

# Mobility Russian Post Boosts Image in Cyberspace

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tool for entertainment. By its nature, a 3G mobile system can transfer data at speeds of up to 5 Megabits per second. And this is not just at a particular hot spot, but also anywhere there is coverage, even when the subscriber is on the move.

Recent studies conducted in Europe and in Russia, and also real experience gained while implementing the SkyLink network in St. Petersburg confirm that there is significant demand for Mobile High Speed Data (MHSD) on the part of business — including small business — that relies on information technology. Further-

Download rate	Time
1 Mbps	41 – 31 min.
7 Mbps	8.8 min – 1.3 min
30 Mbps	0.2 – 0.1 min

more, studies reveal a strong belief that, along with anticipated cost savings, 3G will deliver

productivity and efficiency gains by enabling access to business IT resources.

In other words, an entrepreneur, manager, banker, logistics specialist, customer sales or service technician can easily check e-mail, go to a corporate database or application, send files with data speed comparable to the speed of office networks and just like from an office PC but without being in the office. This can be done at any place — a customer's office, car, airport, hotel, street, dacha. Anywhere and on the move. So today's killer application of 3G is simply the ability of the user to access data from any location.

This speeds up business processes like decision making, customer sales, service, and renders considerable monetary and non-monetary benefits for modern business society. Real business analysis of a European enterprise proves this.

Current experience deploying the SkyLink network in St. Petersburg early validates these findings.

Now there is demand for mobile offices. This means that people are starting to realize that the mobile phone is not only for talking, but it may become a good tool to improve business.

Just connect your laptop or PDA to a cellular phone or wireless card and you are on line.

Alexander Egorov is an account manager with Lucent Technologies.

The Russian Post is now opening a completely new page in its history. These were the words of Igor Syrtsov, general director of the postal service that has traditionally been seen as a weak state system unable to seriously affect how its work is organized and famous for considerably low service quality.

Syrtsov spoke of revamping the Russian Post at the unveiling of its CyberMoney project. The project, officially launched late last month, forms a unified federal system of electronic postal money orders and was initiated by the Communications Ministry and the Electronic Russia program.

Traditional technologies are outdated, and this is the first time in the Russian Post's history that such a large-scale information campaign is unfolding, Syrtsov and his deputy Leonid Grekhov told the media at a press conference on Jan. 28.

The old system, under which the money order previously had to physically reach the addressee and could take up to a month to process, was completely annulled Jan. 1. From now on postal money order traffic is going fully digital, with a maximum operation time period set at 72 hours. Urgent two- to three-hour transfers comparable to those currently offered by MoneyGram and Western Union are also in the works.

Grekhov says the number of post offices offering fast on-line money transfers will reach 3,300 by the end of 2004 — as compared to 1,540 at writing. The technological advance is largely targeted at corporate clients, quite a few of whom are already integrated into the Russian Post network. Corporate clients include Rusky Standart bank, which accepts consumer credit returns at large post offices.

The Russian Post has lowered its originally high 8 percent tariff by 35 percent and thrown some free services into the package deal, including the possibility to add a text message to accompany the transfer. Within another couple of years, the system, which already includes all of Ukraine and Kazakhstan's Astana, will expand to cover Belarus, Azerbaijan, Armenia, France; China and Japan. The rest of Western Europe and the United States will follow. By the end of this year, the CyberMoney project will also be used

in the electronic filing of tax returns.

Analysts doubt that the Russian Post can shake the positions that commercial banks are currently occupying on the market, but it may create competition for Sberbank, RosBusinessConsulting comments. But Syrtsov claims the Russian Post is becoming more client-oriented. "Sberbank wants the addressee to receive the transfer at a specific branch office and never notifies the addressee at home. In our case, not only do we always notify, but we also offer to actually deliver the cash to the addressee's door," he said.

There are plenty of options in the Russian money transfer market, RosBusinessConsulting quoted Irina Penkina, a banking analyst with Standard & Poor's, as saying. "The market is still very 'raw' and today we only have unofficial data about market shares belonging to various companies. According to this data, the Russian Post has a share of 41 percent in money transfers that do not require opening a bank account, 39 percent can be attributed to banks — with Sberbank being the leader — and the remaining 20 percent belong to various systems similar to Western Union," Penkina said.

Meanwhile, the money order market is promising to become all the more profitable. Growing by 14 percent every year, it could reach \$4.6 billion in 2004 and triple by 2010. The Russian Post owns around 40,000 post offices around the country, which makes it an important player, but the market is still controlled mainly by commercial banks, which take a low 1 percent commission.

Other alternatives are the increasingly popular transfers processed through VISA, MasterCard and similar credit cards. According to RosBusinessConsulting, the Russian Post will have a hard time finding the funds to supply practically every post office with costly hi-tech equipment.

The Russian Post will have to overcome the burden of its heritage, its competitors told Kommersant on Jan. 29. Sergei Bludov, deputy chairman of Ruslavbank — clearing bank of the Contact system — said that the Post's services may be seriously impeded by the absence of cash in regional offices, even if the electronic order comes through quickly. According to Western Union, it will take years to convince the Russian people that the state-run post has become trustworthy.