



Auriga's Newsletter

September 30, 2008

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Auriga: SPICE assessment for process improvement

In early July, quality assurance experts from Dräger Medical Lübeck (DML) and Software Quality Systems AG (SQS) visited Auriga to assess its software development processes and software quality management tools against a subset of SPICE requirements, and define improvement measures to strengthen cooperation between Auriga and Draeger.

SPICE (Process Improvement Capability Determination, also known as ISO 15504) is a maturity-based model used for process improvement, and capability determination. The process areas examined are Primary Lifecycle, Organizational Lifecycle and Supporting Lifecycle.

Draeger requested the assessment in order to:

- get an insight into Auriga's software development practices
- verify that Auriga's quality management policy meets Draeger's business needs
- give a go-ahead for a new contract and further partnership with Auriga in case of a successful assessment
- work out a common improvement scheme if the actual policies of Auriga's and DML disagree with SPICE standards

The assessment process lasted three days (July 1–3) and included detailed interviewing of the Auriga managers and key members of the engineering and service teams. SQS experts outlined the strong points of Auriga's corporate quality management system and emphasized high skills of Auriga staff. They also assisted in establishing strategic objectives for Auriga and Draeger aimed at assuring SPICE compliance.

More importantly, the conducted assessment made possible the first contract between DML and Auriga. This is

an important landmark for Auriga who has successfully participated in different projects for the Draeger US subsidiary for several years. Now the cooperation between Auriga and Draeger's German parent company has formal ground and is starting to bring profit.

The works on the new project are in progress, and Auriga will be working hard to assure the required quality standards. It helps Auriga to establish development process benchmarks, adopt a sound audit policy and streamline the quality assurance processes, and improve in other important areas.

Now that Auriga is officially listed as one of the suppliers for Dräger Medical Lübeck, we can take a further look at our business relations, and discover a new aspect in our company's mission. Auriga now develops software for special-purpose medical equipment, that is, safety critical systems. And it means something when you can say: "We help save lives".

IT Outsourcing trends

In 2008, the world IT market is expected to grow by 9.5% reaching 819 bln USD by the end of year, and surpassing the mark of 1 trln USD by 2011, reports Gartner. IDC writes that the IT market of Asian emerging economies (Bangladesh, Sri Lanka, Pakistan, Malaysia, Thailand, Philippines, Indonesia, Vietnam, China, and India) was worth \$96 billion in 2007 and is expected to reach nearly \$144 billion by 2011. It is equivalent to 25% of the Western European IT market.

However, the current economic trends pose big challenges to India. The slowing of growth of Indian IT companies is now in focus, and there have been discussions of the possible decline of the Indian IT service providers. The Indian major companies are reporting slowing growth, triggering speculations about the fate of Indian IT services market. For example, the profit growth rate was 18% in 2007 against 56% in 2006 for Infosys, and 11.6 % in 2007 against 42.3% in 2006 for Wipro. The net profit of TCS in-



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creased just by 4.9% in Q2 2008 compared to 37% in Q2 of 2007. The three companies provide similar services, have similar target market and business models, and the slowdown is caused by the U.S. financial crisis, drop in the U.S. dollar value against the Indian rupee, as well as high inflation and rising salaries in India.

Russia's contribution to the global statistics remains modest, but there are reasons to think that drastic changes lay ahead. According to the IDC estimates, Russian IT market volume grew by 47.2% up to 4.4 bln USD over year 2007, which is less than 1% of the global market. However, the 2007 growth rate is twice higher than the 2006 rate.

The IDC forecast for 2009 predicts an increase in the growth of the Russian IT market, and the market volume of 8 bln USD, i.e. twice as much as the current figure. For comparison, Gartner forecasts only 14.3% growth for the Indian IT market by 2012. The analysts have also mentioned the increasing transparency of the Russian IT market, linking it to the "civilizing" government policies. According to the recent report of Economist Intelligent Unit and Business Software Alliance, when it comes to the competitive ability of the Russian IT industry, Russia solidly ranks between India and China.

The outsourcing companies around the world will have to offer innovative and cost-effective service strategies to attract customers. Growing competition will force companies to adopt new views on business expansion, increasing revenue per employee instead of increasing total number of employees, and one of the key success factors is developing better talents management strategies.

About Auriga:

Auriga (www.auriga.com) is a software R&D and 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, and being one of the 44 companies that made both the Global Services 100 and the Global Outsourcing 100 lists this year, 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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