



The grand finals of the Europe continental tour championship of esports game League of Legends took place at the VTB Ice Palace arena in Moscow. The opening ceremony and presentation was relayed on to four 12x7 metre screens, hanging in a cube arrangement above the centre of the stage - 32x Christie Digital projectors including 8x Boxer 4K30 projectors were deployed.

AV's Russian roles

» In preparation for the World Cup soccer this summer Russia was a whirlwind of activity. Eight stadiums were fully renovated, hotels either revamped or newly built, investment poured into airports, railway stations and roads. However, as quickly as the final whistle blew, the pop-up fan zones with giant screens and networked audio were taken down and the AV business reset.

Few vendors expect any serious growth or major new opportunities over and above their normal business out of the region. That's because oil-related price erosion, inflation, political isolation, and the West's punitive economic policy are impinging on Russia's ability to grow.

Nonetheless, IHS Markit anticipates that the Russian pro AV industry will cease to contract, and help the wider sub-region grow at nine per cent, year-on-year on average from \$2.9 billion in 2016 to over \$5 billion in 2022.

The impact of US and EU sanctions triggered by Moscow's annexation of Crimea and the recession caused by

Emerging slowly from economic recession it can feel a slog doing business in the world's largest country but vendors can capitalise on the halo left by the World Cup, says *Adrian Pennington*.

the fall in energy prices shouldn't be underestimated. At the end of 2014, for example, the rouble had doubled against the US dollar.

"This meant customers had half the money to buy foreign pro AV equipment," explains Andy Lee, sales and account manager for Datapath. "On the other hand, it made local, cheaper, AV brands more popular. For the same reason, Chinese vendors are increasingly in demand and taking a lot of market share from EU/US manufacturers."

Economic recovery

Barco charted some recovery in local business since 2016 but says annual growth is not as fast as it would like it. "It's difficult to predict the future. We hope the current trend toward growth will continue but the economy isn't

healthy yet," says Andrey Mankos, business development manager.

"The weak currency and unpredictable exchange rates are a main challenge. Customers think in roubles and if we have strong exchange rate deviations, it affects budgets for sure. Projects tend to be postponed, have longer life cycles or their budgets cut."

Russia's economy grew 1.5 per cent last year, according to data from the

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Business development manager, Barco

country's Federal Statistics Service - the first annual rise for three years - 2018 should mark another year of recovery with growth expected to reach 1.7 percent, according to a World Bank forecast, and well above the near three per cent contraction the country saw from 2015-2016.

Going forward, vendors expect a stable business without significant growth. Any fluctuation in the oil price or further political and economic sanctions will have a negative effect on the market.

However, none of this is to suggest that pro AV is stagnating in the country. Instead the local industry has matured.

"During the past five years pro AV has grown rapidly," reports Lee. "A number of new installers have appeared. Large IT system integrators have created pro AV departments and developed this business."

Digitisation of billboards and posters has taken longer in Russia than in many other markets, though this is changing. The majority of digital signage in Russia is still indoor, but the combination of online and DooH has inspired many

network owners to invest in public screens.

Barco's Mankos suggests that more and more companies desire "eye-catching entrance zones with a digital signature", others are investing in equipment for collaborative work.

World Cup halo

"The market is maturing with many more professional designers and engineers than a few years ago. Customers are more experienced and demanding too," he says.

He also feels that the FIFA World Cup has opened a number of business opportunities: "The business approach hasn't been changed, but competition has grown."

Melinda Von Horvath, vice-president of sales and marketing – EMEA, Peerless-AV says: "The World Cup gave the Russian people an insight into new and exciting AV installations, and so they became more interested in this direction." She reports that Peerless-AV has received many requests since, especially for its IP68-rated outdoor all-weather solutions.

Maxim Prokhorov, channel sales manager, NEC Display Solutions points out that many companies received "invaluable experience" in implementing such large-scale projects and that the World Cup has helped attract investment "and show that Russian pro AV has great potential."

Moscow central

Moscow and St Petersburg are the main cash-flow centres where the headquarters of the biggest companies are located. Some 60-70 per cent of business is thought to be made in Moscow.

"Most of our business is in the western part of Russia and most locations could be accessed by one to four-hour flights from Moscow – or from London," says Lee. "Generally, demand is driven by more and more cheap videowalls be it for retail or in command and control."

Siberia has traditionally demanded "heavyweight solutions" for control rooms in the oil and gas sector, says Prokhorov. Corporate solutions for engineering companies and heavy metals are favoured in the Urals.

"The fact is that all business and processes can be controlled without leaving Moscow," he says. "The same is true in regard to working with state budgets. All decisions and the bulk of projects come from Moscow."

However, the country can be unlocked from regional centres like

"Visiting Russia answers so many questions about the infrastructure, developments, level of business engagement and skill as well as support available."

Svetlana Harwood
Head of business development
Russia, Promethean

Novosibirsk, Ekaterinburg and Kazan which have their own business activity and local integrators.

"We are counting on the amusement park's market," says Mankos. "It's nearly zero now, but there are many projects in the works."

Promethean's distribution partner, for example, is responsible for managing the reseller relationship, supported by Promethean. There are also different types of resellers – some work from the main cities with others concentrate on working within their regions only. There are 83 regions across Russia with some being very large – like the Krasnoyarsk region, for example, spreading from the Arctic Ocean on the north almost to the Mongolian border on the south.

The most actively developing industry segments in Russia are energy, transport, education and B2G. In the business arena, Russia currently has more than 50 large infrastructure projects with a budget of more than \$1 billion for the period 2018-2024, mostly linked to infrastructure and transport links.

Massive investment

By 2030, it's estimated Russia will have spent nearly a trillion dollars on infrastructure projects including a North-South Transport Corridor connecting St Petersburg to India via Azerbaijan and Iran, and a Kazan-Moscow high-speed rail route. The

770 km line is expected to cost \$22 billion, will open in 2020 and passes through the cities of Vladimir, Nizhny Novgorod and Cheboksary. The route is the first section of an ambitious, continent-straddling high-speed route linking Beijing with Moscow.

"There are a lot of advantages to selling in such a vast country," says Von Horvath. "A broad product portfolio allows a company to offer professional AV integrators the most suitable solutions for their diverse mix of projects."

A key challenge that Peerless-AV are observing is 'import substitution' where local manufacturers are competing for market share with lower cost products, but without the same level of quality and safety assurance as offered by trusted suppliers.

According to Datapath's Lee, the main challenge for foreign businesses is the lack of Russian government support for small to medium sized companies.

"High taxes, with no (or very limited) access to bank financing are also having an effect on business," he says.

The size of the market also adds a layer of complexity from the logistics and costs point of view, "because deliveries across country add the time to the product being available as well as extra costs for delivery," says Svetlana Harwood, head of business development Russia at Promethean.

"Visiting Russia answers so many questions about the infrastructure, developments, level of business engagement and skill as well as support available," says Harwood. "It's also important to find a good partner/distributor. Depending on the nature of the business, this might be one or several, but equally important is to have a Russian speaker in the team."

Anyone considering doing business in Russia, should establish a long-term strategy. She adds: "This is not a 'quick buck' market." ■

MARKET NEWS



Datapath and Adissy provide signage

Datapath delivered a 12 screen (3x4) display wall with Russian partner Adissy for PSN Group to impress potential buyers of its Domashiny Residential Community. The system can handle UHD video using 3x Datapath Fx4s. The video is played on an AOpen DE7400 which is connected to the Fx4s. The screens are LG LC55UH matrices in custom, ultra-slim bezel housings developed by Digital Video Machines in Moscow.



Best in class

Moscow Online School is the largest project of digitalisation of education in the world, with 980,000 students and 65,000 teachers participating. Currently, 1,183 educational buildings are connected to Moscow Online School with 1,500 schools planned to participate. In support of Moscow's 'Smart City' initiative, Promethean developed an interactive flat panel display tailored to the needs of Moscow's teachers with customised features and user experiences. After evaluating various interactive classroom display technologies in accordance with Russian tender legislation, the City of Moscow selected technology interactive display Irbis for installing in over 7,600 classrooms in 2017, rising to 14,000 installed in Moscow schools during 2018.



Russian Railways operator JSCo has installed a large-scale video wall in its Moscow transport hub centre. Integrator AMS selected a 11x6 video wall with Peerless-AV's DS-VW765-LQR mounts to enable the control centre to visualise critical transport network data in realtime from its workstations.

MARKET NEWS

Integrated Systems Russia

This month's Integrated Systems Russia (24-26 October) will likely be the show's largest since in its 11 years it has steadily added more numbers. Last year around 13,000 visitors came to Moscow's Expocentre for the show which is the only one on AV, information and communication technologies in Russia and the CIS. It's a regional counterpart to ISE – is organised by Midexpo and Integrated Systems Events and supported by Cedia. Running concurrently with ISR is the Digital Signage Summit which features a review of the most spectacular digital experiences during the summer and signage at World Cup stadia. Another conference strand, 'Digital Museum' examines the opportunities for using virtual and augmented reality technologies for scientific and educational work.



MOSCOW CIRCLE OF LIGHT FESTIVAL



There's no more high-profile a showcase for Russia's creative expression than the Circle of Light festival, now in its eighth year. The festival runs over five days in September and follows the model pioneered by Vivid Sydney. Lighting designers and 3D artists from all over the world turn architectural landmarks into multimedia experiments and light installations.



RALPH LARRMAN

A projected image of 50,458 sq m on to the front of the Moscow State University in 2016 landed a Guinness world record. It also set a record for the greatest light output in a projected image at 4,264,346 lumens.

Last month's event opened with the Carnival of Light Multimedia Show featuring 12-metre high cubes for video projections built on the island at Grebnoy Channel, 35 rotating

fountains in the Grebnoy channel and 170 flame jets installed on pontoons.

A large scale projection also covered the facades of the Bolshoi, Maly and RAMT theatres at Teatralnaya Square and another projection show ran at Tsaritsyno Park about future worlds. Panasonic and Christie have backed the festival in recent years, with Epson the main technical sponsor this time.



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