

Auriga's Newsletter

October 19, 2007

Congratulations on the start of another business season! In this Auriga News issue, we would like to bring to your attention our impressions gained from participating in two European outsourcing events held in September and inform you of the findings of the latest Russian IT and software outsourcing industry report made by Russoft, the nation's major industry association.

Dr. Sukharev, Board Member of the Russian Software Developers Association (RUSSOFT) since its inception, spoke on behalf of the association at Marcus Evans' "Leveraging Strategic Opportunities in Low Cost Countries" symposium in Budapest, Hungary. Russia is gaining interest as a business partner that provides a number of opportunities for effective business cooperation.

Forbes And we are also proud to announce that in its October 2007 issue Russian Forbes magazine published a report on the Russian software exports market and featured Auriga's President Alexis Sukharev and Auriga as a success story of the software services export business. The Forbes report says that while India and China keep fighting for the global outsourcing leadership, Russia will hold its position in specific niches of the global ICT world.



Russia's stable economy, its large market, and a vast highly educated and skilled IT labor pool ensure a positive environment for long-term cooperation. In his presentation, Dr. Sukharev advised entering the Russian market and considering it as an expansion strategy for those European companies that seek reliable and strong partners.

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Auriga's President champions Russian IT outsourcing industry at European conferences

European business has been showing strong interest in maximizing business effectiveness through cooperation with Russian IT and software companies. In September 2007, Alexis Sukharev, Auriga's President and founder, presented the Russian IT and software outsourcing industry, its potential and strengths at two European events aimed to stimulate cooperation between European companies and Russia as an emerging business community.

Dr. Sukharev also participated in the "Russia-France: cooperation in IT technologies and innovation" event held in Paris, France where he spoke about the Russian IT and software export industry. The conference, followed by B2B meetings between French and Russian companies, was organized by the Paris Chamber of Commerce and Industry, and the Russian Chamber of Commerce and Industry, with support from the Russian Embassy in France and the French Embassy in Russia. The attention from the authoritative institutions and high level organizations points to the importance of such meetings aimed to stimulate business and trade growth in IT between Europe and Russia.

"When I take part in large and small conferences and meetings, I can see that the European business community is demonstrating a growing interest in Eastern Europe and Russia in particular. This interest is driven



not only by a desire to cut costs through partnering with a nearshore service provider, but, largely, by aiming to maximize the business value through involving highly skilled engineering talent. And here we have a lot to offer to make the partnerships successful”, said Alexis Sukharev.

Russia in the global outsourcing market: outsourcing industry growth rate exceeds expectations, says Russoft industry survey

Russoft has published its fourth annual survey on the Russian export market of software products, services and solutions. According to the study, the growth of the Russian software exports in 2006 exceeded the forecast and reached \$1.5 billion. The 2006 growth rate was 54% against 30% in 2005. The survey reports an average staff growth rate of 20%.

What are the drivers that push the ICT and the outsourcing industry growth? A stable growth of the Russian economy, a favorable investment climate, the domestic ICT market showing a rising demand for software development services, the infrastructure being constantly developed – all that contributes to the progress of the industry. Software outsourcing is also demonstrating some important trends this year, including consolidation of the industry players and close attention to reforming the education system. However, there are a number of problems that slow down the industry growth. Administrative, legislative and taxation support provided by the government should increase significantly to ensure the overall success.

The Russian software outsourcing industry is strongly positioned in the highly competitive global market, which is recognized by the world’s leading analysts and market players. These are the major achievements of the past year. Russia is recognized as a successful outsourcing destination for high-end software development projects. Profound knowledge of math, physics and science, strong analytical skills, and the ability to solve complicated tasks give Russia advantages to successfully compete with India, China, and Eastern Europe for the outsourcing projects in the area of product engineering.

Andrei Pronin, Auriga Director for Business Development, comments on the findings of the Russoft study,

“The survey performed by Russia’s major industry association contains the same conclusions as the leading industry analysts have been making recently. The Russian engineering labor pool has a lot to offer to companies who seek specific R&D skills and need a comprehensive approach to complex projects. Focus on hi-end software development services outsourcing is Russia’s strategic positioning in the global market.”

About Auriga:

Auriga (www.auriga.com) is an IT outsourcing services provider incorporated in the U.S. that has been operating development centers in Russia since 1990. Auriga was the first to focus on satisfying the specific needs of software and hardware high-tech companies as its driving strategy. Included in CMP’s Global Services 100 list since 2006 and in top 10 ITO providers in Central and Eastern Europe according to the 2006 Black Book of Outsourcing, Auriga offers a wide range of services covering all aspects of the entire product engineering area and superb expertise in a rich set of knowledge areas from embedded systems and OS internals to enterprise information systems and Web applications. Auriga’s client list includes such industry majors and leaders in their segments as IBM, Draeger Medical, LynuxWorks, NMS Communications, Verdasys, and many others.

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