



**Mr. Arcady Khotin, Ardin Software:
"What One Must Know
about Nearshoring to Russia –
Success Stories and Lessons Learned"**

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**Scandinavian Group
(30+ software companies),
Marketing, Sales and PM Office.**

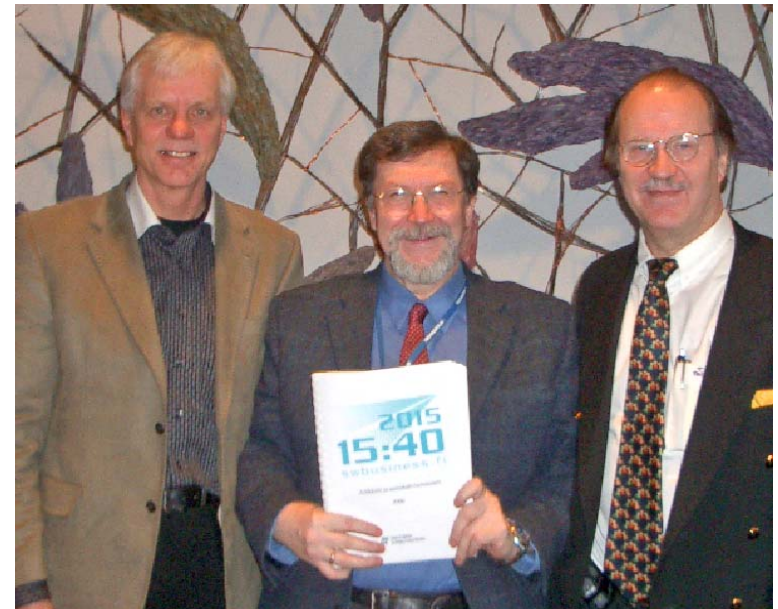
Ardin Software Oy – Vantaa
ACD Consulting, Helsinki
ICP Tele, Espoo

AAI Partners Team

AAI Partners Office Address:

**Teknobulevardi 3-5 01530 Vantaa
FINLAND**

- **ACD Consulting: Antti Äkräs**
- **ICP Tele: Pentti Paalu**
- **Ardin Software Oy: Arcady Khotin**



Offshoring? Nearshoring? Stay home?

- Confused? We can help! Listen up!



What one must know about nearshoring to Russia (1)

- **Russia is a hidden treasure, there are hundreds of software projects done in nearshore model, but only a handful got publicity.**
- **More and more companies are coming to Russia either to start captive centre or open nearshore office or go through BOT operation which results in having your own captive centre as a result of nearshoring.**
- **More and more nearshoring companies are now being appended / converted into sales and support offices of their Western customers.**

What one must know about nearshoring to Russia (2)

Interest towards Russia is growing rapidly:

- **Access Russia! Technopolis Business Breakfast, Vantaa (08.02.07) and at Technopolis Innopoli (09.08.07)**
- **Technopolis opens offices in St. Petersburg, 500 sq. m available already!**
- **FinPro, Tekes and other important Finnish ICT players open “Innovation house” in St. Petersburg**
- **More of TEKES sponsored projects are devoted to outsourcing and internationalization**

Russia is very interested in inviting Finnish business and is a huge market!

What one must know about nearshoring to Russia (3)

- **Now, we think, time is ripe to escalate the level of this relations - Russia becomes not only a good place for nearshoring, but very soon will become a place to implement Finnish software projects. Some of them are already being implemented!**
- **Our main idea is that through today's cooperation between Finnish and Russian ICT companies we achieve not only cost savings, but also open the door to future, much bigger and higher level cooperation.**

Russian software industry today

1. Software export dynamics:

- in 2005 Russia finished with total export software earnings over \$1bln.
- in 2006 earned a bit over \$1.3bln
- and 2007 is planned to go over \$1.7bln

2. These earnings are distributed between:

- development centers for Western companies – 21%
- sale of ready-made software products – 18%
- software development services – 61%

based on "Third annual survey on Russian export software market . RUSSOFT Association 2006 "

Opportunities for Finnish ICT companies

1. Technopolis – new premises and services in St.-Petersburg, 500m2 already available today!
2. Finpro opens Innovation House in St.Pete in 2007.
3. RusSoft <http://russoft.org> and other software companies have created Scandinavian Group of companies <http://www.russian-programmers.org> focused on Finland and other Nordic countries.
4. Attending coming annual IT event in St.Petersburg <http://www.soft-outsourcing.com> June 20-22 2007 to learn more.
5. Participating in projects related to cooperation with Russia and CIS in software development like RIGHT project at LUT <http://www.it.lut.fi/project/RIGHT> (Finding the Right Context in Globalizing Software Development)

Who is already there? Captive centres

- Alcatel-Lucent
- Motorola
- HP
- Microsoft
- Google
- Intel
- IBM
- EMC
- TietoEnator
- Nokia
- Siemens
- Sun Microsystems
- Quest-Software
- Orc Software

Who already has nearshore offices?

- Sunrize-R
- Techlabs
- AtBusiness
- Endero
- Flextronics
- Gemini-Systems
- Veoh
- Veltech
- Conject
- Logic Explorer
- Exigen
- Avicode
- Logic Explorer
- Darout servicies
- Intermedia.Net
- Actimind
- Astra Software
- Lisatech
- DoubleClick
- Envion Software
- SmartPhone labs
- Kanda Software
- Ventorsoft
- Total Objects
- Kvantsoft

Lessons learned

- Case 1 – captive centre
- Case 2 – organic growth approach to captive centre

CSC	StarSoft
F-Secure	Arcadia
Personec	Arcadia
Relativity	LanitTercom
TietoEnator	MeraNetworks
Boeing	Luxoft
Dell	Luxoft
T-Mobile	StarSoft
Genesismicrochip	Mirantis

Success stories

- **From trial project to several bigger ones.**
- **From several big projects to NDC (nearshore development centre)**
- **From NDC to Captive Centre plus flexible cooperation with former NDC partner**
- **Setting up sales office and creating support team based on people grown during all previous years.**

Contact Information

Ardin Software Oy

Teknobulevardi 3-5

1530 Vantaa FINLAND

09-2517 8326

www.ardinsoftware.fi

info@ardinsoftware.fi



Scandinavian Group

www.russian-programmers.org



Questions? Comments?



Offshore Software Development

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Additional data, comments, observations