza Babayev was opened (www.zhurnal.ru/oneirocratia). It was one of the oldest projects of Russian Network devoted to dreams and altered states of consciousness; the initial version was developed in autumn 1995 on the the Tartu University's site.

March 16-19: The first Russian Internet Forum (www.rif.ru) was held; it was organized by ROTSIT (Regional Non-government Center for Internet Technologies) and publishing house "Open systems". The main subject of discussions was: "The use of Internet in corporate networks". About 300 people took part in the Forum, they represented about 200 Russian and Western companies.

March 19: The beginning of the "Ezhe-dvizheniye" (<http://www.ezhe.ru/manifest.html>) - "unofficial guild of the Russian Internet workers". Alexander "CAM" Malyukov and Leonid Delitsin suggested that daily network publications exchange links to each other. The Project "Ezhednevki" ("Dailies") won unexpected popularity. On this Paravozov wrote: "the idea of "Daylies" was not supposed to be supported by anybody. However all "Daylies" joined the idea. And since we cannot go mad all at once, my diagnosis was erroneous...This shows that today mutual aid and assisting your neighbor to develop for the common weal wins. This also shows that coordination and integration are no less vigorous means of development than selfadvertising scandals. And that the good in a way wins, though this sounds crazy" (Ivan Paravozov, www.cityline.ru/paravozov/news/d22mar97.html). On April 14 "Dailies" were followed by "Weeklies" - an exchange of links between weekly publications. On August 9 *ezhe@* mailing list was developed, it united the participants of the Ezhe-movement; in November the project FRI (Faces of Russian Internet) started to work. On June 5, 1998 *Ezhe Pravda* (www.ezhe.ru/pravda) was issued, it was an electronic newspaper with announcements of new publications of Ezhe-movement participants.

March 14: The rating system Rambler's Top 100 (www.rambler.ru/top100) was launched and this allowed all persons interested to install a visit counter on their page and thus take part in the rating of site popularity in different sections of the Russian Internet.

March 27: A site completely devoted to the classical music, "Moskovskiy Muzykalny Vestnik" (www.mmv.cityline.ru) was opened.

May 19: Beginning of the project by Alexander Zhitinskiy - "Russkiye kruzheva" ("Russian lace") - a weekly review of the Russian Internet sites. The project was not a great success since the texts showed "the unwillingness of the author to approve of the realities of the open network space where everyone is free to speak and publish literally everything one wishes. He kept moralizing and behaving like a mentor, which could not help affecting the relations between him and the "post-perestroika" generation brought up with completely different ethic and aesthetic ideas" (E.Gorny, A.Sherman, www.guelman.ru/obzory/zhitinskiy.htm). Zhitinskiy published 120 issues, then volunteers were attracted to the project. "Russian lace" existed (with several intervals) till May 1999. Based on the "Russian lace", Zhitinskiy compiled the book "Yellow pages of Internet'97. Holidays and entertainment" which was published in summer 1997 in the Publishing house "Peter", the edition of 10,000 copies. This was the first literary and publicistic work about Internet written on behalf of a dilettante-user, and not a "specialist in telecommunications". The book presented many witty characteristics of Russian Internet projects of that time.

May 23: A test version of "Russian news track" (ticker) - the original push-program of Netskate was released, which made it possible for Windows users to get news in Russian. Later the program was renamed into News Alert (www.newsalert.msnbc.ru). The program was a typical example of a push technology using which an Internet server transmits a flow of information to a user's computer as the information is updated. However, the program was not widely used, and neither was the push-technology as a whole.

June 15: ClickZ, "a Russian mirror of the American network advertisement journal", was opened in Zhurnal.ru; this was the first specialized edition devoted to advertisement business in Internet (editor and translator - Leonid Delitsin). Later, on June 25 the fifth issue of the journal was published, where a technological innovation was applied for the first time: a user could write his reference to any particular article (programming - Leonid Umantsev).

July 14: "Russkiy zhurnal" (www.russ.ru) was opened. At first it was designed as a "discussion forum" for those who "want not only to accept reality, but also to understand it", as an instrument of "promoting discussions among elite users". As the ideologist and the chief editor of the journal Gleb Pavlovskiy said: "the nearest analog of the Russian program as of today is the world network Internet"(Gleb Pavlovskiy, http://www.russ.ru/journal/zloba_dn/97-07-14/index.html). On October 2 a presentation of Russian Journal and its paper version - "Pushkin" journal was held (12 issues were released; after the crisis of August 1998 the journal ceased to be published). Russkiy zhurnal was the first Internet project of the Fund for Efficient politics (FEP). Its main subject sections were: book reviews, surveys on political and cultural situations in Russia, problems of educational community, net-culture.

August: More than 400 Russian network publications were considered in "Gazetnyy kiosk" (a project publishing announcements of current electronic publications).

August 8: As a result of a split among the editorial staff of the journal "Planeta Internet", the first paper issue of the journal "Internet" was released (in a week its electronic version was made - www.inter.net.ru). The publisher was Netskate, chief editor - Alexander Gagin. Anton Nosik who took an active part in the development of this new journal wrote about its conception: "The principle of the selection and ordering a material (if we had it at all) reduced to creating an edition which is interesting not only for the "netheads" of the Russian Internet but also for any modern man whose interests and tastes are more or less keeping with our own ones." (Anton Nosik, www.cityline.ru/vi/07aug1997.htm).

August 13: Banner network Reklama.ru (design by Artemiy Lebedev, programming by Constantine Morshnev) started to work. On January 10 of the next year its modernized version named Reklama.ru.2.0 appeared. Thanks to a higher technology (RotaBanner), use of "mirrors" and the possibility to control target audience Reklama.ru very soon ousted its predecessor, advertisement network "Sputnik", from the market.

September 15: Free postal service Pochta.ru was opened. Due to the deficiency of the software, the service could not operate successfully and very soon was closed.

September 23: Official opening of the search system [yandex.ru](http://www.yandex.ru) (www.yandex.ru) making it possible to carry out search in the Russian network with complete allowance made for the morphology of the Russian language. The new search system improved very quickly: very soon it was possible to formulate search queries in natural language, range the search results, look for “similar documents”, etc.

September 27: A new interactive literary game appeared: “A garden of dispersing hokku” (first it was in Zhurnal.Ru, current address - www.litera.ru/slova/hokku). Authors - Dmitriy Manin and Roman Leybov, design - Mikhail Leyponskiy. By the beginning of 2000 in the “Garden” there were more than 16000 three-line verses.

December 6: Andrey Chernov and Yegoriy Prostospichkin opened the project “Robot Sergey Datsyuk” (www.nagual.pp.ru) - a generator of scientific and philosophical essays in Russian capable to produce texts of arbitrary length, combining fragments of works of the Kiev writer and network philosopher Sergei Datsyuk.

December: The Fund for the efficient politics server (www.fep.ru) was opened and already in the next year it began playing a leading part in the development of information, public and political sector of the Russian Internet.

1998

January 8: Timofey Bokaryev, the author of the electronic journal of humor (www.aha.ru/-timofey), created the site Tim Promotion (later turned into Promo.ru - an encyclopedia of Internet advertisement) devoted to network advertisement, marketing and promotion of Internet projects.

January 20: Andrey Deryabin’s project “PsyberLink: Internet resources on psychology and social sciences” (www.nsu.ru/psych/internet) was opened, it was the first catalog on these subjects in Russian Internet.

February 18: Within the frameworks of Zhurnal.ru a section of daily political news “Polit.ru” (www.polit.ru) edited by Andrey Levkin was opened. Only two people worked on this project - Levkin himself (international, and then Russian news) and Cyril Rogov (comments on the current Russian politics). Initially the typical characteristic of Polit.ru was its aiming at unofficial “intellegentia”-style talks on political subjects. Gradually the project became more popular and beginning from the August crisis of 1998 became one of the Top 10 of the most often visited news sites. With new investors the staff expanded. On December 15 Andrey Levkin stopped working in the project Polit.ru and moved to Russkiy Zhurnal where he was responsible for the section “Politics”.

March 16: The first in the history of the Russian Internet personal server of a politician - an official site of Boris Nemtsov (www.nemtsov.ru) was opened. On the same day a separate informal “personal page” of Nemtsov (www.boris.nemtsov.ru) was opened as well. Nemtsov’s sites were the first large network project of FEP.

March: Summing up the results of the first festival of Russian art-resources “Da-da-net” (www.da-da-net.ru) organized by the Moscow Center of Modern Art of Soros Foundation and by electronic publishing house “Artinfo”. The nomination “art-project” turned to be the most interesting both for the participants and the judges. The first place in this nomination was shared by Mirza Babayev’s conceptual project “Simulacrum turnover” and Andrey Gagin with “Herbarium for Goethe”.

April: Two headings edited by Eugene Gorniy were presented. Both “NET-Kultura”(Net-culture) and “Setevaya zhizn”(“Network life”) were dedicated to discussions and analyses of Network events. Gorniy’s retiring from Zhurnal.ru was going to be announced only in October.

Anton Nosik in the April 1 issue of “Vecherniy Internet” publishes Mary Shelly’s play: “Runet with poppy-seed filling” (in this case the author was not the British XIX century writer but a virtual personality, well-known in Russian Internet for his/her refined wittiness and inclination for ribaldry). Dramatic personae are public and cultural figures and well-known network persons; the essence of the play is: the reputation gained in “off-line” in the network medium means almost nothing.

May 7: Radionet (www.radionet.cl.spb.ru), the first radio program in Russia broadcasted only in Internet started working. Narrator - Alexey Andreev. By March 2000 twenty broadcasts were out including series of five broadcasts "Voices of Russian Internet" (interviews with popular network figures).

May 12: A press-conference with the participation of Boris Yeltsyn was held on the channel #msnbc; it was opened with the famous phrase: "Good afternoon, people of Internet!"

July 23-25: The "Internet-Marketing" conference was held in Moscow; it was the first in Russia devoted to the theory and practice of advertising in Internet. More than 100 specialists from 26 towns took part in it.

June 28: "Moskovskiy Libertarium" site introduced a new section "Regulation and economics of SORM (On-line Search Operations Systems)" (www.ice.ru/libertarium/sorm). The section was designed for discussion of the SORM-2 project that enables to perform total shadowing via computer nets, Internet in particular. Thanks to news programs, investigations, comments, as well as performing different actions against SORM, the information of the project became open to the general public.

July: According to research held in July by Moscow representatives of International Data Corporation (IDC) the number of users of Russian Internet reached 1,2 million (in 1996 it was only 384000) (<http://cnn.com/TECH/computing/9906/15/russnet.idg/index.html>).

August 17: Financial crisis provoked a boom demand for financial and politic information. RIA "RosBusinessConsulting" (www.rbc.ru) server became the leader on providing this information. Since the visits to the RBC server increasingly grew, on August 17 the agency increased the carrying capacity of the channel to Internet from 512 Kbit/sec to 1,1 Mbit. However this didn't prove to be enough. Already on August 26 the channel was increased to 2,2 Mbit/sec and on September 21 - to 3,2 Mbit/sec. (The next great leap in the number of visits to RBC took place in March 1999 because of increase in the interest to the events in Yugoslavia - the channel was again increased, and this time to 5,5 Mbit/sec). And on October the first RBC set up a peculiar record of visits in the Russian Internet - the number of visits to the server exceeded 3 million.

August 20: On-line conference with cosmonauts who worked on the orbital station "Mir" (www.mir.cosmos.ru) was held. Among the participants was the former assistant of the President of RF Yuriy Baturin who in his 49th made his childhood dream - flight into space - come true.

August: The server "Modern art in the Network" (www.guelman.ru) was opened. Established initially as an on-line presentation of "Guelman's gallery" the site was later reconstructed to present all information on the modern art in Russia.

September 8: Eurasia Foundation declared the results of the contest "Russian language Internet resources". 112 projects took part in the contest, of them 14 won and were granted \$290.

October 10: The initiative group of Moscow computer media organized and held their first all-Moscow meeting ("OSCOM") in Central House of Tourists; no less than 3000 people took part in it. "OSCOM-2" held on October 4 gathered about 2000 people. This event roused mainly negative responses in the press and didn't become a regular one.

October 20: The site "Cyril and Mephody: The knowledge of everything" (www.km.ru), a joint project of R-Style group and "Demos-Internet" company, was opened. The server supposed to be an example of a "general use resource" and was based on the network versions of the product created within three years by "Cyril and Mephody" and New Media Generation (both are members of R-Style).

October 5: Open Society Institute (Soros Foundation) announced the project contest on "Electronic publications in the field of culture and humanitarian sciences". The organizers received 513 applications and accepted 80 of them. The total budget of the competition comprised \$200.000.

November 1: Free mail service Mail.ru opened. In contrast to the previous attempts to create a similar service in Russian network (Extranet and Pochta.ru) the project turned to be a real success. Later 20% of actions of Port.ru company were sold to foreign investors for \$940.000 and as a result the capitalization of the company property (several computers and intellectual property) comprised \$4,7 mln. It can be considered the first big deal concluded in Russian Internet. By March 5 the number of registered users of Mail.ru was 100 thousand, by September 27 - 500 thousand, by February 29 it reached one million.

November 3-6: The festival "Internit'-98" ("Interthread-98") was held in Novosibirsk, during which the results of the competition "Business-Site'98" were announced. Grand-Prix went to "RosBusinessConsulting".

November 27: The most sensational scandal of the year erupted. Free home pages server www.people.weekend.ru published a great number of compromising materials under the title "The claw rearing the veil of reticence and lie". It comprised overheard telephone and pager talks of a number of Russian businessmen, journalists and politicians, as well as secret service analytic documents and results of observations and home telephone numbers of different persons - from politic elite to NTV-channel staff. The very next day the site of the "Claw..." was closed but the copies were published on other servers. The "Claw..." was the first example of using the Network to publish compromising materials (see also Anton Nosik, <http://www.inter.net.ru/13/37.html>).

November: The non-commercial internet-projects competition "Zolotoy URL" ("Golden URL") started. Organizers: advertising agency "Radio.Ru", ROTSIT and "Mir Internet" journal.

December 17: Sergei Kirienko's personal site (www.kirienko.ru) opened. The Foundation for Efficient Politics began the campaign of his promotion in Internet; it lasted for the whole year of 1999.

December: The site of Russian branch of Intel presented the "Map of Russian language Internet resources" (www.intel.ru/inetmap): "an attempt to reflect in a visual form the variety of projects attracting close attention of the visitors of Russian language sites"

According to the ROTSIT report for 1998 the number of Russian users of Internet by the end of the year made about 1,5 mln. Qualitatively users can be divided as follows: more than 80% are males, about 55% have higher education; about 80% of Russian language users live in Russia, almost half of them - in Moscow. More than 300 Internet-providers work in the country; more than 26 thousand information resources were established; total volume of Russian language information in the Russian network was no less than 0,5 teraB.

1999

January 22: Yandex started weekly monitoring of Russian network users' interests, introducing "NINI-index" - a coefficient of changes in the interests of Internet users (NINI stands for "Instability of Interests of Internet Population"). The index published on Mondays reflected the growth and drop in the number of users' inquiries by certain keywords whose popularity grew most of all during the last week.

February 1-5: An international conference "Internet. Society. Personality" (<http://iol.spb.osi.ru/IOL1999>) was held in St. Petersburg. It was organized by the Open Society Institute (Soros Foundation). The main problems of the conference were - the problems of application of Internet technologies in humanitarian and social fields. More than 600 people took part in the conference, they were representatives of 339 organizations from 76 cities of Russia, CIS and foreign countries .

February 12: Internet-Parliament (www.elections.ru) was opened; it was a joint project of the Union of right powers and FEP and was a system of discussions on the urgent problems of modern political life in Russia. Beginning from August the site was reoriented to cover election campaigns: elections to the State Duma and presidential elections of 2000.

March 1: The first in Russia daily Internet paper "[Gazeta.Ru](http://www.gazeta.ru)" was issued (the "zero" number was issued on February 28). The publisher was FEP, chief editor - Anton Nosik, site designer - Artemiy Lebedev, programming - Maxim Moshkov. The "star" staff of the paper made it possible to attract attention to the project long before its opening, and expectations of network users were completely justified: "Gazeta.ru." held the top positions in the popularity ratings, convincingly demonstrating that it is possible to create an information resource in Internet which is not only inferior in quality to press

publications, but considerably exceeds them in efficiency. In September the publisher and staff of the paper changed. Vladislav Borodulin became the chief editor, "Gazeta.ru" Ltd. became a publisher. The archive of Gazeta.ru for March-August 1999 is available at www.gazeta.msk.ru.

March 5: Late in the evening in "Discussions Polit.ru" an information on suicide of the governor of St. Petersburg Vladimir Yakovlev appeared. In several hours this information was repeated by Gazeta.ru and Forum.msk.ru. It was soon found out that this was misinformation; a denial followed. Nevertheless the press responded by articles ("Novye Izvestiya" on March 12 and "Komsomolskaya pravda" on March 14) where Internet in general was interpreted as a medium of anonymous political provocations.

March 11-13: The 3rd Russian Internet Forum. The main topic: "Internet technologies - the way to the 21st century".

March: Network elite is the center of everyone's attention. Almost simultaneously comes out the 13th issue of the journal Internet (www.inter.net.ru/13) with the list of "108 of the best in the Russian Network" and the project "Infocratia" by Gorniy and Sherman (www.guelman.ru/vse_obozrev/gorniy.html) also containing the list of "The best people of the Russian network" (50 personalities, of which 20 followed by detailed biographies).

April 21: The server of the social movement of repatriants from USSR-CIS "For Barak!" (www.ehudbarak.org.il) was opened in Israel; it was the first experience of FEP to use an Internet-site as a means of preelection propaganda. Barak wins the elections

May 14: Artemiy Lebedev Studio opened the RB2 banner network. It used new square banner format. Within less than a month RB2 reached million clicks per day.

May 24: Summing up the results of "Da-Da-Net" contest and international festival of net art Trash Art held at the same time (<http://www.da-da-net.ru/TrashArt/winners.asp>)

June & Russian Internet catalog "Au!" opened the system of free email Au.ru, renamed in a month to @Rus (www.atrus.ru)

June 21: "Kompaniya" ("Company") magazine published the article "RUNET Trust" by Dmitriy Buturin and Andrey Soldatov; it developed the ideas expressed earlier by Soldatov in his article "The branches of well-known financial empires started forming in the Russian Internet ("Itogi"#15, 13.04.1999). The authors stated that several Russian influential groups (corporations) establish and control the overwhelming majority of influential Network media. Particular names and companies were mentioned; a diagram was attached which graphically showed the structure of "Runet Trust". The article aroused numerous responses and comments; authors were accused in incompetence and distortion of facts.

July 15: The epidemic of Congo-Crimean fever in the village of Oblivskaya in Rostov region. The authorities kept silent about the event. However after the article appeared in "Gazeta.ru" all leading media informed about the epidemic. The network resource proved to be the original source of information.

July 21: A scandal erupted concerning the network publication of the novel "Blue fat" by Vladimir Sorokin. A discussion of a particular problem - publication of a novel without permission of the author - turns into a general discussion on the copyrights problem in Internet. The author of the novel and the publishing house Ad Marginem, to which the exclusive right to publication belonged, brought an action against Andrey Chernov and "obliged the defender to eliminate from his site any possibilities to access the text of the novel "Blue fat" including links to any Internet sites from which one can download the text. On January 18, 2000 Chernov won - the suit was lost.

July 28: The site of Information search service of the St. Petersburg Criminal investigation department (www.ugro.spb.ru) was opened. It was planned that a search of missing people and criminals, as well as identification of unidentified corpses would be carried out through this site.

July 30–September 30: Infoart held the "Moscow International Internet-festival'99" (www.iday.stars.ru).

August 19: Yandex introduced a possibility of “family” search (family.yandex.ru) where pages containing obscene words and pornography were filtered out.

September 1: A network version of “Nezavisimaya Gazeta” (www.ng.ru) was issued. This was the first daily paper which dared to publish its materials completely (including its subject attachments) in a free access. The site was developed by the Fund for efficient politics (FEP) jointly with the chief editor of the paper Vitaly Tretyakov. A well-known network journalist Alexander Sherman became the editor of the paper “NG-Internet”.

September 4: Within the frameworks of the festival “Unofficial Moscow” in the Moscow House of Cinema an awarding ceremony was held for the winners of the competition of the Russian network literature “TENETA-Rinet’98” (www.teneta.ru/1998/ceremony). Sergei Kirienko was present at the ceremony.

A round-the-clock news Internet service Lenta.ru (www.lenta.ru) was opened; this was a new result of cooperation of the Fund for efficient politics with the team which had created the project Gazeta.Ru in December 1998. The chief editor of the edition – Anton Nosik. Over a short period of time Lenta.ru became the largest information resource in the Russian Internet. In March 2000 Lenta.ru was bought by the investment consortium “Russian funds – Orion Capital Advisors” (Internet Holding Company) which earlier had acquired a majority shareholding of the Internet-portal Rambler.

September 8: The project Monitoring.ru (www.monitoring.ru) was opened; it specialised in social, political, marketing and Internet investigations. The audience, advertisement, information, as well as popularity of different printed matters, TV companies, radio stations and sites were analysed.

September 24: Artemii Lebedev’s studio opened the first in Russia text advertising network txt3 (<http://tx3.design.ru>).

September 27: The results of the competition of the Eurasia Foundation “Development of Internet-commerce in Russian regions” were announced. Eight projects were selected; the winners were awarded grants in the general amount of \$300 000.

September 28: The first issue of the electronic paper “Utro” (“Morning”) (www.utro.ru) came out; it was a public and political edition which published news and analytical materials on events in political, economic, public, cultural and sports life of Russia. The owners of the paper – the American company Media Press Corp. (75% of shares) and RIA “RosBusinessConsulting” (25% of shares). The chief editor – Mikhail Gurevich.

September 29: Establishment of the Union of Internet Operators (www.soi.ru) was announced.

October 1: The server “SMI.ru: Information and misinformation” (www.smi.ru) was opened; its current objective was an expert analysis of rumours and speculations originating in information fields. In the end of February 2000 the project “SMI.Ru” was transformed into a portal where publications of all Russian media, and, in the first place, the network sources, were systematized and commented. The publisher – FEP. The chief editor of “SMI.Ru” – Andrei Levkin (former editor of the heading “Politics” in the “Russian Journal” and the creator of “Polit.Ru”).

October 4: A new daily Internet paper Vesti.Ru (www.vesti.ru) was created by the editors of former Gazeta.Ru, the publisher being FEP.

October: Accomplishment of the project “University centres of Internet” which had been carried out beginning from April 1996 by the Institute “Open Society” within the frameworks of the program “Internet”. During the course of the project computer centres were established, equipped and put into operation; the centres had Internet access to 33 universities of Russia. The average cost of a centre of this kind was \$700000.

November 9-11: The festival “Inetrnit-99” (www.festival.sibfair.ru) was held in Novosibirsk under the slogan “Internet – for the common good”. The festival gathered a great number of “stars” of the Russian Internet and was covered in great detail both by press and network media. Within the frameworks of the festival a competition was held among Russian information resources and corporate sites “Business-site-99” (www.festival.sibfair.ru/konkurs). On the first day of the work the festival participants issued a joint declaration addressed to the prime-minister of Russia Vladimir Putin proposing “to the citizens of Internet community and the government of Russia to jointly create an information resource

and discussion space in the Network in order to discuss and work out ways of strategic development of Russia in the 3rd millennium”. On November 10 the Russian Prime-Minister responded to this proposal commissioning the chief of the government machinery D.Kozak, “to meet with representatives of the Internet community and agree on the system of interaction and cooperation”.

November 17: Internet.ru (not to be confused with Internet!), a daily network publication devoted exclusively to Internet, was launched. Producer – Alexei Krivenkov (Port.ru), chief editor – Daniil Dugaev (initially – Andrei Cebrant).

November 18: The first issue of the electronic journal eMedia (www.emedia.ru) came out, the chief editor being Olga Khadieva.

November 24: The company “Teleross” comprising the holding company “Golden Telecom”, which in its turn was controlled (by about 57%) by the American corporation GTS, announced a purchase of the St. Petersburg companies “Nevalink” and “NevaTelecom”. Earlier the companies “Sovam Teleport” and “Glasnet” joined “Teleross”.

November: According to a www.monitoring.ru survey, the audience of the Russian Internet amounted approximately to 5.4 mln. people, which was about 5% of the grown up population of Russia. More than 40% of this number began using Internet in the current year.

December 1: Announcement of the establishment of the Russian Internet Academy (www.academia.ru) and its first project – National Intel Internet Award (www.nagrada.ru). The ceremony of the award presentation was conducted on March 21, 2000.

The Russian virtual library (www.rvb.ru) opened; it was the first electronic library of an academic type in the Russian Network.

December 3: Opening of the server “The united power grouping” (www.ovg.ru), the first in the network non-anonymous compilation (Gleb Pavlovsky was the author) of compromising materials on the leaders of the block “Fatherland – All Russia”

December 6: Opening of the media-buying agency “Internet Media House Russia” (IMHO) (www.imho.ru), the first in the Russian Internet. The agency specialized in buying advertisement space in different mass media including TV and press. The founders were Stonton Research, Fund for Social and Non-commercial Advertisement, Artemy Lebedev’s Studio, Yulia Solovyova, Anton Nosik. Chairman of the board of directors – Arsen Revasov, General Director – Yulia Solovyova. One of the first actions of the agency was to conduct an advertisement campaign of Internet resources on NTV (jointly with the Moscow representation of Intel) from February 17 to April 2, 2000.

December 10: The first legal case on plagiarism from Internet was won. At its meeting in Moscow the arbitration tribunal found guilty the publishing house “Poznavatel'naya kniga plus” in plagiarism and hold it liable to pay compensation amounting to 54 000 rubles to the aggrieved company Promo.Ru and its director Timofey Bokarev.

December 19: A scandal surrounded the site “Elections in Russia” (www.elections99.com) which on the day of elections to the State Duma published the results of the exit polls in 30 cities of Russia located in different time zones. The site Elections99 became the most popular, visited and cited resources of the Russian political Internet in all its history. On the day of the elections the site created a sensation: more than 50 000 unique visitors, references in all channels of the central TV, numerous responses in the Russian and foreign press. The site became one of the “loudest” FEP’s projects.

Official announcement of establishment of one more academy – All-Russia Internet-academy (www.internetacademy.ru). The founders were: the chief editor of the journal “Auramedia” Mikhail Vakhterov, founder of the competition “Teneta” Leonid Delitsin, “ideologist of Ezhemovement” Alexander Malyukov. The acting president of the Academy became Marat Guelman. In the list of Internet-academicians (76 persons) there are names selected based on different ratings and competitions which had been held in the Russian Internet.

December 25: Official confirmation of the “Media-MOST” group having acquired the rights to the main sites and resources of the company Netskate.

December 28: The meeting of the president of RF Vladimir Putin with representatives of the Internet community.

December 29: Russian Research and Development Institute of public networks development (RosNIIROS) announced a decrease in the cost of registration of domain names from \$100 to \$36 beginning from February 1, 2000.

...Gods started with a legend

Andrey Zotov, President of the Regional Public Center of Internet Technologies (RPCIT), “V6” President, “Infodom” President.

Projects / companies:

www.rocit.ru

www.infodom.ru

www.v6.ru

www.rif.ru

www.atrus.ru

www.mirumir.ru

www.eprst.ru

At the end of 1999, about 20 famous representatives of Internet-business were invited by Mr. Putin (Russian Prime Minister at that time) to decide whether the state should somehow regulate the Internet in Russia. It was the first time that top officials paid any attention to the Internet phenomenon. The Internet community advanced an opinion that there were structures that could ensure its self-control. One of them was the Regional Public Center of Internet Technologies (RPCIT), with Andrey Zotov as its permanent president since 1996.

Market strategy

In 1996, Zotov with a few other people established an enterprise named “V6” (<http://www.v6.ru>). At first, they specialized in web design but that turned out not to be a profitable business. At that time, it was impossible to exist just as a web designer. That’s why “V6” became engaged in building up information systems – the business of systems integration. They worked for Gazprom, Moscow Telecommunication Corporation and others. “V6” proved to be a reliable company and consequently, in 1997 they set up a joint enterprise with Moscow Telecommunication Corporation, which provided services concerning bus networks and virtual private networks. That’s where the history of “Infodom” comes from.

Since that time, “Infodom” has been developing and now it is a highly tailored enterprise, which creates projects, comprised of large networks. It has lots of customers as well as business rivals. However, the distinctive feature of “Infodom” is that, being a small enterprise, they don’t actually compete either with companies integrating the automated systems of the customer, nor with those who are pure systems integrators. They do their own job – the introduction of compound multitasking corporate networks – and do it well. That’s the way “Infodom” manages to survive and sometimes even win the competition.

About E-business

Zotov says that this market is still emerging. According to RPCIT statistics, only several percent of Russian companies are presented on the Internet. Nevertheless, he is rather optimistic about the future since the work of his “V6” company has shown constant growth of demand for high-tech services of such kind in Russia. Although its activities were sharply cut by the crisis of 1998, it has actively grown since July 1999. As a result, Zotov’s company has to use specialists from other regions of Russia on terms of outsourcing. Zotov comments on this:

It is mutually beneficial: we spare our strength and resources and people earn money. And it is good.

RPCIT

Once a month, so called “RPCIT seminars” take place in Moscow. The first seminar on 25 July 1996 attracted about 400 people. It seems that since that first seminar, all possible topics have been discussed. The peculiarity of these seminars is in the special climate, which prevails there. One can listen to several given reports and then everybody is free to engage in lively discussions with questions and frank remarks. That was the place where the Russian Internet community could exchange information and opinions and analyze their job experience. However, after August 1998 these meetings became less unselfish.

In recent years the monopoly of “RPCIT seminars” have broken down but still, according to Zotov, such meetings are interesting for the professionals and for the general public, as well due to the fact that they try to choose the most popular topics for discussion. Each seminar gathers now about 100 people. Among them 40% are those who work on the Internet; investors or just the press interested in the Internet phenomenon make up another 20%. Another 40% are “professional users” – the managers of informational services in large organizations.

We get an interesting audience: they need each other... Every break means tremendous communication, this is one of the most important values of our meetings. Perhaps that’s what they are held for.

In spite of that Zotov reports that his work in RPCIT prevents him from doing his business well. He says he would better leave the position of RPCIT president. Zotov adds that his replacement would not change the organization significantly.

RPCIT is a market phenomenon. If I leave it, someone will fill the post. However, it’s impossible to destroy or ignore it because RPCIT is considered to be a consulting agency in the State Duma and among businessmen...

...In fact, our main field of action is working up analytical reports and direct consulting. From this point of view, RPCIT repays the costs.

Problems and forecasts for future

Nowadays a new organization – Internet operators union (IOU, <http://www.soi.ru>) – is being created. It will fill up an existing gap in the self-regulation of the Internet. Everyone who carries on his business in the Internet is invited.

Zotov reminds us that the Internet is a socio-economic phenomenon and hence, he says, we need an association for self-regulation. IOU will become one more player working for the interests of all those who make up the Russian Internet.

Most other countries have already gone through these problems. In the US, there are lots of such structures (<http://www.icann.net>, <http://www.isoc.org>, <http://www.eff.org> etc). Here in Russia, these structures are just beginning to appear. In fact, we still don't have an Internet society.

The problem is that we lack money to create such structures. The turnover of the whole Russian Internet totals only \$150 million. But Zotov hopes for the best:

Those people who depend on this industry and create it in Russia should try to influence the opinion of legislators to exclude at least strange decisions. And we try to do that.

Russian Internet-Forum (RIF)

Once a year, in March, around 400 representatives of leading companies who work with Internet technologies gather for 4 days to exchange ideas and contacts and to make deals with each other. More than 100 reports are read out annually. RPCIT is one of the RIF founders.

RIF is a wonderful idea... Carrying on business on the basis of modern technologies – that's what we discuss here. Either you meet tomorrow's requirements or you're out of business.

What is the attitude of the bureaucracy to the forum?

They are presented there. It's the best part of Russian bureaucracy – those who understand that the development of the economy won't be so rapid without Internet businesses. We give them up-to-date information... RIF is our contribution to their education.

Catalogues. Au - @rus.

In November 1996, RPCIT, together with "Agama" and Yuri Polyak's group, launched the first successful universal catalogue of the Russian Internet. It was "Au!" It contained more than 1500 entries and had more than 300 in developmental stage.

At the end of 1997, Intel Corp. announced that it would support "Au!" and "Aport!" (two parts of one global project) and in 1999 "Au!" changed its owner and name to "@RUS". It was an attempt to transform a search engine into a complete portal with free e-mail service, news etc. Additionally, it was the first attempt to make the Russian Internet accessible to a western user (all the annotations were translated into English).

Investments

What projects are attractive from the investor's point of view?

For me personally, now there are two attractive fields in the Internet to invest in. The first is technology, the development of technologically new products...

...The second is the Internet society, i.e. groups of people, which permanently come to a site to satisfy their informational, cultural, and emotional needs. Every loyal client is valuable because he is open to your influence (advertising, political or otherwise).

Catalogues. Au - @rus. (continued)

Zotov says he is not fully satisfied with the process of investment in “Au!” He thinks that as the owners of the project, they were insufficiently competent to take part in these negotiations. Some decisions were really unqualified. However, that does not mean that new investors were wrong since “Au!” is an attractive project. This catalogue guarantees *quality*: links, divided according to subject headings, annotations, and extra services. That’s why it has a fair chance to win in the long run.

Do you think the appeal of such resources will not decline?

If we speak about the perspectives of these projects as technological or service phenomena – they will exist all the time... But from the investor’s point of view the issue remains open.

German Klimenko, General director

Projects / companies:

www.list.ru

www.rk-audit.ru

At the end of 1999, Anton Nosik, in his analysis of resources on the Russian Internet (<http://www.novocybersk.ru/bs99/0044.html>), divided them into three groups:

1. Veterans. Those who have worked on the Internet since 1995-96 and have considerable experience.
2. Those trying to catch up to the veterans. They use their predecessors as an example and launch similar projects.
3. “Cavalrymen”. They come in and create something absolutely new without paying attention to the example set by their predecessors.

Nosik named “List.ru” as one successful member of the third group. “List” used its own original business models and proved that it was possible to be successful while also being innovative.

Personalities

Speaking about the history of his return to the Web, Klimenko recalls two lost opportunities. The first dates back to the beginning of the 90s when he had the idea to issue a weekly magazine containing economic information. During those times of hyperinflation, his lists reporting prices at grocery stands were very popular among the bureaucracy. His circulation was only five times smaller than that of RosBusinessConsulting (<http://www.rbc.ru>).

His second missed opportunity dealt with issuing a newspaper containing free advertisements. Klimenko missed his chance again: he thought that this business would be too small.

Later, when Klimenko was working for “RK-Audit”, he became acquainted with the phenomenon of the Internet. First he discovered e-mail, then he created a server for his company. However, this was not enough: he felt the need to advertise through the Web. Because of the high prices in the advertising market, he prepared a catalogue of his own. That is how List.ru was born.

The development was long and hard. List.ru carried out an advertising campaign, but to no avail. At last, Klimenko decided to create his own banner network, rather than buy the service. Little by little List.ru acquired other projects and services, which in turn attracted more customers. The most popular server was the anecdotal “Bulls & Cows.”

Catalogues. List.ru

The interviewer: It seems that the sensational success of List.ru in the first 6-8 months was due to three factors: the right choice of resource type (a catalogue, not a search engine); the system of guides (those who run their own thematic sections); and low expenses with quick promotion due to good management. Is that right?

Klimenko says that the catalogue form, which will always be more popular than search engines, was chosen since it is user-friendlier. If a catalogue is well classified, one can easily get to a required site from any of the relevant sections.

Nevertheless, the most difficult thing is the classification of a catalogue. This is how they solved the problem at List.ru. First, 20 basic thematic categories were determined. Second came Klimenko's order: every guide had to classify his 100 found links a day within these 20 basic categories. The guides categorized these links according to their own intuition, which ended up creating some humorous results. Despite the lack of specific rules for categorization, a tendency toward certain classification guidelines emerged.

The next step was to classify the resources within these 20 main categories. Bit by bit a multilevel structure was generated. Now nine levels of classification contain 4369 categories, and all of them are visited! Now the main task is to organize cross-links between the different categories. 60 people have been assigned to this project.

Management of e-projects

In the beginning, prices on the Internet were, so to say, strange. Individuals would name whatever price they wished and would be paid that amount. But now the situation has changed. When new people engage in e-business, they make decisions based on other criteria: the history of a company, its reputation, partners etc. Klimenko is sure that the time of individuals on the Internet will end soon.

Customers will soon understand that the Internet is the same as business: it consists of the same things such as working with people, hiring specialists, programmers, managers, designers – nothing unusual...The piety they [the customers] still feel will disappear.

Catalogues. List.ru (continued)

Klimenko is positive that List.ru will develop even further. The whole mega-project consists of the commercial bank "List", a newspaper, an employment agency, and some offline projects such as a traveling agency.

Klimenko says that he is not positive he has chosen the proper direction. He is afraid that he entered the market on the rise and that List.ru could possibly come to a bad end.

Is it possible for you to sell List.ru with all of its offline structure?

It is hard to say...The problem is not the sum I fill my pocket with. If I want to be in first place it is necessary to ensure the investment for the next year – this is important. It becomes harder and harder to enter the market from day to day.

E-business

List.ru is one of the largest advertising platforms. What problems do you see in the market of e-advertising?

Klimenko notes that the customer is interested in a concrete answer to the question: “How many calls will I get if I place an advertisement on the Internet?” But it is still hard to answer in exact figures since there are no common standards. The effectiveness of e-advertising is different for different goods. However, Klimenko is positive that it is not a problem to sell any article costing under \$200. The audience is still not very solvent, but it is still in the process of growing and developing, the amount of advertisements shown by different banner networks proves it.

Investment

Klimenko is convinced that to acquire money is not a problem, instead it is the following, which makes Internet projects problematic. For example, the owner of an expensive resource founds a Russian venture fund. This fund must either bring potential partners together or lure in investment for 3% of the sum. Instead, the investor himself becomes absolutely indifferent to the long run development of the project.

The right way is easy, but not necessarily accessible to all Internet projects. According to Klimenko, the owner should turn to a large western company (like PriceWaterHouse) and negotiate a treaty with them. This approach would cost approximately \$50.000. However, at the moment the situation is different.

Problems and forecasts for future

My vision is simple. List, Stars or “Au!” will close down the problem of “Rambler” at the beginning of the next year. Everything will fall into place: catalogues will be at the top; search engines will take the second place. Ratings will be the third... There’s nothing impossible – you can create your own resource and it have it be the best. ...Who will win first place in this race? ...It may be “Rambler,” or it may be “Yandex”. In short, prominent advertising corporations are able to do it.

Klimenko mentions Rosbusinessconsulting (RBC) as his most serious rival. He adds that he is happy they still don’t have their own catalogue.

In regards to the question of banner networks, Klimenko is confident they will survive because of the great demand for mass advertising.

Vyatcheslav Rudnikov, Director New Media Generation

Projects / companies:

www.nmg.ru

www.km.ru

The New Media Generation company was founded in October 1995, and in September 1997 it became a member of R-Style group. It produces wide range of products: games, cognitive multimedia products, and educational programs for children and adults. In 1997 it was received an award for “Contribution to the formation of the market of entertainment and cognitive programs”

Market strategy

This Internet project started as a company, which produced multimedia products: encyclopedias, interactive textbooks etc. With the development of the Internet the owners decided to put all of it on the Web. Now the goal of the owners is to create a well-visited site.

Rudnikov says they want to create a kind of a market place for e-commerce – a multiportal, which will consist of a number of thematic portals (or particularized sites), united under the “KM.ru” name. Rudnikov is sure Km.ru combines all the best that the other names have: the purity, clarity and structure of Yahoo (<http://www.yahoo.com>), the fullness, amount and quality of Britannic (<http://www.britannic.com>), and some of the technological hosting methods of About (<http://www.about.com>).

Km.ru intends to increase the number and quality of its services, which they hope will help them to receive hundreds of thousands of clients a day after about three years.

Speaking about the potential of the site, Rudnikov remarks that it will develop into an Internet-shop. He names four sources of funds: advertising, commercial sponsorship, rent from companies for the placement of information in the commercial database, and the opportunity to license their “content” in other countries.

The appeal of this “content” lies in the fact that most products are supposed to help people obtain knowledge. Rudnikov hopes to create a completely virtual school (the first project of such a kind in Russia) to attract senior students – potentially the most active consumers on the Internet.

Rudnikov notes that their project is quite difficult in terms of promotion because of its broad target audience, it’s much easier to enter the market with a product for a narrow audience. The supermarket they are trying to create is more expensive and time consuming but they hope their visitors will prove the notion that no one leaves a supermarket with only one purchase. That’s the main idea.

Still Rudnikov doesn’t see any analogues to their multiportal anywhere in the world and he is confident they will succeed. He also mentions an English version of Km.ru, which is ready to be launched in one or two years and has fantastic prospects.

Is there anything interesting in the Russian Internet nowadays?

I believe that normal things are taking place... The Internet develops, more sites appear, and some resources become more prominent... When the Russian Internet becomes large, it will cease to be associated with certain names.

...Money is also coming into the Russian Internet. Because of this influx of money we are experiencing a lack of specialists, managers etc...

Nikita Korzun

Projects / companies:

www.port.ru

www.mail.ru

www.internet.ru

www.music.ru

www.base.ru

www.torg.ru

This group of companies created a massive commotion in September of 1999 when it became the permanent newsmaker on the Russian Internet. A set of articles and interviews with full information about the company is available at <http://www.port.ru/press.html>. Here is the summary.

November 1998 – The Mail.ru project is launched – free e-mail service for Russian Internet users. Mail.ru creates a stable working e-mail for the first time in Russia and occupies a “strategically important domain”. This was the first step to its success.

July 1999 – Mail.ru is being visited more frequently than rbc.ru. Nikita Korzun arrives on the project from List.ru. Being unable to create their own software core, Inbox.ru and Mail.au.ru use Mail.ru’s core.

13 August 1999 – 20% of Port.ru is sold for \$ 940.000 – an undeniably large sum for the Russian Internet. 70.000 new users are registered at Mail.ru monthly.

September 1999 – the amount of Mail.ru users reaches 500.000.

November 1999 – two new projects are launched: Internet.ru (e-journal about all the aspects of the Russian Internet) and www.torg.ru (a serious claim in the field of e-commerce).

Nikita Korzun himself becomes known to the Internet society as a manager at List.ru. Before List.ru the notion of the Internet-project manager did not exist at all, Korzun is among the first in this position.

Management of e-projects

Korzun is convinced that management of Internet projects doesn’t differ from “just management”. There is some specificity to the job but it is not due to working on the Internet. Instead, it’s because you are working with creative people like programmers and designers and sometimes it is useless to expect them to finish their job on time. And even if they do finish on time, the result does not always fit in with your plans. But Korzun says these are just special conditions and that insight into the situation comes quickly.

According to Korzun, specialists are a problem in this field. You can hire people who are not connected with the Web, but it is hard to work without people who understand at least something about the Internet.

Speaking about the success of List.ru, Korzun names two reasons: a very aggressive policy, and guaranteed financing (5-6 thousand dollars a month). It’s impossible to do the same thing now in such a short space of time and at the same price, but at that time it wasn’t a miracle.

Korzun tells the story of List.ru. He says that his aim was to drop prices in the advertising market, which he achieved by buying 5 million hits for just \$3.000. It was a new and cruel approach, but they don't practice charity, they do business, and Korzun is sure he is not the only one. He believes a lot of talented people will come to the Internet to make money, and the rules will become stricter.

Service projects – free e-mail “Mail.ru”

The company works in Moscow and St. Petersburg although only 40% of its users are from these cities. Mail.ru has plans to cover other countries like Ukraine, Belarus, Israel, this will bring in more money and create a better image.

E-business

Korzun thinks that two business-models, one of which is for sale, and another which is for further development, should not be alike. If you create a resource for sale, you are interested not in profits but in financial flows. If you launch a project, which is expected to bring in real money, you should pay attention to the structure, sales etc.

Is it necessary for a project, which must live and earn money, to acquire an offline business?

This is only one of the ways. “Rambler” proves that offline business is not necessary, “Rambler” is a self-sufficient product...

Another way to earn money is to use the Internet as a “transport” to deliver information (instead of a courier or usual mail). There are a lot of examples: RBC (<http://www.rbc.ru>), www.price.ru, or any e-shop.

Nowadays Port.ru is investing enormous amounts of money into making its own trading system (<http://www.torg.ru>). Different shops are invited to take part in the system, at first for free, and later they will pay to rent “floor spaces”. However, the system won't work until there are about thousand shops participating. As of right now the Russian Internet counts around 400. This is why Korzun's company works with offline shops trying to attract them by solving all their problems with software, delivery, packaging etc.

Investment

Everyone who invests in an Internet-company and buys its shares intends to keep one part of the business and sell the rest of it to cover expenses. Korzun says the market is now full of speculative interests and temporary strategic partners, but that none will sell his share holding in full because the potential of the Internet market is still rather high. To be a competitor in this market \$1 million is not enough, but \$50 million is too much.

Market strategy

It is a free market and you never know who will win. I won't exclude that purchasing “Rambler” for \$100 million is the right move, but only for those who know what to do with it next. Starting at the sum of \$940.000, another price level for content-

projects has set in...We did this to stop those investors with only relatively small sums of money...

What was your good turn to the owners of the resources?

We don't practice charity...The development of the market interests us when it coincides with our interests.

Korzun named three functions of his Internet.ru project: promotion of the whole Internet as well as of his company; monitoring the market and their rivals; and to become an advertising platform for those who will invest millions into their projects. He adds that they decided to make something new instead of buying a finished project because they saw an open niche. Besides, it's always cheaper to buy people than a whole project.

Lastly Korzun talked about projects planned for the near future. These are the trading system mentioned above; a server of private advertisements; and a kind of a "Database of private persons in the Internet".

These projects are expected to break wonderful ground in the world of e-commerce.

Elena Kolmanovskaya, linguistic projects manager at Yandex.ru

Projects / companies:

www.yandex.ru

www.comptek.ru

“Yandex” (<http://www.yandex.ru>) is not just an information retrieval system on the Internet, but it also has other applications like Yandex.Site, Yandex.CD, and Yandex.Lib.

Comptek, the company who developed Yandex, are in the business of distributing technologies, selling telecommunicational devices and holding related activities such as specialized courses, research, and organizational work with every customer.

The history of Comptek, as well as of Yandex, began 10 years ago when Arcadiy Volozh and Arcadiy Barkovsky created a company named “Arcadia” (which later became “Comptek”). At that time they designed software, and together with universally known linguists from the Russian Academy of Sciences, they created a program that parsed the words of the Russian language. Although it was only 100Kb, it could still be named the first Yandex.

As Yandex developed, the following question arose: “Is it possible to create a Russian search with software implemented with Russian morphology?” Kolmanovskaya and her partners in Comptek decided to develop the idea.

In 1996 they named the technology Yandex because this word perfectly combines both Russian and English sounds and is easy to pronounce. In the same year two other products were announced: Yandex.Site2 (a search engine through a server) and Yandex.Dict (a morphologic addition to AltaVista (<http://www.altavista.com>), which was unable to take account of Russian morphology). Then came Yandex.CD and Yandex.Lib, and at last, in 1997 Comptek created its own search engine on the Russian Internet – Yandex.ru (<http://www.yandex.ru>).

In 1996 “Aport” and “Rambler” appeared. How does “Yandex” differ from these search engines? What problems arose in the process of creating a search engine through Russian servers?

The main problems of the Russian search system are encodings. “Rambler” was certainly better than AltaVista because it was able to understand Russian encodings, however, it still didn’t take into account Russian morphology.

Kolmanovskaya emphasizes several advantages of Yandex:

- Yandex utilizes a mechanism of building lexical hypotheses, which distinguish between different cases and conjugations of a word.
- Yandex includes search with space (<http://www.yandex.ru/info/search4.html>). You know not only about the presence of a word in a sentence, but also about its position there. In calculating the relevance of a document, Yandex takes the frequency of a word into account.
- Yandex is the only system, which lets you ask a question in natural language such as “Where can I find cheap computers?”

Nevertheless, as the Russian Internet grows it becomes harder and harder to search. Thus, to lure users, Yandex has to offer different services which make searching easier. Kolmanovskaya names the following:

- Yandex now works faster than other systems because every computer searches through its own piece of the entire database and the results are then gathered together.
- Most novice users formulate their queries in an incomprehensible way. Yandex analyzes such words and gives useful tips including offering a list of the most popular combinations found with these word.
- If a person wants to receive new links concerning his query he can become a subscriber.
- If you don't know how to search you can participate in the forum and learn from more experienced users.

In the near future, Yandex plans to structure the search results. For example, soon a user will be able to specify his query according to the categories of the catalogue. This has been made possible due to the cooperation of "List.ru" (<http://www.list.ru>).

Recently Yandex has launched a specific rating/citing index (www.yandex.ru/cy). This index shows the popularity of a resource among the owners and authors of other resources.

How will Yandex develop? New "Rambler" owners announced that they wanted to create a portal on the basis of this system.

...Nowadays everyone is moving towards creating a portal, but they keep it from each other. All except "Aport"... As to the others, first they act and then they announce it but without details. That's why I won't say exactly what we are going to do.

Will new projects appear on the Russian Web in the near future?

Large projects will. This topic is very fashionable now, there is a lot of money invested in it, and hence at least several portals are bound to survive.

I don't think any new search engines will appear in the near future. It's hard to create them from the very outset since they demand such considerable technological expenses and so much investigation.

What is the reason for Yandex's success?

The main reasons are the quality of our search, our good team, and the innovative way our programmers and director Arcadiy Volozh think. Also, we have a conscience, which keeps us from working badly.

Arcadiy Moreinis, General director at Price.ru

Projects / companies:

www.price.ru

All the projects of Moreinis on the Internet have one peculiarity: they are not influenced by transient fashion. His projects were never creating an advertising agency or a banner network and yet they were both successful and profitable. Until 1999 one could hardly count several projects of such a kind on the Russian Internet.

Personalities

The prehistory of Price.ru is long. Since 1990 Moreinis worked for a company connected to “Macintosh” computers. However, it was only a small trading company and it had to change the scope of its activity. But Moreinis decided not to participate. He decided to work on the Internet, then undeveloped in Russia (1995-96). He launched the “Extranet” project. The essence of this program was the following: a user could get free e-mail and free access to some Internet resources by means of this special program. It was a long-term project and needed investments, when they were found the system began to work. But because the pay-back period was long, the investors soon left and Moreinis was obliged to close “Extranet” down. This happened in May of 1997 and in June of the same year www.price.ru was opened. Since then Moreinis and his team-mates have fully devoted themselves to price.ru.

This server is devoted to only one topic – here you can find complete information about prices of hi-tech equipment and about its sellers. Now there are four geographical sections: Moscow, St. Petersburg, Nizhniy Novgorod, and Novosibirsk. One can find information about more than 1500 companies just in Moscow.

Market strategy

The success of Price.ru was ensured by an accurate business plan, which was developed long before the project was launched. Because of the crisis in 1998, the project began to develop more rapidly.

It may seem strange, but Moreinis says that big companies have never been big from the point of view of Internet advertising budgets. The main advertisers on the Internet are small mobile companies, which are always present on the Web and capable of paying enough money.

The Price.ru advertising campaign was as follows. During the first year they placed advertisements in some prominent printed editions to attract users. They then began to give exclusive advertisements at certain sites on the Internet.

Advertising

Moreinis has been writing about marketing for two years (<http://www.prime-tass.ru/free/bit/news/inet/in0111.htm>, <http://www.result.ru/seminar042000/present/nikitin02/tsld014.htm>, <http://inter.net.ru/5/31.htm>), and since then the situation in the Russian Internet has changed. New users and advertisers have arrived and advertising

on the Internet can be cheaper and more efficient than ever. However, off-line marketing managers do not always understand this state of affairs.

Before the 1998 crisis they even didn't think about the Internet. As long as everything was ok, they preferred not to change their strategy and not to get involved with the Internet. Besides, it is hard to evaluate the results of an Internet advertising campaign. The chief can always say, "If we exclude advertising in the Web, the expenses will be reduced but the effect will be the same." This attitude disgraces the work of the marketing managers.

The crisis has changed the situation for the best. When there is a shortage of money in advertising, new ways of advertising have to be found and even heads of the departments understood that they had paid too little attention to the Internet. An incentive to seek new ways had appeared, which contributed to the development of e-advertising.

What are the aims of Price.ru today?

Price.ru is not involved in direct advertising. We give information to aid a person with the decision of where to buy the necessary merchandise. "Computerra"¹ tries to guide a person from reading an article about a good to the direct advertisement of this good, while we do not try to sell these goods. Instead, we claim only that if you want to find out where you can get the thing that you need, you are welcome to our site.

E-business. Investment.

The income of Price.ru now exceeds the expenses.

Moreinis says that some time ago there arose a unique situation on the Russian Internet, regarding big businesses. Moreinis says their work is built on the basis of the business plan; all the responsibilities are registered in the management scheme. Until recently there were no projects with such a managerial structure on the Russian Internet.

Moreinis considers Price.ru to be a perspective project but from this point of view he distinguishes between projects which are for sale and projects which earn money.

Price.ru does everything to minimize expenses and to maintain incomes in order to earn money, they don't strive for a huge amount of users. The most important thing is to make every user a customer and thus to form the necessary audience.

If Price.ru was for sale the strategy would have been different. It would then be necessary to create a search engine, an informational project such as iXBT (<http://ixbt.stack.net>), free e-mail etc. This approach brings in a lot of users and high capitalization.

Moreinis thinks that e-shops are interesting as projects, which are "not for sale". According to Moreinis, if the prices are low and delivery is convenient, they will show a profit.

What projects are worth investing in now?

It depends on the goal. If we are speaking about resale, projects with good capitalization are better of course... But in the long run, it is better to invest in those projects, which bring in real money.

¹ Popular Russian weekly magazine dedicated to computers and hi-tech equipment.

Moreinis gives the example of Amazon (<http://www.amazon.com>), which has enormous capitalization. He is not sure that this shop will always be able to bring profits to its shareholders, even if a lot of rivals enter the market at once and take away a considerable part of the profits.

There is no infrastructure of entrepreneurship support on the Russian Internet. Do you think it is a potential field for investment?

This market should be developed but this requires great expenses. We should invest in talented, professional people with creative and innovative solutions to the problems of normal industrial customer relations.

The players in the Internet advertising market compete not only in prices but also in the quality of their services. Nobody is taking it up now because they lack money...Maybe the problem is that professional people are occupied with the production and don't bother with the Internet.

We need histories of success, we need investigations, and all that needs investment. It's no use waiting for the occasional unification of Internet companies to finance the infrastructure necessary to all of them. Friendship among rivals is impossible.

Eugene Peskin, IBS vice-president

Projects / companies:

<http://www.ibs.ru>

<http://www.online.ru/sp/eel/russian> - public e-library

<http://www.online.ru/~eugene> - personal page

<http://www.bcollege.tambov.ru/l-zone/netiqet/ruindex.htm> - official “Relcom” materials

Investment tumult in the Russian Internet will not last

Peskin has been working with the Russian Web since 1991 – from the moment when it first came into existence. Since then he has implemented several dissimilar projects including his famous public e-library. Peskin is now considered to be one of the most professional managers in the field of hi-tech, and his vision of the Russian Internet is often closer to the truth than that of the public. Below is his viewpoint on one topic.

Investment

Peskin says that investment tumult in the Internet is contradictory. Interest in the Internet is stimulated by mass media and stock markets reports, which only tell the stories of success and never speak about failures and thus forms the stereotype that it's easy to succeed in this market. In reality everything is not so good. There are hundreds of start-ups but most of them don't even reach the IPO. And even if, say, ten of them do, not more than five are quoted at a higher price than that of their primary offering. The rest of them fail but the mass media never writes about them, there is the illusion of high returns on investment rates, and investors enter the market. Sooner or later the interest will fade.

Peskin's scepticism about the volume of capital investment on the Russian Internet is also connected with another aspect. He refers to the key index called Internet Penetration (the amount of Internet users per 100 people). E-commerce can develop if Penetration is 10%, and Russia has hardly reached 1%. Peskin estimates that it will take Russia 3 years to reach 16%.

Another interfering factor of today's Russian market is that most of the investors are merely speculative.

Peskin reckons that the Russian Internet is worth investing in, but one should have a precise plan in mind. He thinks that most investors don't understand the terms on which they are putting up money. They are based on faulty estimates about high yield on the Internet and therefore most investors will lose (if it is not a venture fund with diversified investments).

How will the influx of capital change the situation on the Internet?

Peskin offers two possible results. The first is that an influx of money will give rise to the creation of new companies that serve the Internet sector – designers, computer suppliers, and systems integrators. They will acquire the economic experience necessary to attract the attention of serious western investors.

The second possibility is that there will be an additional flood of users caused by the new, more positive, image of the Internet. The influence of the mass media has now changed the attitude towards the Internet of both the public and the state for the better.

Peskin also talks about the future of those projects, which are now popular on the Russian Internet. He says that their fortune depends on the professionalism of the team, on the adequacy of the chosen business model, and on whether or not the investors are available. Most investors are speculative, don't understand the situation, and usually choose business models, which were successful in the USA a year ago. Meanwhile, American companies have already taken up different models. Peskin sums up with the fact that some projects will change for the better, and others will make no headway. He is also sure that new interesting projects will appear.

E-business. Incubators.

Peskin claims that all incubators in Russia are copied from western models, where an interesting idea is transformed into an independent company, which is then sold to an investor. In fact an incubator solves the problem of attracting capital to a project where the author may have an idea but no infrastructure. If he has had a balance sheet, for example, it would be easier to speak to the investors. That's what an incubator is created for.

Peskin doesn't think incubators are viable in Russia because he is not sure the interest in Internet projects will increase.

IBS has a kind of an incubator but it is actually something different. They create projects, which will belong to the group of companies rather than be sold, and they support projects that will make a profit in the long run. Peskin says that at IBS they understand that business changes all the time, but they have an idea of what the future holds for the Internet economy in Russia and choose projects according to that notion.

What will the future Internet economy look like in a year?

The most prospective projects are those connected with e-commerce. This market is still empty. Even if it takes only 1-5% of the whole commodity turnover in the country [...], this may turn out to be decisive for market penetration.

Actis Systems Company

Pavel Cherkashin, President

Company projects:

www.actis.ru

www.adwatch.ru

www.igroup.ru

Market strategy

The history of Actis Systems began when a graduate of the Geographical Faculty, Moscow State University, and his friends decided to start an Internet Business and offer their services to several world-famous companies like Microsoft and Canon. Two years later they grew to become one of the leading companies in web system development for Russian enterprises. Actis is famous for its western management, analytical reports and democratic style of interaction.

The company was founded in 1997 as a truly independent enterprise working in the field of web-technologies. "We specialized in web development and web-site maintenance of big enterprises." - Pavel Cherkashin explained in his interview. The company started with personnel of only five people in a small office in the center of Moscow. Now, they consist of more than 150 employees, working in the Moscow office alone. In addition, the company has three more branch-offices in Almaty, Novosibirsk, and Kiev.

In an interview to Internet.ru

(www.internet.ru/previewa/articles/2000/04/17/2373.html) published in April 2000, Pavel Cherkashin discussed the plans of Actis Systems to push business not only to Russian markets but to western countries as well.

The company does not anticipate any barriers in their work except one – the clients will have to be very concerned with the development of Internet-business.

What is your strategy when you talk about your approach to move into different regions of Russia?

When we start to invest money in a region it's important that we invest not in the equipment or structure, but in a concrete group of people that we can trust and that precisely will develop our line and use the technology we are ready to provide them... In general, the main value of the Internet market is people!

Internet-Business

Let's discuss what is going on with the Internet market:

Nowadays the situation is incomparable with that of two years ago, when we started everything. If companies start to specialize in a particular area – that's a good sign. Pavel thinks that the Internet market is growing fast: it gradually attracts investments and swallows up personnel from other markets.

Human Resources

Pavel believes this to be the problem of current interest nowadays. The first aspect relates to money. It is not easy to control what employees actually do at their work places. The problem of a shadow structure exists. This is when people sit in front of their computers, earn good money, and at the same time, work for their own or somebody else's company through the Internet. Most likely, employees are not paid for this kind of work, but they enjoy it. In comparison, Actis pays great attention to the motivation of their staff.

Market Structure

Cherkashin views the market structure like a pie: the first piece, infrastructure services, is a group of Internet Service Providers. This sector has the biggest capitalization and turnover. This sector is also characterized by a high level of state regulation.

The second piece is the field of content-projects. We can call it the WEB sector. It includes: e-malls, search engines and Internet press. The business model in this segment is based on advertisements or providing services. State regulation is much lower when compared to the first group.

The third piece is the advertisement business. The most usual business model in this sector is the advertisement agency, Internet-shop or technological consulting. This segment is still very small, but it has great potential.

The final piece of the pie is consulting. Pavel reiterated though, that "The problem is that nobody knows what this means. but everyone understands that this business is very important."

Investors & Internet-Entrepreneurs

All market participants have a dilemma. Investors are afraid of investing money in the wrong business and also being late with their investments. Internet-entrepreneurs also have two basic problems: how to choose the right partner and how to do it fast enough to outstrip their rivals.

Forecasts

The most perspective branches of Internet-economy include:

1. Venture capitalism and project financing
2. Advertisement on the Internet
3. Financial services through the Internet
4. Forming targeted communities with e-commerce
5. Developing support services for the Internet infrastructure

Anton Nikitin, President. Internet agency “Result”

Projects / companies:

www.result.ru

When Nikitin left the Russian representative office of Intel in 1999 he set up his own marketing agency “Result”. At that time Nikitin claimed that professional consulting still didn’t exist but that a demand for it existed because new people and companies were coming to the Internet. Now consulting is one of the concerns of his agency.

Investment

The existing market on the Russian Internet is still not a reality; rather, it is an illusion. This is because potential buyers investigate all of the top ten projects when they are trying to buy their 10-20% share. Since each investor meets with all ten owners, it creates the impression that there are fantastic sums of money on the Internet. However, this is not development of the market. Development only occurs when new competitors appear and develop new projects.

Most businessmen have come to the conclusion that there is no sense in buying existing projects – the market is overheated. Instead they create new structures with the proper calculations and business plans, and this is how the market will be formed. These new projects are able to compete with old projects on equal terms because if someone is ready to invest \$3-\$5 million, then it is possible to create a brand from nothing.

What are the possible scenarios for the success of those projects, which have already obtained investment?

Nikitin is rather skeptical about the entrance of these projects into the American market. He is convinced that a brand is not enough; you should have a high yield as well. A company with a turnover of 60 million can’t cost 6 billion. These figures are an exaggeration and shares mean nothing, they don’t add anything to real money. Nevertheless, Nikitin mentions that among his clients there are people who think at least about two next years ahead when they invest money and that makes him glad.

Consulting

Nikitin states that although the field of consulting exists on the Russian Internet, not every consultant is a real one. The testing criterion is easy, when speaking with a “consultant” a client should ask himself one question: “If this man discovers that I don’t need the internet, will he tell me?” If he can then he is real consultant.

Nikitin says that he is such a man, but that it is necessary to carefully look into the client’s business and investigate it thoroughly.

E-business

The work of providers and that of creating content-projects are two different things. Nikitin is not interested in *“buying optical fiber wholesale and selling it by retail”*. His company devotes itself to content-projects instead.

Nikitin describes their work with clients step by step:

1. **The strategy** is worked out, i.e. the methods to solve the client's problem are outlined.
2. **Projection.** The strategy is put into the form of a business scheme.
3. **Realization.** The site itself is built.
4. **Support.**

The problem of today's market is that site construction on the Russian Internet began with realization; Web-designers had no concept of strategy and projection. Now there are a few companies, which take account of projection but still create sites without strategy.

Nikitin says that in today's market a company can't create all these stages by itself. Each company carries out its own phase of work. The main task of a consultant is to elaborate the client's strategy and find those who will be able to implement the rest.

Finally, the above scheme is not static: business conditions always change and thus you should always be prepared to revise your strategy, projection and realization.

Consulting (continued)

"Result" works both with clients, who still don't have anything on the Internet and with those, who have. The latter come with different requests but they don't know what they need. Nikitin gives an example of a client who asked "Result" to carry out an advertising campaign for him without addressing the other problems of the site. So people saw an advertisement about a lottery, went to the first page of the site, but there was no information on the site about the lottery so the users left! Of course this advertising campaign failed. Only after that failure did the client come in to discuss strategy: is the special brand necessary for the project, how should it be positioned etc. "In other words they came in with the questions they should have been asking when they were just starting to develop their site."

What are the instruments of an Internet consultant?

Most of the clients ask the same question: "Who are my competitors?" Two or three people monitor the market and analyze similar projects.

...I don't want to make a decision for a client, which will influence his business. Instead I help him to form a business strategy without imposing any one decision on him.

What are the instruments of an Internet consultant?

We have moved past the revolution of gurus. They were very influential some time ago; now, when the Internet audience is two or three times larger, they are not so important. Moreover, the business structure has also changed.

The market of specialists is too narrow and it needs to be enlarged.

It is necessary to train young specialists, who will do away with today's authorities...The question then arises as to whether this training structure will be able to appear and how effective it will be.

Promo.ru agency. The encyclopedia of Internet advertising.

Timofei Bokarev, general director.

Projects / companies:

www.promo.ru

www.webrating.ru/promo

Internet advertising has its own theory, despite the short time it has been in existence. You can find a set of dedicated articles on the site of www.promo.ru – one of the more serious Internet advertisers.

Mr. Bokarev, The Personality

Bokarev's first acquaintance with the Internet took place in 1996 when he created his first project – the Tim Production site. Through this project, he got acquainted with the most important people in the Internet at that time. At the same time, Bokarev started to design banners. At first he did not do it for money but when he noticed the possibilities, he took it up professionally.

Now Bokarev works at his own agency, Promo.ru, which is an advertising agency, and in the Internet-agency "Dot", which designs sites. He wants to create a large team of employees for Promo.ru, and devote himself solely to the development of web-projects. He says Internet advertising is not so interesting to him any longer.

Bokarev says in 1996 there was no money in the Internet at all. That possibility began to emerge only several months before the ruble crisis. Fortunately, the situation is much better now than it was in 1998.

Advertising

In 1996, the first advertising network "Sputnik" appeared. Then weblist Reclama.ru followed. In 1997-1999, the largest banner networks appeared: Reclama.ru (<http://www.reklama.ru>), Russian Link Exchange (<http://www.linkexchange.ru>) (RLE), InterReklama (<http://www.ir.ru>) and others. The fact is that all of them were developed not as a result of investors but simply because of the owners' enthusiasm.

At first there was no competition in terms of money because there was nothing to share. Nowadays rivals don't care about each other because of the huge amount of orders and it is enough for all agencies.

Bokarev says that they suffer from a lack of people at Promo.ru (only two persons work there full time) in spite of the fact that they are the leader among many agencies. He wants to hire more people and organize his business on a larger scale.

The clients of Internet advertising agencies range from small to big companies, but the advertising budget of a small company may often exceed the budget of a big firm.

International corporations rarely turn to Promo.ru. However, this is not a true indicator, as Bokarev never looks for clients directly. He has enough orders without soliciting clients. His site – “The encyclopedia of Internet advertising” – assists Bokarev by providing good contact with off-line advertising agencies and attracts customers.

Bokarev claims that Internet advertising is a small business in terms of turnover. Clients with sensible advertising budgets (about \$10,000) occur but still Promo.ru’s average client spends \$1,000-1,500 a month. Nevertheless, Bokarev’s main goal is to make them his permanent clients because they are the principal source of revenue. It is rather hard to achieve because the customer should be satisfied with the effectiveness of the advertising campaign, consultations conducted and many other of the services provided.

How will the life of Internet advertising agencies change if major players of off-line advertising enter the market?

Bokarev is sure that it would be hard for off-line structures to enter the market on their own because of its specificity, for example, the existing lasting relationships between agencies and platforms. He thinks it would be better if off-line agencies work through Internet companies, and thus save resources.

Can we wait for something new at the market of advertising?

Advertising technologies need to be changed since the market is oversaturated. People don’t pay attention to banners when there are a lot of them. Bokarev mentions two lines of development:

- Personification of advertising. A user should see an advertisement, which interests him or her individually. The problem is that an advertiser must know the personal characteristics for the user, which deals with personal privacy.
- Use of new technologies including interactive ones. Bokarev was the first to get interested in this arena and he produced a sound flash-banner in Russian. Unfortunately, the reaction was negative: the sound was distracting from the content.

Probably, associations of advertising agencies must appear?

The point is that the owners of Internet resources should be the uniting factor. An advertising agency is just a middleman between an advertiser and a platform. The primary task of the advertising agency is to earn money for the advertiser and the owner of the website should have more visitors to that resource. The agency can offer new forms of advertising but these forms should first be discussed with web-editors (RBC, Rambler, Infoart, CityCat, List.ru, Yandex, Aport etc.).

Internet as business space

Kirill Gotovtsev, general director Project Marketing agency

Projects / companies:

<http://www.pm.ru>

<http://www.spymarket.com>

<http://www.geterophil.ru>

<http://www.bannermaker.ru>

There was a short period of time in the history of the Russian Internet when everybody spoke about Internet marketing. Just then, the marketing agency “Project Marketing” appeared. It was the first agency to receive a support of (or earn) one million dollars – an unprecedented sum in terms of the Internet.

Personalities

According to Gotovtsev, there are three types of people who turn to the Internet to do business. The first type, are those whose businesses didn't succeed and believe it is easier to conduct business on the Internet. The second type, are people who worked on the Internet from the very beginning. The third type, are people who were successful in other fields of work and decided to try their strength on the Web. Gotovtsev is among the latter.

Gotovtsev saw a commercial marketplace with no rivals and it seemed interesting to him. He says that it is not for the money: the revenues are good but incomparably smaller than in offline business.

In fact, Gotovtsev's company works in two markets. On the one hand, it's a unique marketing agency. They generate marketing programs using Internet technologies for large customers (HP, Canon etc.). On the other hand, they specialize in Intranet technologies, providing customers with systems of distance training, solutions in Internet banking etc. Now they cover the entire Internet market in Russia, including marketing research, antirecessionary management, campaigns online and offline, design etc.

E-business

Is there anything interesting happening in the Russian Internet now, especially in your field of work?

The perception of the Web as informational space is coming to an end, and little by little the perception of it as a business space appears... It's not worth spending tens of thousands of dollars on your site, just to let your partner know that you are also represented in the Web.

I am not saying that corporate sites are not necessary. In fact, it is vice versa. They are necessary, but only in view of the fact that you can organize business processes

there... Nowadays the Internet is the quickest and cheapest way of communication, and that makes it useful in all spheres of human life.

Businesses have also begun to use the Internet as cheap transport to solve problems such as work with people, internal PR, establishing extra connections etc. Project Marketing now works with many companies in the Internet. In particular, it creates systems of distance training for three organizations (each of them with offices in different parts of the country). These systems allow for the minimization of retraining expenses if a company reorganizes its business and retraining is necessary. In short, it becomes clear that just having an Internet site is nothing. If it is not made for some specific purpose and doesn't meet your business model, it is useless.

Informational sites do exist, but they solve concrete problems, not abstract ones. It is becoming less and less difficult to find something on the Russian Web, in spite of talk that the Russian Internet is too small. Gotovtsev thinks that such talk is false.

What are your predictions for e-commerce in Russia?

Gotovtsev says that problems of e-commerce are outside the Internet. Postal and delivery services work terribly in Russia, the payment system is imperfect. People have no experience of working with checks; they don't feel any responsibility for their signature. All these offline problems are an obstacle to the development of e-commerce.

Business-to-business e-commerce is quite another matter. It is developing rapidly. The last thing mentioned by Gotovtsev was e-banking. Project Marketing plans to take it up too, they think this kind of business is up and coming.

“Internet advertising is first of all new opportunities.”

**Lev Glejser, manager
DDB Navigator agency**

Projects / companies:

www.manifest.ru

When Lev Glejser was a third year university student in 1996, he found a job with the publishing house “Piter”, editor of *Internet World* magazine. As Glejser was only acquainted with the Internet rather superficially at the time, he had to study the Internet in depth. His next job, working in the “ASK” studios, was directly connected with the Internet. “ASK” studios produced clients’ projects but suffered from a lack of financing. Since all informational projects on the Internet were considered to be an additional service, Glejser left “ASK” and organized his own department attached to one of the Internet providers. His department was called “Content-department of Teleport TP provider”. Unfortunately, a year later Glejser realized that his scheme wasn’t working at all.

In 1998, this department was reorganized into “Altermedia” (<http://www.am.ru/home.html>). They designed sites with primitive structure (database, programming and design), but by the middle of the year they had received many orders, including two at the cost of tens of thousands of dollars (a very huge sum at that time). In that same year Glejser understood that it was time to plunge into the world of advertising. “Altermedia” bought “Interreklama” (a Russian advertising network), and it was the first company (with Reklama.ru and RLE as rivals) to reach one billion in showings.

As the Internet developed, new problems arose. Marketing became more and more a topical line of work and in March 1999 “Altermedia” announced the establishment of “Manifest” – the Internet advertising agency. It offered advertising campaigns to the clients of “Altermedia” and brought in returns. In spite of his success, Glejser felt he lacked the necessary knowledge and when he was offered a job in DDB Navigator, he agreed at once. Now he specializes in media-campaigns and marketing strategies.

Internet advertising

Glejser emphasizes the following advantages of Internet advertising:

- Fast information delivery to a huge amount of people. Additionally, in contrast to television, where time is limited, you can give as much information as you want through the Internet.
- Individuality. Every person can get his “own” advertisement.
- Interactivity. Internet lets you establish a direct dialogue with a visitor.
- An opportunity to modify your marketing strategy instantly if it doesn’t work.

Guided by these factors, Glejser predicts a market explosion. He thinks that in the near future, the major players in advertising will capitalize on the advantages of the Internet.

Mr. Glejser on Investment:

“There are a tremendous number of projects, which are worth investing in: buying finished projects, creating teams of professionals, creating technologies, working with information, creating advertising networks, analysis, consulting etc. The only problem is that there are too many investors in the market now.

Even so, it is necessary to realize that although the situation on the corporate level is good, projects dealing with consumer goods will give no returns in 2000 because mass consumers are still not on the Internet. And a dramatic change will not happen even after two years.”

Dmitry Kirsanov studio

Dmitry Kirsanov, Design studio “Dmitry Kirsanov studio”

Projects / companies:

<http://www.kirsanov.com>

Dmitry Kirsanov both designs web sites and writes about web design. In 1994 he began by writing, but then, realizing the impossibility of writing about design without actually designing, he took up professional web design. Now his monthly articles are available at <http://www.webreference.com/dlab> and his book at <http://www.kirsanov.com/web.design>. The main result of his work is <http://www.kirsanov.com> - a virtual studio opened in 1998 serving customers from 13 countries and with a stable flow of orders.

Kirsanov plans to enlarge the studio and concentrate on both the English edition and the second Russian edition of his book.

How would you describe the situation in the market of Internet design and business solutions dealing with the Internet?

Specialization is moving in two directions: web-design itself and marketing. Our studio attends only to design, not advertising or marketing. Thus we work with clients who know what they need their site for, how they will advertise it and all they need is prompt professional design at a low price.

My studio doesn't practice self-advertisement – clients find us themselves.

Kirsanov realizes that his specialization will not allow him to be famous to the general public since the work of a designer is anonymous, he can be known only as a writer. However, he says his studio doesn't need broad fame; fame among the potential clients is enough.

Kirsanov studio is a western oriented company, but despite its remoteness from the customers, it wins over local designers. Kirsanov is sure it's because he has better quality, flexibility and convenience. Local companies have only customers' loyalty on their side.

Kirsanov studio doesn't compete with Russian companies because the Russian Internet is a very specific market and Kirsanov doesn't possess the qualities necessary to succeed here.

Kirsanov is against “complex solutions,” which he thinks are offered by unprofessional companies. The future is with small, highly tailored, yet mobile and open companies, which can easily communicate with others to solve big problems. Of course integrators will remain in the market, but they won't keep the largest portion of the budget as it happens now. Kirsanov is sure that monster-monopolists are a thing of the past and small companies are much more effective.

Even the ideal for a successful life-start for graduating students has changed. Now everyone speaks about start-ups launched by students, which have succeeded in a short period of time and compete with the major corporations. If offline designers come to the Internet, the situation will not fundamentally change. Web-designers are not unprofessional; they learn fast and can outclass the offline designers due to their youth and insight into the Internet and computers.

What should be an Internet agency's strategy to attract customers?

I don't believe in any particular "attraction strategy". You should just make your business the best and you'll certainly succeed.

Kirsanov sees no difference between clients from various countries, but he remarks that hi-tech companies are the most open to innovations, they are more exigent and this leads him to believe that the rapid growth of this new market is real.

“RosBusinessConsulting”

Alexey Kuzovkin, informational technologies vice-president.

Olga Kartasheva, press secretary.

Projects / companies:

www.rbc.ru

www.utro.ru

A leader due to the crisis

The Russian informational agency “RosBusinessConsulting” (RBC) was founded in 1992. Since then it has become the leader of the informational market. Today RBC is “RBC News”, “Stock market news”, “Political news”, “RBC News Spb”, “Hi-Tech News”, exchange and bill terminals in real-time, and “Analytics and forecasts”. RBC has four offices and almost 300 employees, 100 journalists and 80 programmers. It has more than 200.000 users and therefore is constantly among the top three servers on the Russian Internet.

Market strategy

RBC began with traditional technology at the beginning of the 90s. They telephoned several companies, gathered information, and created an issue to deliver to their clients. By 1995 they had about a thousand clients including banks, trading companies etc.

The electronic version of RBC news first appeared in 1993 and was available only via e-mail. In 1995 the decision was made to work through the Internet as well because it reduced costs. At that time, in 1995, RBC had around 200 clients. This was a good number but later, in 1997, the decision was made to create a megasite with both chargeable information and free sections. A team of 15 designers and programmers was recruited and started to work on this mega site. As a result, they opened the site in 1998 with currency exchange rates, news, main indices etc. The number of visitors increased gradually until the 17th of August, when after the default the number of visitors soared up to 100.000 a day. The task however, was to keep that audience. The section with chargeable information was opened up for public use, an extremely successful move. However, in opposition to the prevailing view, the success of RBC was not caused entirely by the crisis, it was just a timely decision. The true reasons for its success are operative work, and forward-looking decisions.

Times have changed and RBC clients require not only figures, but also analysis and news. That’s why RBC opened its news department and its own correspondent’s network with offices in every important region. They began to hold interviews with top politicians like Luzhkov and Primakov, giving these men an opportunity to use the Internet also.

The RBC audience has significantly widened. Everyone understands the convenience and utility of Internet services: the press, informational agencies, state structures, foreign agencies, and even managers of brokerage firms.

E-business

Development is moving in two directions: real-time quotations with databases, and news with analysis. Commercial news agencies have fewer opportunities in the second market than state agencies, that's why they have to provide clients with better quality, speed, more flexible price-formation policy, and extra services.

RBC constantly measures its audience using data from Gallup Media (<http://www.gallup.com>) and "KOMKON" (<http://www.komkon.ru>). However, it also has its own methods of metering:

- Surveys at www.rbc.ru. They get more than 1.000 answers a day.
- The study of the geographic distribution of the audience gives useful information for marketing and working out strategy.
- Feedback. The Internet is very interactive and at RBC they try to answer all the incoming letters with different proposals concerning the improvement of the site.
- When a client comes to the RBC office, he not only signs a contract, but also fills in a questionnaire and talks to a manager. This allows RBC to provide quality service and at the same time find out the needs of the clients.

Advertising

www.rbc.ru has lots of advertisements on its pages. The prices are very high but the advertisers get exactly what they want – they reach their target audience and get the expected effect with high probability. The whole department at RBC plans and works together on advertising campaigns.

Market strategy (continued)

The majority of the design studios just make beautiful pages without thinking over marketing, while clients prefer complex decisions – they need the concept of their Internet projects. With regard to this, RBC has opened a department, which creates complex web-projects: from its structure, software tools and design, to its intense marketing both on the Web and offline. Most of the projects have further support since both RBC and the client are interested in it.

Even so the problem is, is that clients do not understand what they want from the very beginning; RBC managers have to teach them. It is hard to compete against Actis Systems or Artemiy Lebedev studio for clients who only need a beautiful design, but if a client understands the advantages of a complex approach, it is much more interesting to work with him.

RBC invests in a new project – electronic newspaper Utro.ru. Why did you make this decision?

Utro.ru is an attempt to make a high-quality e-newspaper... Our goal is to make a newspaper, which will be interesting to a wide circle of users. "Utro" is an attempt to bring information service up to a higher standard.

We want to unite all topics and create a newspaper about everything: serious analytics, sports, life etc.

P.S. During three months since the above interview of December 1999, RBC has grown. It is developing many Internet projects, both for itself and for its clients. Among them are the following:

<http://www.dovgan.ru>, <http://www.vodka-club.ru>

<http://www.tibank.ru>

<http://www.expocrocus.ru> etc.

A new RBC server was launched in February 2000.

Anton Nosik, editor-in-chief

Electronic mass media with no paper analogues.

Projects / companies:

www.lenta.ru

www.vesti.ru

www.allnews.ru

www.cityline.ru/vi

www.gazeta.ru founder.

When gazeta.ru appeared in 1998, electronic editions were considered to be a phenomenon independent of the Russian Internet. Even until the end of 1999 an electronic information medium with a budget, stated goals and mass audience was a rare occurrence.

Personalities

Nosik has made personal pages in English since 1990. At that time the Russian Internet had not yet developed because there was no uniform encoding. When Windows-Cyr (code page 1251) became the same in 1996, Nosik devoted himself to creating an electronic mass media. In 1996 he began to issue a weekly review “The evening Internet” and released more than 500 editions.

His short autobiography is available at http://www.guelman.ru/vse_obozrev/nosik.htm
The most interesting reports and interviews are at <http://www.novocybersk.ru/bs99/0044.html>; <http://www.novocybersk.ru/bs99/0061html> and <http://www.internet.ru/article/intervjws/1999/12/08/924.html>.

Electronic mass media. Gazeta.ru

Gazeta.ru (<http://www.gazeta.ru>) was the first Internet project, which looked like a real newspaper: regular authors, columns, announcements, accurate periodicity etc. Gazeta.ru was made possible due to the fact that Gazeta.ru had a part of the PR-budget as stated in the contract between the oil company “Yukos” and the Fund of Effective Politics (<http://www.fep.ru>). There was enough money to engage several famous names like Lebedev, Moshkov, Verner, Guelman, Gagin, Andreev etc. Together with these people Nosik managed to create a popular mass newspaper. When Nosik left the project about 900 sites and 15.000 pages had links to Gazeta.ru. Its top rating, mass character, and popularity made Gazeta.ru very influential.

Electronic mass media. Lenta.ru, Vesti.ru

Lenta.ru covers the news, which is crucial to know. One can't keep abreast of everything hence he will find the most important at Lenta.ru. Every article has links to similar articles from alternative sources and links to fundamental sites on the topic. This hypertext environment gives a reader the coverage, which is impossible to get from offline informational media.

Judging by the reference at <http://www.vesti.ru/info> “Vesti.ru” is the continuation of Gazeta.ru under another name.

Nosik emphasizes the following advantages of electronic mass media:

- The ability to search through information. An archive lets you find all the related topics, which are impossible reference in printed editions.
- There are no perfect editions. You can't find professional articles on politics, sports and culture in one newspaper simultaneously. The Internet gives you an opportunity to read articles from various sources, composing "your own newspaper".
- Online editions have links to other editions providing the reader with a choice.
- The latest news is published without delay so that the reader gets information in real-time as opposed to offline editions.
- Interactivity. A publisher and a reader constantly communicate with each other – this exerts a positive influence on the way in which information is given.

Management

You will never be able to satiate the online periodicals market; you can only satiate the market of a particular genre. There is a special genre named Internet-newspaper, where a successful e-newspaper is created and at once there are 10 investors ready to give money for similar projects. In this case the market is satiated very quickly because you get 10 newspapers that are all the same. Only unique and original products are really in demand.

How does one go about creating an original product?

The most important aspect is the specific presentation of information. For instance, writing about sports in a particular way that will interest the reader and is different from other editions. And no matter what subject is being approached, what really counts, is that the authors have a firm concept of what they are doing. Only then will the reader respond correctly and accept the new resource. However, this is not what is taking place in the Russian informational market today. There are investors, but with no ideas or concepts, and they invest in electronic projects with no future. What we have now is plenty of investments and a lack of creativity. I believe no new electronic editions are needed. Stagnation of the market will encourage market players to search for revolutionary ideas and approaches. The peculiarity of the situation in Russia as opposed to developed western countries is that in order to create an electronic mass media you don't need a media empire and a lot of money. The only factors for success in Russia are quality of the product and smart promotion.

Competition among newspapers in the printed press market is very strong. Is there anything comparable in the online market?

I would divide the market into two main segments:

1. Internet versions of traditional editions ("Nezavisimaya gazeta", "Izvestiya") and original network mass media ("Gazeta.ru", "Lenta.ru").
2. Producers and organizers of the flow of news. The producers "make" news themselves (RBC, "Gazeta.ru"), the organizers pack news from other sources in a user-friendly format ("Lenta.ru", "Infoart").

These are two different segments, but there is no competition here, because using different resources on the Internet is not mutually exclusive, as it is in the printed

press, where for \$1 you can buy either this or that newspaper. Inside each segment competition for the number of visitors is possible, but between them I would speak only about cooperation, not competition.

Problems and prospects for the future

Will mass media projects take part in e-commerce?

The leading media projects are usually not independent; they are a part of some Internet-holdings, which work in other fields too. Online editions can contribute to promoting some related online stores, but they won't be engaged in e-commerce themselves.

How will the situation in the electronic mass media market develop?

Now we have absolutely everything concerning the production of information. Mass media on the Internet is practically equal with the printed press. I doubt that there will be any revolutionary changes.

If nothing new is expected, then the Internet must be of no interest to image-makers etc. But this isn't true, is it?

The interest of image-makers and political technologists is not connected with some sort of magic power of the Internet. The Internet is only a channel for the massive delivery of information, which now has a larger audience than many printed editions. People who deal professionally with information cannot neglect such a channel; this is true both for commercial and for political advertisements.

There can be no propaganda on the Internet, simply because there is freedom of choice regarding sources of information. Some printed editions can thrust their opinion on the reader, but on the Internet it's impossible. Even if I wouldn't put a link to a resource with another point of view on this or that topic, the reader can still access it and has no barriers. In the Internet the reader is really free in choosing, whom he will trust and whose news he will read.

Politics in the Russian Internet is a matter of intellectual demand

Dmitriy Itskovitch, Director
United humanitarian publishing house

Projects/companies:

www.polit.ru

www.ogi.ru

www.zhurnal.ru

Polit.ru is one of the oldest and most unique projects on the Russian net. The authors define it as a “political information channel.” In the period when the Internets’ informational segment was rapidly growing, when different e-newspapers and sites about political and near-political events appeared, nobody had created a resource similar to Polit.ru. And since then nobody has interfered in this segment currently occupied by Polit.ru.

Electronic mass media. Zhurnal.ru

Dmitriy Itskovitch: I’m a philologist and for some time I earned my living by writing articles and giving lectures. In 1991 I started the publication of juridical and philological literature, this was the beginning of the United Humanitarian Publishing House (UHPH). In 1995 we opened our first on-line bookstore, "Cyrillic". Unfortunately it was too early for that - the only real customers were some American universities. And then we decided to start another project. Zhurnal.ru was a brand new magazine. We positioned it as a bulletin of network culture and wrote about things that were relevant for the Internet-community: network literature, hackers, network development etc. Our magazine first appeared on-line, and was followed by a printed edition.

One day we realized that our idea had reached a standstill because the Internet environment had changed too fast. Generally speaking, I believe that the Russian segment of the Internet is developing much faster than the American one. The period when people brought to the Internet their philosophy as an intellectual contribution was too short, and thus no ideological base was formed. Still, I do think that Zhurnal.ru was a versatile edition and that it has fulfilled its mission.

Electronic mass media. Polit.ru

We decided to create a project concerned with politics that would be a) pragmatic, and b) absolutely not for "network people," because a "network man" has, if any, a very special interest in politics.

Philosophy. In our vision, Polit.ru is a political resource as well as an ideological one. When I say "ideological," I don't mean we try to influence or manipulate the reader. During perestroika and after, no informational resources appeared which represented people with radical liberal views. For us the main purpose was not influence, but the ability to bring our vision and understanding of the situation, to the people.

Technology. We try to present the news from the perspective of a common "information consumer", not from the point of view of a news-making agency. And it turned out that we were right, for politics on the Russian Internet is a matter of intellectual demand. People in Russia spend a great amount of time talking

and thinking about politics, in spite of black PR and information warfare. We tried to oppose the many "technological" resources (informational, political) as an "ideological" one.

One of the problems of this approach was that the materials were too large (8000-14000 symbols). It was a bit too heavy for a network source of information. Still it had about 16-17 thousand visitors daily. One of the revolutionary steps was the placement of the creeping line with the headlines right on the main page. We were the first site to incorporate this method.

Audience. Polit.ru is a product for a special target group, not a massive one. And still, the number of regular visitors exceeds 100,000. Most of our visitors are businessmen from the "middle class" because they have a similar ideology and the same liberal views as we do.

Management

In 1999 we were forced to commercialize Polit.ru, so that it would become a real business-project. Three months ago we started receiving earnings from advertisements, but the income is very unstable. The problem is that mass media advertising in Russia is very complicated. While prices are low for advertisements in newspapers and on TV, we aren't able to develop Internet advertising. Soon we'll have to find an investor, but we want be very careful, so that Polit.ru doesn't lose its independency and ideology.

Utro.ru -- a different newspaper

Mikhail Gurevich, Editor-in-chief “Utro” newspaper

Projects/companies:

www.utro.ru

The appearance of the newspaper “Utro” was not accompanied by a sound advertising campaign, and yet the network community noticed it. The news agency “Rosbusinessconsulting” (RBC) is one of the biggest players on the Internet market. The news that RBC is practically a mother company of Utro.ru spread almost as fast as the news about the birth of the newspaper itself. RBC had never shown any desire to do anything except develop the agency itself, and this turn of events caused considerable interest in Utro.ru. Everybody expected something special from RBC.

Electronic mass-media. Utro.ru

Why did you decide to produce an electronic newspaper? At a conference in Novosibirsk, Anton Nosik said that the market was overloaded with electronic press and that they didn’t need any more.

I do not think that it is the place of newspaper-owners to decide whether the market is overloaded or not, it is right of the reader. If an interesting newspaper shows up tomorrow, people will read it no matter how many competitors it has. This is probably bad for existing newspapers - they’ll have to start to work... But the market is a self-regulating system. The market decides how many newspapers society needs. Our main competitors are Lenta.ru and Vesti.ru; we launched our projects practically at the same time (September-October 1999). We’re developing a bit slower, but this is because we have a different strategy. Utro.ru is a different newspaper, a totally independent one. We don’t have “political money”. If I had a “political” newspaper, I would not care about the number of the visitors. Instead, I would just stick to the main line of one or another political party. From this point of view, we’re absolutely different. Our goal is to make a successful commercial content-project. I believe that we’ve filled a new niche.

How do you market yourself – as an entertainment site or a serious news publication?

As an entertainment resource for serious people. Our target audience is formed under the influence of one of our investors. RBC brand exists and impacts the content of our materials and the portrait of our reader. Business people need brief serious news that they get at RBC, and also useful or interesting information. We have three main sections: 'Politics', 'Economics' and 'Life'. Soon we’re going to open two more: 'Internet' and 'Events'.

How is the gathering of information organized?

We partly use the RBC reporters' network, but we have also our own journalists. Practically all of them have previously worked for popular newspapers ("Kommersant", "Segodnya") and on TV. Apart from that, we have other sources of information.

What about your advertising policy?

Recently I bought 3,5 million banners and I would like to begin to use them at the beginning of the new year so that more people can learn about us. We would also like to attract night visitors.

Our advertising policy is rather modest at the moment. Lenta.ru, for example, has about 200,000 banners every day, we have 10,000. So, there's a lot of work to do.

Market players -- strategy

In the Internet you can find not only electronic newspapers, but also e-versions of printed editions. You'll have to compete with them too.

We're not afraid of competition. Moreover, I'm glad that printed editions are coming to the Internet. Now we're on the same playing field. If you look at the numbers, you can see that we can stand the competition. I always consider that 1 on-line reader is equal to 5 off-line ones, because an Internet reader is more exacting. That is why a circulation of 50,000 for a printed newspaper can be compared with 10,000 visitors on the Internet.

Forecasts

What are your forecasts concerning the Russian Internet?

There are some good tendencies and a couple of bad ones. One bad tendency is the attempt of the state to regulate the Internet. Who was the initiator of the law of advertising? Big bosses of advertising business themselves. The idea was: let us do it, or the others will do it for us. Everybody tries to avoid excessive regulations. That is what's going on in the Russian Internet industry. That is why our "Internet patriarchs" discussed those problems with Putin.

The good tendency is that new users are coming to the Internet. A new user will be less computerized, will be much closer to a common man. I don't know if these changes are of any good to the country, but for the Internet that will be a great advantage, because Internet audience will reflect, more or less, our society structure.

Those, who can make decisions quickly, will win.

**Andrey Wakulenko, Director
Internet-incubator**

Projects/companies:

www.internet-incubator.ru

This interview with Andrey Wakulenko is placed in two sections of this book: one about commercial projects of the Russian Internet and the other about non-commercial and charity projects. And that is not a simple coincidence. Why? The answer you'll find in the interview.

We're talking with you at the break point of your career: you've just left Eurasia Foundation and turned to business. So therefore I would like to divide our interview into two different parts. Let's start with the commercial one: about the incubator.

The Internet-incubator is the new step of the Russian business that came to the Internet. The mission of this incubator is to support perspective Internet-projects and help them grow into companies with good commercial prospects. The idea is not new. Many western foundations and companies tried to use this approach and help our Russian business for example by establishing business-incubators for small enterprises. But there is a considerable difference. Those business-incubators can be compared with state-owned orphanage houses: they try to support weak enterprises by offering them a good climate. We have another idea. Only the most enduring will survive.

The selection criteria are very brief. In general, every entrepreneur has a chance to get assistance from the incubator, whatever he is engaged in: from content-projects to software programming, if he has an understanding how his activities can be profitable in the future. Every day, the incubator receives about five applications, then some negotiations and the selection procedures take place and if the project enters the incubator, it will get the following support: investment (from \$20,000 to \$100,000), equipment and internet-access, a number of services and, the most important – assistance in developing an effective business development strategy.

What kind of projects are you going to choose for incubating? What are the incubator's own interests?

The main criteria are the team and its potential. The point is to find a talented team with a business idea and through our joint efforts, make out of it a fully functional and expandable business. "Joint effort" is the key phrase here, for we're not the buyers of Internet-projects – there are tens of companies in Russia who are ready to buy such projects. The major share will remain the author's property. This is a kind of a partnership. That's why the most important procedure is to find a proper team and the managers for it. They'll have the last word. On our part, we will get a share in the project. The incubator is investing through offering money, infrastructure and our vision of the strategy. Our income is the growing value of our share with the growth of the project itself. The size of this share can be from 20% to 49%.

What projects are of no interest to you?

We're not going to deal with projects that are planned as small enterprises right from the start. You can invest \$20-30,000 and then get about \$3-5,000 each month. That is a rather feasible business scheme. But this is not our type. On the contrary, projects that in a year can grow drastically, so that the capitalization will reach hundreds of thousands dollars, and then attract millions of investments and move on – this is where we specialize.

Wakulenko also mentioned that investors of the incubator will take part in forming the strategy for the incubator and also in the selection of the projects. Different schemes can be used for the cooperation of the potential investors and the projects: share ownership, trust and etc.

Charity foundation as an angel investor

Eurasia Foundation (www.eurasia.msk.ru) is an American charity organization, created specially for programs in the New Independent States of the former Soviet Union. In Russia, the foundation started its work in 1992. Since then the total amounts of grants has exceeded \$25 million.

When we speak about programs of western foundations in Russia, usually Open Society Foundation is referenced. IREX technical and training programs (“modems for democracy” and “internet access expansion”) can also be named. What can you say about the strategy and the programs of the Eurasia Foundation?

I guess, that's not true, that Eurasia is only in third place. If we speak about the professional community of the Russian Internet, not about the newspaper reporters, then, I think, they will put Eurasia on the top of this list, together with the Open Society Foundation. Eurasia Foundation, along with the Open Society Foundation, has contributed considerably to the development of electronic communications in Russia. Eight years ago, the regional centers of Eurasia communicated basically through e-mail and that gave real opportunities to make the management more flexible. The actual use of telecommunications in everyday work was, in my opinion, a modern approach. First grants were also oriented on that goal. Some of the supported projects succeeded, some failed. One of the successful projects was bringing Internet to Seversk (formerly a closed city with some secret institutes in Siberia, not far from Tomsk). We bought unbelievable equipment for that time: one radio modem was installed in the University of Tomsk, another – in Seversk. Today the organization that received the grant doesn't exist anymore, but the radio modem is still functioning, although as a commercial ISP.

We have supported some non-commercial ISPs, but they turned out to be too weak to compete with the national giants. The leading commercial ISPs are covering most of the country's territory now, so I think the Russian Internet doesn't need that kind of financing anymore. Today there is another problem. A problem of difference in starting points: some have an access to the Internet and some don't. But it is mostly a

problem of the state policy and of the state programs – for charity foundations it is too expensive and too ineffective.

Another part of Eurasia's assistance is e-commerce. Some people are joking that e-commerce in Russia is something that doesn't exist. But I believe, charity foundations are not supposed to support things that already exist. It's like venture investing: only those can get maximum profit, which are able to find a perspective project at the very first stage. We took part in establishing an e-commerce center in Nizniy Novgorod and the Foundation is planning to open another one in Novosibirsk. We've also supported a project "Internet-marketing", whose mission was to involve "off-line business" into Internet activities.

Nowadays I believe, that the key factor of Internet development in Russia is people. There's a lack of managers (and that means, that we should re-train managers coming from other branches and create education programs for students) lack of lawyers, marketing specialists and even programmers. I think, that programs, that would stimulate Internet companies not only to search for the employees, but also to train and educate them, would be of great value.

It is also of vital importance to understand that the situation in this field is changing very fast. That's why foundations with complicated structures, with lots of offices will have to reconsider the principles of their work, especially in strategic planning. We cannot allow organizations to spend 6-9 months for stating the priorities. And the foundation that will learn to do it really fast, will be the most effective.

Internet business differs greatly from the ones we're used to. You should make a decision before you can obtain all the necessary information.

From Russian-speaking Internet to Internet communities

Anatoly Levenchuk,

Director TechInvestLab.com, investment and IT consultant

Projects/companies:

www.libertarium.ru

Tell me about the history of your projects on the Russian Internet, especially those connected with network communities

Internet today is the most quickly changing segment of our life. This is true not only for Russia, but I would dare to say for the whole world. Internet changes our life faster than any space research project or the development of new weapons. I came to the Internet in 1991, when we had no World Wide Web, no browsers, but we had e-mail and Usenet-conferences. I established and became the moderator of the first Russian non-programmers' Usenet-conference. At that time we thought, that the Internet was a symbol of the free market that was coming to Russia and was a good medium for the discussion of problems of the free market economy. We still have some e-addresses that have existed since 1991 including my own, which, I guess, was among 150 first Russian (or, rather, Soviet) electronic addresses.

Then came WWW and in 1994 we opened our first website called "Moscow Libertarian" (www.libertarium.ru). It is one of the oldest sites on the Russian Internet and is supposed to be among the first 3000 WWW sites in the world. "Moscow Libertarian" is a private research and educational resource in Russian, devoted to technologies of liberty in the digital future.

We started our community projects in 1995. When we speak about Internet-community, it's not just a crowd of people. It has it's own hierarchy, relations between "experienced" and "newcomers" etc. There are three main models of a community – first is a network (Usenet), second – a Land (a project, which has failed to succeed in the Internet) and the third concept is a group of people, united by some mutual interests around a specific website. My projects are based on a "Communiware" platform, a toolkit for website building. It's an ideal instrument for community projects because you can create different interfaces for different users (common members, moderators, administrators) with minimal programming. An example of a community website based on that platform is "Moscow Libertarian", which has about 1400 members (January 2000). Many of them have written articles for scientific magazines, and take part in conferences, now there's an additional component in their life – an online one.

Who else on the Russian Internet shares your approach to building and organizing a community?

We don't think that we're doing anything special. I believe we're working in the mainstream. Words like "portal", "corporate portal" were very popular in western literature about 2 years ago. Now everybody has realized, that the most important thing is the people who use this or that portal. All the talks about portals turned into talks about communities. As for the Russian site, www.polit.ru, for example, it supports not only news, but also discussions between their authors and readers. Many authors of "Libertarium" take in those discussions too. The community of online periodicals "Ezhe" (www.ezhe.ru) is using a similar approach. Their members communicate through a special mailing list and have their photos on the site.

Forecasts and future problems

It's always easier for us in Russia, because we follow the western technological leaders and have an opportunity not to repeat their mistakes. Russian web-designers read western books and get ideas from western websites, many American and European business models are being used.

What is particularly interesting now?

When I look at the Internet, I see it as a number of different communities. For me the Russian Internet is a variety of communities and the websites, where those communities live. As an example I could name "Polit.ru" (www.polit.ru). In every community there are its own "old-timers", who carry the culture and the traditions of this community, there are "evangelists", who're bringing new ideas, there are brawlers and so on. In the network life everything is just as in our common everyday life.

Investments

A new community appeared in the Russian Internet recently – a community of people dealing with Internet investments. We're having a real investment boom now: three Internet-incubators are active at the moment; "Barings Group" and "OFG" established an investment fund. The most important thing, which is taking place in Russian Internet right now is the entry of people who are ready to invest in Internet projects and make a profit.

Let's presume we're building a car factory, building it slowly, with no hurry. It will start production only in 12 years. The Internet today is just like that factory. You can earn money here in different ways, some people earn on building itself, because they are able to build. If this factory had issued stocks that are traded on the stock market, some other people earn enormous amounts of money on what we call "earning on expectations".

If you could please address an abstract theme, how can you form a community round a website, and then sell this site to an investor?

There are lots of business models on the Internet. It is a new world economy and we cannot even imagine now, what its borders are. In this world there are no ready-to-use methods. But when a popular Russian computer magazine publishes a letter, where a reader from Krasnoyarsk-city states, that it is cheaper for him to order a CD from Moscow through the Internet, than to purchase it at a store in his home town, then it is a kind of a message, that the new digital economy has won over the old methods of doing business.

“Ezhe.ru” – community of Internet periodicals

Alexandr Maljukov, Creator and ideologist of “Ezhe.ru”, one of the founders of Internet-academy

Projects/companies:

www.ezhe.ru

Faces

Alexandr Maljukov was born in 1973 in Taganrog, Russia. After graduating from a technical university he left home for Turku, Finland, where he continued his education and began work. His life on the Internet started with the publication of one of his scientific reports on a web page in 1995. Then came a home page with family photos, collections of links and so on.

“Ezhe-community”

Alex, many network specialists call “Ezhe-movement” one of the first and most self-regulated organizations on the Russian Internet. How did it all start?

The idea to exchange links between all daily-updated sites on the Russian Internet came to Leonid Delitsyn and I as we thought about how to promote our first network projects. The reaction of the network community was rather hospitable, soon practically all noticeable sites of the Russian Net joined this movement.

What are the selection criteria?

They are rather simple. There are two elements which are most important: periodicity (sites related to the daily group should be updated not less than 5 times a week, weekly sites – once a week, monthly – once a month) and a mandatory trial period (for daily editions – a month, for weekly – two months, for monthly – four months). I'll explain: we've introduced this trial period because of the high “death rate” among new projects on the web. A newcomer writes a letter to our coordinator, who then decides, whether to let him join us or not. In case of denial, you are allowed to place one letter with a complaint on our Ezhe-list. My colleagues then discuss the situation and decide, whether the coordinator's decision was right or wrong. Today we have about 70 daily-updated sites, 100 weekly and 20 monthly ones as members, and that is not the limit. We're always open to those who maintain regularly updated projects on the Internet.

What are the main activities of “Ezhe-movement”?

If I were to define what we are engaged in, I would name the following:

- ✓ Support of projects not directly connected with the development of “Ezhe-movement”, but created by some of our members.
- ✓ Presentation (on-line and off-line) of our members and their editions
- ✓ Ratings

- ✓ An attempt to organize some self-regulating mechanisms on the network (“Hall of shame” – project against plagiarism, some anti-spam projects etc.)
- ✓ Establishing communications between our members in real life

Is there anything similar to the “Ezhe” movement on the network?

I’ve never come across one. There are clubs of interests: IRC, FIDOnet, webmasters and so on. “Ezhe-movement” is a lot like a trade union in real life, meaning that we have all the functions that a real trade union has: protection of the rights and interests of our members, assistance to the newcomers by advice, advertising, hosting and scripts, consulting etc.

What are the main goals of “Ezhe -movement”?

At the beginning we had planned to create a navigation model, which would lead a user from one site to another with the guarantee that the sites from our list are regularly updated and always welcoming to new visitors. For the past three years “Ezhe-community” has grown to be the unofficial guild of the Russian Internet. “Ezhe” projects that exist on our main site are aimed at the development of the movement itself, and they are very popular among thousands of common users of the Internet. Other projects contribute to the development of the Russian Internet in general. On the basis of our movement, in 1999 the Internet-Academy was founded, its goal is to help the popularization and development of the Internet in Russia. Now a new movement, “Regional Web-union,” is being created to support regional web-projects and discuss the problems of Internet development in the provinces.

Apart from the “Ezhe-movement” you were engaged in a number of other projects, weren’t you?

The most successful were two contests: “Celebrity of the Russian Internet” and “Russian on-line TOP”. The projects “Celebrity of the Russian Internet” started in 1997, and it was first held on www.cross.ru - one of the most popular Russian sites at that time. Thousands of visitors chose from hundreds of webmasters, commentators, administrators etc., in short the most well known personalities. In 1999 the contest was held again at our “Ezhe” website. “Russia online TOP”, another famous project, is a network variant of “The Oscars”.

How do you see the future of the Russian Internet?

The future of the Russian Internet will be a copy of what already exists in the world now, combined with some Russian peculiarities. Economic and political stabilization will cause the decline of interest in news and information resources and the growth of the popularity of entertainment resources’. Concerning “Ezhe-movement”, I can say, that we’re constantly developing, and thus, new, remarkable projects are born, and new bright ideas are being realized.

About the “Russian journal”, electronic libraries and much more...

Ilia Ovchinnikov, Issuing editor “Russian Journal”, project master “News of electronic libraries”

Projects/companies:

<http://russ.ru/biblio>

Ilia Ovchinnikov has been dealing with Internet projects since 1997. At the time of this interview, he was the issuing editor of the “Russian Journal” and all its subprojects. While his electronic libraries appeared later, as one of his subprojects, the journal itself was first published on the net in July 1997. According to Mr. Ovchinnikov, when it first appeared it was a rather strange creature. It was a project started by a group of people who were all new to the Internet, but who had serious intentions and big money. They had previous publishing experience with the publication of the magazine “XX century and the world”, however it stopped publication in 1995. In 1996, Ovchinnikov’s boss, Gleb Pavlovskij, had the idea of creating a network magazine.

Mr. Ovchinnikov, on the main goal of this project:

The network gives us the opportunity to speak to a constantly growing audience. Apart from that attraction, the Internet gripped us as a new media environment. As a matter of fact, we were the first Internet edition of our kind: in 1997 you could find lots of interesting things on the Russian Internet, but they could all be divided in two main groups. On the one hand, there were Internet versions of printed newspapers and magazines (for instance “Nezavisimaya gazeta”). On the other hand, there were projects of the “Cityline” type (www.cityline.ru) like “Evening Internet” or “Paravozov news” – that is, projects of content-providers, that were, to some extent, unique, because people were employed to work and write only for the Net. “Zhurnal.ru”, lead by E.Gorniy and D.Itskovitch remained aloof, uniting many different projects under one roof.

What distinguished our project? At that time we did not have a clear idea of the specific character of the network – we came to the Internet, because we wanted to. We saw trying to create a new ideology for Russia as our mission. We never had any illusions that we were doing something genius, but we were satisfied that we had established “a real network edition”.

For the past three years the journal has of course changed, but it has always been, and remains, a non-profit project. It was our first experience on the Internet, a kind of a testing area, which helped us greatly in developing other projects.

And how did the project “electronic libraries” start?

In September 1997, we started cooperating with Maxim Moshkov (<http://lib.ru>). We began by publishing lists of new items in his library on our website. This information turned out to be much more popular than we had expected, and that was the beginning of the “news of electronic libraries.”

There are some peculiarities of Russian electronic libraries. First, they are remarkable for their total volume – most of them are really large. Second, there is a considerable difference

between western e-libraries and ours. Western e-libraries usually have problems with copyright, which is why you won't find any works of contemporary authors there. Now there are more than 20 e-libraries that take part in our project. Our aim was to let visitors quickly and easily find the necessary book, without browsing all the libraries, one by one. The project is 2 years old and is still alive and in demand.

What are some interesting tendencies on the Russian Internet today?

The face of the Russian Internet today is determined by elections and election campaigns, information warfare and everything connected with it. In general, I would say that we are having a definite crisis on the Russian Net and we need to find some new ways to develop it. The Russian segment of the Internet is remarkable for its private initiative. But sooner or later, big commercial projects and the state will come to the Internet too. That could mean censorship and different problems for existing private projects.

Electronic libraries: future development and reality

Maxim Moshkov

Projects/companies:

<http://lib.ru>

Maxim Moshkov: I graduated from the faculty of mathematics and mechanics at Moscow State University, and I now specialize in the Unix operating system and everything connected with it. I also deal with programming and web server administrating (<http://lenta.ru>, <http://vesti.ru>), and devote my free time to my electronic library. At the beginning of the 1990's I had a considerably large amount of different information accumulated in my computer: Unix documentation, guitar chords and texts of Beatles songs, some novels and lots of other stuff. By the time I got Internet access in 1993 my text collection was about 10 Megabytes. I wrote a converter to put all the text files into Html format and published my collection on the Net. For the past 5 years the total size of the collection has grown from 10 to 1500 Megabytes, the number of visitors – from 20 to 10000 a month, and it has about 40 mirrors at different sites throughout the country and abroad.

What distinguishes your library from other e-libraries?

It is, according to my information, the oldest and the most well known collection on the Russian Internet, the only difference being the method of replenishment. The readers and the authors send in new materials themselves. On my part, I have never scanned texts for publishing. Then comes a non-vicious circle: more readers – more people wishing to send new materials – more new items – more interest, which means more readers. Concerning the design, I believe, that the collection itself is enough to attract the visitors. Instead of creating a nice frame, it is better to spend time on making a useful and functional interface; that's why I haven't changed the design of the library since 1993.

Do you have any people, who share your ideas in the sphere of developing and maintaining e-libraries?

It is difficult to name all the people, who are interested in literature on the Russian Internet – I guess the number of them exceeds 300000. I have good relations with the leading literature web servers, including electronic libraries, private collections and literary contests. Among them are: “Russian fiction”(<http://rusf.ru>), “Online-library”(<http://bestlibrary.rusinfo.com>), and “Russian Journal”(<http://www.russ.ru>) to name just a few.

Internet-business

Do you get any profit from the library? Have you tried to sell your project?

I had some offers, but I did not sell it. I could get between \$50000 and \$200000 for it now. But I believe, 5 years of my work is worth more. However, today the problem is not finding an investor, that is rather easy – finding an optimal path of development is

a much more complicated task. Despite lack of time, I still cope with the maintenance of the library, so it doesn't need any large investments at the moment. Some small earnings on advertisements would be enough for reimbursement. I do not have the intention to make any profit on my library, but reimbursement is an indispensable condition for every Internet project. I am also planning to integrate my library with an Internet store, so that readers can order a hard copy of the book.

What should be done to further the development of e-libraries?

An official status should be granted to e-libraries, so they would have equal rights with common libraries. Until then, electronic libraries will remain just private collections, with no hope for serious investments. As a matter of fact, the costs of converting books into e-format are rather high (about \$20-\$100 per book – depends on the quality). This means, that in order to convert about 30000 volumes in a small provincial library, more than \$500000 is needed. I doubt that any charity organization could finance such a project, so it should be done by state organizations, but they haven't shown any interest as of yet.

Commercialization of the libraries could also be a way out. On my part, I have never relied on state or charity organizations – I only rely on myself. A website with a good, sustainable number of visitors can earn its living through advertisements, an apart from that, there are some other effective methods. First, thematic advertisements are more effective and thus bring more profits. Second, the book industry itself can provide you with large sums of money: through the promotion of books and selling of e-versions and hard copies through the Internet etc.

You have mentioned integration of your library with an online bookstore. Does this mean that such integration is one of the only ways for e-libraries to survive? And will e-libraries remain freely accessible?

Any library today is an individual project. While the webmaster has time and money to maintain it, it exists. So the method of survival is simple: you should have time to support the library, or the money to employ people who will do it for you. For me, integration with an online bookstore is not a way of earning money (I could earn 5 times more on some other projects). An online bookstore together with a library is good for everybody: for the visitor there's the possibility to buy the book he wants at once, the store has sales, the authors – an additional way of promotion. This is why all fears concerning limited availability are groundless, instead all sides are interested in new visitors and readers.

Intellectual property

What is your attitude towards copyright and intellectual property rights? Are there any contradictions and how are they solved?

There is a big difference between a hard copy of the book and an e-version. The hard copy is rather difficult to obtain, the e-copy is difficult to read. That is why they have different purposes. The e-version is suitable for information, reference, and promotion, and at the very least, you can print it or read the whole book from the screen if no hard copy is available at all (which is a topical question for Russian

immigrants in foreign countries). This is why ways of distributing hard copies and e-versions rarely cross paths.

Concerning intellectual property rights, my position is based on 5 years of experience on the Internet. They have shown, that the authors are practically always for or, at least, not against the “internetization” of their books. So, nearly all books in my library are there by approbation of their authors. If any book is published there without author’s permission that means that a) I couldn’t contact the author, or b) I have not received any objections from him.

Problems and future prospects

What events in the Russian Internet are, in your opinion, interesting and promising?

The biggest problems are always connected with money. And predicting the future of the Russian Internet – it’s a complicated task. It is going to grow about 50 times larger. It’s like looking at a small village and trying to guess, what will happen, when it grows to the size of a metropolis. Still, we can forecast some main tendencies. News services will move to the Internet, and the Internet share of the news business will reach up to 30%. Marketing and online stores will become more and more popular. Internet will bring radical changes to the musical industry. In 8-10 years there will be Internet police for preventing electronic crimes. It is not a secret, that many highly developed countries have already created special military units for conducting operations in the networks of a potential enemy.

About the problems: the fact that hosting for informative projects is too expensive is one of the most painful problems. But we’re following the developed countries – the quality will rise, the prices will fall and everything is going to be all right.

From Internet to IntelNet

Mikhail Epstein

Projects/companies

<http://www.rpi.edu/~sapief/intelnet/index.html>

Tell us please about yourself and about the sphere of your interests in the Internet.

I'm a philologist, graduated from Moscow state university; right now I'm a professor of Emory University (USA). My interests lie in the sphere of the humanities: philosophy, cultural studies. I am the author of 15 books and more than 300 articles, translated into 11 languages. I started working with the computer in 1990 and connected to the Internet in 1995. I at once felt that Internet is a kind of new instrument of thinking. I had a feeling, that I had gotten acquainted with an enormous, superhuman brain, to which I can connect my own brain through a chain of links-neurons.

The fact is that I have always thought in a hypertextual way. It is difficult for me to put all my thoughts on paper, for paper is a two-dimensional plane with one more dimension – time. Internet I see as a three-dimensional continuum, where you can move in any direction. The network can say so much to the mind, because our mind itself is a kind of network, it is hypertextual.

But the Internet has always been and remains a catalogue of different resources, an informational exhibition but not an instrument of thinking. People transfer to the Internet things that could exist without it. My idea was to combine Internet and intellect. So this is how IntelNet appeared – it is an attempt to fill technical possibilities of the Internet with an intellectual content.

One of my students, Daniel Abrams, taught me HTML language and helped me realize my ideas. The network community noticed the IntelNet and especially the “Bank of new ideas” at once. In July 1995, this project won first prize in a contest held by the London Institute for Social Inventions. On the basis of the IntelNet model, this institute later created its own powerful website, with a detailed classification and description of more than 2000 new and socially useful ideas.

What encouraged you in creating an electronic/virtual library?

Some thoughts about the creation of a database of brand new ideas came to me in 1984, when we had no computers and no Internet yet. I thought it could be like a giant *Glossary* (this is how I call it), created with the help of the hypertextual method. That Glossary would contain not only words and their definitions, but also samples of texts and systems of thinking and where you could use them. It would be like the *Book of Books*, which would carry you from one word to another, from one thought or idea to another. It is like a new field for creative work. Ten years later I got acquainted with the Internet and understood that my ideas had been realized.

In January 1990, I moved to the USA and brought my variant of the Glossary with me. When I started working with the Internet in 1995, I created IntelNet as a network implementation of the *Book of Books*. IntelNet appeared as an electronic development

of the “Bank of New Ideas”. This Bank is a program of registration, patenting and public discussion of brand new ideas in the sphere of the humanities. The *Book of Books*, which I have been publishing on the Internet since 1998, continues the circulation of the ideas, started by the Bank, but in the other direction – from receipt to distribution.

What distinguishes your library from other electronic collections?

To begin with, it was the first Russian Internet collection of texts from different branches of the humanities, as far as I know. For a long time, on the Russian Internet, we had only personal web pages and informational resources, but no systematic sites on philosophy, cultural studies, philology. Another remarkable feature is interactivity, that means sharing ideas with readers. The “Bank of New Ideas” is a mechanism of receipt and distribution of humanitarian, usually interdisciplinary ideas. Humanitarian magazines are forums for discussing new forms and directions. The library contains not only e-versions of printed books, but also virtual books, hypertexts that were created in the Internet. In other words, Intelnet is not just electronic in the technical meaning of this word, but really virtual according to the system of writing and thinking. The third peculiarity is that the library is bilingual. English and Russian sites supplement each other, but do not duplicate each other. There are practically no translated materials. We have two ears for volumetric perception of sounds, two ears for volumetric perception of images. Just in the same way we have at least two languages for volumetric, multidimensional understanding of ideas and thoughts.

Are there any people in the Internet who share your approach to development and maintenance of intellectual projects of the Russian Internet?

I am grateful to the staff of the *Russian Journal*, especially to Ilia Ovchinnikov, Dmitry Ivanov and Tatjana Voskovskaja, who supported the Moscow mirror of the Intelnet. I want to thank Philipp Sapienza too for supporting the English sites.

What main problems do you see in the sphere of the development of intellectual projects in the Internet?

The main problem of electronic libraries is plagiarism of the ideas and no protection of it. What really bothers the authors is not uncontrolled distribution of their ideas through the network, but the threat of misappropriating them by electronic thieves. Thereupon I would like to suggest an effective method of protection of the intellectual property. It is based on the existing search engines. Working in another direction – not from users to sites, but from sites to users – search engines may serve as security systems. As soon as a text, equal in a couple of sentences or word combinations to the original text, that is being protected, appears somewhere in the Internet, the site of the author, where the original text was first published, is immediately informed. If search engines can easily find identical texts at different site, then this problem is easy to solve from the technical point of view – each text will get a special warning, when a copy of it appears in the Internet.

What are the most promising projects in Russian Internet?

The most interesting feature of Russian Internet is free development of electronic libraries, without any obstacles from the authors, who try to protect their copyright, as it happens in America, for example. The Russian network is much more transparent for creative or research work. Our communist past in this case is more likely an asset, because that system of mentality allows us to integrate more easily in the common information field without any groundless claims for thoughts. A network is something, where thoughts and ideas easily break private property barriers.

What vital problems of the Russian Internet could you name?

The most vital problem is absence of a single, unified encoding. I still have problems with decoding letters from Russia to Macintosh format. This shows that our network is still very fragmented.

Human rights counselors on the Internet

Sergey Smirnov,

Member of an interregional group “Remedial network”

One of the authors of the web server “Human Rights Online”

<http://www.hro.org>

Sergey, you are known on the Internet as a human rights counselor. At the same time your colleagues speak of you as an “internet-man.” How does it feel to be a man with such a “double citizenship”?

Quite normal. I am glad, that people on the Internet see me as a human rights counselor. From the very beginning we’ve worked on creating an image of a human rights counselor on the Internet – open, communicative, not afraid of severe topics.

Have you succeeded?

I believe, yes. There are still some problems with my second “citizenship”. Some colleagues still treat us just as “Internet technicians”, but we are surely doing much more! For example, we maintain the largest web site on human rights on the Russian Internet. This is voluminous and hard work and mainly from an educational, not a technical point of view.

I thought, that there are very few remedial resources on the Internet.

That’s true. Six years ago, when we started creating our remedial network in Russia, people laughed at us. They said we needed typewriters, not computers. Nobody spoke of the Internet then. In 1995 we gained support from the TACIS program and started installing computer equipment in the regions.

Tell me, please, what does “remedial network” mean.

It’s a system of information interchange between human rights counselors from different parts of our country. For example, our colleagues from Perm have sued the officials from the city administration and have won the trial. Then they tell about it through our electronic system and activists from other cities and towns can use their experience. Or another example: a man has been arrested illegally and has been beaten by police. We should protect him, and we start writing to the Office of the Public Prosecutor, publishing articles in mass media, giving advice and etc. That is our “remedial network” in action. Internet helps here a lot.

Our work is often vague to many people, not only on the Internet. Our colleagues are very successful in the exchange of information between each other, but when we speak about communicating with common people – that’s another story. Even when they publish some facts on the Internet, it is usually all about themselves. When in the spring

of 1996, we decided to create our own web page, we planned to write about us, again about us and finally some more about us. And then we realized – nobody is going to read that! What was really interesting and necessary – it was a web site about human rights. This is how “Human rights online” appeared.

Who are your readers?

Different people, not only lawyers. At first we were really a resource only for our colleagues, but for about 2 years we have paid attention to the common Internet user too. We have a good feedback system – not a single letter from a reader remains without reply. Besides, we try to take into consideration the interests of our readers. For example, we know that most of our visitors are young people, for whom the problem of military service is very important. Right now we are working on a special web page on this topic.

What about Russian non-profit Internet segment? What will be the development of it in the near future?

I'm not fond of giving forecasts. I can say a couple of words about our remedial segment of the Net. There will be an increasing number of pages, which I call “visiting cards”. That means resources, which contain only information about this or that organization. The maximum of what they have is a mirror of an already existing popular archive. Such web sites are practically useless, but sometimes they receive considerable grants from charity organizations. Subject resources are of much greater importance. And they will determine the face of our Internet segment. I mean web pages about military service, labor legislation, children's rights and other branches of a civil society. These resources will appear according to the demands of time and growing population of the Internet. Need more forecasts? I think, that small pages will either integrate into big sites or die. Generally speaking, “remedial Internet”, which remains aloof today, will integrate into the big Internet.

How do you see it?

For example, we didn't have any advertisements on our web site for a long time. When I first joined a banner network, some of my colleagues were displeased with it. They were against banners with sexual girls on our web page. But this is the only way of promoting the web server – we have to do it.

Speaking about the integration of remedial resources into the big Internet, I mean that we don't have any special interests or problems. The whole Internet community has just the same problems and troubles as we do, for example government regulation of the Internet.

Do you think it's a real threat today?

Government control? Of course! There are lots of examples. Such nightmares take place in all countries, but, for instance, in the US, they have very strong organizations and unions, which can protect human rights in cyberspace. There is American Civil Liberties Union (<http://www.aclu.org>), Electronic Frontiers Foundation (<http://www.eff.org>), and

the Privacy Information Center (<http://www.epic.org>). They are all united in a Global Internet liberty campaign (<http://www.gilc.org>). Our organization is the only Russian member of it. We must create similar structures, so that human rights counselors would play a more significant role in the Russian Internet.

“Ecoline” and non-government informational projects

Alexandr Georgievskij

Social-ecological Union (<http://www.seu.ru>)

“Ecoline” (<http://www.ecoline.ru>)

Tell us about the history of the “Ecoline” server, please.

I represent two organizations. First, is the Social-ecological Union (SEU). SEU is an international ecological organization with a wide range of goals and tasks. It unites independent non-governmental organizations from many countries, including Russia, Ukraine and the US. The mission of SEU is the unification of intellectual potential with financial resources and organizational possibilities, with the purpose of protecting Earth's natural resources and all her living creatures. The second organization is called “Ecoline” and its goal is much narrower: to provide better access for NGO's to sources of ecological information, using both traditional methods and new technology. The “Ecoline” server has never existed as a separate resource – only as informational support on various projects. (At first we wanted to launch many projects, but actually we managed to start and maintain only 10.)

With the development of the “Ecoline” server, results of SEU and “Ecoline” projects have now begun to be published on the Internet. On this server, we also offer hosting for different NGO's informational projects. We have already begun remedial and architectural projects. It seems to me that there is an unfortunate lack of informational resources for NGO's on the Net, and qualitative sources are very important. This lack of resources is probably connected with the fact that very few informational projects are ready to publish any concrete results. As a result, most of the information on our web site is about “Ecoline” and SEU activities.

What interesting projects are you working on now?

We now have an informational service. All materials that SEU receives are announced and sent out weekly to the subscribers in the form of documents with short annotations. There are two ways of getting these packets – through the World Wide Web, or through e-mail. The remarkable feature is that when successful informational projects appear, the service also creates such bulletins for them. We have been assembling all of these informational materials for the past several years and have created an archive of our documents which can now also be viewed on our website.

What are the prospects of your server and other informational resources for NGO's?

We are now in the midst of finishing the Eurasia foundation project. Its main goal is to create a web portal for a public ecological movement. Due to the popularity of our server we hope that something will grow out of it in the near future. To speak about the prospects of the server itself – they are neither good nor bad. The server continues to exist as long as there are informational projects.

It is still difficult to speak about the relations between NGO's and the Internet. However, it is just a matter of time until the Internet will be used properly. In our office we have had Internet access since 1995, and still, people started using the web as a resource only after 2-3 years. This happened even though they had no problems with connection, telephone lines etc. And what about the NGO's in the provinces, where a man needs a lot of time and patience just to connect to his ISP? There is also another problem that I have observed. I've attended a lot of seminars, where people were talking about the advantages of the Internet, using web conferences with foreign partners as examples! No wonder so many people still think that the Internet is just an expensive toy. People who are not familiar with the Net should be told about the concrete tasks it can perform, and the concrete advantages it can give in relation to their specific activities and projects. We should avoid general advertising of the Internet, and instead should work with specific organizations and teach them how the Internet can help them to achieve their specific goals.

Virtual resource center – a unique resource for the Non-Governmental Sector.

Mikhail Chepov

<http://www.trainet.org>

Since 1997, Mr. Chepov has been the coordinator of the project “Virtual Resource Center” (VRC) for non-governmental organizations (NGO’s).” Additionally, he worked in the “Electrosvyaz” joint stock corporation in Kaluga and dealt with the development of the regional web server. Concerning his interests in the Internet, creating and development of the projects for non-governmental sector have always attracted him.

Mr Chepov, on the history of the Virtual Resource Center, its mission, its development and plans for the future:

In 1996, together with the “Strategia” foundation and Marshak foundation, we created an organization of trainers and consultants for NGO’s. It was called the “Russian Training Network.” In 1997, we registered the domain trainet.org. At first we positioned it just as a web site of our training network, but soon we realized the necessity to provide more services for our clients. Then we decided to create the Virtual Resource Center – an instrument, that would, on the one hand, use our solid potential and, would, on the other hand, develop the network for both the resource centers and the “Third Sector” (the NGO’s). So the mission of the project was to create and promote an interactive virtual instrument for support and communication of unique resource centers for NGO’s.

Now we have developed a functioning system of resources for NGO’s (databases, news services, educational instruments, promotion instruments, resources for professional interaction and etc.). Concerning our plans, we are going to launch a project “VRC for NGO’s from the Far East”, in cooperation with the NGO “Far East”. Additionally, we are planning to distribute the news of the “Third Sector” throughout the Russian segment of the Internet. Any Internet-user will be able to include a piece of code in his web page and show our headlines. This will be free, and it will allow users to form the content of their pages effectively and will give us an opportunity to popularize the events of the life and work of NGO’s.

What distinguishes the VRC from similar resources in Russian-language and English-language Internet?

There are some similar resources on the English-language Internet, for instance Idealist (<http://www.idealist.org>) or Center for Nonprofit Management (<http://www.supportcenter.org>). But it is difficult to compare them. On the Russian Internet, I think that our resource is unique, because it has two main features: VRC is an integrated resource. That means that information from lots of organizations is gathered here.

We are trying to solve specific problems concerning the interaction inside the community. We set our tasks according to the needs of our clients.

What problems do you see in the non-governmental sector of the Russian Internet and how do you see its future?

One of the problems is that most of the support was given to ISP and they see their mission in granting Internet access only. At the same time, many content-projects have problems with hosting and promoting, and that is, of course, bad. One of the promising initiatives here is the project of the Eurasia Foundation and Yandex (<http://www.yandex.ru>), aimed at creating a subject catalogue of resources, belonging to the non-governmental part of the Russian Internet.

Unfortunately, there are no non-governmental Internet projects today, which could be named as instruments of influencing or forming public opinion. I think that in future we will create such instrument, or perhaps even a number of them.

Open Society Institute

**Semen Musher,
Director of the program “the Internet”**

<http://www.osi.ru>
<http://internet.osi.ru>

Semen, please tell us about the program “the Internet” of the Open Society Institute.

“The Internet” is the largest non-commercial program in Russian telecommunications. The program is run through the cooperation of the Russian Government and local administrations on the basis of an agreement, signed in 1996, at the meeting between George Soros and the prime minister of Russia at that time Viktor Chernomyrdin. Within the bounds of the program the Open Society Institute, the Russian Government and local administrations, invested a total of more than \$135 million. As a result, Internet centers at universities in 33 Russian regions are now up and running. Right after the opening of its University Internet Center (UIC), each city began to offer advanced courses for network administrators, and set up web-laboratories for employees and site engineers. For the opening of each UIC, a solemn ceremony was held with the participation of local authorities.

How do these UIC work and what services do they offer?

The information servers and sites at all UIC’s work 24 hours a day, 7 days a week. Classes and free Internet access are available 10-14 hours a day, 6 days a week. At the UIC you can always find experienced consultants, who are available to help users browse the network and find information. The UIC’s also include web-laboratories, which help users to create their own web pages on the Internet.

What has shaped the success of this program?

Each UIC is a compound telecommunication system that allows simultaneous Internet access for a large number of users. We have managed to actualize this program due to our decision to equip all UIC’s with equipment from the world’s leading manufacturers, which work for several years without any renewal or repair.

Please tell us about other Internet related initiatives of the Open Society Institute.

The Open Society Institute has always seen non-commercial scientific, cultural and educational organizations as those institutions, which can use the educational, informational and communicative resources of the Internet most efficiently. This is why all the main programs of the Institute – mega projects like “Pushkin library”, and “Development of education in Russia”, programs like “Culture”, “Civil society”, “Development of public health system in Russia”, and “the Internet” – support prospective projects in the spheres of education, culture, and development of civil society, which make use of the Internet, and encourage free access to information in

schools, universities, publishing houses, museums, archives, libraries, and non-governmental organizations.

What do you see as the foremost achievement of the program “the Internet”?

First of all, a chain of Internet-centers has been established throughout the country, and about half of the total number of Internet users in Russia have gained access to the Internet through the Open Society Institute’s telecommunication projects.

As to the achievements of the telecommunication projects, carried out by the Open Society Institute, I would name the following

1. Close working relations with the primary partner in the Russian Government – the Ministry of Science.
2. The organization of University Internet Centers – the main project of the program.
3. Close contact and joint projects with the leaders of local administrations.