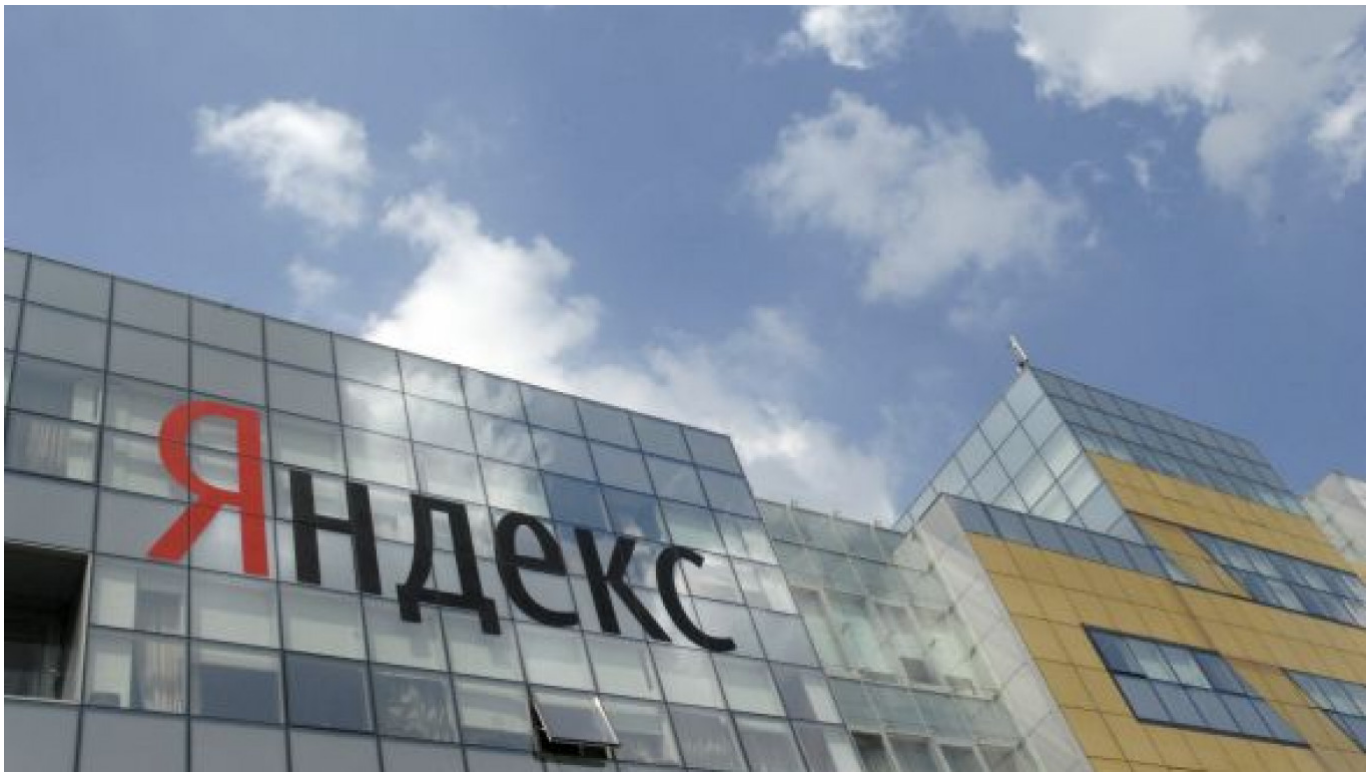
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Lack of Privacy Won't Hamper Yandex

By Khristina Narizhnaya

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Yandex is planning to open new data centers abroad, but their locations are being kept secret for security's sake. **Sergei Porter**

The recent privacy fiasco will not affect Yandex growth and revenues, which should more than double this year after a stellar initial public offering, company founder Arkady Volozh said Thursday.

"We are growing really fast," Volozh said.

Yandex 2011 second-quarter revenues of $161.7 million show growth of more than 50 percent in revenues compared with the same time period last year. The company, which generates 64 percent of all search traffic in Russia, expects to grow by 55 to 60 percent for the full year, up to $700 million.

Earlier this week Russian government documents, text messages and the personal information of millions of online shoppers became available on web engine searches. Yandex was mentioned in several news articles.

The company did not see any serious financial loss or slowdown of growth as a result of the leaked personal information, Volozh said.

Yandex stocks fell by as much as 15 percent in New York on Thursday but rebounded to be down 6.6 percent by Thursday evening Moscow time.

"It just shows that we are doing our job well," Volozh said of the scandal, since Yandex's sole function is to make all available information searchable.

After looking at private information that came up on its searches, Yandex found that the pages were not marked private by web masters, as they should have been, and that is why they were made public on the search engine, according to the company blog.

Yandex enhanced its privacy settings earlier this week in light of the scandal. But the system cannot tell for certain what information is private or not in all cases.

This isn't the first privacy scandal for search engines. Google was involved in a leak of personal information in 2006 when a fleet of Google streetview cars was found to be gathering information from Wi-Fi servers in more than 30 countries.

Yandex raised $1.4 billion on the NASDAQ nearly two months ago, selling 52.2 million shares. It was the second largest IPO ever for an Internet company, following Google's IPO in 2004.

Besides Russia, Yandex operates in Ukraine, Belarus and Kazakhstan. Its web site, yandex.ru, attracted 38.3 million unique visitors in March 2011, with most visitors coming from Russia, according to the web site. There are no plans yet to go global or to start a social network like Google+.

New Yandex data centers will appear abroad, but their locations were not disclosed for security reasons. There are possibilities everywhere from the United States to Antarctica, Volozh said.

Yandex introduced a new service in February — a phone book where businesses can have priority listings for money. The service is cheaper than Yandex Direct, Yandex's existing business directory, and has tripled its amount of users since it started.

This story originally p { margin-bottom: 0.21cm; misstated misstated that Yandex expects its 2011 revenue to grow by 55 percent to 60 percent to reach up to $228 million. It should have said $700 million.

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