



The Present and the Future of the Russian Software development Industry

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www.russoft.org

RUSSOFT (www.russoft.org)

- **RUSSOFT** is the major Association of 60+ leading software development companies from Russia (also some from Belarus) with more than 20000 software engineers, \$800 M of export turnover
- Part of the Russian Information and Computer Industry Association (APKIT).
- Close partnership with the Russian Association of Electronics' manufacturers
- Leadership in implementing PM and QA (CMMI/ISO) standards in the Industry
- Organizer of marketing and PR activities in Russia and abroad (RUSSOFT Forum, Mobile Software Forum, SECR, IT-Seasons, National Pavilions at CeBIT, ...)
- Active lobbyist of IT interests in the Russian Government (IT-parks and Free Economic Zones, Export Promotion Agency, Law on better taxation, less administrative barriers, more effective educational system, etc.)



International Cooperation:

- BITKOM (Germany)
- AmCham (Moscow and St Petersburg)
- Massachusetts Software Council (US)
- Connecticut Technology Council (US)
- Software Association of New Hampshire (US)
- Vermont Chamber of Commerce (USA)
- US-Russia Chamber of Commerce of New England (USA)
- Israel Association of Electronics and Information Industries – IAEII
- Kansai Information Systems Association (Japan)



Forum Nokia leads Committee on Mobile Software inside of RUSSOFT

General characteristics of the Russian export oriented IT R&D industry



The Best 100 Global Service Providers in 2009

Among 100 best IT-service providers

- EPAM Systems (Belarus-Russia)
- Exigen Services
- IBA (Belarus)
- Luxoft
- Mera NN
- Reksoft
- Intetics (Ukraine)
- Itransition (Belarus)

Ten best IT-service providers in CEE

1. Luxoft
2. EPAM Systems
3. Exigen Services
4. IBA
5. Reksoft
6. MERA Networks
8. DataArt
10. Auriga



Ten best Global Product development services' providers

Exigen Services, EPAM Systems, Luxoft, Auriga, MERA Networks

Global Services&NeoIT, 2009

*«Top 50 emerging global
outsourcing cities»,
Global Services & Tolons, 2009*

- **Established outsourcing cities:**
- **R&D** — **St Petersburg**, Bangalore, **Moscow**,
Shanghai, Dublin
- **Engineering Services** — Bangalore, Chennai,
Pune, **St Petersburg**, Guangzhou
- **Emerging outsourcing cities:**
- **Product Development** — Sao Paulo, ...
St Petersburg
- **New aspirants:** **Nizhny Novgorod**

Annual ACM International Collegiate Programming Contests

- **2001**
World Champions : St. Petersburg State University
Silver Medal: St. Petersburg Institute of Fine Mechanics and Optics
Among winners: Moscow State University, Novosibirsk State University
- **2002**
World Champions: St. Petersburg State University
Gold Medal: St. Petersburg Institute of Fine Mechanics and Optics
Among winners: Moscow State University, Ural State University, Southern Ural State University
- **2003**
World Champions: Shanghai Jiao Tong University, China
Silver medals: Saratov State University (European Champions),
Among 10 winners: Moscow State University, St. Petersburg Institute of Fine Mechanics and Optics
- **2004**
World Champions: Warsaw State University
Gold medals: Moscow State University, St Petersburg State University of Fine Mechanics and Optics
Silver medals: Saratov State University
- **2005**
World Champions: St Petersburg State University of Fine Mechanics and Optics
Gold medals: Byelorussian State University, Penza State University
Silver medals: Izhevsk State University
- **2006**
World Champions: Shanghai University of Robotics
Gold medals: Moscow State University, St Petersburg State University of Fine Mechanics and Optics
- **2007**
World Champions: Saratov State University
Gold Medal (3rd) - Altai State University
Silver Medal (6th) – St Petersburg State University
Among 12 winners – 5 Russian Universities, among 20 Europeans – 10 Russians



Final score of the ACM Finals 2007/2008/2009

2008: St Petersburg University of IT, Mechanics and Optics – absolute World and European Champion, Gold Medal!

- Massachusetts Institute of Technology – 2nd place and Gold Medal
- **Izhevsk State Technical University – 3rd place and Gold Medal**
- Ljvov National University - 4th place and Gold Medal
- **Moscow State University – 5th place and Silver Medal**
- Tsinghua University – 6th place and Silver Medal
- Stanford University – 7th place and Silver Medal
- University of Zagreb – 8th place and Silver Medal
- University of Waterloo – 9th place and Bronze Medal
- **Petrozavodsk State University – 10th place and Bronze Medal**
- **St Petersburg State University – 11th place and Bronze Medal**
- Belarus State University - 12 place and Bronze Medal



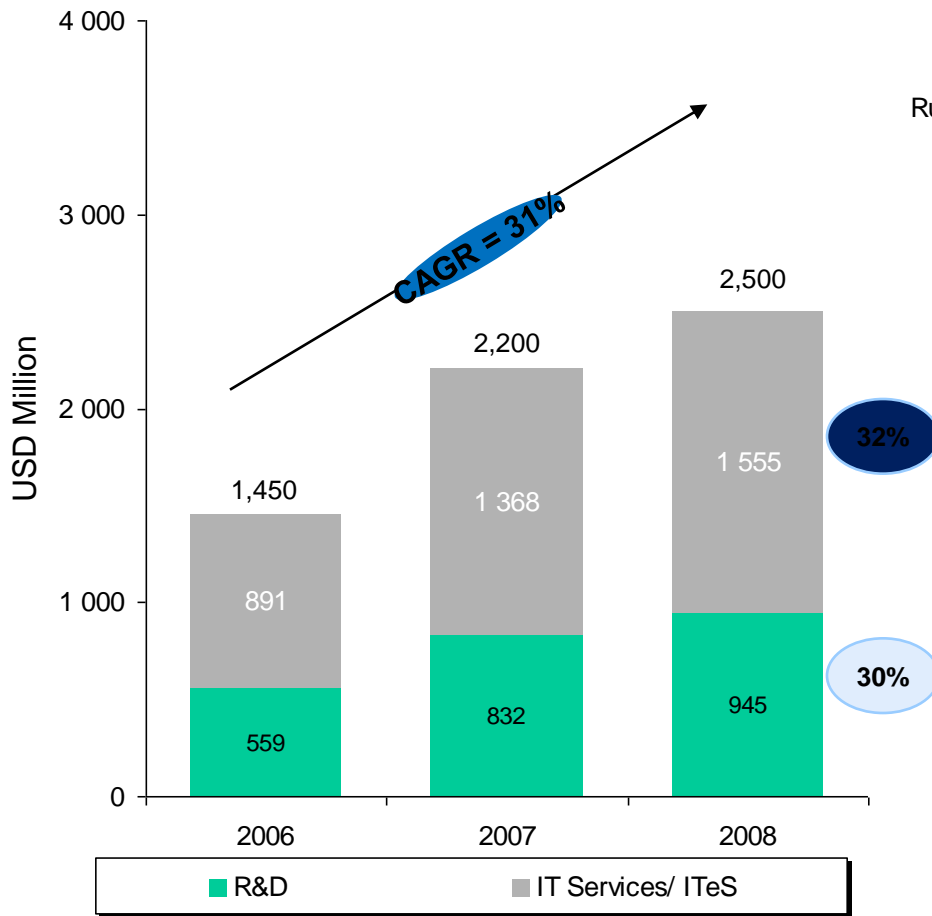
2009: St Petersburg University of IT, Mechanics and Optics – absolute World and European Champion, Gold Medal!

- **St Petersburg State University – 3rd place and Gold Medal**
- **Saratov State University – 4th place and Gold Medal**
- **ALTOGER 3 Gold Medals out of 4 are won by Russian Teams!**

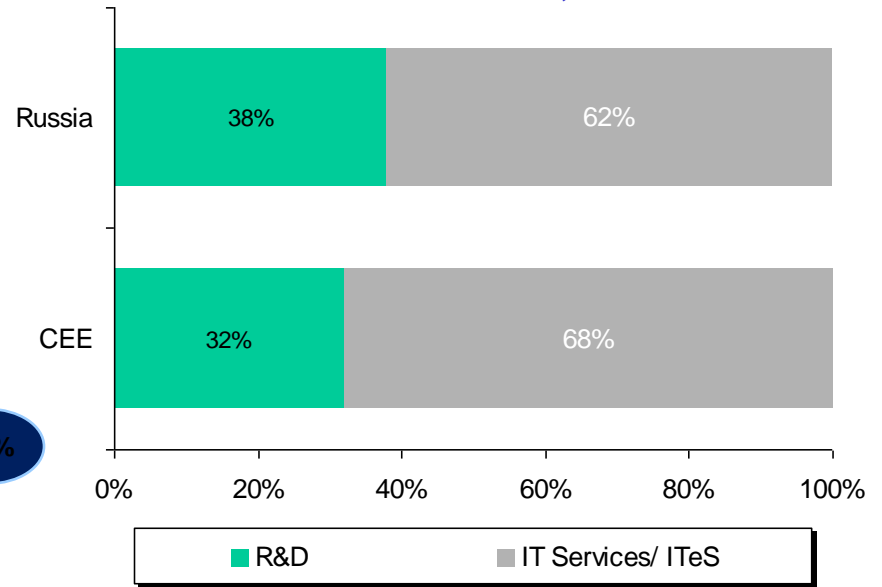
St Petersburg University of IT, Mechanics and Optics is rated #1 among World Universities in ACM International Programming Collegiate Contest

Russian IT offshoring market has grown rapidly over the last 2 years with growth rates being highest across the globe

Russia Offshoring¹ Market, 2006-08



IT Offshoring Market Split by Activity Based on Size, 2008

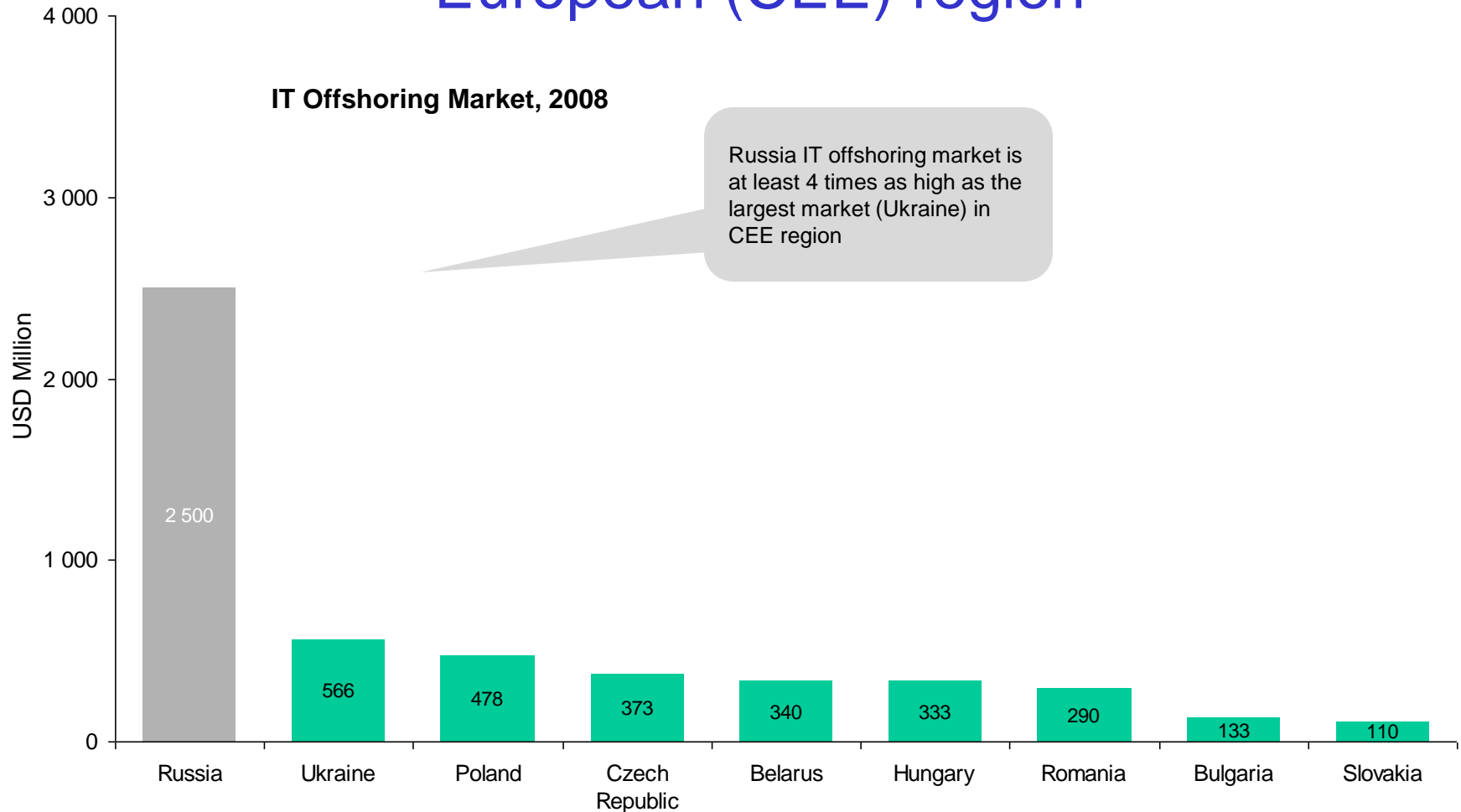


The high R&D activity can be attributed to the fact that the talent in Russia is highly capable of performing new product development and similar high-end activities due to the prevalent advanced education system

Note: ¹Offshoring Market includes Export of Software and IT Services; CEE = Central and Eastern Europe

Source: Russoft; IT Ukraine; PMR Publications; Primary interviews with key stakeholders with leading service providers in Russia; Zinnov Analysis

Russia has evolved as the largest market for IT offshoring market as compared to Central and Eastern European (CEE) region

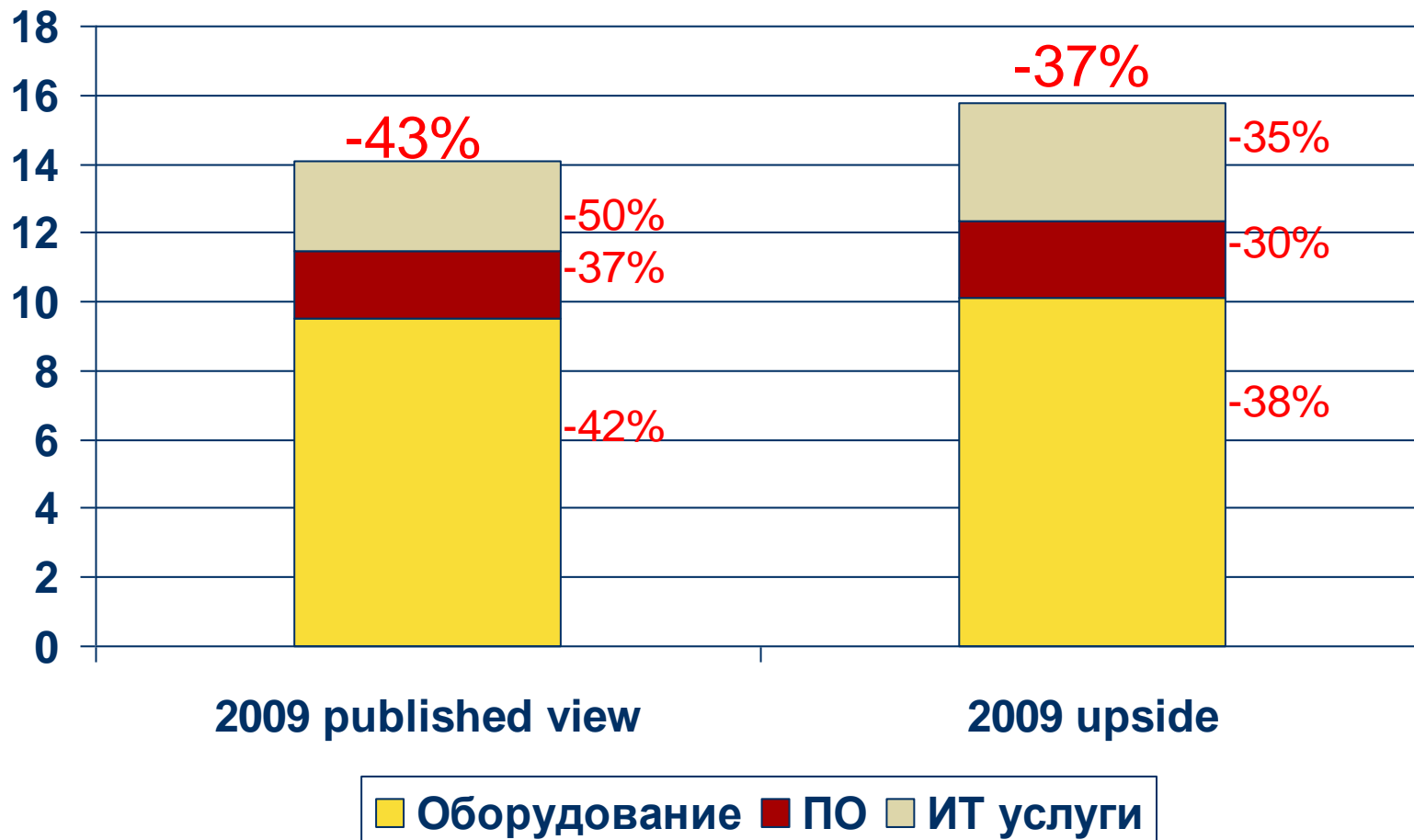


Impact of the World crisis.
Software development and
engineering – main driver of the
Russian IT-industry on the
Global market



Adjustment of forecasts for 2009 (upside view)

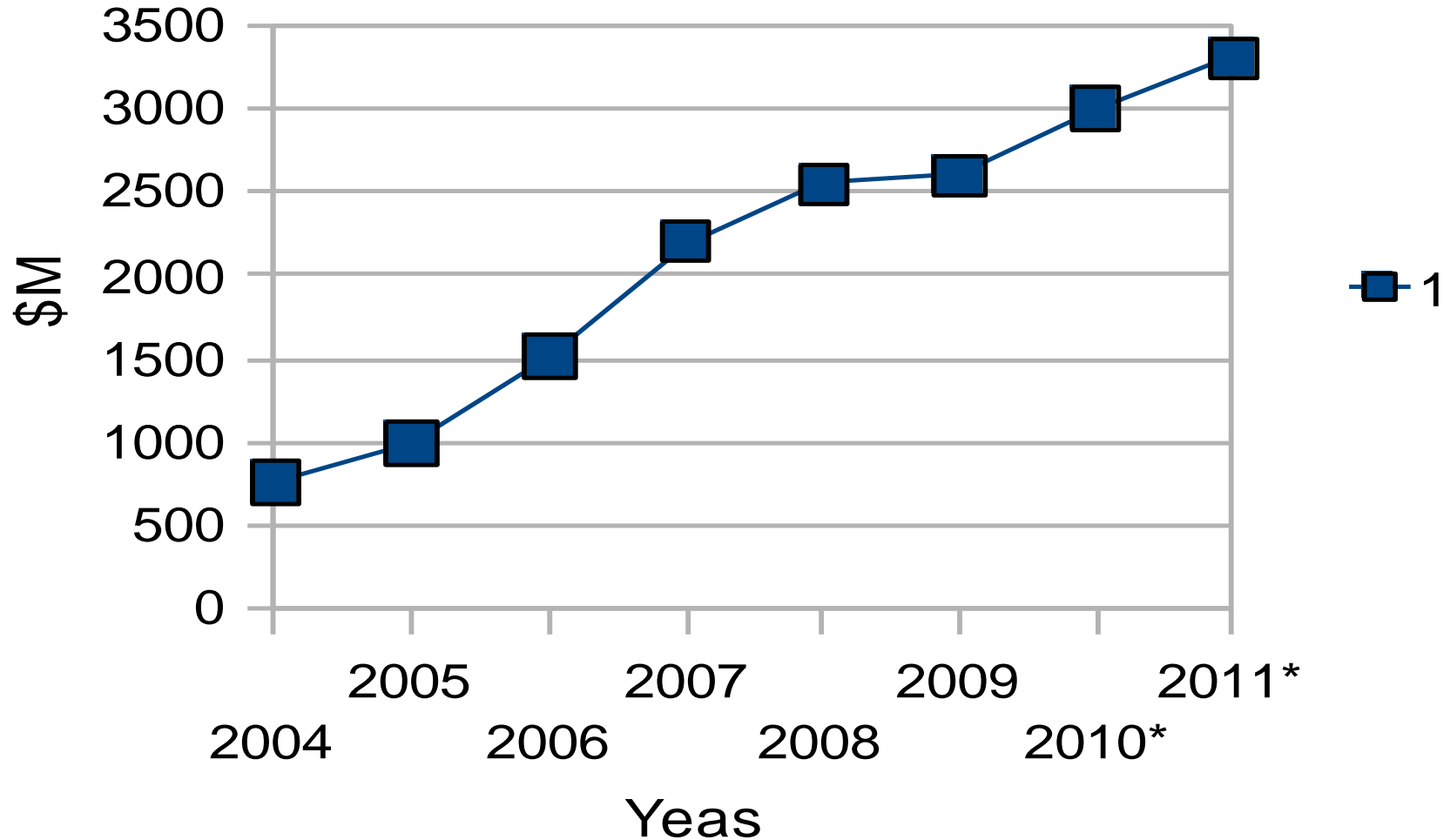
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Forex: RUR/\$ 2009 31.82

Source: IDC, Q3 Black Book Dec. 2009

Export of software and services from Russia, preliminary data (RUSSOFT, 2010)



RUSSOFT 2010 Software Export Industry survey.

Preliminary conclusions (1)



- Export oriented companies proved to be more keen to meet the World crisis and more flexible to find ways for the next growth
- They were able to keep export of software and services in 2009 on the level of 2008 (\$2,6B), as well as to get overall turnover only 5%-10% less than in 2008, compared to the whole Russian Software and IT-Services' market which had witnessed an important drop of 30%-35%

Preliminary conclusions (2)

- Problem related to lack of engineers had been felt in 2008-2009 less important due to the crisis. In 2011 the problem will come back with need to fit the requirements of the IT market growth
- Business considers State as not proactive (only 8% positive views about its role against 17% negative views)
- New trends:
 - look for investments 20% of respondents (25% among RUSSOFT members),
 - expect consolidation of the market 35% (60% among RUSSOFT members)



Mobile Software sector



- The most dynamic sector of the Russian software industry
- Has its own unique industry event (Mobile Software Forum), www.russoft.org/msf/, being held bi-annually since December 2008 **Next MSF — Odessa (Ukraine), July 2010**
- A number of Universities specialised in education for Mobile software development :
SPbGUAP, SpbGUITMO, SPbSU

Industry includes a number of acknowledged international players



- **Paragon** (mobile banking, eGovernment applications)
- **SPB Software** (applications for mobile phones)
- **ABBYY** (video-recognition, auto-translation)
- **SPEEREO** (voice integration, mobile learning)
- **Lanit-Tercom** (mobile banking, other applications)
- **Speech Technology Center** (voice integration, noise elimination, speaker's identification)
- **SPIRIT** (VoIP for voice, video and data delivery)

Conclusions



- Within 10 years Russia became World #2-3 in terms of HighTech off-shore R&D and IT-services, got significant results in Mobile WiMax, in Voice (Russian, English, Chinese) Integration, in Voice&Video Engines, Image Recognition, Virtualisation, in automatic translation, in every sphere of Software related to Mobile communications.
- Russian High Education brings new generations of ever best engineers to the Global market every Year. They do not leave the country. Instead they produce new software and services, educate students and create new businesses
- Russian Software Development Industry is ready to fit Finish ICT performance to forge a worth and sound synergistic market force
- Free Economic zones and anticipated tax incentives provide another opportunity with friendly conditions for establishing business in Russia