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Microsoft Bets Long Term on Stable Ruble

By Olga Razumovskaya

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Microsoft Russia demonstrated its confidence in the ruble on Tuesday when it announced that it will begin conducting business in the currency with local partners starting March 1.

Nikolai Pryanishnikov, president of Microsoft Russia, said at a news conference that he hopes this may start a trend among other major market players.

“The transition to the national currency is a sign of our confidence in the stability and development potential of the Russian IT market and the country's economy as a whole,” Pryanishnikov said.

The change will be simultaneously implemented with the company’s 9,500 partners across the country and will help counteract currency fluctuations that hit especially hard during the 2008 economic crisis when many companies, particularly small ones, were forced out of business.

This announcement follows a decade of pleas from partners to conduct business in rubles, but the structure of Microsoft's partner contracts — which partners say are unique in the industry because they set pricing for three-year periods — proves once again that the software giant dictates the rules and remains essentially a monopoly.

Microsoft and its partners agree that the long-term contracts can be seriously affected by currency volatility.

The exchange rate will be locked in at 29 to 33 rubles per dollar, which will possibly cause prices to decrease slightly for end-users of home products and increase for the corporate sector, Pryanishnikov said.

He was quick to dispel journalists' concerns over its attempts to lock down prices and make a profit on the dollar-to-ruble exchange rate.

Russia, Pryanishnikov said, will be one of the few exceptions worldwide to Microsoft's rule to do business in dollars. The company also works in local currency with its partners in China, Canada, Japan and the European Union.

"We have been waiting for this to happen for 15 years," said Dmitry Moskalyov, president of the MONT company group, which is a Microsoft partner.

Shamil Shakirov, general director at I-Teco, one of Microsoft's largest corporate partners, told The Moscow Times that the transition to rubles would make the partners' lives a lot easier in that it would give them better control of their pricing in deals.

"This new announcement also makes things a lot easier for Microsoft," Shakirov said. "During the crisis, Microsoft had to spend a substantial portion of its time on resolving financial problems with partners, instead of developing its business."

Industry players believe that Microsoft will also gain because it does not have to worry about its smaller dealers going out of business because of currency volatility.

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