

# Auriga's Newsletter

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## Auriga was a participant & sponsor of the Gartner Outsourcing & IT Services Summit 2009

On June 15-16, 2009, Auriga participated as a sponsor in Gartner Outsourcing & IT Services Summit, which took place in London, UK. [Gartner Outsourcing & IT Services Summit](#) is one of the key outsourcing events, exploring the practical steps you must take today to secure the success of your outsourcing initiatives.

As Auriga General Manager Andrei Pronin puts it, "The summit is rightfully considered to be one of the most outstanding events on outsourcing organized this year, with large audience, and penetrative analysis of the current trends."

During the summit, companies-members of RUSSOFT organized a roundtable devoted to the specifics of Eastern Europe, with main focus on Russia, Ukraine, and Belarus, as a software services outsourcing destination. The roundtable started with a 10-minute presentation of the region performed by Auriga's President, Dr. Alexis Sukharev, speaking on behalf of RUSSOFT, and concluded with a Q&A session of five leading regional service providers, including Auriga.

The presentation and the following discussion touched the role of the region in the global outsourcing market, and concentrated on defining the specifics of geography and appropriate tasks to outsource there. The key differentiators include the presence of educated and experienced workforce oriented at engineering excellence; the willingness and skills in using flexible engagement approaches and models; cultural proximity for both US and Europe (in addition to geographical proximity to Western Europe), and general orientation of the providers on building trust and long-term relationships with the customers.

With those strong points, considering the relatively small size of the Russian providers, the country is well-positioned for the certain type of projects. Profound know-how and attention to even small deals makes it ideal for the projects and teams of fewer than 100 engineers, where creativity and experience are more important than the ability to provide a huge amount of resources. Widely-known reliability and integrity of providers, mostly-European culture, and stability of the teams most closely correspond to establishing long-term relationships. Moreover, the ability to quickly grasp the new engineering and business topics, combined with resource-saving approaches, and augmented with the specific country risk profile, makes Russian companies a good option to use as a second source in multi-sourcing arrangements.

In the June 2009 Gartner presentation "Global Sourcing: State of the Market and Future Trends" by Ian Marriott and Gianluca Tramacere, Russia was included in Gartner's top 30 locations for offshore services.

"Russia has deserved the place among the top offshore/nearshore locations. It must be noted that our capabilities are concentrated in the application outsourcing area leaving BPO and IT infrastructure services domains barely populated. That is often considered as Russian weakness in the global race for becoming the outsourcing destination #1. But considering Russian outsourcing service providers, the focus of Russian outsourcers on software services is rather a benefit than a disadvantage, since the whole industry potential is focused in the area, most suitable for realizing the traditional strengths of the country," – adds Andrei Pronin.

Linda Cohen and Chris Ambrose offered advice to buyers of outsourcing services in their presentation "Gartner Keynote: Multisourcing Today: Techniques for Optimizing Cost Containment and Performance Management". Among other do's and don'ts, the Gartner analysts listed the

following recommendations especially relevant for nowadays:

- don't focus exclusively on cost cutting
- do explore and exploit alternative delivery models
- don't sign 10-year deals
- do take advantage of flexible pricing

Auriga representatives noted that the tendency of outsourcing providers to offer flexible and alternative approaches in engagement and pricing models, confirms the adequate choice of the company development strategy. Auriga is currently elaborating a new pricing model, in addition to the existing more traditional pricing options offered to the customers. This new risk sharing model allows more comprehensive risk control and, thus, makes both parties – the customer and the service provider -- interested in risk reduction and mitigation. Auriga is also working on probing the boundaries of the software R&D services by augmenting the traditional and well-developed enterprise applications development services with a complete solution based on PUPM (Price Per User Per Month) and similar approaches.

"We are proud to speak on behalf of RUSOFT and Russia at such an event as Gartner Outsourcing & IT Services Summit," - says Andrei Pronin, Auriga's General Manager, who was representing the company during the Q&A session – "Russia and neighbor countries are clearly underestimated as outsourcing destinations. Fortunately, there is a trend nowadays towards the 'right-sourcing' approach, when instead of thinking of outsourcing in general, the users consider all strong and weak points of various locations in application to a particular task in hand. And with that approach Russia has very good chances to succeed, as its strong points – talent, reliability, and flexibility – are quite clear at a closer look. During the summit we tried to share insiders' knowledge of the industry with the delegates, providing new bits of information for making informed decisions. And for those who recognize Russia as their 'right-sourcing' destination, Auriga will definitely be one of the top picks – being the truly poster child and the pioneer of the industry we have developed the strong points of the country to its maximum."

## Auriga at 2009 RUSOFT Forum: Keeping Mobile in Focus

On 10-11th June 2009, RUSOFT association (an alliance of software development companies from Russia and ex-USSR) conducted its annual traditional conference - RUSOFT Software Development Forum. The event has been held since 2001 and is among the key events for software R&D companies based in Russia. This year, the forum's technical part was devoted to mobile software, and such global leaders in mobile software and hardware as ForumNokia, Microsoft, Intel, and Digia took part in this event.

The forum lasted for two days and gathered about 250 participants. Among the main topics were the relationships between the telecommunications industry and the state, the role of the industry in the economy under the pressure of fast-changing market and the investment possibilities for start-ups and middle-size companies.

The event started with the round table devoted to the relationships with the government. According to Mr. Makarov, President of RUSOFT, despite the fact that the government support for the industry is weak, the export volume of Russian software sector in 2008 was over 2 billion USD, exceeding the total export volume of all other Eastern European countries.

On June 11th, the central part of the RUSOFT event took the second Mobile Software Forum. This forum serves as a communication platform for mobile device vendors, software development platforms providers, content providers, investors and software developers. Andrei Pronin, Auriga General Manager, and Sergei Zimin, Program Manager represented Auriga at the forum.

The forum participants agreed that Russian mobile software market, in terms of both users and developers of mobile software, is in the stage of active development and has a great potential. The leading mobile vendors are trying to urge forward this process by supporting the community and providing convenient entry into the market for the new talented developers. As Microsoft Partner and Customer Lead Mikhail Tsygankov stated, "talented and educated human resources are still Russia's number one advantage which should be used wisely".

Concerning prospective technologies, Yuri Frantsuzov, Strategic Business Development Manager, Russia & CEER, Intel, mentioned WiMax and the mobile services segment, along with high-performance computing, parallel computing, and visualization. Auriga Program Manager Sergei Zimin shared his impressions on the current trends of the mobile development market: "Currently, there are several fields of mobile technologies that deserve special

attention, namely, VAS (VoIP Audio Services) solutions, and gesture and handwriting recognition techniques.” On the whole, the area of mobile development is thriving and the software development companies should use this opportunity.

“Mobile technologies are one of the most promising, quickly growing and maturing technology areas. At Auriga, one of our recently launched internal R&D programs is focused on that area – we aim to develop the existing expertise and gain new skills. And we see some first signs that choosing mobile as one of the priorities was right – our plans to further develop mobile Linux expertise caused interest among some existing customers, several of them indicated that they are interested in the same area and may consider joint projects with us. This year we also had several requests from potential new customers from the mobile technology domain, and we expect the number of such requests to grow” – comments Gennadiy Mahov, Director of Business Development Department.

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**About Auriga:**

Auriga ([www.auriga.com](http://www.auriga.com)) is a software R&D and IT outsourcing services provider incorporated in the U.S. and operating development centers in Russia since 1990. Auriga focuses on satisfying the specific needs of software and hardware high-tech companies as its driving strategy. Included in Global Services 100 since 2006, Global Outsourcing 100 since 2008, and Top 10 Central/Eastern Europe Providers of the Black Book of Outsourcing, Auriga offers services covering all aspects of the product engineering area and expertise in a 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, Dialogic, Actel, Verdasys, and many others.

**About RUSSOFT:**

RUSSOFT Association ([www.russoft.org](http://www.russoft.org)) is the nation wide association of the most technically competent software developing companies from Russia, Belarus and Ukraine. By joining forces under the leadership of RUSSOFT we are able to provide customers with a range of comprehensive solutions and IT services.