

# When high-tech companies go offshore: is Russia the right choice?

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ICT offshoring has been for years and still remains a hot topic for European and American high-tech companies. The concept has undergone a major transformation—from being perceived as just a cost-saving technique, to the current belief that offshoring is a good way to make a company more competitive, efficient and growth-oriented, but only if implemented right. What does “right” mean in this case? Experienced offshoring practitioners and researchers agree—choose the engagement model carefully and seek a good alignment with the offshoring service provider.

## Choosing the right country

Of course, India is synonymous with ICT offshoring. The largest Tier-1 Indian outsourcers employ over 80,000 people and indeed, if you envision creating an offshore team starting with a few hundred people which will grow to a few thousand in a year or two, India is an obvious choice. When does it make sense to consider Eastern Europe and specifically Russia?

Russia is well known for its superb science oriented educational system. There exists a broad array of talented specialists with superior engineering and scientific skills, capable of and enjoying solving complex problems. Russian Tier-1 ICT outsourcers are smaller than Indian ones—only a few have more than 1,000 engineers, even though some have been servicing US and European clients for 10-15 years. Most importantly however, in Russia, you can outsource a 10-person project to a Tier-1 provider and get all the personal attention and visibility that you could expect only with a 1,000+ team in case of Indian Tier-1 providers.

That makes Russia an obvious destination for European software and hardware vendors and other high tech companies, Russia’s geographical proximity and cultural fit are an important advantage.

## Choosing the right engagement model

When partnering with an offshore provider, the need for high quality deliverables, minimal management overhead,

short time to market and high provider’s responsibility is a given. Engineering tasks for high-tech companies are core activities. When outsourcing core activities, it is crucial to have an engagement model that enables knowledge transfer and retention, resource flexibility, projects portfolio management, IP protection and painless integration of the offshore partner with the existing internal processes. Conventional engagement models are insufficient.

After studying the best practices of the offshore industry, as well as almost 20 years of experience in delivering offshoring services to high-tech companies worldwide, my company has successfully implemented the Remote Engineering Center model that addresses all the above-mentioned needs.

My advice—to ensure long-term success in offshoring, a high-tech company desiring to outsource core engineering tasks should seriously consider partnering with a Tier-1 Russian vendor and implementing a custom engagement model like Remote Engineering Center.

## Your partner in Russia

Auriga, founded in 1990, is the oldest outsourcing vendor in Russia and has been headquartered in the U.S. since 1993. It is on the 2006 and 2007 list of Global Services 100 most innovative outsourcing providers. Forrester Research, Gartner, AMR Research, and Ernst & Young recognize Auriga as one of the leading software outsourcing vendors. Auriga’s clients include IBM, HP, Motorola, Draeger Medical AG (a Draeger and Siemens company), LynuxWorks, BroadVision, Verdasys, and many others, large and small. Using the best of Russian engineering resources, 40% of our engineers are from Moscow State University, the elite university in Russia, with an average 9.5 years of experience.

Auriga has built up significant strengths in embedded and system-level development, real-time systems, enterprise applications, Web and distributed applications. Industry verticals include telecom, medical devices, healthcare and aerospace.

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