Innovating Presidential Elections: What Can one Learn from the Russian Experience?

By Serguei Netessine

Recent presidential elections in Russia have drawn worldwide attention over the last few months. There was, however, one aspect of elections which did not receive as much coverage in the western press (at least in my opinion).

Of course, elections have been held the world over, in pretty much the same way for many decades. But for this Russian election, the authorities implemented a very interesting and very significant, in my view, business model innovation. What is the key issue in conducting elections in a country like Russia? It is, of course, the doubt in public minds whether elections will be fair. It is relatively easy to seed disbelief in the minds of the public: after all, it is bodies controlled by the current government that count the votes. The fundamental problem that one must confront here is not that different from issues faced by regular companies: the lack of precise information about the will of people. I will come back to how this is similar to, say, a furniture retailer's desire to know consumer preferences but first a few words about the innovation itself.

To remind the reader, concerns about the fairness of Russian presidential elections came up shortly after parliamentary elections in Fall of 2011. At that time, there were numerous reports of election fraud and, of course, it is extremely hard to argue one way or the other without seeing the process with your own eyes. This is why Prime Minister Putin announced in December 2011 that, to avoid the same issue, the presidential elections would be different: all election locations will be publicly viewable, through the web, in real time. To recognize the scale and the difficulty with implementing such a project, a few numbers will help. There are 91,000 voting points in Russia, and two cameras were installed at each, adding up to almost 200,000 cameras. The system was designed such that, 25,000,000 viewers should be

able to see the elections simultaneously, and up to 60,000 should be able to view each camera simultaneously. Quite a social video network! Perhaps the most impressive part was that the whole project had to be implemented within 3 months and in a country which is not known for high-quality telecommunications capabilities. Equipment was a separate challenge: it started arriving in January from China, using 7 shipments of 500 pallets each (400 tonnes in total). Nothing passes quickly through the Russian customs but this shipment, not surprisingly, did. It was then assembled into kits in a 500-person factory, working around the clock in 3 shifts. But probably the biggest pain was laying fiber-optic connection because most places in Russia simply don't have the proper bandwidth to transmit videos. The total bill – about $0.5 Billion.

Perhaps shockingly (at least to me, and I happen to be Russian), the system worked quite well. The web site http://www.webvybory2012.ru/ is very professionally done: it allowed for registration using credentials from any social network, and despite half-a-billion hits during a single day, no major disruptions were reported. One can always question aspects of the elections which were not visible on cameras (e.g., the moment of counting votes) but this is clearly a huge step towards transparency in a country where transparency is the key issue. Perhaps this solution might be of interest to other countries as well, as some foreign elections inspectors indicated. And better, yet, we can now review 500 years of elections video that has been recorded in the process.

Now back to the more general topic of **business model innovation**. The way I see it, many companies struggle with similar issues as Russia does: lack of information. An apparel manufacturer, for instance, would love to have know what customers want and what they say when shopping. For this reason,**Zara, a Spanish apparel company, designed a business model with close feedback from the store to the design room**, technology-enabled. **MyFab.com, France-based furniture retailer, uses technology to poll customers** about what they are likely to buy. These and other innovative business models are not that different from Russian elections in that they procure better information to make better decisions. This is a good example of how business model innovation can be transferred between organizations and appropriately adapted. After all, information is priceless be it what goes on in customer minds as they vote, or what goes on in customer minds as they browse through products....

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