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The quarterly of the American Chamber of Commerce in Poland



Start up, scale up, go!

Young technology
entrepreneurs
have never had it
so good

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On-line resources to AmCham

Check out our revamped website, with enhanced functionality including intuitive grouping of topic threads and multimedia coverage of our events!

MEMBERS This link includes access to AmCham community news, the member directory, information on how to become a member, and a list of companies and individuals who have received AmCham awards.

EVENTS The link Upcoming Events will take you to announcements of our future events. Past Events will take you to our events archive, which includes photo and multimedia coverage of selected events.

COMMITTEES AmCham's 13 committees are the heart of the organization, providing a forum for business leaders with similar interests to network, share best practices, and discuss relevant topics and issues. This enables active participation and input on matters of vital importance to members. The link will take you to a pop-up menu to choose the committee of interest to you.

MEDIA This link will take you to five databases: AmCham in the Press is a database of press clippings about AmCham in Poland. It will take you to a pdf version of our print quarterly, *American Investor*, in-

cluding the most recent edition as well as archives of past issues. Video Clips will take you to multimedia coverage of selected AmCham events. AmCham Media Contacts provides contact information for members of the media. Galleries will take you directly to the vast archive of photo coverage of our events.

ADVOCACY This link will take you to the archive of our position papers, policy statements, official letters to government ministers, and research papers.

REGIONS Apart from Warsaw, AmCham has three regional branches, which are active all year long and offer many exciting opportunities to interface with regional business leaders and politicians. Use the Regions menu to find out more about our services in Gdańsk and northern Poland, Kraków & Katowice and southern Poland, and Wrocław and Lower Silesia.

USEFUL LINKS This section provides links to other important US business organizations, such as the US Chamber of Commerce and the American Chamber of Commerce to the European Union, and other organizations working for the benefit of transatlantic trade and investment relations.

What's on **amcham.pl** Your online guide to AmCham activities





Dear Members and friends of AmCham,

The year continues to fly by, with Q4 already upon us. It has been another extremely busy and productive year for the American Chamber and our membership community. From major events throughout the year in Katowice, Łódź and Krynica to our monthly meetings and numerous VIP guests from the United States, AmCham consistently delivers the message to all stakeholders that American investment is crucial to the continued economic growth of Poland.

AmCham is always seeking to innovate and better serve the membership and deliver our message. In Krynica this year we partnered with TVN24 to interview government officials, experts and business leaders on national television from inside the AmCham Diner. We have worked closely with thought leaders such as *Rzeczpospolita* and *Polityka Insight* to maximize the impact of our information and our ideas on the market. We have more ideas in the pipeline for 2018, so please stay tuned.



Tony Housh
AMCHAM CHAIRMAN

As we look toward the future, this edition of AI looks at key areas shaping the next generation of business. The startup ecosystem in Poland continues to evolve and we look at what is working well and what needs improvement to tap the energy of this sector. Driving much of the startup sector is the need for connectivity and cybersecurity. Learn more about this meeting of the virtual and the real in the discussion about cloud computing, competitiveness and security in this edition.

We have hosted a number of senior US elected officials and policy makers during the last several months. AmCham welcomes this opportunity to engage directly with Washington-based partners to ensure that the success story of Poland is told often and loudly. Challenges and issues that some of our member companies are experiencing on the market are also discussed in detail so that progress can be made in resolving problems or clearly defining next steps.

The political environment in Poland continues to evolve with changes in the Cabinet and major issues still unresolved in the fourth quarter. As a range of issues moves forward, AmCham will continue its active engagement in tax, trading, innovation, healthcare, defense modernization, cybersecurity, and workforce issues among others. Our broad range of discussion topics simply reflects the wonderfully diverse companies which make up AmCham.

I hope that all of you are enjoying the strong economic numbers and that this benefits your companies and employees. Jobs, Growth and Opportunity is at the heart of what AmCham advocates for our member companies. Thank you for your support in 2017, take a deep breath and get ready for the new year.

Best regards,

Newsline

News from AmCham and its members

YOUR AMCHAM

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Letters to the editor should be e-mailed to tomasz.cwiok@amcham.pl

The photograph on the front cover: Pixabay.com

AmCham Kraków & Katowice



In September, AmCham Kraków & Katowice restarted activities with the new team: **Jacek Drabik** (Country Manager, Motorola Solutions Poland) as director, and **Anna Charuba** as branch manager.

The office will cater to the needs of the many US companies in Kraków and Katowice—two prominent business centers in southern Poland—and in the Małopolska and Upper Silesia regions.

C.H. Robinson

In September, third-party logistics provider C.H. Robinson celebrated 20 years of delivering supply chain and transportation solutions in Poland with a party help for its employees, clients and partners.

C.H. Robinson is a company with a global reach, which also offers air and ocean services. In Poland it recently strengthened its operations in dry van, temperature controlled and liquid, and bulk truckload services.

CMS

Law firm CMS has advised mBank in the process of establishing mAccelerator, a corporate venture capital fund. The fund earmarked EUR 50 million for investment in companies developing new technologies—young firms with a potential for growth. CMS advised on the structuring and setting up of mAccelerator. CMS lawyers will also support its day-to-day operations.

Corning Optical Communications

Technology company Corning Optical Communications announced plans for the construction of its second production facility in Poland. Sized at 37,000 square meters, it will produce fiber-optics for telecommunications. With the new production site the company will create approximately 1,000 new jobs.

Cushman & Wakefield

The Focus office complex in Warsaw received a BREEAM In-Use International certificate with an "Excellent" rating in Building Management and a "Very Good" rating in Asset Performance. The audit, commissioned by Cushman & Wakefield, a real estate services firm and the office park's property manager, was conducted by Sweco Consulting. Focus is a twelve-storey office building offering 32,000 square meters of

Class-A leasable space and approximately 400 parking spaces on three underground levels. It was designed by Warsaw-based studio APA Kuryłowicz & Associates. The building is located in downtown Warsaw, close to Łazienkowska Street and in the vicinity of Pole Mokotowskie park.

Dentons

The Warsaw office of law firm Dentons was recognized for the high quality of its services with a "Tier 1" grade in Banking, Capital Markets, Energy, Infrastructure, M&A and Project Finance in the 2017 edition of IFLR1000 Ranking, one of the most comprehensive guides to the world's leading financial law firms. In addition, 31 Dentons lawyers from Warsaw were highlighted in the ranking, including **Piotr Dulewicz** and **Arkadiusz Krasnodębski** classified as "market leaders", and **Marcin Bartczak**, **Jakub Celiński**, **Paweł Dębowski**, **Robert Dulewicz**, **Tomasz Janas**, **Tomasz Korczyński**, **Aldona Kowalczyk**, **Agnieszka Kulińska** and **Michał Mężykowski**, as "highly regarded".

Dentons advised Griffin Premium Real Estate on the acquisition of 100% shares in entities in three high-quality office properties, from Echo Polska Properties. The aggregate value of the acquisition is approximately EUR 160 million. The properties included in the contract are A4 Business Park—a complex of three office buildings in Katowice, Tryton Business House, an office building in Gdańsk, and West Gate—an office building in Wrocław's Fabryczna district.

Paweł Dębowski, Chairman of the Europe Real Estate group, led the Dentons legal team advising on the acquisition, with the support of partner Maciej Ryniewicz and senior associate Magdalena Osóbka-Morawska.

Griffin Premium Real Estate, listed on the Warsaw Stock Exchange, is a REIT-type company, with a focus on Poland's growing office property market. Its portfolio is valued at over EUR 0.5 billion.

Estée Lauder Poland



In October, Estée Lauder celebrated the 25th anniversary of its breast cancer awareness

campaign with a gala held at Endorfina Foksal restaurant in Warsaw. The campaign has a global reach. In Poland it is executed through a number of schemes executed with local partners, such as Magic Records, which is in-

Members on the move

AmCham Kraków & Katowice

Jacek Drabik, of Motorola Solutions Poland, has been named Director of the AmCham Kraków and Katowice chapter.



Drabik graduated from the Faculty of Mechanical Engineering and Robotics at the AGH University of Science and Technology in Kraków. He held various managerial positions in software companies. He joined Motorola Solutions when the company just started its R&D center in Kraków, and gradually made his way through different levels of management to become the center's managing director. Presently, as CEO and the President of the Board of Directors, Drabik is responsible for the overall Motorola Solutions activities in Poland.

Cisco Poland

Przemysław Kania has been appointed Managing Director of Cisco in Poland. He leads sales and technical organization based in Warsaw and supervises Cisco's cooperation with almost 800 partners in Poland. Kania is also a member of the Cisco management team in Eastern Europe.



Kania, who graduated from the IT Department of the AGH University of Science and Technology in Kraków, joined Cisco in 1998 and held positions in sales and services. He was the Director of Cisco Advanced Services, responsible for the creation and dynamic development of the international Global Delivery Center in Kraków, a part of the Cisco Global Services Center. He also headed the Cisco Global Delivery Center in Mexico.

Wierzbowski Eversheds Sutherland

Tomasz Zalewski has been named Managing Partner at Wierzbowski Eversheds Sutherland law firm. Zalewski's cooperation with the law firm dates back to 1999. In 2008, he became a partner.



Zalewski specializes in technology, intellectual property, and public procurement. He advises technological startups in such areas as blockchain, artificial intelligence, the internet of things and cyber security. He is one of the founders of LegalTech Polska—knowledge exchange platform law and technology. He is a member of the Arbitration Court of the Union of Audiovisual Authors and Producers, and an expert for the Polish Chamber of Informatics and Telecommunications, and a co-founder and member of the Association of Public Procurement Law.

involved in the awareness boosting part of the program. In turn, a money rising scheme, executed through the sales of selected company' products, benefits the Inherited Cancer Research Center, a part of the Pomeranian Medical University. The goal of the program for this year is to rise over PLN 1 million.

The cancer awareness program from Estée Lauder Companies has been running in Poland for eight years.

In picture on the previous page: **Joanna Zboch**, General Manager Estee Lauder Poland, **Marzena Dreła**, Deputy Director AmCham, **Eiżbieta Borsuk**, Corporate Communications Manager Estee Lauder Poland.

GE

Multi-technology company GE announced plans to double the value of business it gives to its suppliers in Central and Eastern Europe by 2020, from USD 1.7 billion last year. At present GE cooperates with over 6,500 suppliers in the region, including approximately 5,000 in Poland.

According to **Peter Stracar**, President and CEO of GE in Central and Eastern Europe, the company hopes that with that it will help facilitate the transformation of the CEE economy into an innovation-based one, as the past trends of effective use of know technologies and processes have been exploited to the full, and in order for the region to grow economically a new innovation-based approach is a must.

PM Group

In September, project design and management specialist PM Group celebrated its 20th

New members

Companies recently joining AmCham:

Aircraft company, **Bell Helicopter**.
Contact: **Joel Best**, Director for Europe.

Energy company, **EnerNOC Polska**.
Contact: **Jacek Misiejuk**, Managing Director.

Community building specialist, **Lunchers**.
Contact: **Robert Dziubłowski**, Chairman of the Board.

Producer of headphones and noise-canceling technology **Plantronics**.
Contact: **Magdalena Wasiewicz**, Key Channel Account Manager.

Multi-technology company **Saab Technologies Poland**.
Contact: **Jyrki Kujansuu**, Acting VP and Manager Country Unit Poland & the Baltic States.

anniversary of doing business in Poland with a gala for the company's clients, partners and friends, held at the premises of the National Technical Organization in Wrocław. Among the guests were **Gerard Keown**, Irish Ambassador to Poland, and **Dave Murphy**, CEO PM Group.

The company received congratulatory diplomas from AmCham and Enterprise Ireland. On its client roster in Poland PM Group has, among others, XEOS, Aero Gearbox International, 3M, Mondelēz International and Philip Morris International. (For photo coverage see p. 52)






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Agenda

Intelligence from AmCham Committees

Employee & Labor Relations

In October, the AmCham Labor and Employee Relations committee, together with member company Assessment Systems Polska, held a meeting featuring as the keynote speaker **Robert Hogan**, the founder and president of Hogan Assessment Systems. Mr Hogan has created a methodology which allows you to assess personality traits of job candidates in such a way that those with the potential to have a positive impact on the organization can be put on a fast-track career development plan that puts them first in leadership roles in the company.

The keynote speech was followed by a discussion panel involving managers from companies which use the Hogan assessment system, who shared their views on the role of the HR department in a fast-changing business environment.

According to panelist **Krystyna Boczkowska**, Chairman of the Board at Robert Bosch Polska, the changing business environment, especially when it comes to recruiting the right talent, is forcing HR departments to change their internal processes so the right candidates get employed before they find a job with other employers. She said that the problem is especially urgent when it comes to IT specialists, who, if not offered a job almost instantly, find one somewhere else. "The time when recruitment processes could last long is gone," Boczkowska said.

In turn, **Halina Rakiej**, Global Service Delivery Manager in Covestro Polska, a material science company which operates an outsourcing center in Poland, said that a similar situation has emerged with financial specialists, not only in Poland but also in other countries in Europe. This is why it is difficult today to find job seekers who will be good managers at the company. "We pay attention to high-potential candidates but we also hire people who are not high-potential because we need them too," Rakiej said.

Another panelist, **Anna Tatrzyńska**, HR Director at Coca-Cola Company, said that Coca-Cola resorts to the tools with which to identify high-pot people, but not for hiring but to develop the right career paths for the best people. However, while the company does not resort to management performance evaluation programs, it is sensitive to the feedback it receives about managers and this is how the HR people know if there is an issue which needs to be addressed.

For **Maria Wyzga**, CEE HR Lead at Bayer Polska, HR departments need to change the way in which they work for high-potential job candidates as well as managers within the company. "We constantly work to identify leaders with high impact potential and work with them so they create innovative teams under their leadership," Wyzga said.

Personal Data Protection

In October, **Pawel Borkowski**, CEO of member company Integral Solutions, met AmCham members to talk about the new General Data Protection Regulation which unifies personal data protection standards across all EU member states. The set of new requirements, known in Poland as RODO, will impact both commercial and non-commercial entities. The presentation focused

on what steps companies need to take to be RODO-compliant, and what opportunities for business may emerge from it.

Borkowski said that the underlining idea of RODO is to make companies make sure they know what happens with the personal data they process.

He talked about how companies may prove that they are RODO-compliant, and how fulfilling those requirements may look like in practice, and also how companies will have to explain to the market regulator what data they keep and for what purpose.

This may be difficult with organizations which have hundreds of IT systems which process personal data. It is impossible for them to know exactly what happens with the data at a given moment and where it is stored exactly even if they are compliant with the current regulations on personal data storage and processing. Personal data, or data that reveals personal information on concrete individuals, may be stored in Word documents, Excel files, and emails, and customer data bases.

Some of the data may be produced by the employees in the form of notes and memos and other written documents, which in light of RODO will also have to be under control and protection.

With this, Borkowski said that small companies with few employees with access to personal information will obviously find it easier to comply with RODO than big companies with thousands of employees. Big firms will have to identify the different types of personal data that they possess and find out what it means for the business before they establish proper data governance policies internally.

Another critical aspect in establishing proper data governance policies is to find out how different IT systems interconnect in the company and whether they are supported by sub-systems, such as small databases that employees in different departments often create for specific reasons, which in turn, are difficult to control by organizations.

Borkowski also said that while compliance with RODO may look like a one-time system implementation, it is an on-going process because organizations change, add new systems, change business processes and evolve with the market. With this, to be RODO-compliant, organizations will need to have ongoing systems that monitor personal data in the network, including how the data is processed, stored and used by people who have access to it.

"Simply Business" Breakfast

The issues surrounding intergenerational wealth transfers were on the agenda of the September "Simply Business" breakfast meeting with speakers from Reilly Financial Advisors, a US-based wealth management firm with USD 1.3 billion under their management. They were **Frank Reilly**, CEO and Visiting President for Europe, **Gabrielle Reilly**, Vice-President for Europe, and **Jason Watters**, Vice President for Europe.

Frank Reilly talked about how different generations, from Baby Boomers to Millennials, respond to wealth and how it is important to understand their motives for wanting a successful fam-

ily wealth transfer.

In turn, Gabrielle Reilly presented different types of wealth transfers. She said that in the US alone, every year, over 120,000 individuals inherit a million USD or more. Unfortunately for most families, many of them are unprepared to receive the inheritance—only 30% of the heirs successfully continue to build on it and pass it to the next generation, while some 70% of the heirs fail to pass the acquired wealth on to their children.

She said that around the world people are struggling to make sure that they are able to transfer their wealth as they want the inheritance to continue generate wealth down to the next generations.

The underlining problem is that most wealthy people take it for granted that their heirs will continue dealing with the acquired wealth in similar fashion to what they did. By assuming so, they fail to properly communicate to the next generation their values.

Communicating the values is a process which may start with conversations with potential heirs about their views on wealth to find out whether or not they would want to leave a legacy behind them. Attitudes change from generation to generation but each generation is shaped by their shared experiences. Children may view money is a different way to their parents do. Each generation presumes that their views on money are the right ones, while the truth is that no generation is right or wrong about how to approach wealth. For instance, for some, money is an indication of success and if they do not leave the wealth to their children and grandchildren it means that they they have failed as wealthy people.

But the young generations may not agree with such a view, arguing that an important element of being wealthy is to contribute to society and charitable causes. But what is helpful when talking to heirs about their potential inheritance is donors underlining why they have built their wealth so the potential heirs understand how it was created and what ideals motivated the donor. It is important to make sure that the heirs understand the perspective of wealth beyond themselves and how they can make the wealth they receive support values that they believe in and enrich future generations of heirs in similar ways.

Another speaker, Jason Walters, talked more in depth about the most important steps donors need to take in order to effectively communicate their reasons for passing for passing their wealth onto the next generation.

He said that in many cases when wealth transitions failed to continue past the immediate heirs there was a lack of communication between donors and heirs. In many cases it was because those parties did not talk at all. In such a case there is a need for an intermediary. Sometimes children have a disinclination to work with their parents face to face because they are afraid that parents will force them into doing things "the parents' way". A facilitator, someone who is neutral and a non-family member, can change that perspective and get the heirs involved into the transition process.

For the most recent information about the AmCham Committees and upcoming events visit amcham.pl

Agri, Food & FMCG



Mission: To provide a platform for discussing and overcoming issues and identifying opportunities related to operational activity for companies in the agricultural and food sectors in Poland by creating a basis for dialogue and expertise leveraged among producers, sector professionals, experts and decision-makers in the Polish government. **Co-Chairs:** Piotr Bonisławski, Eli Lilly Polska; Andrzej Pawelczak, Animex.

Business Technology & Services



Mission: To provide a platform for discussing, identifying and addressing common SSC/BPO issues related to high-tech operations; to maintain contact with local authorities, educational and governmental institutions to present a unified business perspective and options for cooperation. **Co-Chairs:** Jacek Stryczyński, Lionbridge; Angelo Pressello, Direct Communication.

Defense & Security



Mission: To discuss issues regarding the defense industry and exchange information, to create a networking forum for members, and to lobby and encourage decision-makers in government. **Co-Chairs:** Stan Prusiński, Boeing Europe; Marta Frąckowiak, DLA Piper.

Digital Economy



Mission: To provide a forum for innovative companies to support the digital economy in Poland as a key driver of sustainable growth. It aims to raise awareness about the importance of balanced investments in digital infrastructure, fully exploiting digital potential, and increasing competitiveness in the global environment. **Co-Chairs:** Patrycja Gólos, UPC; Igor Ostrowski, Dentons.

Energy & Environment



Mission: To help members develop their energy and environmental business in Poland. By helping members work collectively to overcome any systemic difficulties encountered in their business the committee aims to increase the level and quality of investment and activity in these sectors. **Co-Chairs:** Michał Koczalski, CEC Government Relations; Mariusz Mielczarek, GE Central and Eastern Europe.

European Union Affairs



Mission: To provide a platform for discussing business-related issues coming out of the EU, including EU funds; to work with AmCham EU on mutual lobbying initiatives; and to represent member companies before the European Commission and the government of Poland. **Chair:** Jerzy Thieme.

Health & Pharma



Mission: To represent the voice and opinions on various issues of the health sector, to discuss conditions, news and challenges of the sector; to provide expertise. **Co-Chairs:** Ernest Bartosik, Unipharm; Aldona Zygmunt, Pfizer.

Human Resources Management



Mission: To create an information exchange forum of HR professionals to share, discuss and learn about the latest trends in HR management and influence local policy and decision-makers. **Co-Chairs:** Jolanta Jaworska, IBM Poland; Agata Dulnik, Accenture.

Manufacturing



Mission: To provide a platform for discussing issues and problems related to the manufacturing sector in Poland and to provide networking opportunities; to discuss conditions, news and challenges in the manufacturing sector across Poland; to coordinate with AmCham's annual Manufacturers' Forum. **Co-Chairs:** Joanna Benz, Lockheed Martin International; Przemysław Paździorek, 3M Poland.

Marketing & Communications



Mission: To provide a forum for member firms to share knowledge and exchange experiences in marketing, communications and PR, provide educational and networking opportunities for member firms interested in these areas, and serve as an advisory body for AmCham. **Co-Chairs:** Anya Baum; Łukasz Kowalski, MSLGroup.

Sustainable Real Estate



Mission: To discuss issues regarding the complexities of the real estate market in Poland, and exchange information. To be an educational and networking forum for members and to lobby and influence legislative departments of the Polish government. **Co-Chairs:** Halina Więckowska, K&L Gates; Magdalena Pavlak-Chiara, ERM Polska.

Tax & Financial Services



Mission: To provide a platform for identifying tax and financial issues and create an educational forum to keep AmCham members informed on current and upcoming legislation. **Co-Chairs:** Adam Soska, PwC Polska; Marcin Matyka, Andersen Tax.

Travel & Tourism



Mission: To provide a platform for discussing issues and problems related to travel, leisure and the hospitality industry and to provide networking opportunities and to discuss trends and standards in the industry that will allow members to fully benefit from AmCham. **Co-Chairs:** Tim Hyland, FCM Travel Solutions; Frank Wagner, Lufthansa Group.

THOUGHT LEADERS

Individuals who are point people and experts for specific areas of interest for AmCham that do not require a formal committee structure or activity level.



SME & Entrepreneurship
Alain Bobet



Innovation
Bogusława Skowroński

Cover story

Startups

Start up, scale up, go!



Photo Pixabay.com

Young technology entrepreneurs have never had it so good in Poland in terms of mentoring, money available, and growth perspectives

In May, Sebastian Kulczyk announced that he had earmarked USD 60 million to invest in five innovation startups in Poland to accelerate their development and take them to the next level. In September, out of the 426 startups which submitted their proposals, five were admitted to the acceleration program. With this decision, Kulczyk, the son of the late Jan Kulczyk, once Poland's richest man, has shown his determination to shape today's innovation-based economy.

The mp3 revolution

To assess the potential of how innovation technologies can change markets for ever it is best to take a look at the history of the mp3, the most popular digital format for music decoding today.

In 1994, after years of R&D work involving private companies and public science institutions in the US, France, the Netherlands, Germany, and Japan the final stage of development was entrusted to a team of coders financed by the German government. When the work was finally finished in July 1995, the Fraunhofer Society released the program to the public.

Back then consumers had limited access to digital storage capacity as most computers were equipped with hard drives not exceeding one gigabyte. A software which allowed somebody to convert songs from a CD into

computer files so small that one computer could hold thousands of songs was very much appreciated. Not only because users could have them in one place, but also, because they could access the desired album or song through a user-friendly interface.

Released in Germany, the mp3 format spread like wildfire to all the continents, mainly because of pirating. The legend has it that in Australia, the program was acquired by a hacker who used a stolen credit card number to purchase it, and then, having created a new user interface, redistributed the program for free naming it "Thank you Fraunhofer".

It was not before long that the new format caught the eye of computer hardware producers. Mp3 players flooded the market. Now, music enthusiasts could take their entire record collections on the road on one device—a major step towards convenience when compared to cassette and CD players.

At that time, several computer-to-computer file-sharing programs were developed, among them the Windows-only, called Napster. It specialized in mp3 files. Its users could search the internet for mp3 files using keywords such as the artist's, album title, song title and music genre. A search list would show what was available at that particular time, and with a click of the mouse the selected files could be downloaded. Then

happy Napster users could play them on their computers and mp3 players, or convert them into CD-format, burn a disc and play it at full blast on their hi-fi systems. Napster was fun! By March 2000 the Napster "community" numbered over 20 million.

Not everybody was a Napster enthusiast, however. The same year, the members of Metallica rock band discovered that a demo of one of their unreleased song had been played on a number of radio stations across the US. The song had been sourced from Napster. To their dismay they realized that Napster offered the entire catalogue of their studio material. It was bad news for the band and a lawsuit against Napster seemed inevitable.

Also in 2000, a major music publishing company A&M Records, backed by the Recording Industry Association of America (RIAA), sued Napster for a number of copyright infringements. They won the case and in 2001 Napster shut down its server. By that time, the Napster community had reached 60 million. A year later the company filed for bankruptcy.

But the writing was on the wall for the recording industry and the power of a computer exchange system was becoming a force to reckon with.

Computer giant Apple saw the writing first. It did not require rocket science to find out how many computers carried mp3 files

taken off the internet. In early 2001, Apple released its first version of iTunes, a program to encode and play mp3 music. Soon the company launched its own player too, iPod. It was not long before iTunes came with yet another feature—access to Apple online music store.

The store was launched in April 2003 and exactly five years later, in April 2008, became the largest music vendor in the US offering entire albums or selected songs for competitive prices. Meanwhile, the revenue that the US recording industry generated through CD sales more than halved, from USD 14.6 billion in 1999 to USD 6.3 billion in 2009.

The mp3-Napster-iTunes story is a story of how a small technological innovation can lead to the disruption of a major industry with decades of strong growth behind it. No one is safe.

But it is also a story of lost opportunities. What if, instead of suing Napster, which seemed the right thing to do at that time, RIAA executives had taken a second look at the young startup? What if they had been audacious enough to look for a new business model instead of defending traditional sales?

Different forces

The fact that collaborative efforts bring more fruit than old-school competition in the realm of technological development has been known for years. When the internet became reality, the idea of “open-source” projects evolved, in which groups of volunteers sacrificed their time writing the so-called “open source” software.

One of the best examples of the power of open source is the story of Linux, a computer operating system. It was initially developed by Linus Torvalds in Finland in 1991. But Torvalds wrote only the core of the system and did not bother to write all the essential additions. Instead, he made the code available to other programmers. A few months later complete versions of the system were available for download to those who wanted it. Since then, software developers have used the open source code to produce new versions of Linux, with new features and better functionality.

In time, Linux became the most popular computer operating system with internet providers and companies which offer e-mail and maintain web servers. Although developed as an “open source” it was more reliable than other operating systems. Today, Linux supports the computers of the NYSE, the London Stock Exchange, the animation computers at Dreamworks and Pixar, and Industrial Light & Magic. In 2013, NASA replaced Microsoft Windows with Linux on all the computers at the International Space Station. Also in 2013, the Warsaw Stock Exchange migrated to Linux, and so did all the brokerage houses in the country. And with its

mobile version, Android, Linux, in April 2017 Linux became the most popular computer operating system in the world.

The Linux story shows that for some reasons in technology development collaboration rather than competition and proprietary approaches is a key to success. One explanation why this is so was put forward by Eric Raymond, a US-based hacker and open source activist, who said in reference to software development that “Given enough eyeballs, all bugs are shallow.” What he meant to say is that with enough brainpower all technological problems can be solved almost instantly.

It was perhaps the knowledge of open source and the audacious spirit of Silicon Valley where they met, that made the executives of two companies, which were developing software supporting online transactions, to bring their efforts together rather than compete and kill each other. In 2000, Confinity and X.com merged; in 2001 called themselves PayPal, and in 2002 went public, generating with its initial price offering a breathtaking USD 61 million. The same year PayPal was acquired by eBay for USD 1.5 billion. Apparently, when they set the new order PayPal's founders knew where the idea would take them.

Branching out

Another company which has never failed to understand how the modern technology-and-innovation based economy works, has been Google. When set up 25 years ago it was a startup like a few others in Silicon Valley. It started as a search engine for the Web which used Stanford University web server. When its developers saw that their invention had commercial potential as an advertising tool, in 1997 they established a company and registered it at a friend's garage in Menlo Park, California. Then came big investors, who brought brought with them a “proper success-oriented” structure and business growth strategy.

Their first problem was that Google was not alone in the market. Its search algorithm was just one of many different propositions offered by different companies, including Yahoo!, which had been established by Stanford students in 1994 as a web portal. But instead of competing in the old-fashioned way, the two companies forged a partnership and in 2000 Google and Yahoo signed an agreement through which the Google search engine would power up searches at the Yahoo! portal. The cooperation was mutually beneficial until 2004, when Yahoo!, believing it had developed a better search engine, decided to go the old “competition way” and dropped out of the agreement with Google. Yahoo kept acquiring technology companies but kept its interest in content oriented technologies, believing that web portals would

continue to be the primary points for internet users entering the world-wide web.

But it was a wrong assumption. Following a succession of market failures and massive layoffs, in 2017 Yahoo Inc. ceased to exist after it had been purchased by the Verizon group, which, remarkably, still maintains the Yahoo! brand.

Meanwhile, Google pursued a different strategy. While the company kept buying startups with “competitive” web-search technology in order to turn them into assets instead competitors, it also branched out into other technology-based areas with the potential for commercial growth. Google bought YouTube, for USD 1.7 billion in 2006. It bought companies developing software for navigation and auto technology and robotics, including robots with “personalities” which can be downloaded via the internet. It did not fail to notice the potential of smart home applications such as Flutter, which developed software recognizing gestures to control home applications. Google also invested in commerce and bought 15 companies to support its retail arm Google Shopping and its delivery-logistics scheme Google Express. It also invested in productivity software (virtual assistants), cloud computing (Google Cloud Platform), healthcare (Google bought a number of companies, including in genomics, big data, health insurance, and life-science), payments (to support its Android-Pay platform), and telecommunications—among others, Google bought high the attitude drone company Titan Aerospace, and satellite company Skybox Imaging. Between 2001 and October 2017 Google invested in nearly 200 technology startups and today it is one of the largest tech companies that there has ever been.

Talent everywhere

Meanwhile Silicon Valley has become a crowded place. Entrepreneurs from all over the world went there for the valley's “startup eco-system”, which is the unique collaborative culture involving innovators, business experts and investors. Collaborative efforts paid off. Co-working space was developed and technology hubs sprang up all over the place. New startups took off and fortunes were made.

In time, however, as some experts point out, Silicon Valley became over-saturated with ideas and began to produce things that few people needed. But it also became clear that there were a lot of bright minds scattered around the world that had the potential to come up with disruptive technology.

And some of them are found in Poland. Polish programmers and software developers were well known among the tech crowd in Silicon Valley for years. A Pole, Motorola's Henry Magnuski was the guy behind the development of the two-way communication

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“Campus Warsaw is a place where there is wide access to mentors, not only from Poland but from those in our international chain.”

device, known as the walkie-talkie, which paved the way to the development of the cell phone. In turn, Rand Corporation's Paul Baran, was pivotal in developing digital data networks for the US military after WW2, which paved the way for the development of the internet. Apple Computers most likely would not have been around had it not been for the engineering genius of Steve Wozniak, an American of Polish descent. Another Pole, Jerzy Lewak, pioneered software development in 1983, including for Apple. His son Stanislaw developed semantic search software for the internet, and in the 1990s set up a company in Kraków, which he sold later to Prokom Software, Poland's largest software company at that time. And there are new generations of entrepreneurs of Polish descent in Silicon Valley. Nathan Blecharczyk and Brian Chesky, were two of the three cofounders of airbnb.com, a home renting/sharing service. Poland-born Luke Nosek, was among the founders of PayPal, and now sits on the boards of SpaceX, a private space travel company, and ResearchGate, a social network for scientists and researchers.

One of the first VC investors who recognized the growing potential of the startup “eco-system” in Poland was Robert Dziubłowski, a Poland-born Polish-American with experience in the financial sector on Wall Street. In 2013, he set up a non-profit foundation Startup Hub Poland, “to facilitate technological development in the CEE region and increase its global presence as a place where disruptive technologies appear.” So far, it has helped more than ten startups to take off. They range from a technology to eliminate pathogens in soft drinks with almost no harm done to vitamins and micro-elements in them, to a technology which reduces the application of

“When Polish startups get better on the sales and marketing side, it is going to be a golden era for Poland.”

water in natural oil-extraction. Dziubłowski is also a venture capital investor in Blue Technology, a virtual reality company with seven games in the pipeline, and has recently joined AmCham with his project, Lunchers, “an HR network which helps IT professionals connect with prospective employers.”

According to Dziubłowski, Poland is becoming a place with the right eco-system for startups. First off, Polish software developers are excellent and do not feel inferior to their colleagues in other countries.

But Poland also has a market big enough to test a young business. “If a startup takes off in Poland it may take off in other markets too,” Dziubłowski said. “A success in Poland may translate into financial success, which, when properly utilized, may lead to expansion into other markets,” he said, noting that the number of startups which made such successful leap from Poland to foreign markets is growing.

He also noted that more and more VC investors from the US are now looking at the “startup scene” in Poland and Central and Eastern Europe, which is good news because “once they back up a startup its chances to expand in the US increase significantly.”

One such US investor is Mike Looney from New York, who, after looking at Poland, has set up Polish Innovation Board, a social network for venture capital professionals who volunteer their time to mentor Polish entrepreneurs and invest in selected startups. “When you think of Poland as a startup and the US as a big company, you know that startups have this potential to disrupt big companies,” Looney said. “Poland has done a great job of creating a tech culture that is as good as anywhere in the world. What is going to happen is that when Polish startups get better on the sales and marketing side, it is going to be a golden era for Poland.”

He added that creating a better bridge between Poland and the private US investment community is very valuable for both sides, especially, as “When it comes to the angel round of financing it is a very high-risk investment, and investors like to do it together. It creates comfort if they invest together.”

Google with us!

Google recognized the fact that the ideas and talent that can turn around a market are not always in Silicon Valley but can be found anywhere around the world. To do this, in 2011, the company established a network of “technology hubs” outside of the US, the Google Campus. “We build community hubs, called Campuses, where entrepreneurs come to learn, share ideas, and launch great startups,” Google explains

on its Campus Google website.

The company started in places where it knew the most innovations were coming from: Berlin, London, Madrid, Seoul, Tel Aviv, Warsaw, and Sao Paulo. Campus Warsaw, established in 2015, was the fifth in the Google Campus global chain.

Agnieszka Hryniewicz-Bieniek, managing director of Google Poland, who talked about Google Campus Warsaw at the AmCham Diner Media Corner during the Economic Forum in Krynica, said that with this project Google wants to contribute to the growing technology eco-system in Warsaw. She said that while the process of creating the proper eco-system is still in its early stages, one of the assets which is in high demand from Polish startups is the knowledge and experience of the those who have been in business for years. “Campus Warsaw is a place where there is a wide access to mentors, not only from Poland but from those in our international chain,” she said. “Those are people from corporations, experienced managers in our Google Campus networks, who want to share with startups.”

She also said that growing numbers of VC funds from abroad are eyeing startups in Poland. “Maybe we will reach such a point in time when startups here will have everything they need to grow globally. Certainly, we are on the right track,” she said.

Similar views were expressed by Jędrzej Iwaszkiewicz, Vice President for Business Development at the Heart Warsaw, a MasterCard-affiliated “technology accelerator”, which searches for technological solution providers in finance and banking related areas, and matches the best propositions with its corporate partners.

“There is a good environment for the development of early-stage projects,” he said. “There is seed capital and angel investors, and other aid programs. They all stimulate the development of new technologies.”

However, when it comes to expansion beyond the startup phase and beyond the Polish market there is room for improvement. “Other rounds of financing are problematic because there is not enough investors in Poland and if startups don't find investors abroad, they get clogged up and have to fight to get financing to develop further,” Iwaszkiewicz noted.

Mike Looney has noticed similar problems, and said that the financing in Poland is “very siloed” and “difficult to navigate”.

The Boston area

But again, mentors must come before money, said Joanna Misiewicz, Program Manager at Foundation for Technology Entrepreneurship, which is behind the acceleration program called MIT Enterprise Forum Poland. Since 2015 it has run three acceleration programs for Poland-based

startups. Each edition brought together between 20 to 25 startups that for three months were coached by the network's mentors through six get-together sessions each lasting 2-3 days. They used the methodology designed by Gill Olet, a professor from MIT who wrote *24 Steps of Disciplined Entrepreneurship*. The Polish leg of the program culminates in a Demo Day, when startup people sell their ideas to a review committee, whose members are executives from companies which are program partners, large Polish companies: PKO Bank Polski (bank), KGHM Cuprum (copper producer), Adamed (pharmaceutical company) and PGNiG (oil and gas company). The selected five to eight startups will go to Boston for a week-long bootcamp, where they will meet other entrepreneurs and venture capital professionals.

According to Misiewicz, this process alone is an important part of startup community building in Poland. "We create our alumni base, because those people who have been through our program have unique knowledge and are an important source of knowledge for companies which will come to our program later. This is how we build a startup community."

There is a chance that soon, Poland will have access to the largest global accelerator network, the Boston-based MassChallenge which has local hubs in Texas, the UK, Israel, and Switzerland, and has plans to open in a total of 12 regional locations by 2020. Warsaw may be one of them.

"We talked to the headquarters in Boston we agreed to run a pilot project, called Bridge to MassChallenge," Misiewicz said.

The program caters to established startups with business on their hands but not more than USD 2 million in annual revenue, and not more than USD 1 million in equity-based funding. "We look for startups not only from Poland but also from other places in Central and Eastern Europe and beyond," Misiewicz said. By mid-October over 100 applications had been sent, with 50% from Poland and 50% from abroad. Only 25 of them will be admitted to the program, focusing on how to scale up business, optimize operations and develop the team when expanding abroad. The 10 best startups will be taken to Boston for further rounds of meetings with potential partners, clients and investors. There, two startups will be selected to take part in the semifinals of the MassChallenge Boston accelerator program.

If the pilot project succeeds we may see the Warsaw Chapter of MassChallenge become reality.

Government in action

The MIT Enterprise Forum Poland program and a number of other accelerator

programs were supported by the Polish Agency of Entrepreneurship Development (PARP) through the ScaleUp scheme. It had to involve big Polish corporations as one of its goals is to stimulate innovative approaches within state-owned companies.

The Polish government recognized the importance of tech-based innovation for the future of the country's economy a long time ago. In June 2016, Jadwiga Emilewicz, Deputy Minister at the Ministry of Development, announced Star in Poland, an umbrella program which offers aid instruments (money) for various startups and innovation firms in Poland. It covers their needs at all stages of their development cycle—from seed capital and incubation to acceleration, to reaching the phase of fast-growth. The ministry has had PLN 3 billion at its disposal and hopes to help some 1,500 innovative companies to get what they want to be.

One of such aid programs, called Scale Up, aims at helping mature companies in sectors that are important to the country's economy, according to government experts, to get involved in collaborative projects with startups.

The Łódź Special Economic Zone, used this opportunity to create an acceleration program called Startup Spark, which brought together selected companies from the zone and innovative startups. The deal was simple: companies from the zone—which are the program partners—made a list of innovations they would like to implement. The Spark managers found potential providers of such solutions—micro and small companies which have been in business no longer than five years. Out of 300 submissions eight were shortlisted and met with the program partners. They picked the startups they liked for cooperation. Before it began, startups were mentored on how to deal with big companies. There are five mentors per startup and they provide instruction on product development, marketing and communications with big companies. Each startup also has the leading mentor who acts as project manager between the startup and the company. After a period of training the startups get to work with the companies to develop their product for them. "While it is a process which is supposed to benefit startups it is also an educational experience for our program partners," said Magda Kubicka, Project Manager at Startup Spark. "At first, people from the company which is in need of innovations are skeptical towards the startup people. But in time, they open up to them, for they know that something good is in the making. Eventually, everyone in the company wants to get involved in the innovation process."

The first edition of the program ends in

"The interest in the co-working space is so high among tech companies in Poland that we are overbooked until the end of this year."

November and it was not known before print time how many projects ended up in commercialization. But according to Kubicka, the projects had been developed to very "promising stages".

Similar impressions must have been made on the editors of the Global Free Zones of the Year 2017 ranking from *FDI Magazine* (a part of the Financial Times) because the Łódź Special Economic Zone, which was described as "highly recommended" was singled out for its Startup Spark program.

"The program is something which sets us apart from the other 13 special economic zones in Poland," said Kubicka, who noted that all partner companies have already signed up for the second round of Startup Spark, expressing more demand for innovative solutions than in the first round.

Silicon Valley here I come!

But the government looks beyond Poland too. With the opening of its office earlier this year on Sansome St, San Francisco, the Polish Agency for Investment and Trade (PAIH) opened a new chapter in promoting the Polish economy in the US. The office, called the PolishHub (written as one word), signed cooperation deals with a number of business organizations in Silicon Valley, including the San Francisco Chamber of Commerce, and the global investment community of business angels, the Keiretsu Forum. Through another agreement, PolishHub initiated cooperation with the co-working hub called the Rocket Space, which will offer three-month-long acceleration programs to Polish startups. "The interest in the co-working space is so high among tech companies in Poland that we are overbooked until the end of this year", said the Head of PolishHub, Maja Kieturakis in a press statement.

One of the first to be there was the creator of Spontime—a mobile phone app which "may revolutionize how people set up their social appointments," according to *Forbes*. The app, created by 21-year-old Karolina Demiańczuk, met with interest from investors in Poland, the US and Sweden who wanted to pay as much as USD 3 million to have it. Yet, Demiańczuk decided to develop it further. The Spontime team

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received an intensive weekly training package in Silicon Valley Ignite Academy, also thanks to the efforts of PolishHub.

The “hub” also works to start online workshops for Polish companies with American experts from the tech industry.

“It is good that they go to Silicon Valley,” said Rick Lada, AmCham Board Member and an entrepreneur with decades of earlier experience in Apple and Motorola. “What’s important is to go there, meet some people there and hopefully get the impression that they are just as good as the locals are. It increases the confidence and the likelihood of success.”

He added that, particularly in the area of software, Poland is a small market when compared to the US. “If you are a software developer you want to go to Silicon Valley. The US has a big appetite for new software and a huge tolerance for innovative software. So it is best to get started in the US.”

Women at work

The spectacular case of Karolina Demiańczuk’s Spootime, may surprise those who think that the tech community in Poland is dominated by male programmers and entrepreneurs.

It was true a long time ago. Today more and more women get into the startup world and strive for success. According to the 2017 edition of the annual overview by industry association Startup Poland, there is a woman among the founders of 29% startups. This comes as no surprise to Katarzyna Wierzbowska, who chairs the Women Entrepreneurship Foundation, said in the report that women are at the helm of 33% of Polish firms, so in fact, there are fewer of them in startups than in other commercial companies in the country.

The share of women in startups is going to increase over time, said Karolina Cikowska, Director of Girls Code Fun, a foundation which specializes in new technology education programs designed for women and children. “More and more women are interested in software programming. Even those who have had careers look at computer programming and try to find out if they could do it professionally.”

“It is a community in which you can start with 100 dollars and end up with billions of dollars. Companies reach enormous valuations. It has never happened in history!”

The foundation runs five-week-long courses in Warsaw focusing on different technologies such as SQL, Java Script, HTML. Cikowska said that there is demand for such courses outside of Warsaw too, and the foundation plans to open similar programs in Gdańsk, and perhaps other cities.

What’s next?

Lada is sure that in time, Poland will have what it takes to pursue innovative projects successfully. He sees that government wants to help achieve this by allocating money in ways that are supposed to make a difference to the innovative eco-system in Poland.

What Lada is not sure of, however, is whether the government realizes that it is its job to have a long-term strategy and invest in areas which will drive the economy in the future. Those areas may be high-risk, but the rewards may be huge. “The government needs to focus on technologies of the future,” Lada said. “In the world of computing the next big thing is going to be quantum computing. Poles are good at software engineering and development. If I were controlling the country’s resources that’s what I would say: We have to be investing in programming for quantum computing. Poland needs to be pushing the envelope in the area of quantum computing because it is supposed to be the next big thing, which will replace everything.”

The other thing that the government needs to do is to adapt the technical schools curricula so they include new ways of dealing with technology and business. “Startups fail because they use wrong methodologies,” Lada explained. “There are methodologies that have been started in the US, which are very useful for startups, such as the Customer Development Process developed by Steve Blank who lectures at Stanford, Berkeley and Columbia University, and is a successful serial entrepreneur who started seven multi-billion dollar companies. Eric Ries, who was Steve Blank’s student, and who wrote *Lean Startup*, popularized the idea of customer-oriented development process.”

In short, the Lean Startup is a methodology which provides a scientific approach to creating and managing startups and get a desired product into customers’ hands faster.

For Lada, this is the least the Ministry of Science and Higher Education should do. “It is cheap and interactive courses are available online,” he said.

The ministry did not respond to a request for comments from *American Investor* by print time.

No fairy tale

All experts agreed that methodology is the key to success. Young companies are prone to failure at almost every turn they take in

“More and more women are interested in software programming. Even those who have had careers look at computer programming and try to find out if they could do it professionally.”

their development, and the competition may be already ahead of them.

Meanwhile, Robert Dziubowski said, he still meets young tech-startup enthusiasts who claim they have a business plan worth millions of dollars. When asked what it is, they produce a piece of paper with their business plan drafted on it. It aims to repeat the success of another company which raised millions of dollars in venture financing. But it has loopholes because things in business do not work the way the budding entrepreneurs think.

When looking for the right mindset among people with brilliant ideas, Dziubowski pays attention to how team members communicate, how they solve problems and delegate responsibilities. “The whole idea must not rest on one guy’s shoulders,” he said. “Startups are in such a position that every new day may bring them issues and problems to solve. The key thing is now the team can learn to turn those vulnerabilities into strengths.”

In turn, Mike Looney noted that the development cycle on technology is so much faster now that “you don’t have so much time before your competition get in. If you are going to operate on the modern timeframe you need to be willing to sacrifice all and demonstrate prolonged determination to achieve your goals, because no matter what you are doing, you are in line with the most competitive community in the world. You have a limited margin for errors”.

But it seems that Poles, when compared to Americans, are much more relaxed when it comes to reaching the ultimate goal of selling their startup company for the proverbial million dollars. It is because Americans know that “there is a level of aggressiveness and urgency that you need to operate at a startup that really distinguishes a successful startup from the rest. Only 1% of startups succeed. You are already at extreme odds,” Looney said.

And when you do succeed there is a reward for you. “It is a community in which you can start with 100 dollars and end up with billions of dollars. Companies reach enormous valuations. It has never happened in history,” Looney said. •Tom Cwiok

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The Krynica economic forum is the place to be

In September, AmCham members and friends met to discuss the outcomes of the Economic Forum in Krynica, with three participants of the largest gathering of business and government leaders in Poland: Wiktor Janicki, General Manager of Roche Polska, Krzysztof Kłapa, Corporate Affairs Senior Director at McDonald's Polska, and Wawrzyniec Smoczyński, Managing Director of Polityka Insight, a market intelligence service.

Smoczyński characterized Krynica as a specific event, because, as it takes part in early September, it starts the political cycle after the summer vacation. Government members who attend the event often make important announcements. On the other hand, business people attend the event to talk to government members and express their points of view on issues that affect them. This year business people were there in Krynica to voice their growing concerns about political risks stemming from government reforms in a number of areas, including labor code, jurisdiction and taxation.

Smoczyński added that while the government insists on underlining the positive aspects of the country's economy, such as GDP growth and the historically low unemployment rate, it turns a deaf ear

to the critics of its reforms, which does not bode well for the future.

Smoczyński's remarks were echoed by Wiktor Janicki, who said that while government officials made promises, including some which were positive from the point of view of business, some of them sent also worrying messages on the subject of Polish versus foreign businesses. Such discussion, if it continues, "seems to be a risk for foreign business in the future," Janicki said.

But the Roche Poland's chief said that in light of what Deputy Prime Minister and the Minister of Development Mateusz Morawicki said, the transition to an innovation-driven economy is high on the government's agenda. "The government said it will facilitate the process, specifically for the bio-pharmaceutical sector," Janicki said, adding: "It is not clear how the government wants to achieve that because it requires long-term planning, which is complex, and I don't think the government has plans for 10 to 15 years from now."

The panelists also discussed other issues that the business community raise with the government in Krynica, among them, the need for government policies which would help businesses hire foreigners in order to plug the growing hole in the labor market.

Janicki noted that such regulations would be beneficial not only for the business community but also for the public sector. With use of EU funds, in recent years Poland has built many R&D centers the country over. Now the goal is to get those centers working on concrete projects.

According to Janicki the problem is the demographic curve. "The government will have to address the issue of getting additional workers to come to Poland," he said.

Brand promotion

McDonald's Krzysztof Kłapa talked about the promotional aspect that Krynica offers to the brands taking part in the event because it gives them significant media exposure.

McDonald's took part in the event as a partner of the AmCham Diner. "All Poland's most important television stations are there," Kłapa said. "There is no chance to escape the media. It is very interesting from the point of view of a brand, which gets a lot of media exposure, especially when you are a panelist on one of the many discussions on the Krynica program."

Kłapa also said that while there were many companies at the event with their tents and promo stands, none were so popular as the AmCham Diner. "The AmCham Diner in Krynica was a huge success. The most lively place of all!"

• Tom Czwiok

MEET THE SPEAKERS



Wiktor Janicki, General Manager of Roche Polska since November 2015, graduated with distinction in Finance & Banking at the Warsaw School of Economics. For next 3 years he gained insights into various industries as a business consultant. In 2003 he joined the pharmaceutical industry with Wyeth as a financial analyst and held local roles of increasing responsibility in Poland. He then moved to a regional controller role in Austria and in 2008 became the finance director for Wyeth in Czech Republic and Slovakia. In 2010 he returned to Poland and joined Roche as a finance director and member of the management team.



Krzysztof Kłapa, Senior Director for Corporate Affairs at McDonald's Polska, graduated from Geology Department at Warsaw University. He joined McDonald's in 1991 and led the company's HR, and later franchising departments. In 1998 he stood at the helm of the newly created PR Department, responsible for the entire internal and external communications and corporate affairs. He is also a member of the Ronald McDonald Foundation Board of Directors, and a board member of the Food Sciences Committee at the Polish Academy of Sciences.



Wawrzyniec Smoczyński manages Polityka Insight and leads its analytical team. A former journalist, he previously served as foreign editor of the weekly *Polityka* where he covered international affairs and economics. Winner of a number of journalism awards Open Society Fellow 2008, Marshall Memorial Fellow 2009, Munich Young Leader 2010, IMF Journalism Fellow 2011. Since 2017 Wawrzyniec serves as council member of the European Council on Foreign Relations. A graduate in Egyptology at the University of Warsaw, he also studied General Linguistics and Coptology at the Georg August University, Göttingen.



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Monthly Meeting

October

Healthy solutions

The government is drawing a line between private and public healthcare

Minister of Health, Konstanty Radziwiłł met AmCham members in October, to talk about reforms to the healthcare system being put into practice by the Law and Justice (PiS) government.

Accidentally, one of the major reforms, the state-financed healthcare structure, the so-called the Network of Hospitals, started a few days before the meeting. The minister explained that with this reform, government hoped to create a comprehensive healthcare platform which would offer different procedures and treatments to patients as one entity. The new structure will create a more efficient management of resources, whereby specialists will “follow patients”, unlike in the past when patients who received surgery in one hospital had to seek post-

surgery care in other clinics.

The minister said that the one of the reasons for the reform came from statistics. “In Poland, interventional cardiac surgery is on a good level, but when you look further down the line the statistics are not so good because patients whose lives have been saved by cardiac surgery later fail to get the appropriate medical care,” the minister said.

The new system changes that. In the old system “those patients were supposed to be simply sent home and had to look after themselves. Meanwhile, they have to be supervised by specialists, cardiologists, and have to be assessed whether or not they need further treatment or rehab. This is what we are starting to contract for the Network of Hospitals,” the minister said.

Minister Radziwiłł also noted that the new structure is meant to allow for con-

MEET THE SPEAKER



Konstanty Radziwiłł graduated from the Medical University of Warsaw, MUW. He worked as a GP in his own clinic, and in hospital emergency services. He completed postgraduate studies in bioethics at the Cardinal Stefan Wyszyński University, and, in health economics, at the University of Warsaw. From 2001 to 2010 he was the president of the Supreme Medical Council. Now he is the Council’s secretary. He is a WHO expert, and lectures at the Department of Family Medicine at MUW. From 2010 to 2012 he was the president of the Standing Committee of European Doctors. In 2015 he was elected Senator to the Upper Chamber of Parliament. Radziwiłł is a certified candidate for membership on supervisory boards of state-owned companies.

Our system resorts to tariffs for covering the cost of medical services. But the tariffs are cost-based, not profit-based.

tracting specialists for up to four years instead of the old limit of one year.

“Thanks to the Network of Hospitals, outpatients and the hospitals will be sure that they will have enough money for all necessary medical procedures while specialist hospitals will still be able to take part in the division of national health funds,” the minister said.

Private clinics

The healthcare reform also provides for the participation of private clinics and outpatient hospitals. A private clinic may apply to be included in the Network of Hospitals, if it meets all requirements for private clinics in Poland. The application should go to the local branch of the National Health Fund, where it will be evaluated according to the healthcare prerogatives set for the region. If the applying clinic fulfills the criteria it will become a part of the network. “If private clinics meet the needs of the patients in the region, they are signed up to the Network of Hospitals, and there are no additional requirements as of their ownership structure,” the minister said. “When it comes to providing different healthcare services there is no requirement for a clinic to be semi-private, or state-owned. All who will apply and get admitted to the network will get the financing.”

The minister noted that the number of private clinics in Poland has been growing steadily, although most hospitals in Poland are owned by central and local governments.

When it comes to hospitals, Minister Radziwiłł said that the government is guided by the principle that healthcare must not be governed by the pursuit of profit. This is why the new legislation allows only for the participation of “commercial hospitals” that the majority stake in is in public hands. “In many countries in Western Europe there is a clear division of public and private markets in healthcare,” the minister said. “The public system is based on public and private funding but it is not for profit. Our system resorts to tariffs for covering the cost of medical services. But the tariffs are cost-based not profit-based,” he said.

Public domain

Talking about further reforms to the healthcare system in Poland, which are now being worked on in parliament, Minister Radziwiłł said that the emergency services is the only sector in which the government does not foresee the participation of the private sector. “We are preparing legislation which will make it obligatory for emergency service providers to be public companies. This is an exception. Such services as the emergency service, the police and the fire emergency, have to be based on public structure, not private.”

•Tom Czwiok

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Focus

AmCham at the 27th Economic Forum in Krynica

Here to stay

Poland's economy grows with US investors

This year AmCham participated in three discussion panels, which were parts of the program of the Economic Forum in Krynica, and in which the representatives of AmCham member companies as well as government discussed a range of issues, including US-Poland cooperation and the growth of the Polish economy.

But above all, AmCham stuck to its long tradition of welcoming the participants of the forum in the AmCham Diner—a place where they could meet, and over drink and cake, exchange views and opinions.

For some guests the inspiration came from the AmCham Media Corner, where journalists from TVN interviewed prominent guests of the forum.

Among them was Mateusz Morawiecki, Deputy Prime Minister and the Minister of Development, who shared with the audience the government's vision of how to make Poland's economy stronger.

He talked about the draft of a new Innovation Act and how it will offer bigger tax brakes for investors in high-risk ventures and R&D programs. He also presented a government policy, currently being developed by government experts, to turn Poland into one special economic

zone, which will offer tax incentives and financial support to investors. Minister Morawiecki said that the idea had been through due diligence which signalled that as one special economic zone, Poland may see a growth in investments valued at “over hundred billion PLN in the next 10 years”. The investors will not pay taxes for a period of time but it will be hedged by government's policy of tightening the VAT and CIT systems, “which we have done so efficiently,” the minister said.

But the new special economic zone will not offer the same incentives to all. “We will create a system of preferences for small and medium-sized companies,” minister Morawiecki said. He added that such policy is not aimed against foreign investors, but it reflexes the government policy of promoting small and medium-sized companies. “It is about promoting innovative companies and assigning tax brakes to such firms which create high-value jobs,” Minister Morawiecki said. “We want Poles to make higher salaries and to be high-value employees for their employers.”

American ideas

Another speaker, Tony Housh, who is AmCham Chairman, noted that investment is

not driven by nationality but by best market opportunities. Poland, so far, has been a good market for investor, including investors from America. They so far have invested over USD 30 billion in Poland and created over 250,000 jobs directly in the companies they established in Poland. For the full picture of the impact of US investment, one has to add to it approximately 300,000 jobs they created indirectly.

Sławomir Sikora, President of CitiHandlowy, echoed this view by saying that in spite of its American roots CitiHandlowy is a Polish bank. “We pay taxes in Poland and create new jobs in Poland,” Sikora said.

He noted that for the last 27 years US investors have been greatly contributing to the growth of the Polish economy, and the process continues. “Investment capital comes to Poland now even when the US economy is on the course of growth. This is a good sign for Poland,” he said.

In turn, Adam Pieńkowski, General Manager of McDonald's Polska, said that although McDonald's is an iconic American brand, the company's operations in Poland are predominantly run by Polish entrepreneurs. “We are a franchise systems and nearly 80% of our restaurants is owned by Polish entrepreneurs,” he said, adding that “the chain pays its taxes in Poland, where it supports over 20,000 jobs and services over 500,000 diners daily.

Wiktor Janicki, General Manager of Roche Polska, presented similar views. He said that Roche Polska has made a major investment in the Warsaw Oncology Center,

At the Media Corner of the AmCham Diner...



1. Mateusz Morawiecki, Deputy Prime Minister, Minister of Development and Minister of Finance. 2. Tony Housh, AmCham Chairman. 3. Adam Pieńkowski, General Manager, McDonald's Polska. 4. Wiktor Janicki, General Manager, Roche Polska. 5. Frank Wagner, Country Manager Poland, Lufthansa Group. 6. Magdalena Szulc, Communications Officer for Poland, Uber. 7. Bartosz Ciołkowski, MasterCard. 8. Sławomir Sikora, President & CEO Citi Handlowy. 9. Tomasz Pisula, Chairman of Polish Investment & Trade Agency. 10. Marcin Petrykowski, Managing Director, S&P Global Ratings. 11. Agnieszka Hryniewicz-Bieniek, Country Director, Google Polska.

where it now runs early-stage research programs. “This investment signifies the company’s commitment to the Polish medical scientists, who now have an opportunity to implement their concepts in development of entire new procedures and drugs,” Janicki said, adding that in the past Polish scientists could offer their input only at the late stage of research processes.

A story of commitment to the Polish market was also presented by Frank Wagner, Country Manager of Lufthansa Poland, who said that in the corporate client department, companies from Poland are second largest group, right after companies from Germany. This is why Lufthansa opened many domestic flights in Poland. He also noted that “almost quarter of our

business are flights from Poland to the US.”

Magdalena Szulc, Communications Officer for Poland at Uber, and Agnieszka Hryniewicz-Bieniek, Country Director of Google Polska, both noted that Poles enthusiastically embrace business concepts that were originally developed in the US. Available in seven largest cities in Poland Uber has had over 1 million customers in a little over two years.

In turn, Google Poland established its fifth startup hub in the company’s global chain, in Warsaw, which signifies the company’s commitment in Poland. “Polish programmers and software developers are great and we want to help them succeed with their products by mentoring them in

such areas as marketing and other business processes,” Hryniewicz-Bieniek said.

She noted that Campus Warsaw is a very busy place with approximately 600 events every year. “We focus on concrete needs of startups,” she said. “Our mentors coach startups in in-depth internet data analytics, e-commerce, how to manage online promo campaigns worldwide and other areas,” she said.

She also noted that with Campus Warsaw, the startup environment in Warsaw has matured significantly and that triggered the interest of venture capital from abroad. “This trend in on the rise and while I can hardly say Warsaw reached the Silicon Valley levels, its keeps growing on and on.”

• Tom Cwiok

As long as it pays



John Armstrong, Tony Housh, Krzysztof Kłapa, Michał Niewiadomski

US-Poland business relations in the Trump era

The impact of the Trump administration on US investment in Poland was on the agenda of a panel, which was a part of the official Krynica Economic Forum discussion lineup.

The discussion, moderated by Michał Niewiadomski from the daily *Rzeczpospolita*, included Tony Housh, AmCham Chairman; John Armstrong, Economic Counsellor at the US Embassy in Poland; and Krzysztof Kłapa, Corporate Affairs Director at McDonald’s Polska.

All speakers agreed that President Trump, when he says “America First” does not mean US investment in Europe, but mainly in Mexico and other countries where American-owned companies produce goods that are then imported to the US and sold. US companies which invest in Poland, do so because they want to tap into the Polish market which is relatively large. They also look at other EU markets. With this, the American

presence in Poland and the EU is a natural expansion and not the outsourcing of production from the US homeland.

John Armstrong noted that the Trump administration continues to support American companies in their attempts to expand business abroad.

According to Armstrong, any alternations in how the US approaches international trade will have an effect on the US relationship with the Import-Export Bank, and, arguably, the Organization of the Petroleum Exporting Countries, OPEC.

All speakers agreed that Poland has been a good market for American investors, because the country’s economy has been growing year-on-year for the last 25 years, creating a strong consumer demand, and growing export capacities of Poland-based companies.

Since American investors were the first providers of foreign direct investment to

Poland, a quarter of century ago, US-Poland business relationship has grown to embrace nearly all areas of the economy, with almost all of the Top 100 Forbes companies present in Poland in entertainment, consumer goods, IT and the media, defense, energy, and others.

Michał Niewiadomski said that as US investors and Poland have forged such strong business links, today, when Poland strives to change its economy into a knowledge-based one, there is strong anticipation that US investors will help Poland in this task. All speakers agreed, however, that investors represent private capital, and as such, they are guided by the principle of profitability. They will keep investing in Poland as long they will see opportunities to make profit, and not just to “help do great things together”.

This will come on the back of a successful investment, noted Tony Housh, who said that today, more than 60% of American investment in Poland is reinvestment made by companies who have been successful in the country.

The process of how “new and exiting things” can be done in Poland by American companies was illustrated by Krzysztof Kłapa, who said that McDonald’s does a pioneering job in Poland in product and service development, IT and high tech solutions.

But this would not have been possible without the involvement of the Polish entrepreneurs who have successfully embraced the McDonald’s concept as franchisees.

Kłapa spoke in high terms of the Polish partners, indicating that as much as 80% of all McDonald’s restaurants in Poland, totaling nearly 400 today, are run as franchises by 62 Polish companies. Kłapa noted that the largest franchisee runs 16 restaurants.

Armstrong concluded that “if good conditions for investors continue in Poland, they will keep coming, especially that it is mutually beneficial for the US and Poland.”

• Tom Cwiok

Mind games



Paweł Bochniarz, Bartosz Ciołkowski, Wiktor Janicki, Cezary Świerdzczyk, Artur Waliszewski, Paweł Pułowski, Frank Wagner, Piotr Dardziński, Joanna Bekker

The “eco-system” for startups is emerging

“When David meets Goliath: How Corporates are Working with Startups in Poland?” was the theme of another panel discussion which was a part of the Economic Forum program and involved AmCham members. The panelists were Paweł Bochniarz from the Technology Entrepreneurship Foundation and manager of the Mass Challenge program in Poland; Bartosz Ciołkowski, General Manager of Mastercard Poland; Wiktor Janicki, General Manager of Roche Polska; Cezary Świerdzczyk, CEO of fintech BACCA; Artur Waliszewski, Regional Business Director of Google CEE; Paweł Pułowski, MP and Chair of the Parliamentary Commission for Innovation and Technology; Frank Wagner, Country Manager Poland for Lufthansa Group; and Piotr Dardziński, Undersecretary of State at the Ministry of Science and Higher Education. The discussion was moderated by Joanna Bekker, Business Development Director at Polityka Insight, a market intelligence service.

The discussion offered a multi-angular view on how innovations in technology disrupt markets and how the innovation hubs and business accelerators that look for technology startups keep the disruption under control.

People who innovate in technology, or at least have innovative zeal and ideas, are common in the modern world. All of them have the capability to develop a groundbreaking solution, which, when implemented commercially, may turn markets around.

Cezary Świerdzczyk, CEO of Bacca, a startup which successfully entered the financial market in Poland by offering new

technologies to distribute financial products, said that technology can help companies optimize their business operations and adapt them to changing market circumstances. Bacca was successful because it had the right technology, but also because it could find its way among the big market players in order to expand its business.

Świerdzczyk noted that today many financial companies put together their own technology hubs and business accelerators to attract innovators and to partner with those with the highest commercial potential.

Harboring innovations

Bartosz Ciołkowski from Mastercard said that the speed with which technological innovations are implemented commercially today is breathtaking. “The commercialization of electric power took several hundred years; the internet at least 50 years. Google was around 25 years ago but anybody had heard about the company. Now things happen much faster,” Ciołkowski said.

This is why Mastercard set up a global network of hubs—dubbed Start Pub—designed to attract young technology companies. Since 2015 the hub has met with 5,000 small companies. From this total some 100 were picked for further cooperation towards commercial ends.

In Poland, Google Poland has created a similar eco-system, called Campus Warsaw. It was the fifth such hub created by Google globally. The reason why the company picked Warsaw came from the numbers—each year Polish universities

produce more graduates who enter the IT market than universities in the US. “Software developers write programs for Android and we give them a platform with which they may reach millions of people with their solutions,” Waliszewski said.

In turn, Mastercard helped establish another initiative in Poland—the Heart—which is looking for young technology companies in Europe with solutions for the financial sector. “The Heart, which is a project undertaken by Mastercard in cooperation with a number of other companies, creates an ecosystem for collaboration between startups with proven track records and big corporations,” Ciołkowski said.

Looking out for fresh perspectives

Companies in other IT sectors also want contacts with startups. For the bio-tech giant Roche “startups are the source of inspiration as well as the source of real products that we develop,” said Roche Polska’s Wiktor Janicki. He added that there are growing numbers of Polish scientists who establish biotech startups and breed new generations of scientists who have new, pro-active attitudes to the commercialization of their work. As such, Janicki said, Poland is an interesting place to look for new solutions especially when it comes to “fresh” ideas that are at the early stages of development.

For Lufthansa startups are essential for bringing in new ideas that improve operations as well as the experience of Lufthansa clients. “Customer experience is an area where we are not expert in, and we use our innovation hub, which we started three years ago in Berlin, where people work with us to test products and find out how new ideas can help Lufthansa get better,” Wagner said. “We test applications for passengers and other ideas that make the traveling experience more personal. We try each idea and find out how it works out with us. We digitalize the experience and come up with new products.”

Polish innovators have had their fair share of contributing new ideas. “Many technological solutions that we have translated into business in Lufthansa were initiated and developed in Poland by our IT system colleagues in Gdańsk,” Frank Wagner said.

Accelerating for business

By testing ideas for new products, what Roche and Lufthansa do is, essentially, siphoning out ideas for further commercial development—a process known as business acceleration.

Some organizations, such as the Technology Entrepreneurship Foundation (TEF), do it on demand. The program is

an option for companies who outsource the process of looking for the innovative solutions they need. “We act as an intermediary between startups and corporations,” said TEF’s Paweł Bochniarz. “Our main partner, PKO BP, is now implementing five solutions developed in our accelerator. Those are solutions in document archiving and client ID.”

This year TEF will open another program for startups, called Mass Challenge, a part of the MIT Enterprise Forum, which is one of the world largest accelerators for science startups. It has helped over 1,000 startups, which, in total, have attracted over USD 2 billion in investment. No wonder why given that the startups which join the program have access to the brain power and investment funds in MITEF network of accelerators in London, England; Boston, Massachusetts, Austin, Texas, and Switzerland.

The public eye

The government is obviously aware of the importance of innovation to developing a rational and well-balanced economy. It supports the development of startups through programs financed by the Polish Development Fund and funds transferred to Poland from the European Union. The money is allocated by the National Center for Research and Development (NCBR). In addition, a new Innovation Act, now under revision by the Parliament, will offer huge tax brakes for investors in high-risk companies, such as startups, and even bigger tax brakes, up to 150% of the investment value, for investors in R&D projects.

But money is not everything, argued Paweł Pudłowski, an MP from the pro-business *Nowoczesna* party. He said that as Chair of the Parliamentary Committee for Innovation and Technology, he sees that what’s missing in the innovation-business equation is the willingness of domestic entrepreneurs to pursue high-risk projects. “There are great IT programmers in Poland who win various international competitions, and there is money available,” Pudłowski said, adding that what are in short supply in Poland are young, dedicated entrepreneurs who throw themselves into turning ideas into commercial success. “It is a difficult process, and one that requires commitment, for you have to dedicate yourself to it 100%. But such conditions exist in Poland today for young entrepreneurs have never been present in the history of the world before,” Pudłowski said.

• Tom Cziwiok

Good vibrations



Michał Fura, Marek Szydłowski, Tomasz Pisula, Marcin Petrykowski, Mateusz Litewski, Tony Housh

US investors are happy in Poland

“The Evolution of U.S. Investment in Poland: have we come to hard times?” was the last panel of the Economic Forum official discussion lineup involving AmCham member companies. The discussion, moderated by Tony Housh, AmCham Chairman, involved Michał Fura, Corporate Communication and Public Affairs Director for Poland and CEE at UPC Polska; Marek Szydłowski, Director of Legal Division at TVN Group; Tomasz Pisula, Chairman of the Polish Investment and Trade Agency, PAHI; Marcin Petrykowski, Managing Director for Poland and CEE at S&P Global Ratings; and Mateusz Litewski, Public Policy Senior Associate at UBER Polska.

Doing well

The involvement of US investors in Poland has a long history, and as Michał Fur described it, “US investment is like high-level political relations—no matter what we can count on them.”

Fur noted that although UPC has invested USD 500 million in infrastructure over the last 20 years in Poland the real economic impact of that investment is much more valuable, as the modernized infrastructure has enabled many companies in the country to go digital and improve their business.

According to Marek Grzybowski from Scripts Interactive, a US media company which recently bought the private television network TVN for USD 2 billion, Poland is a good market for business with a relatively stable legal system and good environment for business. After the acquisition of TVN, the new owner opened up new TV channels and became the exclusive distributor in Poland of the Food Network and Travel

Channel, among others.

For UBER Poland, the country is the third largest European market after the UK and France, a fact which speaks for itself. “We look at Poland from the consumer market point of view and see it growing in such segments as courier and transportation services,” said Mateusz Litewski. Having this in mind UBER decided to open up a center of excellence in Kraków, which supports 300 jobs, and the number is growing. Litewski said that it was a good decision especially as it was met with a friendly approach from central and local government institutions.

Two visions

PAHI’s Tomasz Pisula said that he is happy to see foreign investors in Poland come here to take advantage of the relatively huge consumer market and sell their products and services. But he would be even happier if there were more investors interested in high-risk, innovative projects, to make Poland’s economy more innovative and competitive on the global scene.

In turn, S&P’s Marcin Petrykowski noted that with all the FDI in Poland, the country’s domestic product per capita is not very impressive, especially when compared to other countries in CEE, such as Slovakia, the Czech Republic and Slovenia, which all started their economic transformation from about the same level as Poland. This means that the government should not indulge itself in legal and economic experiments, such as banning trade on Sundays, which it is considering, but, instead, do its best to create best possible, long-term opportunities for FDI.

• Tom Cziwiok

The right directive



Robert Busz, Emil Konarzewski, Mariusz Grzesiuk, Tadeusz Kifner, Michal Jaworski, Leszek Maśniak

New EU guidelines on personal data protection may give an additional boost for the digital transformation in Poland

Operator of internet and private network infrastructure and data centers, Equinix, celebrated its first anniversary in business in Poland, in September, by sponsoring a conference on the impact of the EU regulations governing personal data protection on the digital market. The discussion was moderated by Robert Busz, managing director Equinix Poland. The panelists included Leszek Maśniak, Chief Data Officer the Ministry of Digitization, Michal Jaworski, Board Member of Microsoft Poland; Tadeusz Kifner, Chief Architect at Infrastructure Department of Alior Bank, Mariusz Grzesiuk, Legal Department Director at Grupa Onet, a part of Ringier Axel Springer Polska, and Emil Konarzewski, Managing Partner and CFO of Audytel, a business consultancy.

The new regulation is known as Personal Data Protection Regulation, RODO, and comes into effect in May. It will cover all entities that process personal data, both in the public and private sectors regardless of the type of business they are in.

Thou shall not cheat!

The new regulation has been controversial ever since the European Commission presented the directive on personal data sovereignty, which set the guidelines for lawmakers in each EU member state. It became clear that throughout the EU, entities processing personal data will be audited by a market regulator, and if found non-compliant with RODO, may be fined, and in extreme cases these sanctions could be as much as 4% of the annual turnover. This

means that there is a lot at stake for any company but in the case of big multinationals such penalties may amount to billions of US dollars.

According to Leszek Maśniak, the maximum penalty was set so high in order to discourage effectively companies from neglecting personal data protection across the board. He said that while companies may think they are doing their best to protect the personal data of their clients in fact they do so only to a certain extent. "Personal data is essential to optimize business and the issue of personal data protection is just a risk factor for companies," Maśniak said. "Companies manage their risks versus their gains and if this type of risk is also manageable—the risk of losing data of having it stolen—they accept it." He added under the present regulations companies do not face any legal consequences when they lose their data, and thus the risk that they deal with "is none".

Maśniak noted that looking at the problem from the perspective of individuals whose personal data is processed by businesses, their risks are huge. If such data is compromised and leaked to the public, or used by an unauthorized third party, affected individuals may face severe consequences that could alter their lives in negative and undesired ways forever.

Maśniak said that a person's privacy is their "most valuable asset" and as such the safety of it is "something that must not be approached lightly" especially that in today's "wired economy" privacy is an endangered area.

More than meets the eye

But the penal side of RODO is just the tip of iceberg. According to Emil Konarzewski, while RODO is a legal act and as such has its legal consequences for companies, what it effects foremost is how IT systems will be used by companies to support their business processes. To comply with RODO, firms will have to audit their IT systems and business processes to make sure that every aspect of their activities is RODO-compliant.

It may be a complicated task. For instance, IT systems will have to permit the erasure of personal records permanently with no option to retrieve the erased record so the "right to forget" requirement set by RODO can be effectively executed. This, in turn, effects the ways in which data is backed up and transferred. Add to it the requirements set for individuals with access to personal data, who, come May will have to abide with RODO-compliant procedures.

In other words, RODO is not only a challenge for software programmers, but also for the personnel who will have access to personal data. Companies will have to train them to use IT systems according to strict internal procedures, that today are standard only in banks and financial institutions.

In addition, each company will have to have their own Personal Data Inspector, who will be in charge of making sure that both IT systems and personnel procedures related to personal data are all RODO compliant. Individuals in this position will be personally liable for any cases of non-com-

pliance found by audits carried out by the market regulator.

The high demand for software programmers that RODO is going to generate, is bad news for the private sector, noted Jaworski. “As in Europe, here in Poland businesses suffer a lack of software programmers on the market. RODO is going to deepen the problem.”

But according to Tadeusz Kifner, while RODO requirements call for changes to the IT sector it may also pose a challenge to companies which have so far not been forced to follow strict procedures. “They will have to introduce new internal procedures and change the mindset of their people and they way they work,” Knifer said.

The upside of RODO

While the downsides of RODO are manageable after all, the upsides of the new regulation will result in creating a better business environment for all companies that have to have proper protection or personal data.

With the same regime applying to all types of companies there will now be a level playing-field in personal data protection. As Maśniak phrased it, personal data protection will be treated as “an element of the competitive edge” and companies with the highest level of protection will be appreciated “just like cars with low fuel consumption are prized by customers.” With this will come the recognition of proper personal data protection as an indispensable aspect of each company’s reputation.

Maśniak also said that with RODO, the lawmakers will have to update over 130 acts governing different sectors of the economy. In doing so, they will try to make sure new regulations will allow a number of industries for more flexibility in the way they use personal data. “We thought about the insurance sector, for instance, and enabled it to use modern communications to obtain all the types of client approvals and consents, instead of a written signature on paper,” Maśniak said.

Mariusz Grzesiuk noted that the highest risk that companies will face with the RODO regime, along with the risks defined by the regulations, will be the risk of losing a good reputation. “Personal data has become a commodity and nobody will risk losing it by passing it on to third parties who do not meet the RODO criteria for fear of losing their reputation, which could damage their business.” he said.

According to Grzesiuk, RODO is an opportunity to improve general standards in personal data protection across all sectors of the economy. When it is done, banks and other firms which are subject to strict regulations governing personal data protection will be able to cooperate with companies that so far do not follow the same regula-

tions.

He also noted that RODO may help startups. “There are many small firms in BtoB who approach companies with fantastic solutions regarding advertising, user segmentation, business processes improving solutions and others. When we audit those companies we learn that their solutions governing personal data protection do not adhere to the the present regulations, and will not adhere to the future regulations. With RODO they have change to adjust appropriately.”

In turn, Microsoft’s Jaworski said that RODO sends a positive stimulus to the providers of cloud services who, in order to stay in business “will have to make all their products and services RODO compliant, which is a chance to improve our products and improve cyber security standards across the board.”

No cloud nine?

While RODO may seem as a lot of hassle for businesses, what it boils down to is quite simple: companies will have to use RODO-compliant procedures and software. It is impossible to outsource people (except for the Data Protection Inspector, a role which could be outsourced under RODO regulations) but companies can use software from RODO-compliant cloud providers. Even entities in the public sector can do that, argued Maśniak, as long as personal data is not transferred outside of the EU.

But in reality it may not be so simple. First off, such a massive rush towards cloud services may put a strain on the underdeveloped infrastructure which in Poland, is years behind that in Western Europe. As Jaworski said, while the cloud business has been growing in recent years in Poland, “there is still a lack of hardware infrastructure and it is a problem especially when it comes to access to the internet.”

Emil Konarzewski presented the problem in more graphic ways by saying that when it comes to data centers in Poland, they all amount to “One large Equinix data center for a big city in the US”.

In turn, talking about the traffic on the internet, Konarzewski noted that Poland generates the lowest numbers in Europe. “There is a big gap between what we have in Poland and what’s reality in Western Europe and the US,” he said.

A part of the problem, it seems, is a special mindset of Poles, who apparently prefer to own infrastructure, such as servers, data centers, and software, than pay to use the best solutions on a subscription bases.

This is especially true with the public sector, argued Konarzewski, who noted that the strict rules of financing public projects, in many cases, prevent public officials from renting servers and other pieces of infra-

structure and software, because in case of an audit, “It would be difficult to prove that the public funds have been spent properly. They keep their servers under the desk in their office because this way they can show that they spent the money in the right way,” Konarzewski said.

He noted, however, that with such an attitude Poland will never catch up with the West when it comes to the process of digital transformation—a mass migration of brick and mortar companies and business solutions to the digital arena, such as deep data mining and artificial intelligence.

Hoping for the better

Concluding on the impact of RODO on the Polish economy Konarzewski said that it is a good regulation, which may trigger many commercial and non-commercial entities into resorting to cloud services. Companies which so far have been drawing their competitive edge from simple reserves will have to resort to new areas—their IT systems—and this is a way in which the economy can advance. The best examples of how the process works are the so-called fin-tech companies (small technology firms which improve financial services), which have never relied on the traditional IT solutions in designing their businesses but went straight on to embrace new, mobile solutions, and that was how they created their competitive edge. “I hope that other industries will be able to make such a leapfrogging move when it comes to how they use technology,” Konarzewski said. “When they do, they will not have to worry about technology anymore and focus on their core business instead.”

Konarzewski also said that he hoped that there will be more such investors like Equinix in Poland, which will transform the network infrastructure in the country, so it will support the growing amount of transferred data.

Jaworski echoed some of the Konarzewski words by saying that hopefully RODO will be an impetus for the whole economy in Poland to make it more digital. “Some 15 years ago there was a saying that IT does not matter. But since then we have seen disruptive technologies and fintech companies changing the rules of the game, and it was all thanks to IT. Now we see cloud technologies and Industry 4.0. It would not have taken place without interconnectivity, networks, and cloud services. So this is how the economy has been evolving and we have seen a new world emerge. The question is whether Poland will catch up and become a part of this new world or not. We may chose to be a nation that proudly exploits its vast natural deposits of coal and produces top quality sunflower oil. But I don’t think it is the best solution for the future of our economy.” • Tom Cwiok

Company profile

Diebold Nixdorf

Growing fast and smart

American Investor's Tom Ćwiok talks with Mirostaw Janik, President of Diebold Nixdorf for Poland and Ukraine, about the system integrators' strategy for embracing a fast growing market

What can you tell me about the history of Diebold Nixdorf in Poland?

As Diebold Nixdorf, we have been present in Poland for a relatively short time— since August 2016—which is after Diebold Inc. took over a majority stake in Wincor Nixdorf. But we first came to Poland in 1990 as part of Siemens Nixdorf, and changed into Wincor Nixdorf in 1999. We offered systems supporting cash transactions for retail and banking, which remain our strategic sectors. By retail I mean all commercial ventures which require cash and receipts, such as stores, casinos, cinemas and anywhere you receive tickets ect. So, we provide the infrastructure for cash transactions, including software, hardware, and technical maintenance.

After we merged into Diebold Nixdorf last year, we decided to split our company in Poland into two separate entities: our trading company is called Diebold Nixdorf Sp. z o.o. and our shared services center is Diebold Nixdorf BPO Sp. z o.o. Together they support over 1,700 jobs.

What is more, Diebold Nixdorf BPO, which employs over 1,400 people, is divided into three cities—Warsaw, Katowice and Szczecin. Our global customer care center is located in Warsaw and Szczecin. It answers service calls from many regions and places, from Vladyvostok to Lisbon. Currently it supports 19 languages.

Another function of Diebold Nixdorf



Photo courtesy of Diebold Nixdorf

BPO is that it is our business service center for Europe, Middle East and Africa. It is our shared services center which supports all our commercial operations, 'from order to cash'. The Katowice part of Diebold Nixdorf BPO is our R&D center. It employs 350 people who develop software which is then sold around the world.

What is driving your business forward in Poland?

The more complex the bureaucratic processes are when hiring foreign workers, the more burden it generates for us, so we appreciate any decisions which may lessen the bureaucracy for hiring Ukrainians and other foreigners.

Our core business is providing cash systems to the retail and banking sectors. When you look at what is driving the sectors in Poland, you see two different stories. When it comes to retail, the sector has been experiencing a new boom since the government introduced its social aid program 500 Plus. More transactions are being made and there is a growing demand for systems that support cash transactions in retail. What is more, retail operators in Poland find it increasingly difficult to hire people to work at cash points and therefore there is a growing demand for self-checkout points, and this is where we come with our solutions. So the retail part of our business is growing.

When you look at the banking part, however, things do not look so rosy. The banking sector is under the burden of overregulation and its profit margins have shrunk. In addition, there has been a steep growth in multichannel communications between individual clients and banks and as a result many local bank branches are becoming

redundant and will be turned into self-service points. This is an opportunity for us to offer new self-service systems for banks. The technology is there and it can support servicing banking clients from actually setting up a bank account, to getting a credit line and so on. The technology is capable of scanning your ID and integrating different pieces of data into your record with the bank and their central system. So, from the technological point of view, we are ready. But there are no decisions where the banking sector is going to go and everybody is waiting. It may take time because many banks have been going through a change of ownership and there are new boards of directors in major banks. It will take time for them to take major decisions.

I wonder what you can tell me about the technological challenges that your industry is facing today.

When we look at market trends we see that there are fewer individual cash transactions, both in Poland and worldwide, but the value of individual cash transactions is growing. It is clear that the market for cash transactions is not going away. When it comes to new technologies, it is about supporting self-service. Quite understandably, we are the market leader in this segment.

But we also see a rise in cashless transactions and this is an interesting market in which we would like to be a major player too. It is so because both those areas — cash and cashless transactions — are interconnected. With your traditional debit card you can withdraw cash from an ATM but also you can use it to authorize a non-cash transaction. We know already that magnetic cards, such as debit cards or credit cards, are not perfectly safe. You can skim their magnetic stripe and steal the PIN. So the traditional card is on the way out, and new technologies are replacing it. We already have the pay pass technology which lets you authorize a transaction without inputting your PIN. So there are new technologies being developed. One is biometrics. This includes fingerprint identification, finger-vein scan, eye scan. So, as a company we have to keep ourselves in the loop about what is being developed to offer the right infrastructure our clients want, and in sync with all the existing technological standards. We spend USD 200 million annually for R&D.

Are you ready for the NFC?

The NFC is a technology which is expected to replace magnetic cards very soon. There are already NFC-enabled phones and other devices. You can pay in stores with them and it is similar to Pay Pass technology: you just move your phone close to the terminal and the transaction is authorized. There are already NFC com-

patible ATMs. With an NFC phone you can program a transaction you want to do with an ATM. You input on your phone which bills you want to withdraw from an ATM, say, two PLN 100 bills and four PLN 50 bills. You do it all on the phone, including the PIN to authorize the transaction. Then you go and find an ATM which supports NFC and just put your phone close to the terminal. The transaction goes through in a few seconds and you can collect your bills. This is very good technology and it has passed lab tests, and, at present, different companies are developing software to support NFC transactions. So it is coming and we are ready to accept it, of course.

There is a number of multinationals which develop solutions in Poland and test them on the Polish market, and then sell them the world over. Are you one of such companies too?

One of the solutions for the retail sector that we are selling worldwide, called TP.net, was originally developed outside of Poland, but right now it is being developed further by our people in Katowice.

Another heavily innovative part of our company is in Kraków. Diebold Nixdorf offers a solution for the petroleum sector called NAMOS. It is used by many major petroleum companies, including Shell, Chevron and Total. Our team in Kraków tests those solutions and compiles the final version of the software. Our latest successful implementation of the system was for BP.

How do you evaluate the work force that is available in Poland?

Our people are our strength because they are engaged, professional, and it is hard to imagine that the high level of service they deliver can be matched by people working in India, Romania or Bulgaria.

So, is that what made you expand your workforce in Poland?

The idea to focus on Poland in building our shared services center was a result of my earlier experience in Russia. The problem with the employees there was that, first, it was difficult to find people with the right set of skills and education.

Second, when we found and hired the right people, they would work for us for a while, but as soon as they had improved their skills with us, they would go to work for our competition for higher salaries. At a certain point I thought something had to change and this is when I looked at Poland in search of people who knew Russian. So we hired Russians, Ukrainians, and Belarusians. In Poland they have completely different attitudes—they are here to work hard. So, in 2007 we built our center in

Poland as we tapped into a big pool of Eastern Europeans who spoke their own languages, but also spoke Russian and English, which allowed them to get integrated into our structures fast. We sent them for training courses at our offices in Germany so they could learn our processes, procedures and products, and when they came back they were excellent. After a while we decided to add to our language pool Scandinavian languages, then additional ones and here we are today with a total of 19 languages.

Obviously, there is a certain level of red tape attached to hiring foreigners from outside of the European Union in Poland. Do you find it a big obstacle?

We follow the rules, of course, so when we recruit foreigners we assist them in going through all bureaucratic processes which leads to obtaining all the permits for staying and working in Poland. The more complex it is, the more work it generates for us, so obviously, we appreciate any decisions which may lessen the bureaucracy for hiring Ukrainians and other foreigners.

What can you tell me about your plans for Poland?

We are one of the largest shared services centers in Warsaw, and we grew so fast that we ended up in four separate locations in the city. It had its downsides so we decided to relocate our operations under one roof—both the sales organization and the shared services. Our new office will be at the Warsaw West train station. We want our people to have convenient access to our office in Warsaw, no matter where they commute from. They just get off the train and walk to the office. With this, we also hope to tap into people who live outside of Warsaw, in Łódź, Skierniewice and other places well connected by rail with Warsaw.

Another positive aspect of bringing all our operations in Warsaw under one roof is regarding the synergies that we will have between our sales organization and our shared services. Unlike in our sales organization, the organizational structure of our shared services is flat and there are not too many opportunities for ambitious employees. Now they will be able to integrate better with the projects undertaken by our sales organization and get involved in our commercial projects such as project managers, sales experts, product specialists and others.

With the relocation we definitely offer more career opportunities within the company structures. We need this because there are new projects coming up really fast and we need more project managers and other people to execute these projects.

Company profile

CVC Capital Partners

Maturing with us

American Investor's Tom Ćwiok talks with Krzysztof Krawczyk, Head for Poland at CVC Capital Partners, a private equity investor, about how it is making its presence in Poland

CVC set up its office in Poland relatively recently—September 2015. What can you tell me about the company's history globally and in Poland?

Our company was established in the 1980s after the private equity unit at Citi Group span off the bank. The company has been gradually growing its business outside of the US and today is present in 25 countries including Poland. Although we established our office in Poland in 2015, we had been looking at the equity market in Poland for years from our London office, and were indirectly present in the market through such companies that we own equity stakes as the perfume chain store Douglas or the commercial vehicle rental company Fraikin.

What made you set up your office in Warsaw eventually?

Probably the same reasons why other investors do that: the private sector in Poland has been growing steadily which means that a significant portion of the economy is privately-owned. We hope that a number of those companies, who have successfully developed their business nationwide and even abroad, and who look for new owners with fresh perspectives and capital with which to finance their next milestone development, will take the opportunities that we offer.

We see that the market of private equity in Poland has come of age. It is clear when you look at the number of businesses that were able to attract over EUR 100 million in investment, which the minimum amount of capital that we invest. 10 years back, there were no such transactions in Poland. Last year, however, there were some big transactions—for instance the auctioning interactive platform Allegro was sold for over USD 1 billion or Żabka bought by CVC. There were also some big transactions in the banking sector. It all shows that large equity transactions become a part of the capital market in Poland.



Photo courtesy of CVC Capital Partners

What is your investment philosophy?

Just like other large cap private equity investors, we buy equity in companies which are relatively well developed. When we buy a company we have our representatives in its the supervisory board. Their role is to support the management in implementing the company's new business strategy. We always prefer that the managers also own an equity in the company so they are our partners not only as managers but also as stakeholders in the company and their interest is aligned with our interest.

We hope that a number of companies, who have successfully developed their business nationwide and even abroad, and who look for new owners with fresh perspectives and capital, will take the opportunities that we offer.

But we do not have a cookie-cutter approach. For instance, we may invest from 4 to 8 years depending on how much time the company we invest in needs to implement the strategy that we support when we enter the project.

In Poland and other CEE countries the minimum amount of capital we invest is EUR 100

million. So far in Poland we acquired equity in the convenience store chain Żabka, and the railway power company PKP Energetyka. Both of those transactions were much higher than EUR 100 million.

The two companies represent different industries. We do not have any preferences towards any specific market or country. We understand that each market is different and each country in which we invest is different, hence our strong local presence. Our approach to investing matches the specifics of each industry and each country. What is the same in each transaction,



however, is our determination to help the company we invest in leapfrog to get to the higher level of their business model. This is our fundamental criterion: when working together with the management and the owner of the company we always do our best to help the company achieve its next successful milestone—be it expanding into new geographic markets, extend their product or service offer, or take other evolutionary step in their business.

So, when you look at Żabka, it is a convenience grocery store which has a strong recognition with consumers as an emergency store of sorts where they can buy groceries they are in urgent need of. But new generations of consumers demand new products—convenience, ready made foods so they take them home and get them ready to eat almost instantly. There are new generations of consumers who need food to eat on their way home from work of schools. So we are helping Żabka do add new product lines and make shopping for them even more convenient and easy. The Żabka management is in sync with us on this.

On the other hand, when you look at PKP Energetyka, it was a state-owned company when we bought it and its org structure was a bit outdated and inefficient. So we work to change the structure and change the culture of the company so it can be working more effectively and efficiently.

What personal qualities do you look for with management or owners of the companies that you eye for investment?

Two qualities: Professional ambition and that “they know what they don’t know”. So, we look for people who are determined to work hard to make the business grow along certain strategy, but who, at the same time, have their eyes around their heads and are ready to use plan B if what they have been doing so far does not bring desired results. It is about risk and understanding that there are unpredictable risks and not everything may go according to the plan. It is ok if managers make mistakes as long as they are able to see them and effectively correct what is wrong.

You are known for investing in mature businesses yet you support young entrepreneurs who look for seed capital to begin their commercial projects, through the CVC Young Innovator Award...

Indeed, we give a new lease of life to big companies but at the same time we support entrepreneurship on the seed level because we promote entrepreneurship in the Polish society as we see that it is still a challenge to become an entrepreneur in

Poland. So we promote social entrepreneurship and innovations through a competition called the CVC Young Innovator Award. The first edition of the award, which runs this year, has attracted 30 young entrepreneurs with original ideas for innovative business. They go through a coaching program which was executed together with PwC. It teaches them how to turn their business idea into a comprehensive and clear business plan and how to present the plan to potential investors. Our jury will pick one or two winners. Those 30 participants have very innovative and original ideas but I have to wait for the verdict of the award jury before I can give you any more specific information...

What I can say is that we have a very distinguished business experts in the jury: Prof. Robert Gwiżdowski, lawyer and economic expert of the Adam Smith Center think-tank; Jacek Świdorski, founder and president of one of the largest web platforms Wirtulana Polska; Krzysztof Badowski, partner at PwC; Max Krackowski, vice president of PKO BP; Ewa Koneczal, chair of Valores, an NGO promoting venture philanthropy in Poland, and also me. The award is under the patronage of Mateusz Morawiecki, deputy prime minister and minister of development.

What can you say about your company's take on corporate social responsibility?

We feel very strongly about our responsibilities, including corporate social responsibility, because helping companies transform to the next level in business often results in big structural overhauls. The best example is the structural overhaul of PKP Energetyka. As a result of it some 1,000 people left the company. At the same time those 1,000 people received financial assistance in privatization bonuses and an extensive severance pay. The assistance continued for over a year after they left and the amount of money depended on how long each person worked for the company. We made our offer and people were free to leave or stay. Over 1,000 people decided to leave including 900 who were already entitled to retirement benefits. So, together with their retirement pension they were getting bonus money from us for over a year. But because we made it so attractive for them to leave, we were able to free up jobs for new people. It was very important for us to attract as many young people as possible because we have to train them from the scratch. Unfortunately, there are no vocational schools preparing for work at the railway system anymore in Poland and it is our duty to provide training and education to those who would like to work for us. So, before

the structural realignment of the company took place it could not hire new people because it could not idle veteran workers. Consequently, the company could not properly develop and invest in its future.

What we also do is that we encourage our people to be pro-active workers. They know that they are important parts of the whole team, and there are career opportunities for them. We are open to their feedback and react to it so they realize that each one of them has a real impact on how the company works. With this, the people are engaged and become a force behind the new development strategy, which is very important to us as investors.

We do it across all companies we invest in. We do it slowly, step by step, as we are not interested in revolutionary changes but instead always propose a gradual change of the work culture so the people see that when they are more effective workers the entire company becomes a better place for all to work in. This is how they eventually feel that they are stakeholders in the company and that is the ultimate goal.

What is driving you forward on personal level in private equity?

I have been in private equity for 20 years now and I still find private equity a fascinating business. What gives me a thrill is the realization how much you can change a company in a few years so it can reach new business heights when you sell it to the next investor. I invested in companies which were relatively successful but were losing momentum and did not know where to go from there. I helped them to reinvent themselves, built a very motivated team of managers and enabled them to grow beyond their wildest dreams. So when it is time to sell such company, and you look back and see how you turned it around and helped its team to achieve their goals, it is a very satisfying realization and you are proud to have been a part of the transformation.

What are CVC Partners' plans in Poland for 2017 and beyond?

We will focus on developing both of our companies in Poland to make sure our strategy is on the right track. This is the priority of our team in Poland. But the two companies are not all we are interested in in Poland and we are confident that the market will offer us opportunities for more acquisitions. We hope—knock on wood and fingers crossed—we will make another acquisition this year, although, as I said, our priority is to keep developing the two companies we have already invested in.

Company profile

United Beverages

Spirited for business

American Investor's Tom Ćwiok talks with William V. Carey, President of United Beverages, one of the largest importers and distributors of wines and spirits in Poland, about how the company pursues business opportunities in the changing market

You became known for establishing the largest producers of wines and spirits in Poland, then you sold the business, and then you re-emerged with a new business. What can you tell me about it?

In August 2014 I bought a Toruń-based, distribution company called Janus, changed its name to United Beverages and moved the central headquarters to Warsaw. It is a producer, importer, distributor and wholesaler of wines and spirits. We employ some 350 people working in 13 branches the country over.

The company has vodka brands and also some wine brands. The production of those brands are outsourced. We are also the exclusive importer of some many international brands that we are licensed to sell in Poland.

In 2014 we bought an importer wine business and it is a nice business with a big import portfolio. A year ago we bought the brand Kijafa, which is a cherry wine with 50 year-long tradition in Poland.

We also export some of the products. Denmark is the biggest export market for us, bigger than the US.

So, it must be a good business, I understand...

Well, we have been developing fast over the last few years. One of the business rankings, the *Gepardy Biznesu* Ranking from the European Business Institute, listed us for 2016 as one of top ten fastest-growing companies when it comes to company value. Let me underline: it was not about the sales growth but the growth of the value of the company.

This year we will probably get the same top ten recognition again. But to me, it is not a surprise because what I have been doing with this company is essentially putting back a business I had founded 20 years ago and left in 2012.

What were the circumstances behind your discovery of Poland?

My father was in agriculture and I started working under him. He was a large exporter of cattle to Third World countries and Central and Eastern Europe, and to the Middle East. We had an office in Washington D.C. and we gathered a lot of government subsidies because the government wanted to pro-

mote American agriculture by bringing high quality products to underdeveloped markets. So we came to Poland in 1990 because things were quite inexpensive here and we

But he was a self-made entrepreneur who was able to grow his business as the economy grew in Florida. What I saw in Poland in 1990 was to some extent what I had seen in



Photo courtesy of United Beverages

would buy Polish agriculture and export it to our contacts in Europe and the Middle East. I came here to start that business as my father's partner. After a year I said that I would like to do something else in Poland and he said ok.

What made you think Poland had business opportunities for you back then?

When my father came from Wisconsin to Florida in the 1950s, Florida, except for Miami, was a very underdeveloped region—swamps and farming, plus alligators and beaches.

Florida in the 1950s. There was a wide-open opportunity in Poland and if you concentrated on the core of a business you had opportunity for anything here, for everything was at the start.

There was no service culture, not many basics, and all of that had to be created. You could carve out a pretty decent business in Poland and I could learn a bit from what I saw in the West to use the same skills here because I knew that the economy in Poland was going to move fast, especially after the government had introduced the shock economics in the early 90s. The Polish economy

leapfrogged and I was here right at the beginning of the process. I was able to benefit as long as I stayed focused and anticipated what was going to happen. It was almost like foretelling because I knew where the future was in Florida, and I knew that it would go the same way in Poland. So I already knew what my next steps in business would be.

How different is the spirits market today as compared to the early 1990s when you first came to Poland?

When I came to Poland to 1990 the market was exclusively about vodka. Back then vodka was very cheap. You could buy a half-liter bottle of vodka for 50 cents, which, accidentally, was also the price of a bottle of

beer. While vodka was relatively cheap, beer was not, so consumers had strong inclination to buy vodka because it had a higher content of alcohol. Back in the early 1990s, the consumption of vodka amounted to 96% of all alcohol consumption in Poland. But as the Polish economy began to change, consumers diversified their drinking habits too. The consumption of beers and wines began to grow while the demand for vodka dropped. Today vodka amounts to 83% of all alcohol consumption in Poland, so we have seen a big

change. As people travel abroad they come back and consume Spanish wine, Greek wine, cocktails, such as a mojitos, and other alcoholic drinks. This is a natural evolution in consumption patterns in Eastern Europe. Yet, if you go out you see that vodka is still a big part of the drinking culture of the Polish society. Maybe in 20 years from now the overall percentage of vodka consumption will drop to 70%, which is still a big part of the market and a solid business.

“The Polish workplace is very dynamic because people work extremely hard, and they are very good people with strong family background. For me, Poland is a great place to work, and also a great place to build a company with Polish employees.”

How about the contraband? It was a huge problem back then, but is it still today?

In the 1990s illegal vodka was probably between 30% to 40% of all the vodka in the market but today it is less than 10%. It is still an issue for it has been less than 10% for a long time. It seems that there is still the black market for vodka and it seems that still there is enough reward from trading in illegal vodka. But it is a problem not only for the vodka market but also, say, cigarettes and others. Excise is very expensive so if they feel that they can make decent money from 2,000 bottles of counterfeit vodka then they will make the effort.

But I have to say that the government has done a decent job in bringing it down to less than 10% today.

Some people complain that vodka that vodka is taxed too much in comparison to other alcohol beverages, such as beers, for instance. How do you see this issue?

A big part of the vodka price is excise tax, over 60% of the retail price. From the point of view of alcohol producers, as a percentage, vodka is taxed much higher than beer, which means that beer companies make better profit margins. At the same time, however, the government views beer as a soft alcohol when it comes to the problem of alcohol abuse. If you make hard spirits too cheap, like it was in Poland a long time ago, what happens is that people will drink more vodka and there will be a bigger issue of alcohol abuse. The government has to weight up the health aspect beyond just the economics because there is a cost for the government when it comes to tackling the problem of alcoholism. There are social and health aspects which are more important, from the government point of view than just economics.

I understand that you are happy with running a business in Poland...

Very much indeed! The Polish workplace is very dynamic because people work extremely hard, and they are very good people with strong family background. The literacy rate in the country is nearly 100% which you do not find in many countries, and I have to say that a lot of women are working in Poland too and they are very good. Over time I have seen nothing but positives in the employees that I have been able to work with. For me, Poland is a great place to work, and also a great place to build a company with Polish employees.

A lot of international companies appreciate Poland for that because people are dedicated and the average wage is lower than in Western Europe, which is also an important aspect. The wage is going up and I'm sure that labor costs will continue to move up as

the economy develops. But companies produce high-quality goods and services and get cheaper labor costs for that costs than in Western European countries.

What are your plans for 2018 and beyond?

We know that the vodka market is not going to grow. Since we are one of the largest importers and distributors of vodka in the country we are trying to stabilize that part of our business and grow the other things.

We are going to continue to expand quite aggressively into an area where there is growing consumer demand, which is brown spirits such as whiskey. In fact, Poland is the fastest-growing whiskey market in the world today and at present, is the 12th world-largest whiskey market. The consumption of whiskey in total terms is nowhere near the consumption of vodka but whiskey is more and more fashionable, and the growing trend is going to continue. It will go up, maybe not as fast as now, but steadily anyway. Anticipating that, we have a lot of nice whiskey brands in stock and are focusing on marketing those brands in Poland.

Single malt whiskey is also growing fast in Poland, with a 50% growth in sales value generated last year. In addition, there is a growing culture of cocktails with HoReCa bars and restaurants, and clubs.

The consumption of wine is also on the rise, which made us include wine products in our offer as well, and we are expanding the offer right now. It all has a smaller consumer base as compared to vodka products but people want finer things anyway.

I wonder what your personal ambitions are as head of this company...

It is true that I am ambitious. The first company I founded in Poland 20 years ago grew to 10,000 employees before I left it in 2012. I'm not sure I have the same ambition now to go to 10,000 employees, for I found that you have to have a balance in life. When I was running so fast before, the quality of life was not so good. Now I try to push still but have a little more balanced life. But because of the experience I have had in the past my decisions now are perhaps better.

In more general terms, I have to say that Poland is still a land of opportunity. Maybe it is not as straight-forward as it used to be 25 years ago, but it still is and will be for years to come. I left the US in 1990. Back then I thought that everything was invented, all jobs were taken, and that I could create nothing new. But this time has been a special time for business in terms of all the new things that were invented, the internet, the computer and the software, which impacted all industries. This is why I think that there is a lot of opportunity in Poland yet to be explored.

Company profile

EnerNOC

Beyond flexibility

American Investor's Tom Ćwiok talks with Jacek Misiejuk, Managing Director of EnerNOC Polska, a world leader in flexible energy services, about how the company is pioneering customer participation in the energy system

The energy sector has many specialties. What is yours?

We specialize in demand side response services, in short DSR. Large energy consumers, including industrial, commercial, and institutional organizations, which can be flexible with flexible with their electricity consumption when the power system is under emergency levels of stress. In return for this flexibility in energy demand, they earn revenue but help protect the stability of the electric grid and also help integrate new energy sources into the power system.

EnerNOC aggregates such services. We enroll companies into DSR programs, ensure proper program planning and execution, and protect end users from risks and penalties. Aggregation relates to EnerNOC's ability to pool available flexible capacity contributions across various businesses in an intelligent fashion, and in turn, offer larger and more reliable portfolios of energy flexibility to the power system operator.

EnerNOC is the world leader in DSR services. We operate DSR in 11 countries and manage over 50 active DSR programs. We are partnered with over 14,000 industrial and commercial companies providing DSR services for them, with a total of 6.8 gigawatt of flexible capacity available to system operators and utilities.

The most common use for DSR is for emergency services, similar to the programs currently offered in Poland by the transmission system operator. These emergency programs are often provided via a market for electric capacity, and DSR is supporting power plants to secure adequate capacity in the most efficient way.

It is worth pointing out that the planned new Polish capacity market is modeled on the markets in the US and UK, where EnerNOC is also the leading DSR provider.

In Poland, we are currently working with customers and prospects who would like to take advantage of the recently launched emergency DSR programs.

Is Poland a good market for DSR services?

Based on our market projections and reports from the market regulators, Poland will need significant capacity reserves in the years to come and under such conditions Poland will continue to develop its intended capacity market. In addition, DSR can cre-



Photo courtesy of EnerNOC

ate value in ancillary services markets and balancing energy markets. With its advancements, we expect to be able to implement more advanced DSR solutions and help facilitate new opportunities for our clients. Regardless of how the market develops we will support our business customers in how they can make use of their flexibility in energy consumption. We will make it simple for them to participate in DSR programs and use market opportunities, and will shield them from potential performance risks.

How do you see the market in Poland in the regulatory context?

As part of our global business practices, we are constantly advocating for changes to local market design and regulations in order to make DSR easier and more efficient for both aggregators and energy consumers. Examples from other markets provide best-practices regarding DSR program design.

In Poland, we work closely with all market participants to ensure that transmission system operators could accurately account for the load relief while customers could achieve a consistent revenue. We also are very sensitive about having a level playing field for the large producers of energy and DSR providers.

For instance, we are advocating that the share of DSR, as a reliable resource in the capacity market in Poland, should be enlarged. The original design of these programs has limited the ability of business customers to participate to a great extent. However, we believe that the refined final program design will be much more open and favorable for DSR participation. Refinement of these markers is natural, because DSR programs must be a solution to the power system, which does evolve and change over time.

What made you decide to enter the market in Poland?

EnerNOC has been monitoring the energy market in Poland for several years. We look for growing peak demand in electricity, an increasing share of renewable energy sources, and declining reserves of available capacity. We know that with these conditions DSR services can provide significant value.

What motivated us to enter Poland was a clear need from both the grid operator and energy end users to partner with a DSR provider who has deep experience and a track record of successful implementation of DSR programs. We view Poland as a promising market, especially when it comes to programs that would allow us to help our clients make money for their flexibility while increasing the security of the power system.

We set up EnerNOC Polska in Warsaw in early 2017. We contracted and successfully tested our first 20 megawatts of DSR services in the new transmission system program. Now that the first tender is behind us, we are helping businesses look forward to the next year. Now, we inform those companies who expressed interest in the DSR opportunities. We have multiplied our current client portfolio several times already. Big consumers with over 10 megawatt of curtailable capacity, who have tried to participate in DSR programs on their own before, have contacted us too. We can provide them with similar revenue but with much less effort and more resources, and at the same time reduce the risk of penalties.

What are the benefits of DSR for transmission system operators?

Most of the funds that the transmission system operator spends on DSR would otherwise be spent on ensuring the security of supply in much less cost-effective ways, such as building an auxiliary power plant, which would support energy demand in the so-called peak capacity. But building such a power plant is a costly alternative because 10% of Polish peak capacity is used for less than 1% of the time. Those costs would be mainly passed down on the end users. Therefore DSR is a win-win situation for all

the stakeholders—end users agree to limit their power consumption when the need be, and the power operator pays them for that, instead of having to build an auxiliary power plant.

What level of investment was required to provide DSR services in Poland ?

The provision of DSR services does not require large upfront investments from us. Our costs are the operating costs associated with enabling our business customers in DSR programs, maintaining continuous readiness to react, and effective portfolio management. We have invested in adapting our technology platform to support the Polish DSR programs, and we have been building a local team of experts to provide best-in-class service. We use our operation center to ensure quality of service at efficient costs.

What can you tell me about the corporate culture of the company?

We are a passionate group of professionals who aim to change the way the world uses energy. We enjoy fostering a collaborative environment with our customers, and by applying our technology-enabled approaches, we solve some of their big energy problems, which is very motivating. Such corporate culture has helped us achieve our

position as the world-leading DSR provider.

What are your advantages over potential competition?

Our greatest asset is our tremendous knowledge and expertise in providing DSR services for a variety of sectors around the world to make sure that our customers have a plan that works best for them. Our technology platform supports a wide range of markets and programs. We pair this with the state-of-the-art equipment that we install on our customer sites. It is maintenance-free for up to five years and automatically collects measurement data and transmits current energy consumption information.

What are the company's plans for 2018 and beyond?

We aim at becoming the market leader of DSR services in Poland. We will do this through scaling our approach to customer DSR participation to increase business efficiency, resiliency, and competitive advantage with minimal impact on core business operations. We anticipate that in the future, in addition to the intervention programs, we will be supplying more sophisticated DSR based system services to ensure even greater efficiency and flexibility of the Polish power system.

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Expert

Personal finance

Thinking of the future and money

By Jason Watters,
Vice President for
Europe, Reilly
Financial Advisors



A few things to remember when creating an investment portfolio

Attempting to manage your own financial portfolio and investments can be an overwhelming task especially when you are depending on it for your well being in retirement. You may begin to think to yourself: Am I doing it right? Did I invest in the right things? Did I do the correct analysis? Will my investments survive the market? Many times, it is hard to tell, especially when you are trying to plan ten or twenty years in the future. This article will introduce some key concepts that are fundamental to a successful portfolio creation.

Asset allocation

Asset allocation involves an investment strategy aimed to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance, and investment horizon. This sounds complex, so let's break it down.

Typical investment portfolios consist of three main asset categories. We will start off with stocks and bonds. In a "typical" market portfolio, these two security types are negatively correlated, which means that when one rises, usually, the other one falls. When this happens, the average return in the overall portfolio is the combination of these performances, but the overall risk is less because they tend to offset one another—the basic concept of risk vs return. The more stocks you have, the more growth and return potential. The more bonds or fixed income, the less risk, and more stability you'll have. Finally, the third main security type is cash or cash-equivalents. Cash or money market funds are assets that hold relatively no risk but are highly liquid for times you may need access to cash; they also add further stability to your portfolio.

Asset allocation is all about finding the right percentages of stocks, bonds, and cash that fit your financial situation, time horizons, and risk tolerance. An example of just one investment portfolio would be one with a 70/30 asset allocation—70% stocks, 30% bonds, and usually 1-2% cash as well. However, this is not a cookie cutter allocation that everyone should use because each individual's financial situation is different. This is step one, figuring out how many slices you want in your investment pie and how big—what percentage—each slice should be.

Diversification

Asset allocation is an excellent first step to a solid portfolio foundation. The next step is diversification, which helps determine the various asset sub-classes or economic sectors that will be represented within each asset class (stocks, bonds, cash). An example of a sub-class for stocks may include large, mid, small, or international company stocks. These are all considered stocks but now we are talking about different types of stocks. These categories can be divided even further and broken down by economic sectors such as basic materials, health care, energy, technology, etc. If you invest in bonds in your portfolio, what might these sub-classes look like? Well, bond types may include municipal, corporate, or government bonds, and they can further be broken down by length (maturity) and credit risk.

The ultimate decision of which asset classes and sub-classes to choose must be made by the investor. A younger investor looking for growth may decide they want mostly stocks in their portfolio, and even more specifically they could want

riskier types of stocks, for example, small-cap stocks in the technology sector. Why are these riskier? Small-cap stocks are those of small companies who, often, have very high growth potential but carry more risk. The technology sector is considered a high growth sector as well, meaning more return and therefore, more risk. An older investor who wants to preserve their assets might want 50% stocks and 50% bonds. The stocks they choose will likely be quite different when compared to the growth seeking investor. Someone with a lower risk tolerance would invest in well-established, large-cap stocks with a history of good returns and dividends. The 50% bond allocation creates higher stability in the market due to their lower overall risk as well. Even though this portfolio is half invested in stocks, by selecting certain asset types, the investor may be able to lower risk. This is step two: determine which asset sub-classes (types of stocks and bonds) are best for your individual financial situation.

Security selection

The last and final step is the individual security selection. At this point, individual securities, mutual funds, ETFs, or bonds are usually chosen so that they fit into each of the portfolio's allocated asset classes. You may have decided that you want 60% in stocks comprised of international and large-cap stocks. Now you must find individual securities that will fall into this category. Many times, this can be the most complicated and time-consuming part. This is where fundamental research comes into play involving analyzing which stocks, mutual funds, or bonds have the most promise within a sector you want exposure to. But do not fret, many

studies show that overall asset allocation (giving specific percentages to your stock and bond percentages) is much more important than the individual securities that make up that allocation. Nonetheless, this would be considered the third, and final step, completing the creation of your portfolio and following decisions made in the first two steps.

Proper portfolio construction is both an art and a science. As with all things financial, there is no single solution for all. Each individual investor must consider their assets and goals in order to make the determination of the best allocation for them. Understand that stocks increase returns and have higher risk, and that bonds have lower risk but also lower returns. In regards to where to start, think about the big picture first; what percentage in stocks/bonds/cash fits for you? 100% stocks? 80% stocks with 20% bonds, 50%/50%? Then narrow it down and determine what types of assets you want for each of these allocations. Lastly, choose individual securities that will fit into these selections.

In a recent study, it was found that asset allocation accounts for 91.5% of the success in a portfolio. Let me say that again: 91.5% of a successful portfolio is due to proper asset allocation. Individual security selection accounts for 4.6% of a successful portfolio and market timing, only 1.6%. If you build your portfolio foundation around your allocations in stocks, bonds, and cash you are well on your way to building what may become an effective portfolio. Take a look at your existing investments with this in mind to help determine if you should make any adjustments. It's never too late to build a successful portfolio. ●

A power play?

By Marcin Jakubaszek, Counsellor at Law, Partner, JF Legal Jakubaszek & Fogo Sp.k.



The reforms to the legal system in Poland rise some questions

On July 12, the Polish Parliament adopted an act amending the law on common courts in Poland. The act was signed by the President of the Republic of Poland and it came into force on August 12.

The draft of the act was presented to the nation's President together with two additional drafts as a "package" of new legislation to reform the Polish judicial system. The other two drafts that were submitted by parliament to the President, who vetoed them, related to the Supreme Court and the National Judiciary Council.

It is worth mentioning that while parliament was working on the new legislation, a wave of protests swept the streets of Warsaw. The protesters argued that the proposed laws infringed the principle of the democratic order which rests on separation of judicial powers from the executive branch of the government and the legislative branch.

The one act that the president signed into law introduces a number of changes to the Polish legal system. The most controversial ones, however, are viewed by their critics as being in breach of the Polish Constitution, and, in particular, in breach of the guaranteed principles of independence and non-revocable tenure of the office of a judge.

Appointing court presidents

Until August 12, before the minister of justice could formally appoint the presidents of the courts of appeal, presidents of regional and district courts, the said minister had to take into account the opinion the general assembly of the judges of the court with the vacancy. If the opinion were negative the minister of justice could apply for a second opinion from the National Judiciary Council. If this opinion were also negative the minister could not appoint the candidate as president of the par-

ticular court. In light of the new law the minister of justice now appoints the president of a given court and afterwards presents the appointed president to the general assembly of judges. The minister may appoint for the president of a given court a judge from a court of lower instance. Therefore, in light of the new regulations, the minister of justice is the sole decision-maker when it comes to the appointments of new presidents of courts, with no formal say in the process on the part of the judges of a court for which the new president is appointed.

When it comes to the vetting process of a new court president, the new legislation also introduces substantial changes. Under the old regulations, the candidate for court president was considered suitable for the position only after they were positively verified by other judges of the court. The new regulations allow for an appointment to proceed without the consent of the court judges even when their opinion would be negative for objective reasons.

Controversies

The new regulations governing appointing presidents of courts raise some fundamental questions. Court presidents are the bosses of the court judges. Their job includes appointing judges to specific divisions of the court, deciding the scope of duties of each judge, and setting up the guidelines along which particular judges are appointed to particular cases. In other words, court presidents shape the environment in which the judges work.

Another provision of the new regulations allows the minister of justice to dismiss any common court president without giving a specific reason. The provision will be in force until Jan 12, 2018. With this, the justice minister, who also acts in the capacity of Poland's prosecutor general, is free to ef-

fectively appoint the presidents of all common courts in Poland.

The critics of this regulation argue that it allows the prosecutor general to acquire influence over the manner with which common courts operate.

Who retires and when?

The new regulations also change the age of retirement of the judges. Before the new legislation became law they could retire at 67 years, with some exceptions. However, a judge could continue to work till the age of 70, if they felt they were in good physical and mental health.

The new regulations lower the retirement age to 60 years for female judges and 65 years for male judges. In addition, if a judge reaches retirement age but wishes to continue to work for the court, he/she has to apply for permission from the justice minister. The minister may consent if he wishes so, but the decision is not based on the physical and mental capacities of the judge. The critics of this regulation say that with this the minister may put many experienced and able judges out of court work.

Transferring judges

The most controversial provision of the new regulations, arguably, is that judges may be transferred to another division of court without their consent if the division to which the judge is being transferred resolves the cases of the same type and none of the other judges agreed for the transfer. The critics of this regulation argue that it is in breach of Article 180, Section 2 of the Polish Constitution, which states that a judge may only be removed from her/his office, transferred to another seat, or another post against her/his will, as a result of a court verdict, and only in cases determined by statute. They claim that the new gives the justice minister the

power to transfer judges freely—for instance, the loyal judges to places where they will have better career opportunities, and the disloyal ones to where their careers could suffer.

Conclusions

Drafted by the justice minister, the aforementioned regulations are controversial changes to the law. What do they really mean?

The minister said many times that those new instruments are needed to shape new, more effective and better courts.

In turn, critics say, that while the minister's intentions are good, he may use the new instruments to "enforce" loyalty from the judges, as they will be under pressure to perform their work in a way pleasing to the minister.

At the same time, the judges who do not follow the ministerial line may "face issues" which the minister of justice lay upon them with the use of new instruments he now has. The justice minister is, at the same time, Poland's prosecutor general, and in this capacity is an interested party in court proceedings, especially criminal ones. No prosecutor would like to admit to making a mistake when a person accused with charges is being set free by the court. Thus the temptation to "force" the courts to follow the lead of the prosecution may always appear.

Will it become reality? In fact, there is no way of knowing it, especially in particular cases that will be important to the minister. We just know that there is such risk.

Expert

Audit law

By Ewa Szlachetka, Head of M&A and Banking & Finance; Krzysztof Feluch, Attorney at Law on the M&A team; Natalia Burchardt, Attorney at Law on the M&A team, and Wierzbowski Eversheds Sutherland

Auditors, be aware!

There are new rules on the establishment of audit committees and limits on the services auditing firms can provide

The new act on statutory auditors came into force in June 2017 and implements the law of the European Union, namely Statutory Audit Directive 2004/56/UE. The act contains very important regulations for the entire corporate system of companies which are public interest entities, including listed companies. In addition, the new regulations will cover such entities as payment institutions, brokerage houses and banks (yet, not the companies listed on the alternative stock exchange, New-Connect). The act also limits the capacity of auditing firms to provide continuous services.

What and when?

When it comes to audit committees and the requirements for the supervisory board members, the basic change concerns audit committees and the obligation to create them. Previous regulations stipulated that public interest entities should have an audit committee if the number of supervisory board members exceeded five. After the changes, these entities will have to set up audit committees irrespective of the number of supervisory board members, but depending on the size of the company.

The requirement to form a separate corporate authority—the audit committee—applies to public companies subject to trading on the Warsaw Stock Exchange that exceeds two of the following values: PLN 17,000,000 of the sum of the balance sheet assets at the end of the financial year; PLN 34,000,000 of net revenue from the sales of goods and products for the financial year; annually supports fifty full-time jobs.

The committee should consist of no less than three persons, with the majority of the audit committee, including its chair, to be appointed by the Supervisory

Board or another relevant supervising corporate authority, from the existing members of this supervising corporate authority.

As a result, changes may be necessary in the composition of the supervisory board, from which an audit committee may be set up. Then we have to check whether we need to set up an audit committee, or maybe we are a smaller company where the audit committee function within the meaning of the new regulation can be carried out directly by the entire supervisory board. Companies that do not exceed two from the stated list of value are not required to form an audit committee, however, their supervisory board members and other relevant supervising authority members must meet the following requirements applicable to the members of the audit community: the board must compose of at least three persons; at least one of them must have knowledge and skills in accounting or auditing of the financial statements; most members, including its chairman, must be independent of the company.

Who's in?

In comparison to the old regulation, the act describes in more detail who can be classified as independent of the company. A member, is considered independent of the company, if he/she meets the following criteria (related to the company and any of its affiliated entities):

a) was not a member of the management board nor senior management (over the last five years), neither is related to any of the corporate authority members.

b) was not an employee of the company in past three years (exception: employee elected to the supervisory board as employee representative);

c) does not control or does not represent the persons or entities

exercising control over the company;

d) has not received any significant remuneration (exception: remuneration for the position of supervisory board member or audit committee member);

e) has not maintained a significant economic relationship (directly or indirectly) with the company or its affiliated entity,

f) has not been in the last two years in any way related to the firm carrying out an audit of a financial statement of the company or its affiliated entity as the owner, member of any corporate authority, an employee or manager, etc.

g) has not been a member-member of the supervisory board for more than 12 years.

It is worth noting that at least one member must have the knowledge and skills in the industry in which the company operates. Yet, the act does not specify what qualifications are sufficient to determine whether a person meets the above criteria. The failure to specify the minimum requirements of knowledge and skills in the industry in which the company operates and in accounting and auditing of the financial statements will inevitably cause problems in practice. Due to such criteria, companies may have trouble finding suitable candidates. Consequently, they should already start forming audit committees, since they only have time till November this year to adapt to the new regulations.

The new regulations should be compared with the current statute. It may be necessary to change its provisions to match the existing regulations. If there are no detailed regulations in the statute, the rules of the supervisory board must be verified. According to the new regulations, members of audit committees are appointed by the supervisory

board or the general meeting, so it is necessary to clearly specify which governing body makes the selection.

Limitations of auditors

Other significant changes beyond those of the audit committees are related to the tasks of this committee. So far, in principle, an important task of the committee was to monitor the company's reporting system, internal control, internal audit and risk management. These tasks have expanded and require an audit committee to play a much more active role. With the new act, the possibility to provide some of the other services by audit firms performing the annual audit in a particular company has been significantly reduced. For example, tax advice, consulting and other services are excluded, in so far as they are relevant to the financial statements. Moreover, any other service provided by an audit firm will need to be approved by an audit committee.

There are further tasks for the committees which need to develop procedures for an audit firm to provide any other services. Although supervisory board committees in Polish two-tier board system only play an advisory role, the new audit committee role is a step toward a one-tier board system, especially in area of statutory auditor appointment. This could be useful for companies in case of a dual listing. A breach of the rules governing the appointment, composition and functioning of the audit committee, as well as influencing the outcome of the audit is penalized with a fine of up to 10% of the company's turnover. In the case of a natural person, the fine is capped at PLN 250,000 and another penalty may be a ban on serving as a member of the management or supervisory board for a period of up to three years.



The power of a commission (Part 2)

By Marcin Wnukowski,
Partner,
Squire Patton Boggs



Title to real estate property in Warsaw under scrutiny

In the spring edition of this magazine I wrote that the Polish parliament had adopted a very controversial piece of legislation appointing an ad hoc parliamentary commission to review and deal with “reprivatization” decisions in Warsaw.

The term “reprivatization” refers to the real estate that had previously been in private hands until the end of World War Two, when it was nationalized by the state under the so-called “Bierut decree” (the Decree of October 26, 1945 on the Ownership and Usage of Real Property within boundaries of Warsaw, the “Decree”). After the fall of communism, the former owners, their heirs and those who purchased claims from them (very often called “real estate hunters”), sought to have such nationalization quashed and the property returned to them.

The situation has recently erupted in a large scandal, as the magnitude of the process and methods used by certain real estate hunters has come under intense scrutiny. Several persons engaged in this process have been arrested and members of the Warsaw municipal government have been accused of negligence in their safeguarding of public property.

The Polish government has decided to deal with the situation through a new law, which provides a somewhat controversial solution by appointing a special commission, with the main goal of “removing the legal effects of reprivatization decisions issued in violation of law”. The commission started the review process in July and called the Warsaw Mayor to appear as a witness. Ms. Hanna Gronkiewicz-Waltz refused to appear, claiming the new law was unconstitutional. The

claim of “unconstitutionality” appears to be valid and was, in fact, raised at the very beginning of parliament’s works on the new law. However, at this stage, the law is not subject of review by the Constitutional Tribunal.

The commission has already decided to rescind the decision on the reprivatization of the property at 70 Chłodna Street, as well as several other pieces of property. These were the property reprivatizations that have caused a lot of public outcry in Warsaw.

Ghosts of the past

It is likely that the entire process will be lengthy and complicated, and perhaps now is a good time to comment on the commission’s initial actions and any potential further developments.

First of all, it is subject of debate which real estate will be subject to the commission’s scrutiny. The law establishing the commission reads that it is “any real property that has been subject to the Decree”, regardless who is the owner of the property at this moment. This means that a substantial number of real properties in Warsaw may be reviewed, regardless of whether the current owner purchased the property from a private owner or from the City of Warsaw, provided that the property was nationalized under the Decree in the first place, and then either the perpetual usufruct right was established on such real property or it was returned after the authorities determined that the former owner was refused restitution groundlessly after the WW2.

Thus, although the main purpose of the new legislation was to put a halt to the practices of “real estate hunters”, it opened the way to a much wider scale

review of titles to real property in Warsaw. This may cause concern to anyone intending to invest in real property in Warsaw. Although owners who purchased property “in good faith” should be protected, the definition of “good faith” is left to the commission to judge.

Further, there are opinions presented that during the reprivatization process the officials of the City of Warsaw failed to fully observe the law, particularly in cases of “real estate hunters”. The Decree allowed former owners to apply for a perpetual usufruct right provided that (i) he/she filed a motion in appropriate time, (ii) the use of the property by the owner was in compliance with local zoning plan and (iii) the owner was in possession of the real property. The communist government very often violated this right, which led to many reprivatization claims. Now,

It is argued that almost all reprivatization decisions issued by the City of Warsaw should be rescinded. This would lead to the reopening of the analysis of legality of title to over 2,000 pieces of real property.

there are claims that the City of Warsaw officials, while deciding on reprivatization, did not analyze whether the former owner

“was in possession of the real property”. Therefore, it is argued that almost all reprivatization decisions issued by the City of Warsaw should be rescinded. If accepted, this would lead to the reopening of the analysis of legality of title to over 2,000 pieces of real property. City officials strongly deny the allegations.

Potential consequences

A decision of the commission, if treated as any other administrative decision, should be challengeable before the Polish administrative courts. The law is silent on whether the parties to proceedings have the right to be heard by the court, but it does not exclude this either.

Thus, the party to a decision that has been rescinded by the commission may seek legal protection in the courts for the commission’s decision to be either repealed or returned for another round of review. It will be interesting to see whether the argument of unconstitutionality of the law is also raised. The process will be lengthy—the full process of review by two instances of administrative courts in Poland may take from two to three years, depending on the workload of the courts.

Finally, there are also rumors that the government is working on a comprehensive solution to the reprivatization issue in Warsaw although the details of this are

not yet known.

Expert

Labor law

Knowing you, knowing me

Screening prospective employees: How far employers can go

The selection of appropriate personnel to ensure efficient and effective business continues to be a challenge to any employer worldwide. This is even more difficult in Poland due to the strict approach toward personal data processing in the context of employment. This limits the possibility of screening job applicants, which is an ongoing issue for a number of employers in Poland, especially those in the broadly understood financial sector.

Balancing business needs and the legal risk of only partial compliance with data protection laws in practice spurs some employers to process more data than explicitly allowed by law on a contestable basis of a job applicant's consent. Other employers decide to assign job applicants for some time to other jurisdictions with less strict data protection laws, where a business is allowed to verify whether a job applicant is suitable to work. In some cases, however, employers follow the strict approach, but legally safe, rules as presented below.

What's allowed

Art. 22¹ of the Labor Code allows employers to verify job applicants. The scope of this verification is, however, severely limited. An employer may demand a job applicant to provide his or her name, names of parents, date of birth, and residence address (correspondence address). Information on education and hitherto employment may also be demanded, whereby it should be interpreted broadly, i.e. not only as employment on the basis of an employment contract, but also, for example, on the basis of contracts of mandate or for specific work (Supreme Court ruling dated 11 January 2017, I PK 25/16).

Such data is provided in the form of a declaration of the person to which it pertains. An employer may, however, demand documentation of such data, i.e. a job applicant presenting of documents confirming provided information.

A demand for a job applicant to provide other personal data is only allowed if it arises from other legal provisions. In principle, therefore, it is not proper to seek other personal data from job applicants, for example, pertaining to criminal records or financial situation on the basis of a job applicant's consent. According to the Personal Data Protection Act dated August 29, 1997, consent of the person to whom personal data pertains constitutes a sufficient basis for its processing. Such consent, however, must be expressed voluntarily. It is assumed in adjudication, in light of the position of Article 29 Working Party, that consent granted by an employee (respectively, a job applicant) is, as a rule, not voluntary due to the lack of force equivalence in employer-employee relations when the employer is essentially the stronger party. In principle, consent should not be the basis to obtain data on a job applicant.

The right to demand information from a person seeking work, as stipulated in art. 22¹ of the Labor Code, as well as the presentation of documents confirming this information, has been granted to an employer. An employer may, however, commission another entity to provide such verification, essentially, on the basis of an agreement entrusting data processing, as noted in art. 31 of the Personal Data Protection Act. Since broader requirements will apply from May 25, 2018 with regard to the scope of

processing personal data, it is advisable to ensure that concluded agreements that will continue to apply as of May 25, 2018 as well as newly concluded agreements meet these conditions.

Additional information

As indicated above, in principle, consent should not be a basis for obtaining data on a person seeking work. It appears, however, that GIODO (the Polish Data Protection Authority) has allowed an exception to this rule if a person seeking employment provides more information in recruitment documents than that listed in art. 22¹ of the Labor Code. In a decision dated January 23, 2015 (DOLiS/DEC 41/15/5125), it stated that in such cases the legal basis for its processing by a potential employer will be a job applicant's consent, whereby an option must be guaranteed when obtaining consent, i.e. the person issuing a statement should have the possibility of expressing consent or lack thereof to certain actions.

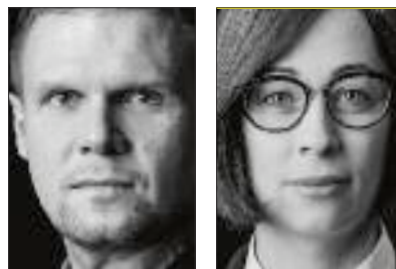
It appears, however, that there is a lack of basis in such instances, even when a job applicant's consent to the processing of such data is obtained, for an employer to verify such additionally provided information.

Verification and social media

In light of the general presence of many persons in the social media, it is justified to ask about the ability of a potential employer to verify a job applicant's social media profile. Depending on privacy settings, such person's profile may provide much personal information.

This issue was recently de-

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liberated by Article 29 Working Party. In an opinion 2/2017 on data processing at work adopted on June 8, 2017, it presented the view that employers should not assume that they are allowed to process such data for their own purposes merely because an individual's social media profile is publicly available. A legal basis such as legitimate interest is required for this processing. Thus, an employer should consider whether the social media profile of an applicant relates to business or private purposes prior to inspecting a social media profile, as this is an important indication of the legal admissibility of data inspection. Moreover, employers are only allowed to collect and process personal data relating to job applicants to the extent that such collection is necessary and relevant to the performance of the job sought.

Finally, Article 29 Working Party held the view that there is no legal basis for an employer to require potential employees to "friend" a potential employer or in other ways to provide access to the content of their social media profiles.

The above position falls within the increasingly restrictive approach toward the protection of privacy and personal data. Since Opinion 2/2017 was issued with consideration of RODO (GDPR) provisions, no change of it should be expected after May 25, 2018.

Criminal records

In practice, the above limitations, in particular, inability to verify criminal records of persons, are a serious hindrance to entities operating, among others, in the finance sector, including joint services centers, from the perspective of ensuring security of information on the service recipients of these

entities. Employment of an inappropriate person may constitute a potential source of abuse in this area. Employees of such entities have access to information on the assets of service recipients and may undertake operations with such assets.

In seeking to fulfil the expectations and needs of financial sector entities, the Minister of Development and Finance issued a draft law for public consultation on 29 August 2017 on the principles governing verification of no criminal records of candidates seeking employment in the finance sector. The draft provides a closed list of such entities, although it is broad and encompasses, among others, in addition to banks, payment card issuers, rating agencies, insurance companies as well as ancillary banking services undertakings. The law is to address hiring under employment and civil law contracts.

The draft law provides for an employer's right to demand information from a person seeking work in Poland on any legally binding convictions for culpable acts against the public order, information protection, credibility of documents, property, trade, and trade in funds and securities, as specified in the Penal Code, as well as offenses stipulated in a series of sector laws (including the Banking Law, the Insurance Brokerage Act, the Investment Fund and Management of Alter-

native Investment Fund Act or the Trade in Financial Instruments Act).

An employer will have the right to demand a job applicant to provide written consent to the processing of personal data regarding no criminal record in the above scope.

The provision of information on no criminal record to an employer will take place in the form of a job applicant declaration. An employer, however, will have the right to demand documentation of such information through a statement from the National Penal Register, whereby the employer will bear the cost of obtaining such a statement. A job applicant's failure to provide information on no criminal record may result in no employment of such person.

The planned date of the law's entry into force is January 1, 2018.

Any changes come 25 May 2018?

The Ministry of the Digital Affairs, which is responsible for preparing Polish legislation for requirements of the General Data Protection Regulation (GDPR), recently disclosed a draft act for public consultation that implements the data protection act. This draft act provides, among others, for changes to art. 22¹ of the Labour Code.

The scope of personal data that an employer may demand

from a job applicant pursuant to the draft act does not vary materially from that currently allowed. Its novelty, however, is that an employer may process other personal data of a job applicant or employee if obtaining consent thereto in writing or electronically, albeit excluding data on addictions, health, sex life or sexual orientation. In terms of an employee's personal data, this also includes biometric data if it concerns an employment relationship.

Yet, an employer may demand the disclose of other personal data than listed in art. 22¹ of the Labor Code and data on addictions, health, sex life or sexual orientation if mandated by law or necessary for an employer to comply with a legal obligation. In such cases, processing is allowed only in a scope necessary to fulfil that obligation.

This seems to deviate from the current strict view on inadmissibility of processing any employee data based on consent. However, the employee's or job applicant's failure to give consent cannot be a basis to unfavourably treat employees or persons seeking employment and cannot elicit any negative consequences toward them, and, in particular, cannot constitute a basis for an employer to deny, terminate or dissolve employment without notice.

It is worth noting that regardless of the aforementioned draft act on principles governing verification of no criminal

record of employment candidates in the finance sector, the draft act implementing the data protection act provides for changes to the banking law that would require an employee or job applicant to disclose information on any criminal record and the processing of an employee's biometric data if necessary to control access to information processed by a bank on its premises.

Conclusions

As mentioned above, these changes have been just released for public consultation. However, they clearly indicate the likely direction of changes. It may be expected that they will be enthusiastically welcomed by all employers in Poland, especially those in the broadly understood financial sector.

Nevertheless, despite the gradual liberalization of laws related to personal data processing in the context of employment, it can be accepted with great certainty, especially in the context of the General Data Protection Regulation being in force, that the protection of employee personal data will play an increasingly important role in the future. Due to the potential consequences of breaches in that area that will apply as of 25 May 2018, employers should make every effort to ensure full compliance with data protection laws.

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We offer an opportunity to increase your company's visibility through sponsorship of AmCham events, by promoting your company to the business and diplomatic community and receiving media coverage. AmCham events in Warsaw include business mixers, high-level discussion panels at CEO Forums, as well as our big annual events, the 4th of July Picnic and the AmCham Diner at the Krynica Economic Forum and the European Economic Congress in Katowice, which attract hundreds of guests. In addition to AmCham's Warsaw events, companies can sponsor events in Kraków, Katowice, Wrocław, and Gdańsk. Events include business mixers, conferences, and more.

For more information on events, please contact us at:
anita.kowalska@amcham.pl

Expert

Labor law

A lesson from Bucharest

The right to privacy at work

In September, the Grand Chamber of the European Court of Human Rights handed down a major ruling involving the protection of employees' personal data and the right to confidentiality of correspondence at the workplace, in the case of *Bărbulescu v. Romania*.

Bogdan Bărbulescu was hired under an employment contract as a sales engineer for a private company in Romania. His employer instructed him to create an instant messaging account with the Yahoo Messenger service. He was supposed to use the account only as a working tool for contacting his clients. But apart from work-related discussions, the employee also used the Yahoo Messenger account for private conversations with his family, and for exchanging intimate messages with his fiancée. The employer conducted an audit of staff correspondence based on an internal workplace policy which permitted the employer to audit the contents of the message service. The audit turned up Bărbulescu's private correspondence. Confronted by the employer, Bărbulescu made a written denial that he had used the message service for private purposes, notwithstanding evidence to the contrary gathered by the employer, in the form of printouts of his discussions. Consequently, the employer fired Bărbulescu for misconduct.

Bărbulescu's case reached the court in Strasbourg after making its way through the Romanian court system: an unsuccessful complaint filed with the county court challenging the employer's decision to fire Bărbulescu, followed by denial of his appeal by the Bucharest Court of Appeal. Bărbulescu alleged that the decision to fire him for misconduct was wrongful and violated the Romanian Constitution as well as Art. 8 of the European Convention on Human Rights. The Romanian

courts found that the employer had properly informed the employee of its practice of monitoring the employee's work, and was entitled to fire the employee for making private use of business tools.

Bărbulescu claimed that the employer had violated his right to the privacy of correspondence guaranteed by the Romanian Constitution and the European Convention on Human Rights. Bărbulescu thus decided to sue Romania under Art. 34 of the convention. The initial ruling in the case was issued by the lower chamber of the ECHR on January 12, 2016. There it was found that Romania had not violated its obligation to respect the employee's private life and correspondence under the convention. The court also found that the employer had a right to monitor the employee's use of the business-related online message service to determine whether the employee was spending his working hours performing his employment duties.

The case was then referred to the ECHR's Grand Chamber, which issued a judgment on September 5, 2017, reaching a different conclusion than the lower chamber. The Grand Chamber held that the disciplinary firing of an employee who had used company communications channels for private purposes violated his right to respect for private life and correspondence.

Employer monitoring

The most important lesson in the court's ruling is the obligation of national labor courts to ensure adequate protection of employees' right to privacy and confidentiality of their correspondence. According to the court, there are numerous conditions that must be met by an employer conducting monitoring of its employees. In determining whether protected personal data of the employee are

violated, the court points to the employer's obligation to notify the employee of the monitoring. This information must be provided with reasonable advance notice, in any form understandable to the employee. It must also be explicit, and indicate the categories of monitored communications and the types of content to be monitored by the employer.

It is also essential to notify the employee of the nature of the monitoring, whether it is to be conducted in an ongoing manner or incidentally, which channels of communications are involved, and who is authorized to conduct the monitoring for the employee and access the results. Nor can the employer conduct monitoring of employees without a valid reason, and on each occasion it must consider whether the intended method of monitoring is the least invasive method possible. If these conditions are not met, the monitoring may violate the staff's right to respect for their private life and correspondence, thus violating Art. 8 of the convention.

The ruling also indicates the duties of member states of the convention to ensure that employees undergoing monitoring have legal measures available to them enabling review of the employer's actions for compliance with ECHR case law as well as national law before they are undertaken.

Some conclusions

The ECHR recognizes that an employer has the right to exercise oversight of employees at the workplace by monitoring all official channels of communications used at the workplace for business purposes, and permits restrictions or a complete ban on the use of company means of communications, including email, for private purposes. But according to the court's ruling in Bărbulescu, use of communications devices for private purposes dur-

ing working hours cannot be sufficient grounds in itself to terminate the employee.

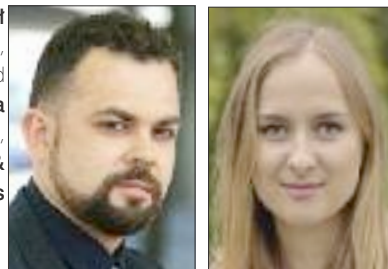
Practical consequences

The Bărbulescu ruling will have an impact not only on Romanian law, which lacks regulations expressly defining the employer's rights and obligations connected with operation of official work-related correspondence and permissible forms of monitoring of such correspondence by the employer. The ruling will also have a tangible impact on the legal systems of other European countries.

In Poland there are also no express regulations in force governing monitoring of employees' business correspondence. The Ombudsman tried to launch a debate 10 years ago on amending Poland's labor laws in this respect. In a statement to the Minister of Labor and Social Policy at that time, the Ombudsman stressed the importance of introducing an obligation for employers to warn employees of the possible monitoring of work emails and recording conversations on work phones. The minister replied that under existing regulations, "the employer can monitor the content of an employee's work email, read the employee's official correspondence, and provide the employee's official correspondence to other employees for their review." Nonetheless, this issue has yet to be expressly regulated, and continues to generate major doubts in interpretation.

Perhaps the Bărbulescu case will spur lawmakers to resolve these doubts through legislative means and introduce relevant provisions into Polish labor law defining a clear legal framework for monitoring of employee correspondence by employers.

By Michał Chodkowski, advocate, partner and Katarzyna Kochanowska, associate, Łaszczuk & Partners





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... accumulates the knowledge and experience of its member companies and is a point of advice to the AmCham Board of Directors. With its global business expertise the Council has helped the American Chamber of Commerce in Poland to become one of the leading advocates of business in the country.



Events

AmCham Diner at the 27th Economic Forum in Krynica

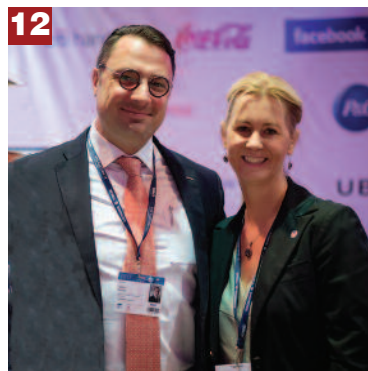
Sixth time around

The AmCham Diner made an impact during the Economic Forum in Krynica—the largest such gathering of business and government people in the CEE region—which, this year, attracted a record number of participants to the event in southern Poland. The three-day forum, together with accompanying events, abounded in topics relating to macro-economics, business and management, international politics as well as security, the EU and its neighbours, energy policy, innovation and sustainable development, and healthcare.

AmCham had the privilege of welcoming Deputy Prime Minister Mateusz Morawiecki, members of the Cabinet and other Polish decision-makers.



1. The official opening of the AmCham Diner: Piotr Kraško, TVN24/TVN24 BiS; Tony Housh, AmCham Chairman. 2. Marzena Drela, AmCham Deputy Director; Elżbieta Rafalska, Minister of Family, Labor and Social Policy; Tony Housh. 3. Marta Pawlak, AmCham Legal Counsel; Dorota Dabrowski, AmCham Managing Director; Mateusz Morawiecki, Deputy Prime Minister of Poland; Marzena Drela. 4. Paweł Gruza, Undersecretary of State, Ministry of Finance; Marzena Drela. 5. Dorota Dabrowski; Jadwiga Emilewicz, Undersecretary of State, Ministry of Development. 6. Janusz Dziurzyński, Procter & Gamble; Jan Filip Staniłko, Ministry of Development; Artur Soboń, Law and Justice (PiS) MP.



7. Wiktor Janicki, Roche Polska; Piotr Dardziński, Undersecretary of State, Ministry of Science and Higher Education; Dorota Dabrowski, Marta Pawlak. 8. Tony Housh; Jerzy Kwieciński, Secretary of State, Ministry of Development; John Law, US Deputy Chief of Mission; John Armstrong, US Embassy. 9. Tomasz Korkosz, Tomasz Pisula, Polish Agency for Investment & Trade. 10. Hanna Zdanowska, Łódź Mayor; Roman Rewald, AmCham Board Member. 11. Wojciech Kostrzewa, ITI Group/Polish Bizness Roundtable; Marcin Petrykowski, S&P Global Ratings. 12. Adam Brożek, KGHM; Dorota Dabrowski. 13. Marzena Dreła; Dariusz Bąk, GREMI. 14. AmCham & Roche Breakfast Meeting. 15. AmCham and Procter & Gamble Breakfast Meeting.

Events

AmCham Diner at the 27th Economic Forum in Krynica



16. Tony Housh; Marcin Petrykowski; Michał Fura, UPC Polska; Marek Szydłowski, TVN Group. 17. Robert Biedroń, Mayor of Słupsk. 18. Krzysztof Kłapa, McDonald's; Marta Pawlak, AmCham; Adam Pieńkowski, McDonald's. 19. Frank Wagner, Lufthansa Group; Joanna Bekker, Polityka Insight. 20. The cutting of the 25th Anniversary McDonald's Cake: Adam Pieńkowski; Tony Housh. 21. Marzena Więckowska, Amazon; Dorota Dabrowski. 22. Mateusz Litewski, UBER; Tony Housh. 23. Bartosz Poliński, Fundacja Alivia; Izabella Dessoulavy-Gładysz, Agnieszka Kosowska, Roche; Agata Polińska, Fundacja Alivia. 24. Dorota Dabrowski; Bartosz Ciołkowski, Mastercard; Marzena Dreła. 25. Barbara Bona, Deloitte; Szymon Mordasiewicz, ACNielsen; Dorota Dabrowski. 26. Sławomir Sikora, AmCham Board Member (Citi Handlowy); Roman Rewald. 27. Magda Belka, Piotr Korycki, TVN; Marek Szydłowski, AmCham Board Member (TVN); Adam Wesołowski, TVN.



28. The AmCham & Citi Handlowy Private Party: Tony Housh; Sławomir Sikora. 29. Katarzyna Lubnauer, Nowoczesna MP; Marzena Drela. 30. Paweł Rabej, Nowoczesna MP; Marzena Drela. 31. John Law, US Deputy Chief of Mission; Dorota Dabrowski, AmCham Managing Director; Marek Szydłowski. 32. Michał Niewiadomski, *Rzeczpospolita*; Marzena Drela. 33. Tony Housh; Michał Szczerba, Civic Platform PO; Marzena Drela. 34. Dorota Dabrowski; Robert Bednarski, Facebook. 35. Mariusz Sokołowski, R4S; Marzena Drela; Paweł Pudłowski, Nowoczesna MP. 36. Jakub Szymik, CEC Government Relations; Gabriela Bar, Anna Sołarek, Coca-Cola Poland Services. 37. Janusz Dziurzyński, Michał Penkala, Procter & Gamble. 38. The Media Corner.

Events

AmCham Diner at the 27th Economic Forum in Krynica

39



40



41



42



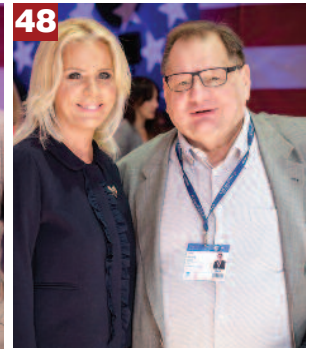
43



44



39. The AmCham Diner ready for business. 40. Anna Surala, the Institute for Eastern Studies, the organized of the Economic Forum in Krynica; Marzena Drela. 41. Katarzyna Obuchowicz, Brown Forman; Marta Pawlak. 42. Sonnet Frisbie, US Commercial Service; Dorota Dabrowski; Anna Jaros, US Embassy; Anita Kowalska, AmCham. 43. The AmCham team and the McDonald's team. 44. Anita Kowalska; Santiago de la Presilla, AmCham.



45. Anna Solarek, Coca-Cola Poland Services; Marzena Drela. 46. John Armstrong, US Embassy; Tony Housh. 47. Marzena Drela; Paweł Blajer, TVN24/TVN24 BiS. 48. Marzena Drela; Ryszard Kalisz. 49. Marzena Drela, Anna Marciniak, Mastercard. 50. Roman Rewald, Dorota Dabrowski. 51. Marzena Drela; Krzysztof Kłapa, McDonald's. 52. At the Jack Daniels stand. 53. The Lufthansa hostesses. 54. At the Apothic and Dark Horse stand. 55. AmCham Diner guests having a good time.

Events

AmCham Diner at the 27th Economic Forum in Krynica

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The Krynica aftertaste

The September Monthly Meeting covered some of the highlights of the Economic Forum in Krynica, with panel speakers Wiktor Janicki, General Manager, Roche; Krzysztof Kłapa, Corporate Affairs Senior Director, McDonald's; and Wawrzyniec Smoczyński, Managing Director, Polityka Insight. The venue was the Marriott Warsaw Hotel.



1. The meeting in progress. 2. The panelists: Krzysztof Kłapa, Corporate Affairs Senior Director, McDonald's; Wawrzyniec Smoczyński, Managing Director, Polityka Insight; moderator Tony Housh (AmCham Chairman); Wiktor Janicki, General Manager, Roche Polska. 3. Robert Grader, General Manager, Warsaw Marriott Hotel. 4. Zbigniew Płaza, Boyden; David Debenedetti, Debenedetti Majewski Szcześniak; Przemysław Kurczewski, Emitel; Andrew Lubelski. 5. Gonçalo Duarte Silva, Sheraton Warsaw Hotel; Marten Schoenrock, InterContinental Hotel Warsaw; Tony Housh; Robert Grader. 6. Paweł Zegarłowicz, Citi Handlowy; Marzena Drela, AmCham. 7. Robert Grader; Grzegorz Byszewski Pracodawcy RP; Anita Kowalska, AmCham; Agnieszka Kosowska, Wiktor Janicki, Roche Polska. 8. Marta Pawlak, AmCham; Krzysztof Kłapa. 9. Katarzyna Krasuska, Mariusz Paszkiel, Warsaw Marriott Hotel; Anita Kowalska; Justyna Domańska, Warsaw Marriott Hotel.

Events

AmCham in Warsaw

Business as usual

Relaxed after the summer break, AmCham members and friends attended the “Back to Business” mixer, held at Hemisphere Conference & Lounge, located in the InterContinental Warsaw hotel, which was one of the sponsors of the event. Other generous sponsors were DLA Piper and PEARL Beauty Clinic & Spa.



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In search of healthy solutions

Minister of Health Konstanty Radziwill was the keynote speaker at the AmCham Monthly Meeting in October. In his speech, he addressed a range of issues related to the health-care system reform vis-à-vis the priorities of the business community.



1. The meeting in progress. 2. Tony Housh, AmCham Chairman; Konstanty Radziwill, Minister of Health. 3. Anna Solarek, Coca-Cola; Roman Rewald, Weill Gotshal Manges. 4. Dorota Dabrowski, AmCham Managing Director. 5. Leszek Wiwala, the Polish Spirits Association; John Armstrong, US Embassy in Warsaw. 6. Pawel Buszman, American Heart of Poland; Łukasz Zalicki, E&Y; Jerzy Bochyński, Krynica Economic Forum. 7. Anel Van Paul, Novartis; Jacek Wcisto, Johnson & Johnson. 8. Matan Avi, Novartis; Jacek Graliński, Amgen. 9. Beata Stelmach, GE; Charles Ranado, US Commercial Service. 10. Dorota Dabrowski, AmCham; Ernest Bartosik, Uni-pharm.

Events

AmCham in Wrocław

The loudest party in town

Crowds turned out for the International Oktoberfest in Wrocław, the annual beer fest of the international business community in Lower Silesia. Great food and drink was abundant, coupled with a great atmosphere and attractions like the grand raffle. The event was put together by the American Chamber of Commerce in Poland, the British Polish Chamber of Commerce, the German-Polish Chamber of Industry and Commerce (AHK), and the Irish Polish Chamber of Commerce.



1. Monika Ciesielska-Mróz, AmCham Wrocław Director (PM Group); Iwona Makowiecka, AHK; Ilona Chodorowska, BPCC. 2. Jonathan Knott, British Ambassador to Poland; Gerard Keown, Irish Ambassador to Poland; Urike Knotz, Consul General, German Consulate General in Wrocław; Tom Zia, US Consulate General in Kraków; Lech Kaczanowski, BPCC; Adam Grehl, Deputy Mayor of Wrocław. 3. Jonathan Knott tapping the barrel. 4. The Bavarian Orchestra warms up before show. 5. Tomasz Kassel, PwC; Rafał Kociszewski, mBank; Katarzyna Kubica, Echo Investment; Piotr Lellek, Auto Group Polska; Maja Meissner, Knight Frank. 6. Samuel Alty, singer-songwriter, guitarist from New Zealand, performing at the Wrocław International Oktoberfest. 7. The party in full swing. 8. Monika Ciesielska-Mróz; Paweł Panczyj, ABSL. 9. Michał Tomiczek, German Consulate General in Wrocław; Justyna Młynarz, Europa Forum; Beata Ausbiter, AHK. 10. Krzysztof Jarzyna, Industrias Alegre; Dorota Pudło, Euro M. 11. The Audi showroom. 12. Members of the Bavarian Orchestra enjoy their pint of beer. 13. The Namysłow stand.



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Events

AmCham in Wrocław

20 years older and wiser

Projekt management and engineering company PM Group, celebrated its 20th anniversary in Poland with a gala for the company's clients, stakeholders and employees. The venue was the building of the National Technical Organization in Wrocław.



1. The gala is about to begin. 2. Gerard Keown, Irish Ambassador to Poland; Dave Murphy, CEO, PM Group. 3. Jacek Kudrzycki, Operations Director PM Group Poland. 4. Dave Murphy, Joanna Bensch, AmCham Vice-president (Lockheed Martin). 5. Dave Murphy; Bartosz Siepracki, Director, EI; Jacek Kudrzycki. 6. The PM Group International Team: Con Murphy, Monika Ciesielska-Mróz (AmCham Wrocław Director), Anne Marie Duggan, Dave Murphy, Monika Słomka.

Following HR trends

In September AmCham Gdańsk held a business breakfast meeting devoted to the changing trends in human resources management. The guest speakers represented Deloitte: Magdalena Bączyk, Manager, Human Capital, and Michał Olbrychowski, Director, Human Capital services Leader. They presented the main point of a recent Deloitte report entitled HR Trends 2017 which shows the challenges facing business and HR leaders in a changing social, demographic, economic and digital environments. The venue was the Olivia Sky Club.



1. Magdalena Bączyk, Deloitte, runs her presentation. 2. Damian Zwara, Magdalena Bączyk Deloitte; Joanna Bojarska-Buchcic, Amcham Gdańsk. 3. Marta Moksa Olivia Business Centre, Oskar Zając Olivia Business Centre, Katarzyna Dobrzyniecka Business Centre Club. 4. Marzena Grzonkowska-Przyklęk, DCT SA; Dagmara Łuczka Projektownia Wizerunku. 5. Joanna Bojarska-Buchcic; Renata Mojsa-Ossowska, Hotel Hilton. 6. Joanna Bojarska-Buchcic; Magdalena Giryn, Assessment Systems Poland. 7. Małgorzata Gwozdź, Olivia Business Centre; Joanna Bojarska-Buchcic. 8. Alicja Gotowczyk, Forum Mentorów; Joanna Bojarska-Buchcic; Monika Bogdanowicz, Małgorzata Gwozdź Olivia Business Centre.

Events

AmCham in Gdańsk

Picking HR directors' brains

In August, AmCham Gdańsk held its first Business Lunch this side of the summer vacations. It was devoted to discussing strategic issues in human resources including those specific to the region. After the lunch in the Mercato Restaurant, a part of the Hitlon Gdańsk, which included the discussion, the participants went on to a yacht cruise on the Motława river.



1. Dorota Jurasz-Kożuchowska Balex Metal; Birute Jedliński, International Paper; Joanna Bojarska-Buchcic Amcham Gdańsk; Dorota Serafin Amcham; Dorota Dobrzyńska, Bank Millennium; Monika Adrianowska, GE Capital; Renata Mojsa-Ossowska, Hotel Hilton; Ewa Szabuniewicz, Best SA. 2. Dorota Dobrzyńska; Monika Adrianowska, Ewa Szabuniewicz. 3. Joanna Bojarska-Buchcic; Dorota Jurasz-Kożuchowska, Balex Metal; Przemysław Hetko, Torus; Adam Schroeder, Daria Zagożdżon-Dembicka, Katarzyna Ciszewska, Cushman & Wakefield; Aleksandra Podwysocka, Crist SA. 4. Renata Mojsa-Ossowska, Joanna Bojarska-Buchcic, Dorota Jurasz-Kożuchowska, Birute Jedliński; Dorota Serafin. 5. Renata Mojsa-Ossowska. 6. Renata Mojsa-Ossowska; Ewa Szabuniewicz. 7. Daria Zagożdżon-Dembicka; Joanna Bojarska-Buchcic. 8. Agata Witczak, Thomson Reuters; Dorota Dobrzyńska. 9. Joanna Bojarska-Buchcic. 10. Ewa Szabuniewicz; Birute Jedliński; Agata Witczak.

Grywalizacja and more

The September Business Breakfast held by AmCham Gdańsk focused on work-life balance, as viewed from the perspective of HR professionals. The speaker was Ewa Szabuniewicz, HR Director at Best S.A.



1. The meeting in progress. 2. Ewa Szabuniewicz BEST SA; Joanna Bojarska-Buchcic Amcham Gdańsk. 3. Piotr Skierkowski, Manpower; Krzysztof Sas-Bojarski, Alior Bank. 4. Tomasz Socha EY; Remi Tamalet, Intitek Poland; Ievgen Berezenko EPAM. 5. Agnieszka Bukowska Bank BPH; Krzysztof Sas-Bojarski; Anna Jankowiak GryWI. 6. Ewa Rojek PWC; Joanna Bojarska-Buchcic; Ievgen Berezenko. 7. Joanna Bojarska-Buchcic; Ievgen Berezenko.

Events

AmCham Kraków & Katowice



Back on track

In October, at the 7th European Congress of Small and Medium-Sized Enterprises in Katowice, AmCham and the International Group of Chambers of Commerce held a presentation of the report of how FDI shaped the Polish economy over the last 25 years—*The Impact of Foreign Direct Investment—Contribution to the Polish Econ-*

omy in the past quarter century, compiled by Polityka Insight, an independent market intelligence service.

The event also marked the re-launch of the AmCham Kraków & Katowice operations with a new team. AmCham Kraków & Katowice Director Jacek Drabik (Motorola Solutions), and AmCham Kraków & Katowice Branch

Manager Anna Charuba said: “From the very beginning, the regional office in Kraków and Katowice was established around the strong belief that working together as American investors located in the region can bring better results for the community than working separately. Today, we still share that belief and related commitment.”



1. Piotr Dytkowski, Fach S.A. 2. Jacek Drabik, AmCham Kraków Director (Motorola Solutions). 3. Michał Górski, Softlab Technology. 4. Adam Czerniak, Polityka Insight. 5. Janusz Michałek, Katowice Special Economic Zone. 6. Silvio Brignone, Bitron. 7. The combined teams: AmCham Kraków, Polish Canadian Chamber of Commerce, Polish-Swiss Chamber of Commerce, and French-Polish Chamber of Commerce. 8. Zbigniew Podraza, Dąbrowa Górnicza Mayor.



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