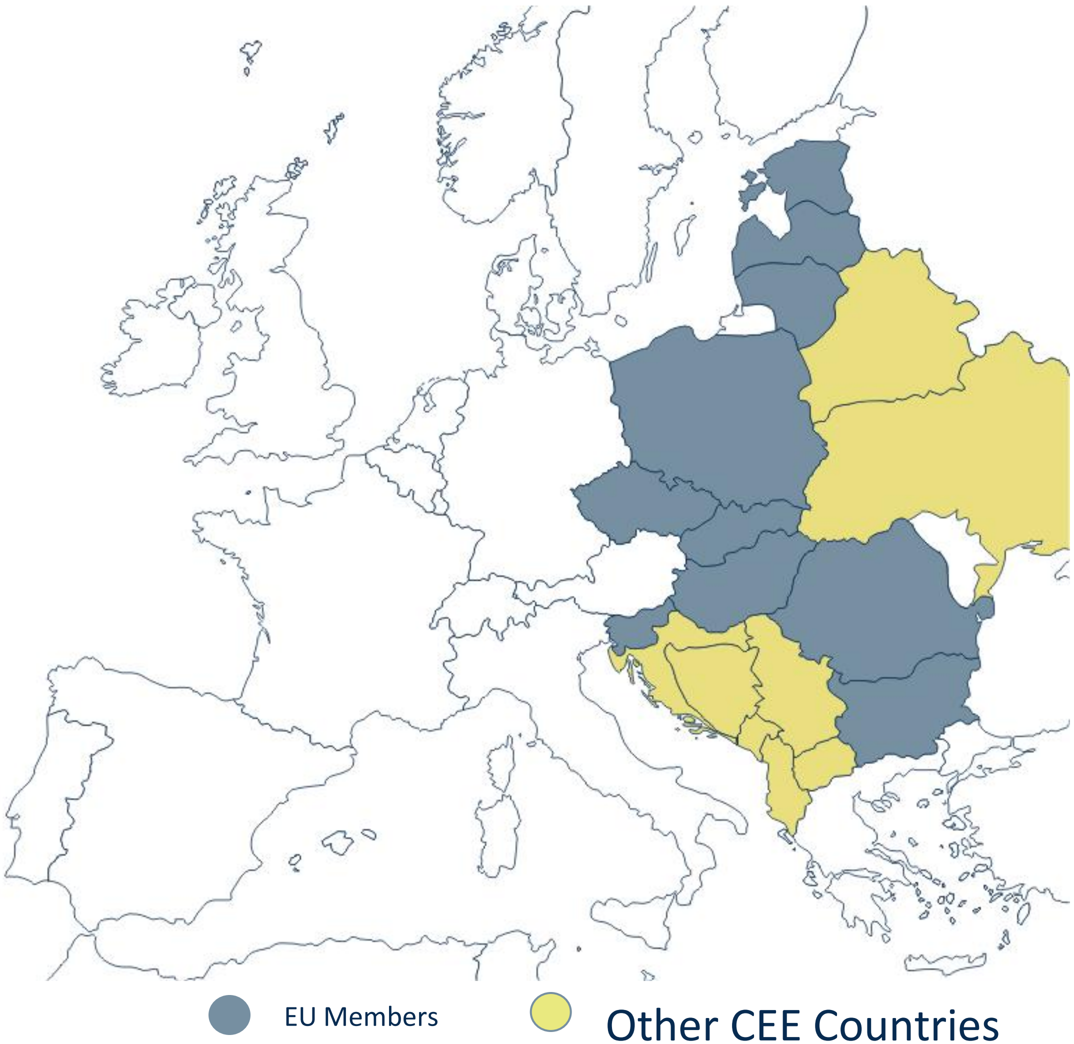
WHAT YOU MAY OR MAY NOT KNOW ABOUT (outsourcing in) CENTRAL & EASTERN EUROPE (CEE)

Lenka Kucerova on behalf of CzechInvest, IBA & Intetics

CEE Geography

Country	Population
Ukraine	46 011 345
Poland	38 100 700
Romania	21 466 174
Czech Republic	10 512 397
Hungary	10 013 628
Serbia	9 850 000
Belarus	9 671 900
Bulgaria	7 576 751
Slovakia	5 421 937
Croatia	4 435 056
Bosnia and Herzegovina	3 767 000
Lithuania	3 329 227
Albania	3 170 000
Latvia	2 249 700
Slovenia	2 052 140
Macedonia	2 048 620
Estonia	1 340 415
Montenegro	624 000
Total CEE Countries	**181 640 990**

Source: Eurostat, UN Estimates, 2010



CEE vs India in 2007-2008

Thousands of FTEs

	India 2007	India 2008	India growth	Eastern Europe 2007	Eastern Europe 2008	Eastern Europe growth	EE as % of India 2007	EE as % of India 2008
BPO (F&A, HR, CC)	704	**790**	+12%	72	**90**	+25%	10%	**11%**
ITO	686	**751**	+9%	50	**61**	+22%	7%	**8%**
R&D, ESO	180	**195**	+8%	42	**49**	+17%	23%	**25%**
Total	1,570	**1,736**	+11%	164	**200**	+22%	10%	**12%**

SOURCE: NASSCOM; McKinsey

What makes CEE One of the Top Outsourcing Locations

- Skilled labour force (excellent engineering talent, strong R&D base, multilingual)
- Cultural affinity with the USA and Western Europe
- Geographic proximity (shorter flight times, same/close time zones with Western Europe)
- Competitive prices
- Well-developed ICT infrastructure
- Mature processes
- Regulatory proximity (esp. EU countries and candidates)
- Government support
- Number of well-prepared locations

Safest Regions for Outsourcing

Rank	Metropolitan	Region
1	Singapore	Singapore
2	Dublin	Ireland
3	Santiago	Chile
4	Krakow/Warsaw	Poland
5	Toronto/Montreal	Canada
6	Prague/Brno	Czech Republic
7	Budapest	Hungary
…	…	…
11	Bucharest	Romania
16	Sofija	Bulgaria
17	Bratislava	Slovakia
23	Kiev	Ukraine

Source: Black Book of Outsourcing, 2009

While the recession provides both challenges as well as opportunities, CEE seems more likely to benefit on the whole

Global decrease in demand due to shrinking economies and political influence to keep skilled work local

Major transformations of Western companies keep managers busy and focused on immediate savings

Economic instability of some EE countries (e.g., Hungary, Ukraine) continues to shed negative light on the region

Beyond quick wins, **Western companies will continue to face structural cost pressures**

Depreciation of local currencies improves the economics of moving to EE

Crisis increases attractiveness of locations
- Reduced attrition
- Increased labor supply at all qualification levels
- Reduced salary expectation
- Reduced cost of running business

More – and more targeted – government support for O&O industry in the region

Offshoring to EE keeps work in the EU and may even be **supported by EU funds**

Positive effects of the recession on the CEE outsourcing industry

Observed trends | **Insights/rationale**

- **Decrease in attrition rates** even in heated locations (e.g., Bucharest)
- **Attrition particularly low among employees with limited working experience** (unwilling to start again on fixed-term contracts with new company)

- Companies and job agencies confirm **lower salary expectations of experienced hires and fresh graduates**
- **Wages expected to remain flat in 2009,** some companies even made small salary reductions (~5%)

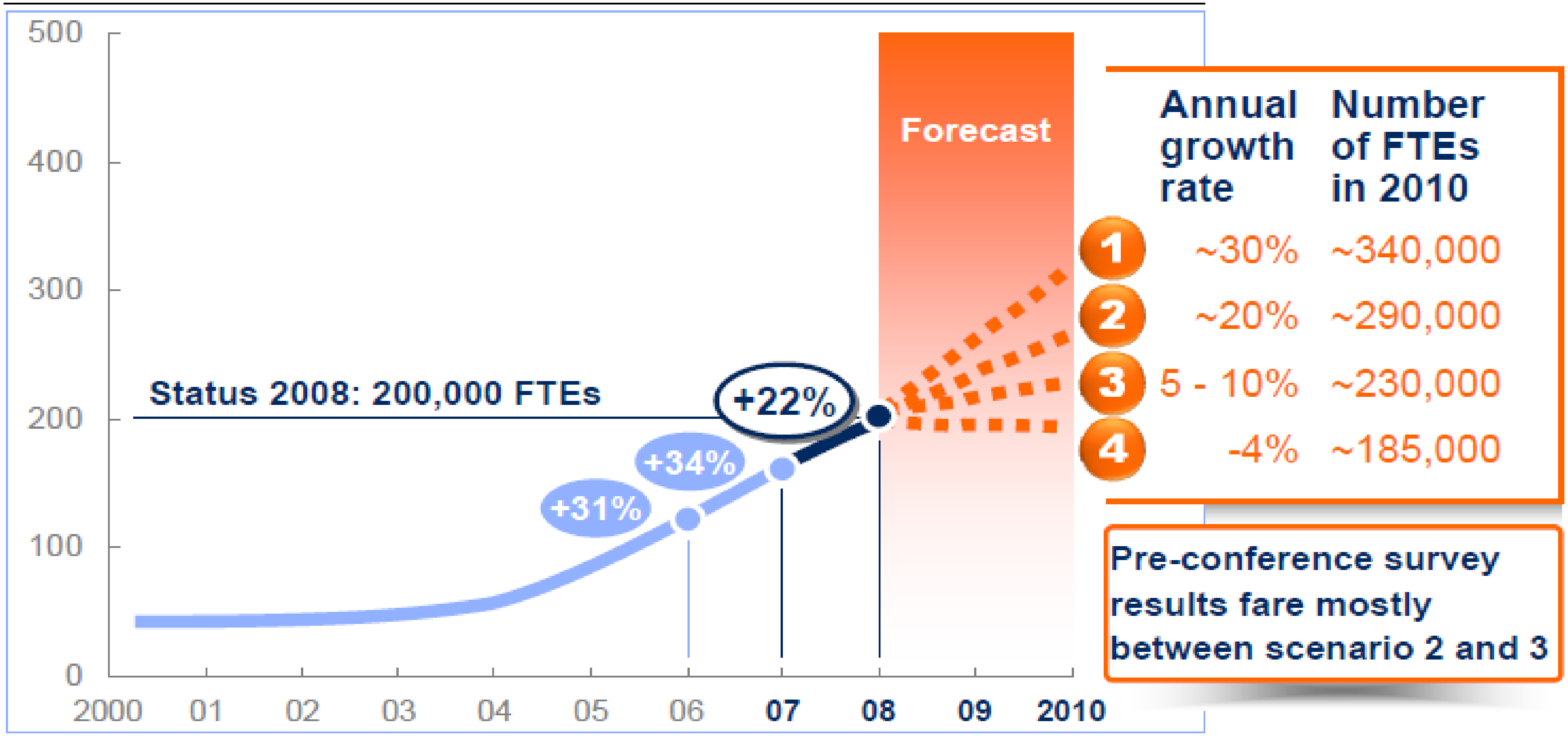
- **Increasing unemployment across EE** (e.g., in Poland from 8.8% to 10.9% and Ukraine from 5.4% to 7.5%, Oct 2008–Feb 2009)
- **Reduced options for employees at all qualification levels** incl. high-caliber fresh graduates
- **Many Eastern Europeans returning home as recession hits West** (e.g. 200,000 Poles returned from UK in 2008)

Decrease in infrastructure costs (e.g., rent) and local currency depreciations reduce non-compensation costs (e.g., office rents in Bucharest decreased by 10% in 4Q 2008)

SOURCE: Interviews with existing centers in EE and local HR agencies; press search; McKinsey

Outlook for 2010

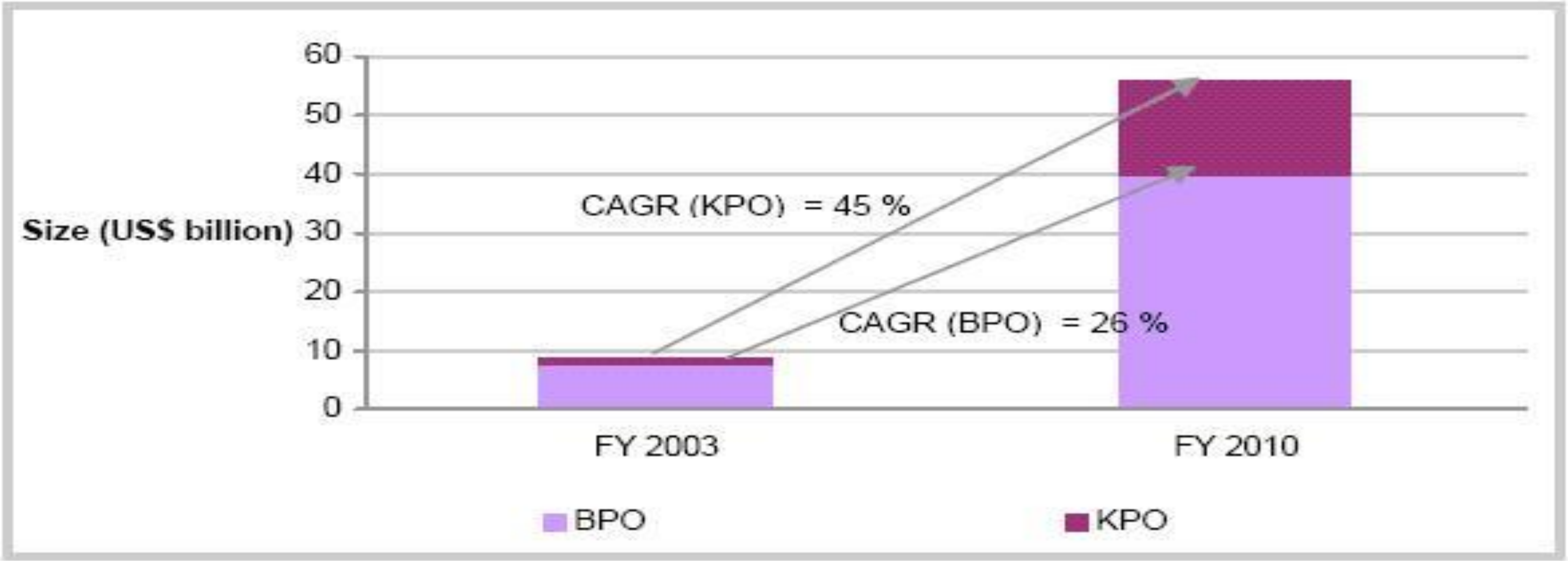
FTEs, thousands, cumulative



CEE is well-positioned to move up the value chain

- highly educated & experienced labour force
- „proven markets“
- data protection

Figure 2: Expected Growth in Global BPO and KPO Markets (2003-2010)



Source: Evalueserve Analysis

Some countries/locations have a unique selling proposition of „unbeatable psychological“ appeal

- Budapest, Prague, Krakow, St. Petersburg…

  Cities with unrivaled history, spectacular architecture and great lifestyle paired with strong talent pool.

- Bulgaria, Russia, Ukraine, Belarus…

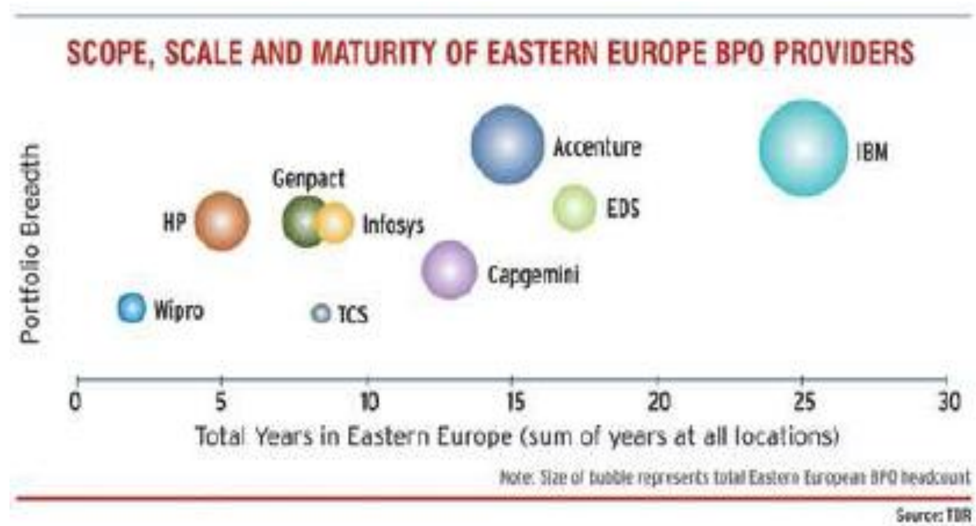
  Countries homing the brightest mathematical talent with the potential to reinvent the world’s understanding of algorithms and number theory.

- Novosibirsk

  The underground rocket-science centre for engineering talent.

Major BPO Providers in CEE

- Accenture (Czech Republic, Hungary, Slovakia, Poland, Romania)
- IBM (Czech Republic, Hungary, Poland)
- EDS (Hungary, Poland)
- HP (Poland, Romania)
- ADP (Czech Republic)
- CapGemini (Poland)
- Infosys (Czech Republic, Poland)
- Genpact (Hungary, Romania)
- Wipro (Romania)



THANK YOU FOR YOUR ATTENTION

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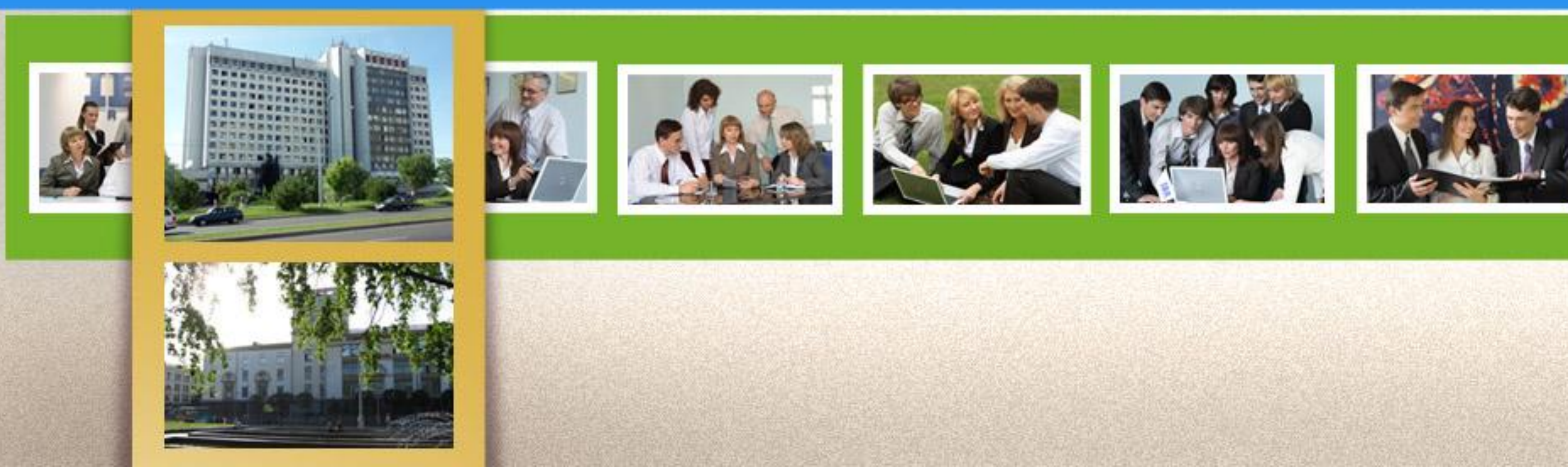

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Belarus: Popular Eastern European Outsourcing Destination

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Agenda

- Geographical location
- Economy
- IT
  - Scientific and IT Excellence
  - IT professionals: Education, IT Skills, Foreign Languages
  - ICT Infrastructure
  - Government Support
- Belarus Outsourcing Advantages
- Belarus Fortune 500 clients
- Belarus References

Why Eastern Europe and Belarus?

- **Central and Eastern Europe: the most attractive business location over the next three years. Ranks ahead of China, India, Russia and Western Europe.**

Source: Ernst&Young, 2009 European Attractiveness Survey.

- **Accession of Belarus' neighbors to EU (2004):** Latvia, Lithuania, Poland.

- **Belarus: EU neighbor country, Member of European conventions and cross-border projects. Beginning late 2008, the European Union has been seeking closer cooperation with Belarus.**

Source: Jose Manuel Pinto Teixeira, Head of EC Mission in Ukraine and Belarus.

- **World Bank includs Belarus in the list of *Top 10 Reformers in 2008/2009***

Source: 2010 Doing Business report, World Bank

Belarus: Part of Eastern Europe

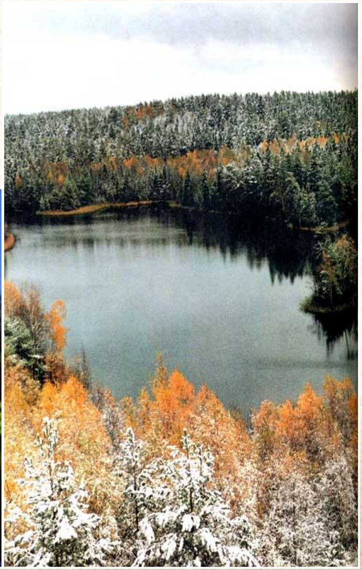
Belarus: Quick Facts

Location: Eastern Europe
Capital: Minsk (1.7 million people)
Territory: 207,600 sq. km
Population: 9,980,000 people

Time Zone: EET (UTC+2)

Summer: (DST) EEST (UTC+3)

Borders: Latvia, Lithuania, Poland, Russia, Ukraine
Government Type: Presidential republic
Independence: 1991



Belarus: Uniting East and West

- “White Rus" (White Russia): never invaded by Tatars.
- Situated at the crossroads of trade routes from East to West and from North to South
- Connects Russia with European Union
- Ranks 13 in Europe in size and fifth in population in CIS
- Slightly smaller than Great Britain and five times as big as the Netherlands and Switzerland
- Languages: Russian and Belarusian

Getting To Belarus

Time Zone: EET (UTC+2)

From	Time Difference	Flight Time
Frankfurt	1 hour	2 hours
Vienna	1 hour	2 hours 20 minutes
Paris	1 hour	2 hours 45 minutes
Rome	1 hour	2 hours 45 minutes
Zurich	1 hour	2 hours 50 minutes
London	2 hours	3 hours
New York	7 hours	approx. 10 hours
Chicago	8 hours	approx. 12 hours
San Francisco	10 hours	approx. 14 hours

Obtain Your

- Transit visa
- Single-entry visa
- Multi-entry visa

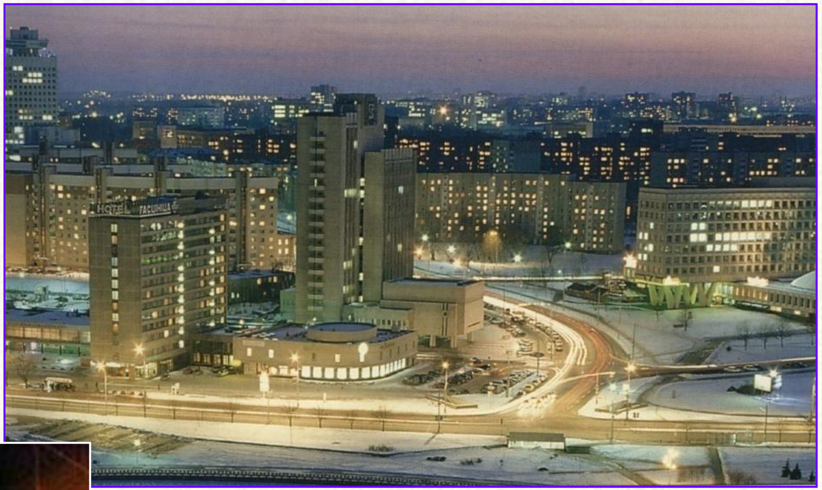
at

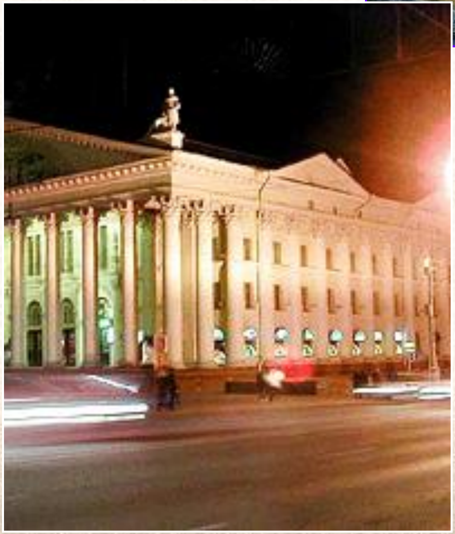
- Belarusian Embassy (Consulate) in your country
- On arrival at the Minsk–2 International Airport

Minsk: Capital of Belarus

Population: **1,712,600**

First mentioned: **1067 AD**





Economy

- **The industrial complex** is the backbone of the production potential of Belarus.
- Belarus was an **“Assembly plant"** of the Soviet Union and **specialized in science-intensive production**

The leading sectors of Belarusian industry are:

- Machine building and metalworking:
  - automobile industry
  - trucks and lorries building
  instruments making and electrical engineering industry
  - radio engineering industry
  - tractors and agricultural machines building
- Machine-tool building
- Chemical and petrochemical industry
- Wood and wood processing industry
- Optico-mechanical industry

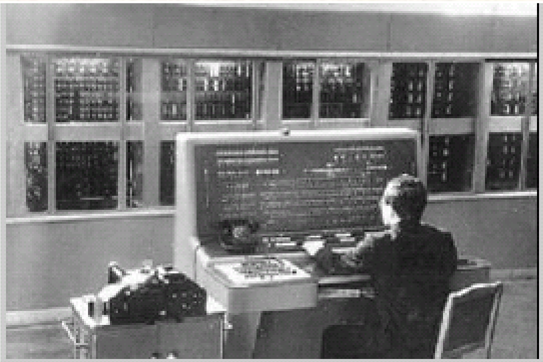
Economy

- One third of GDP comes from the industrial complex
- About 100 major plants form the core of Belarusian industry. Among them are the Minsk Tractor Plant, the Minsk Automobile Plant, the "Atlant" freezer and refrigerator plant, the "Horizont" TV-set plant, Oil-refineries in Novopolotsk and Mozyr
- "Belaruskaliy" - the biggest producer of potassium fertilizers in the world
- 30% of the world output of heavy trucks
- Truck BelAZ-75600 is the largest dump truck in the world with 320 tons carrying capacity and 3 thousand horse-powers.
- Belarus Tractor Plant produces about 10% of world output of tractors
- In 2008 Belcommunmash plant was ranked as number 1 in Europe in production f city passenger transportation

Scientific & IT Excellence

Silicon Valley of the Former USSR:

- High density of the computer production facilities and design institutes
- **60% of the USSR computer production in Soviet times**
- 50+ year traditions: the Computer Scientific Production Association (MPOVT) & NIIEVM (Scientific Computer Research Institute)
- High IT standards of scientific and technical potential at independence

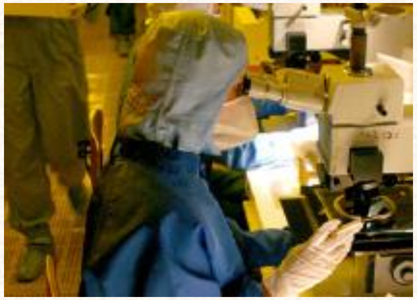


Minsk-1 computer, 1960

Scientific & IT Excellence

Scientifically Minded Nation

- Adult literacy rate **99.7%**
- Primary, secondary & tertiary gross enrolment ratio **89.5 %**
- University students ratio: **407** per 10,000 people
- Scientists and engineers involved in applied and fundamental research: **32,900**
- Scientists working in the educational sphere: **20,000**
- Scientific research institutions: **301**
- Doctors of science: **3,800**
- **Academy of Sciences** and affiliated institutions include
  - Researchers and technicians: **17,470**
  - Doctors of Sciences: **510** (equiv. of Prof.)
  - Candidates of Sciences: **1,870** (equiv. of Ph.D.)
-



(Sources: UN Human Development Report 2007/2008, The National Academy of Sciences)

Scientific & IT Excellence

Advanced Education: A Pool of Intellectual Resources

- Universities: 55
- **16,000+** university graduates with technical skills annually
- University graduates educated not only in IT but in mathematics, engineering and other disciplines
- Education in 30 IT professions including:
  - Information systems and technologies (offered in 8 institutions)
  - Economical cybernetics (offered in 6 institutions)
  - Automated data processing systems, applied mathematics, software for IT (offered in 5 institutions).

IT Professionals: Education

5,000 university-educated programmers annually

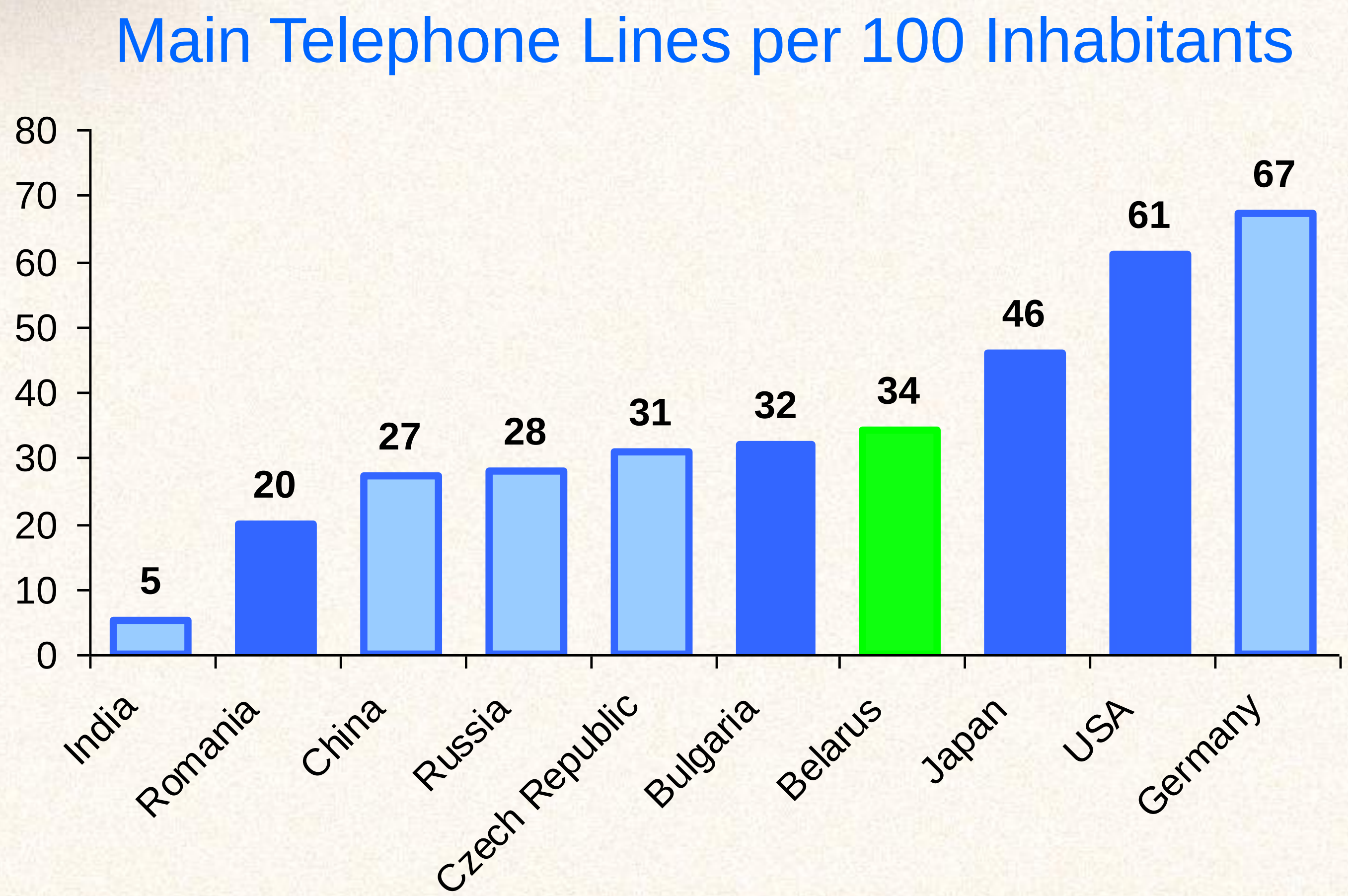
Cliff Reeves, General Manager, Microsoft:
“Belarus has a reputation of a country with a high scientific potential. This reputation is not gained overnight. It takes 50-60 years to establish a strong education system with highly qualified faculty”.

2004: Team of Belarusian State University; **gold medal** in ACM International Collegiate Programming Contest.

2008: Team of Belarusian State University; **bronze medal** in ACM International Collegiate Programming Contest

ICT Infrastructure

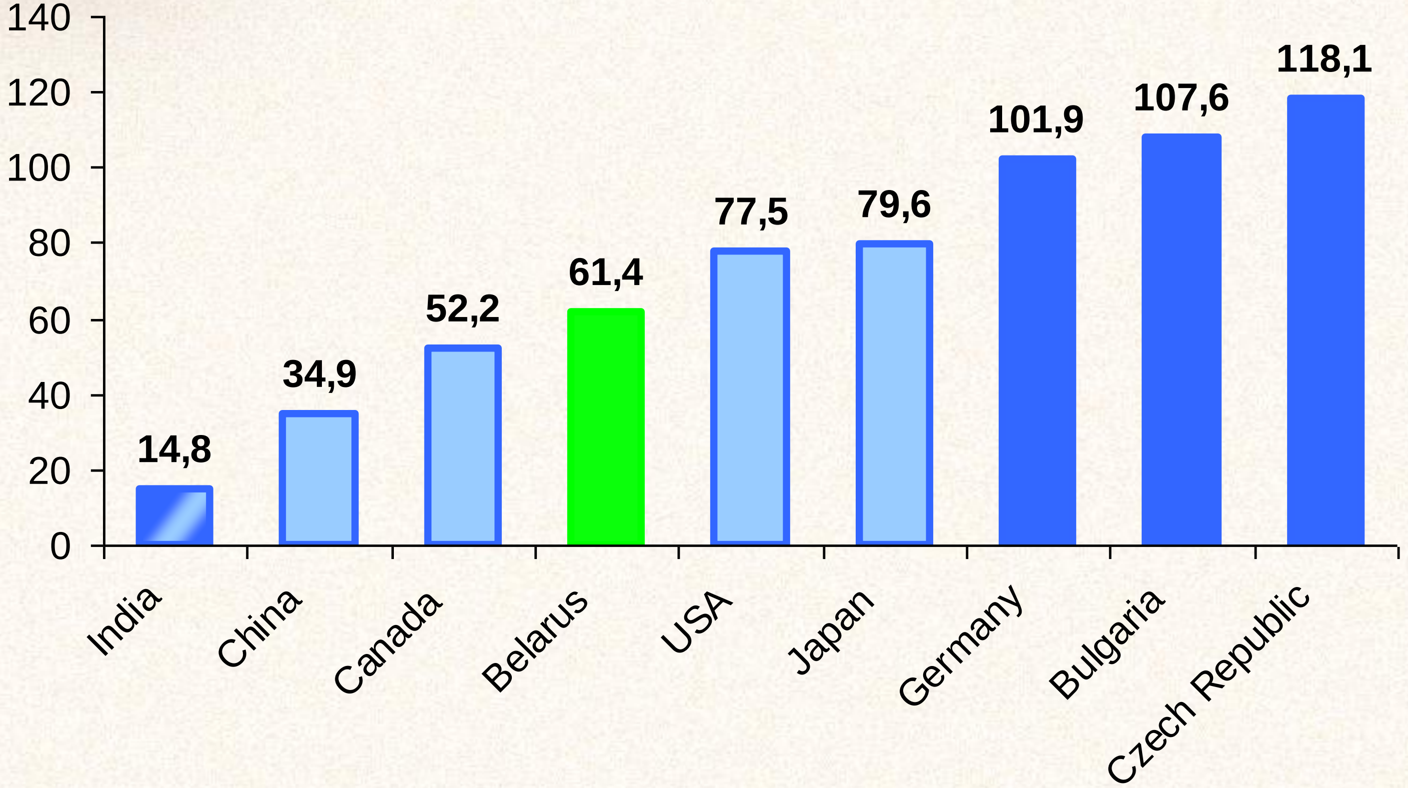
- **Well-developed telecommunication and IT infrastructure**



Source: Human Development Report 2007/2008, UNDP

ICT Infrastructure

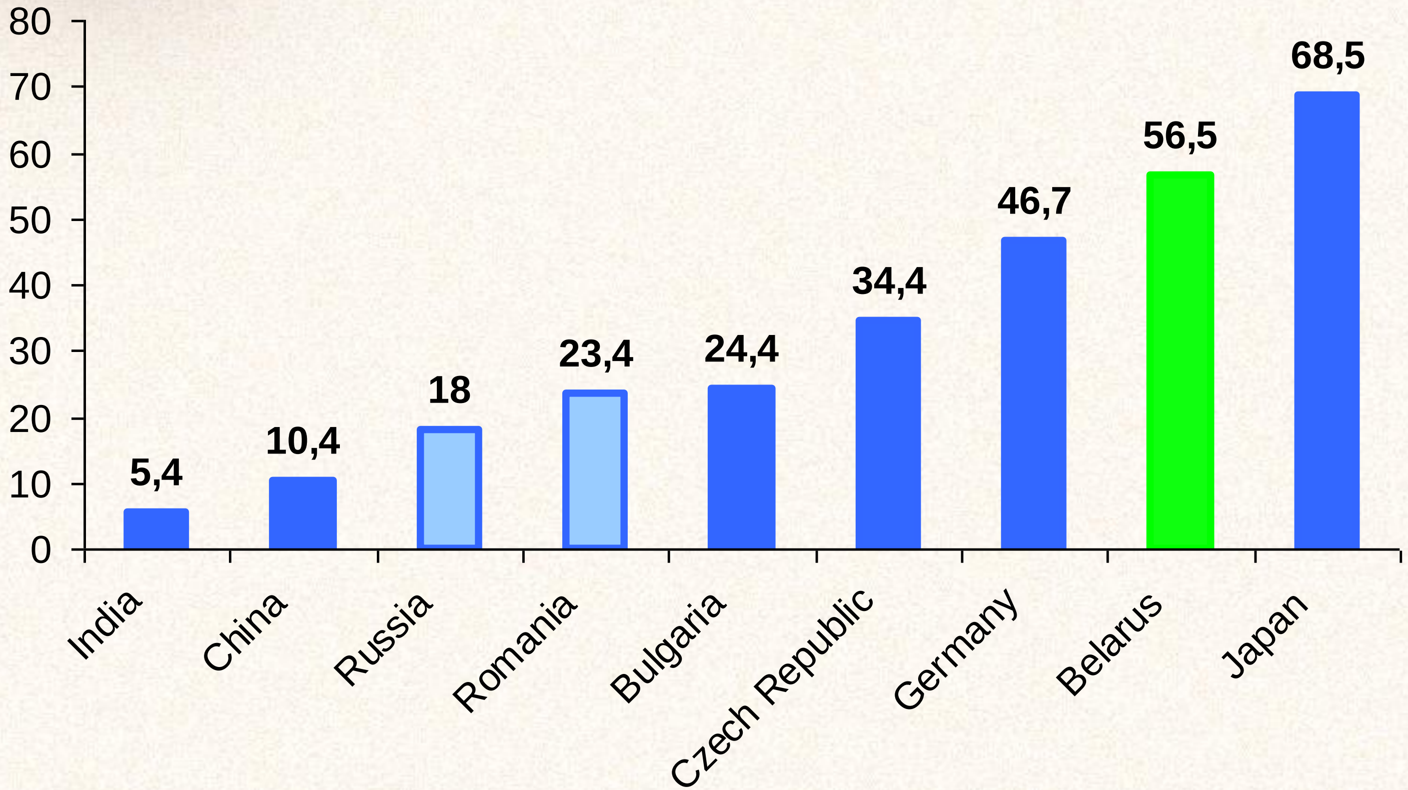
Mobile Phone Subscribers per 100 Inhabitants



Source: Information Economy Report 2007/2008,
UN Conference on Trade and Development

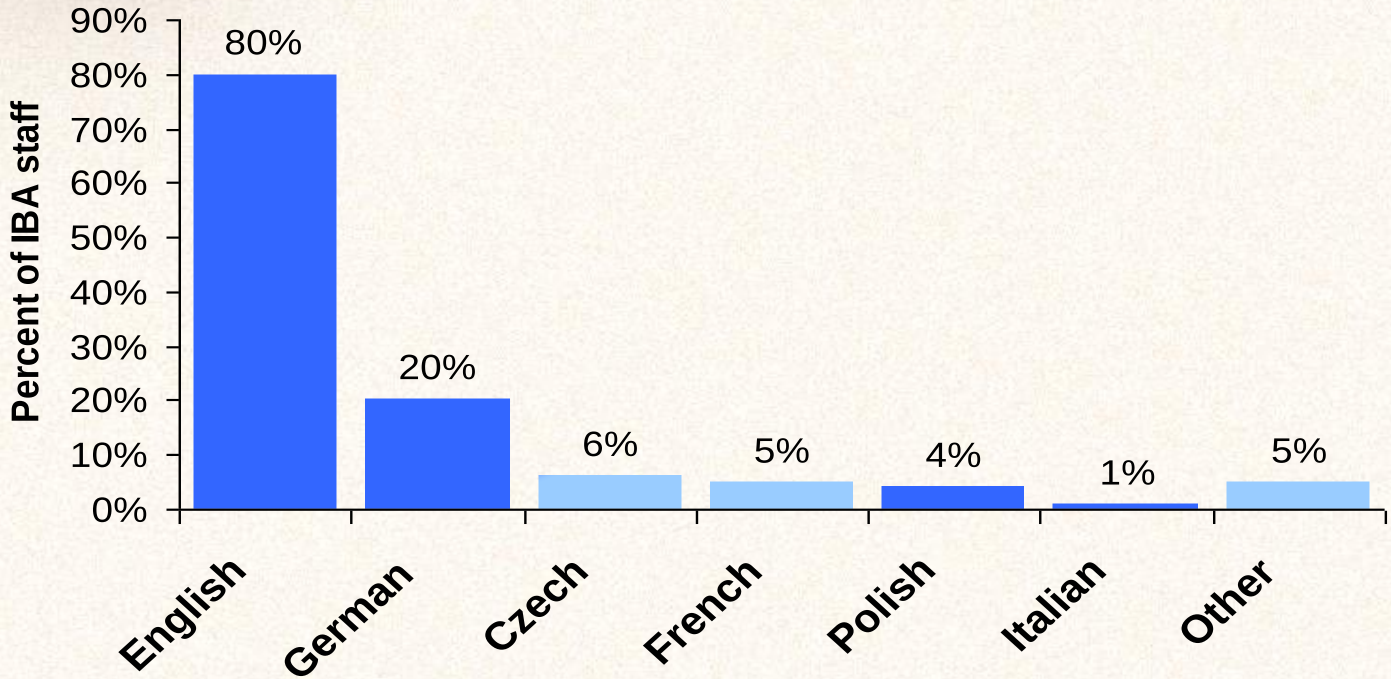
ICT Infrastructure

Internet Users per 100 Inhabitants



Source: Information Economy Report 2007/2008,
UN Conference on Trade and Development

IT Professionals: Foreign Languages*



IT Professionals: Skill Sample

Operating Systems

z/OS, OS/390, Windows Family, MVS, VSE, VM, VM/ESA, z/VM, OS/2, DOS, OS/400, AIX, Unix Family, PalmOS, Netware, Linux for zSeries, Linux for S/390, Linux for pSeries, Linux for xSeries, Solaris, HPUX, SGI

Compilers & Programming Languages

Assembler, PL/1, PL/X, Cobol, Fortran, RPG, ADA, Prolog, REXX, Natural, C/C++, C#, Visual C++, Visual Basic, Java, HTML, Perl, Pascal, ABAP/4,

Smalltalk, Asm i80x86, JCL, Lotus Script, Unix Shell, PHP, Python, Dylan

Database SW

DB2, IMS, Oracle, MS SQL Server, mySQL, Informix, Sybase, Interbase, CA-DATACOM,

Open Road, ADABAS, Focus, TM1, Btrieve, Clarion, Clipper, dBase, FoxBase, MS Access, FoxPro, IDMS, MS Exchange

IT Professionals: Skill Sample

Object Oriented Methodology, E-Business

OO Modeling (Rational), OO Programming (C++, Java), J2EE, EJB, CORBA, JSP/ASP, JSTL, JDBC, XML/XSL, WAP, SWING, IBM e-Business Framework, IBM WebSphere, WebLogic

Tools and Technologies

Lotus, Internet, Team Connection, .Net, Visual Age (for Java, for C++), other visual compilers, X-windows, Motif, RACF, CICS, CSP, ISPF, ADF, UNIFACE, Power Builder, Delphi, ANT, JUnit, Cactus, TopLink, Eclipse, Visual Works, Toad, CVS, VSS

Communications & Networks

WAN, Token Ring/Ethernet LAN, Integrated Network Solutions, Transaction Systems: CICS and MQ Series

System Integration

Government Support for IT

- Belarusian Silicon Valley: High-Tech Park (2005)
- Scientific and Technological Association “National Infopark” (2001)
- Fund for Financial and Technical Support of the Development and Fostering of Informatization Processes in Belarus (2003)
- State Program of Informatization in the Republic of Belarus (Electronic Belarus)
- In addition, the Government has approved about 12 national programs for the support of ICT development

High-Tech Park

- Formed in September 2005 by presidential decree #12 as Belarusian Silicon Valley
- 50 hectares in Academic City of the National Academy of Sciences of Belarus
- In June 2009, the first production and administrative facility was opened in the High-Tech Park
- 78 registered members

Infopark

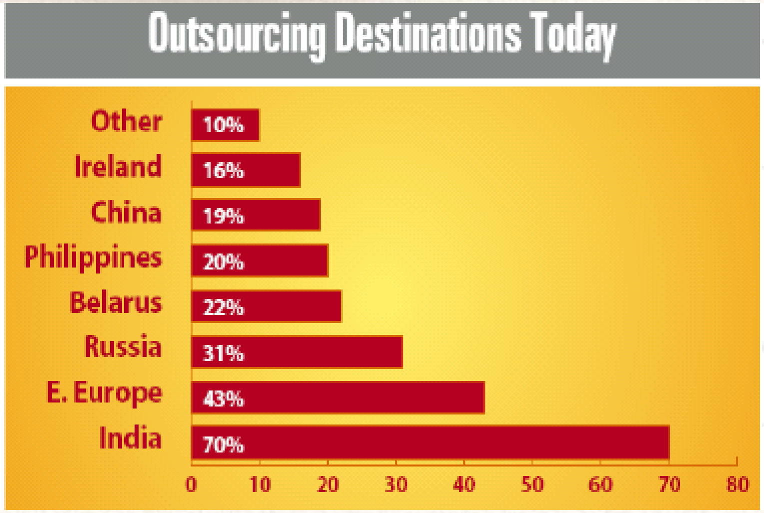
- Formed in May 2001 by presidential decree № 234 “State Support for development and Export of Information Technologies”
- Association of IT companies
- 63 member companies
- Goals:
  - Lobbying interests of IT industry at state governing bodies
  - Fostering cooperation among IT companies
  - Modifying national IT education system
  - Promoting local IT companies on international markets.

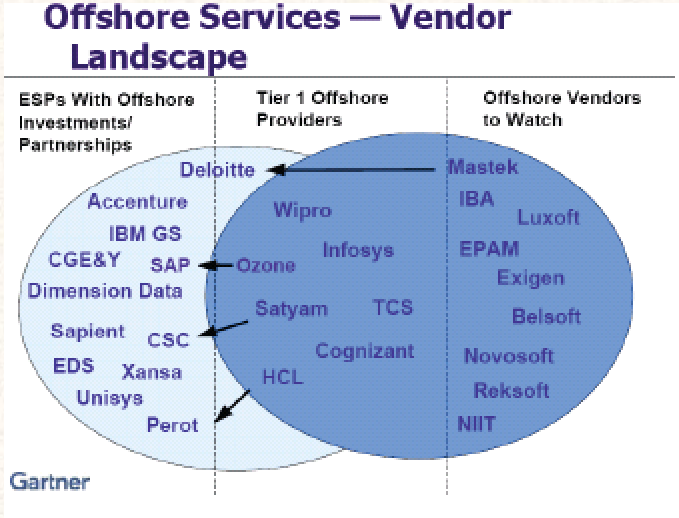
Belarus Advantages

- Engineering minded nation
- High educational standards
- Cultural affinity to the USA and Western Europe
- Geographical proximity to major customers
- Competitive prices
- Very low employee turnover
- Mature processes
- Reliable security system
- Location-specific benefits to deliver services to Western European clients and US companies European affiliates

Belarus: Fortune 1000 Customers

Belarus References





Source: Trestle Group Outsourcing Survey Results, Summer 2004

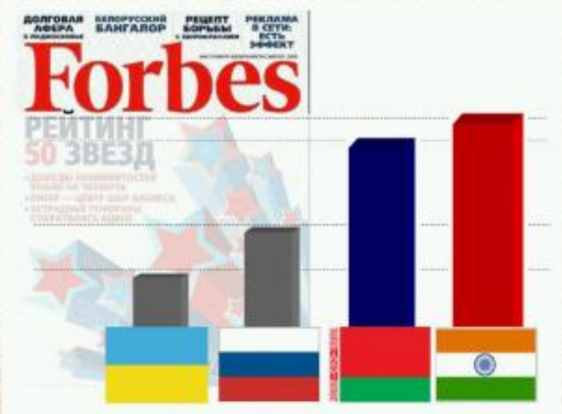
“I was really impressed by the adopted Belarus legislation and marketing solutions aimed at attracting hightechcompanies, which is a strategically right decision”

Hamadoun I. Touré, ITU Secretary-General

Belarus References

"It is very easy and comfortable to work with Belarus. This is where we found a professional; development team and a reliable outsourcing partner."

Juhani Lano, CEO of the Belarusian office of TietoEnator



Forbes Magazine: Per capita income from IT services export in Belarus equals that of India

Belarus References

"Belarus is better

for business than Brussels"

Source: Financial Times, March 3-9, 2008

Boris Nemsic,

Head of Telekom Austria

"Why Belarus?

Two Words: *SMART PEOPLE*"

Cliff Reeves,

General Manager of Microsoft

New Business Models Development

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Country Overview

UKRAINE - THE LARGEST COUNTRY IN EASTERN EUROPE

- Population: 46 million.
- Languages: Ukrainian (official), Russian, others.
- Education: Adult Literacy Rate – 99,4%. About 75% of adult Ukrainians have a secondary or higher education.
- Work force: 22,4 million. Industry and construction – 25,6%; agriculture and forestry – 23,1%; health, education, and culture – 14%; transport and communication – 6,5%.

Overview of Economy

- Ukraine is an emerging free market, with a gross domestic product that has experienced rapid growth in recent years.
- Western-oriented government policies encourage partnerships and closer business ties with US and EU companies.
- In 2008 Ukraine joined the World Trade Organization.
- Ukraine now has the potential to be one of the region's leaders in volume of foreign direct investment and portfolio investment
- In 2003-2008 Ukraine had the highest IT industry growth rate among Central and Eastern European countries. Ukrainian IT market ranked fourth after Russia, Poland and the Czech Republic.

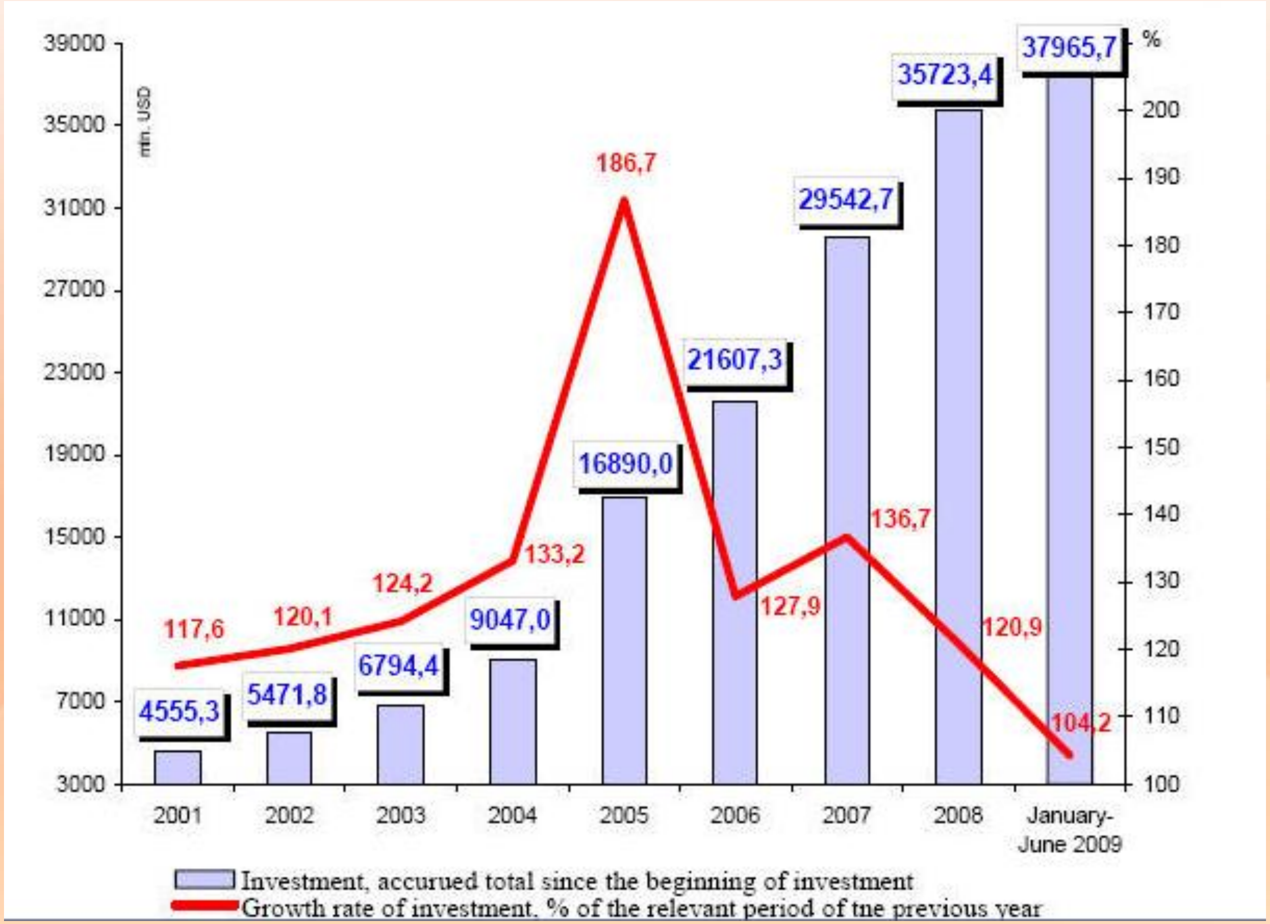
Main Economic Indicators

GDP *(third quarter of 2009 vs second quarter 2009)*	↑	3.7%
Industrial Output *(November 2009 vs November 2008)*	↑	8.6%
Gross Agricultural Output *(Jan- Nov 2009 vs Jan-Nov 2008)*	-	0.0%
Retail Turnover of Goods *(Jan- Nov 2009 vs Jan-Nov 2008)*	↓	16.5%
Real State Budget Revenues *(January-July 2009)*	↓	17.8%
Real Disposable Incomes of Population *(January-September 2009)*	↓	8.3%

Consumer Price Index *(November 2009 vs November 2008)*	↑	13.6%
Manufacturer Price Index *(November 2009 vs November 2008)*	↑	12.9%
Hryvna depreciated to USD *in 2009*	↑	0.2%

Source: Ministry of Economy of Ukraine

Foreign Direct Investment



Source: Ministry of Economy of Ukraine

Consequences of Impact of Financial Crisis on Ukrainian Economy Trends

- First quarter of 2010 will be the first quarter of GDP growth after prolonged recession. However, experts from the World Bank believe that the process will be slow, and GDP growth in 2010 will not exceed 2,5%, while GDP growth in 2011 is predicted around 3,8%.

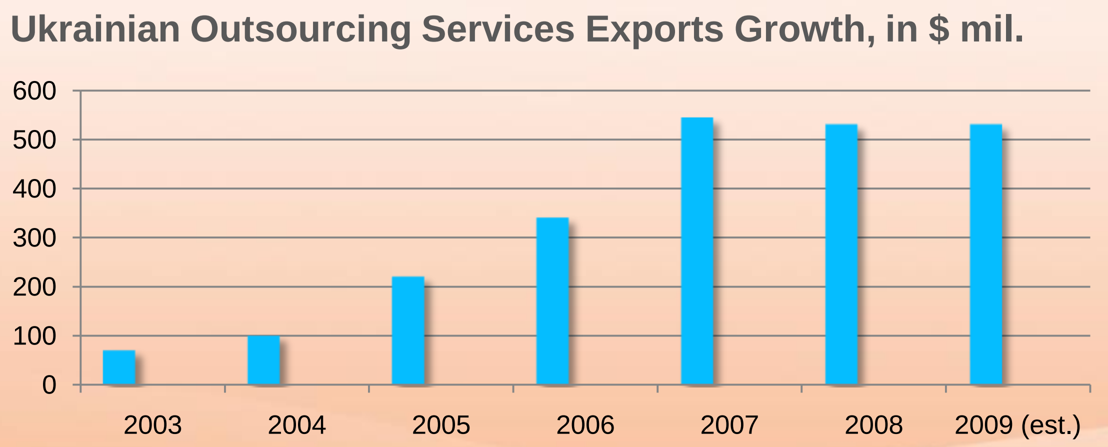
- One of the defining moments in Ukraine in 2010 will be the second round of presidential election to be held on February 7.

- Impact of global economical crisis made the labor market more attractive to new investors, since it stopped rapid wage growth in several industries, including outsourcing. Infrastructure costs, including office rent and communications, also stabilized or decreased.

Outsourcing Industry

- Ukrainian offshore outsourcing companies have been providing software development services since the early 1990s.
- Growing pool of qualified human resources as well as European mentality and competitive rates turned Ukraine into an exciting emerging outsourcing destination.
- Rapid outsourcing activity growth in Western Europe, particularly in Germany, reveals potential of the country as one of the top nearshore outsourcing locations.

Industry Growth Rate



Acoding to IDC, Market Visio and Ukrainian Hi-tech Initiatice researches

The Ukrainian offshore outsourcing market has experienced steady growth in 2003-2007 as a result of strong interest and demand from both US and EU markets. The world economic crisis severely affected the industry, but unlike other segments of the local IT market, as well as other industries of the Ukrainian economy in general, offshore outsourcing industry survived with the minimal losses.

- While ITO remains the main force of Ukrainian outsourcing, high-quality mid-size BPO projects have started to appear recently.

Market Acknowledgement

The achievements of the Ukrainian outsourcing industry are noted by the market experts:

- Ukraine is included in Gartner’s top 30 locations for offshore services in both 2007 and 2008.
- Kyiv was included by Tholons in Top 50 Global Emerging Outsourcing Cities list.
- Ukraine now appears in Gaming Industry’s Top 12 European Countries.
- Ukraine is among A.T. Kearney Top 50 Global Services Locations as of 2009, inching up 5 positions, but still only on the 42nd place. There is definitely room to grow in rankings!

Talent Pool

- Over 20,000 Ukrainians are employed in ITO and BPO areas.
- Ukraine's rapidly improving IT and engineering skills have been a key factor in attracting foreign companies and direct investments.
- Ukrainian skilled engineers prefer employment with outsourcing companies, as it provides challenging projects and higher than average salaries, and this, in turn, prevents industry brain drain and contributes to continuous resource availability.
- Due to growing market demand in the latest years, IT and engineering occupations have become more popular among university students as a good way to build a successful career. It results in increased competition between applicants and higher educational standards.
- College graduates with non-technical degrees and foreign language skills attract more and more attention of BPO firms.

Education

- Ukraine has long standing reputation as major technology region, with well developed scientific and educational base.
- Ukraine's traditions of physical, mathematical, and programming schools are very strong. Nearly 60% of Ukrainian universities have graduates with majors in these disciplines.
- With only 1% of the world's population, the country has 6% of the world's physicists, mathematicians, computer programmers and other highly trained professionals.
- To bridge the gap between classical education and real business and technical processes, outsourcing companies have partnered with leading universities to offer additional classes and labs for students.
- The country is ranked 32nd in Education on the Legatum Prosperity Index of 104 countries ahead of India, China, Malaysia, Brazil and other popular outsourcing destinations.

Recent IT Industry Trends

- Ukrainian local IT market has hit the bottom in 2009, and, as experts predict, will experience double-digit growth in 2010.
- Ukrainian manufacturing industry finally began to climb back, and it is a good news for IT services in the country.
- Domestic ITO players are finally exhibiting first signs of maturity with significant growth rate, while Ukrainian companies restructure their business in more efficient and cost-effective manner.

Ukrainian Outsourcing Industry Trends

- Software development rates in Ukraine are still globally competitive. At the same time, the quality of IT services and products is increasing, along with the qualifications of IT specialists.
- Large qualified work force in Ukraine is gathering attention from BPO segment of market. More EU and US companies are considering Ukraine as the preferred location for their BPO operations in Eastern Europe.
- Acquisition of several successful Ukrainian service providers by such global players as EDB and GlobalLogic confirms growing interest in Ukraine from industry leaders.
- The continuing decentralization of outsourcing industry in Ukraine remains a positive factor for market development.

Ukrainian Outsourcing Industry Trends

- Under the influence of world economic crisis some smaller outsourcing companies had to merge with the larger players or discontinue their operations.
- Despite the well documented problems with the customer base at the peak of the crisis, mature outsourcing companies managed to rebuild and optimize their business, and it led to substantial revenue growth.
- Increased competition and reduced demand for outsourcing services force the Ukrainian outsourcing companies to become more client-centric.
- Leading companies now develop their business primarily through expanded cooperation with existing client base. As attracting new clients is becoming increasingly difficult, companies turn to new service offerings and pay more attention to marketing and positioning.

Ukrainian Outsourcing Industry Trends

- Ukrainian outsourcing industry didn’t experience massive layoffs, as leading companies chose to retain the best professionals. Thus, the labor market remained fairly stable.

- Due to crisis, escalation of wages stopped, at least temporarily, and most industry observers believe that going back to double-digit growth rate will take some time.

- 2010 will be the year in which outsourcing in Ukraine is predicted to start rapid growth after the two-year stagnation.

Key Outsourcing Centers

City	Population, Millions	Part of Outsourcing Industry Resources (Mostly IT) %	Average Salary Relative to Kyiv	Property Price Level Relative to Kyiv
Kyiv	2.8	45	1	1
Lviv	0.9	18	0.66	0.38
Kharkiv	1.7	17	0.63	0.45
Dnipropetrovsk	1.2	8	0.67	0.50
Odessa	1.1	3	0.67	0.70

Conclusions

- Combination of large talent pool and various value-added factors make Ukraine one the most promising outsourcing hubs in Eastern Europe.
- World crisis stopped rapid growth of outsourcing industry, but in 2010 growth should resume. Both offshore outsourcing and local outsourcing markets should benefit from this trend.
- As any other crisis, this recession proved true about "the survival of the fittest", as the strongest companies are able to distinguish from competition and grow, while bringing value to their client base.
- Stagnant wage growth and decreased prices on commercial real estate make Ukraine more attractive for establishing ITO and BPO centers and long-term partnerships.
- Watch out for Ukraine to gain more worldwide recognition and prominence as both ITO and BPO destination in next 3 to 5 years.

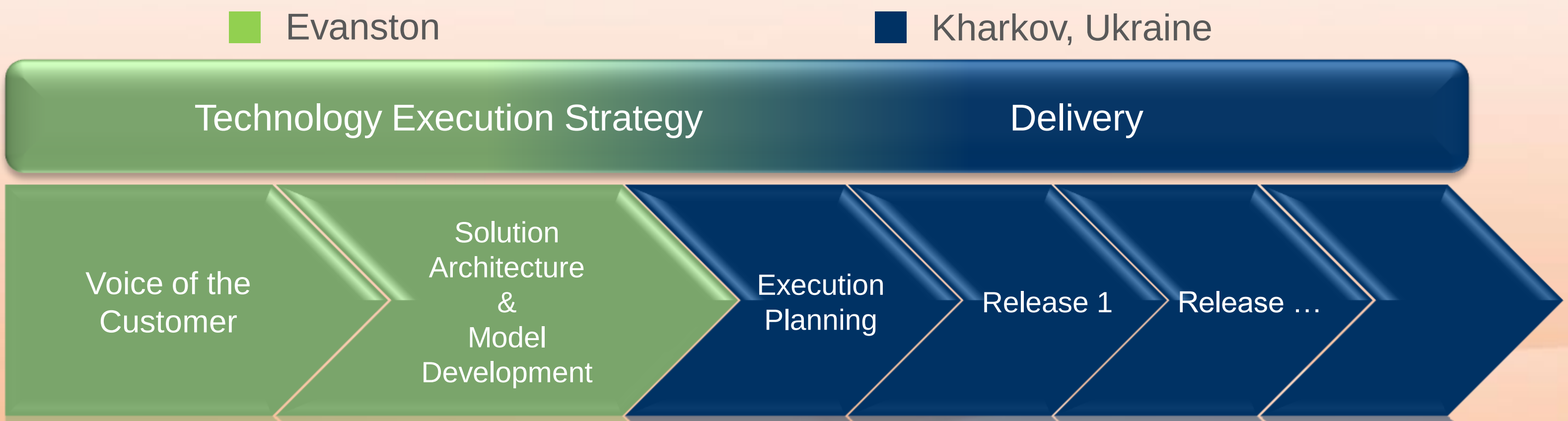
Winning in a connected world takes business intelligence

Aginity / Intetics Case Study

Who is Aginity?

- Technology Strategy Execution
- Business Intelligence
- Aginity build advanced analytics into our client's business
- Data Production Factory
- Data Centric SaaS

End to End Lifecycle of an Engagement



Goal: Defining the solution so that it…

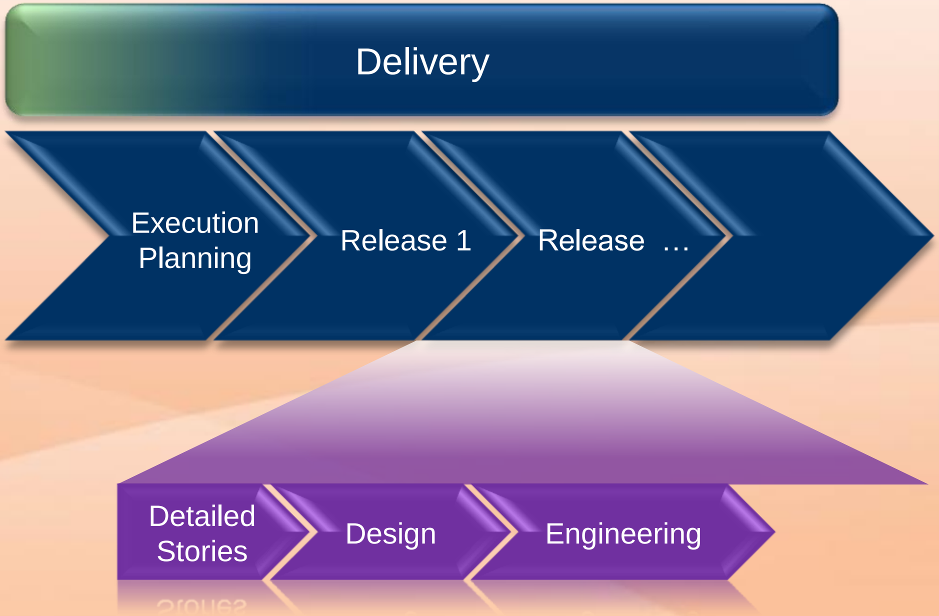
- Solves the right business problems
- Can be built quickly and efficiently

Intelligent Software Delivery builds on the core premises of agile methodologies - collaboration, iterative development and flexibility - to put a company's business objectives at the center of the entire process

Agile Off-Shore

Each Release:

- Solves business problem(s)
- Creates an opportunity
- Improves operational costs
- Contributes to Organizational Learning
- Has own positive near-term ROI



Releases are organized by value creation opportunities

Why Outsource to the Ukraine?

- Deep Engineering and Math culture
- People are engineers because they love it.
- Not a lot of Political Science
- Very good English speaking
- European
- Very appropriate for Agile approach to software development
- 8 hour time difference is very convenient

Deep Engineering and Math History

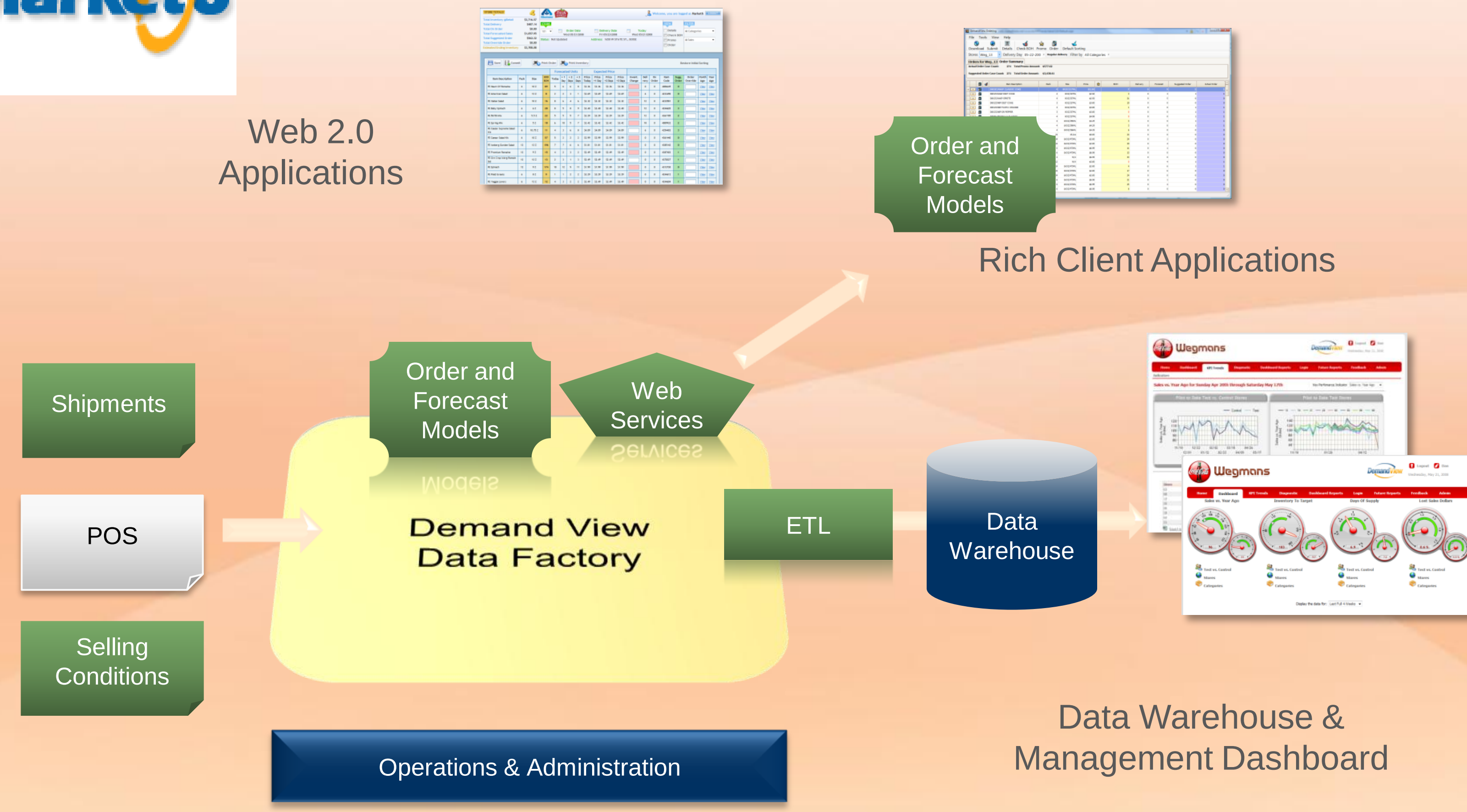
Its not just a job.

Antonov An-70

Developed by Ukraine’s Antonov Design Bureau

Agile Development is more than just a Methodology, it's an attitude

Collaborative Ordering



Takes intelligent software

Dan Kuhn

Solutions Architect and primary project contact. Familiar with all aspects of the project

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msm: moxie4us@attbi.com

I'm offline

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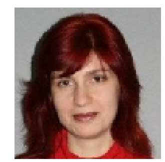
I'm offline



Sergei Prognimak

Oleg Popivnenko

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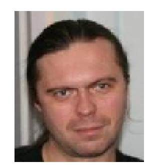
I'm online



Oleg (J) Velychko

Sr. Software Engineer responsible for Dashboard, DemandView Mobile App, Web Services, ETL/DW, Reports, StoreProcessor and more.

email: olegv@aginity.com

Evanston Office Weather

Conditions for Evanston, IL at 12:52 pm CST

Current Conditions:
Partly Cloudy, 9 F

Forecast:
Tue - Partly Cloudy. High: 9 Low: -3
Wed - Snow. High: 15 Low: -5

Full Forecast at Yahoo! Weather
(provided by The Weather Channel)
1/13/2009 12:52:00 PM

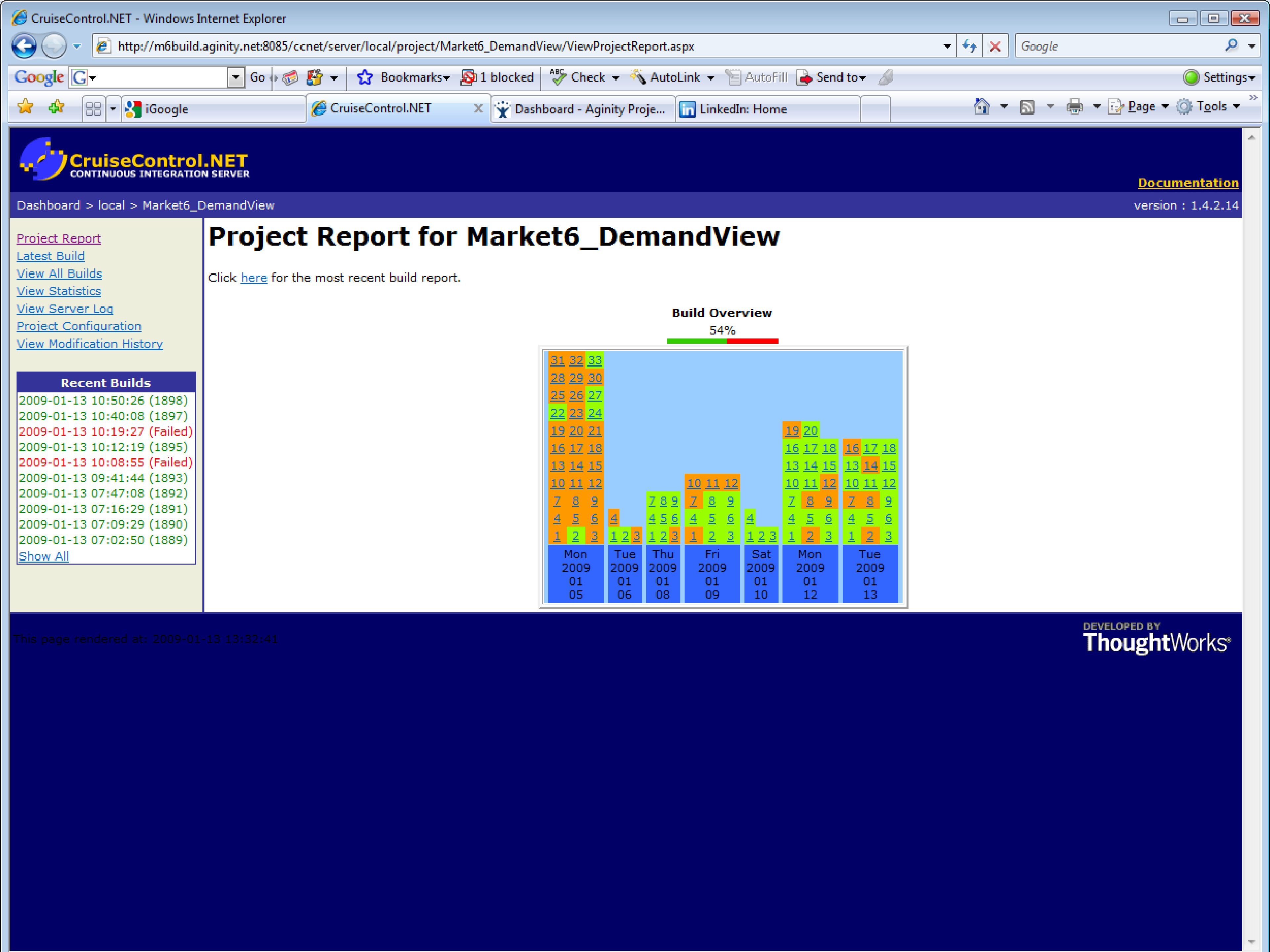
Kharkiv Office Weather

Conditions for Merefa, UP at 9:00 pm EET

Current Conditions:
Fair, 25 F

Forecast:
Tue - Mostly Clear. High: 24 Low: 18
Wed - Foggy. High: 30 Low: 25

Full Forecast at Yahoo! Weather
(provided by The Weather Channel)
1/13/2009 9:00:00 PM


CruiseControl.NET - Windows Internet Explorer
http://m6build.aginity.net:8085/ccnet/server/local/project/Market6_DemandView/ViewProjectReport.aspx
iGoogle
CruiseControl.NET
Dashboard - Aginity Proje...
LinkedIn: Home
CruiseControl.NET
CONTINUOUS INTEGRATION SERVER
Documentation
Dashboard > local > Market6_DemandView
version : 1.4.2.14
Project Report
Latest Build
View All Builds
View Statistics
View Server Log
Project Configuration
View Modification History
Recent Builds
2009-01-13 10:50:26 (1898)
2009-01-13 10:40:08 (1897)
2009-01-13 10:19:27 (Failed)
2009-01-13 10:12:19 (1895)
2009-01-13 10:08:55 (Failed)
2009-01-13 09:41:44 (1893)
2009-01-13 07:47:08 (1892)
2009-01-13 07:16:29 (1891)
2009-01-13 07:09:29 (1890)
2009-01-13 07:02:50 (1889)
Show All
Project Report for Market6_DemandView
Click here for the most recent build report.
Build Overview
54%
Mon 2009 01 05
Tue 2009 01 06
Thu 2009 01 08
Fri 2009 01 09
Sat 2009 01 10
Mon 2009 01 12
Tue 2009 01 13
This page rendered at: 2009-01-13 13:32:41
DEVELOPED BY
ThoughtWorks

Market6 Development Home - Aginity Project Collaboration - Windows Internet Explorer

http://confluence.aginity.net:8089/display/Mi6Dev/Market6+Development+Home

Dashboard > Market6 Dev > Market6 Development Home

Welcome Dan Kuhn | History | Preferences | Administration | Log Out

Page Operations
Browse Space
Add Content

Market6 Dev

Market6 Development Home

Added by Dan Kuhn, last edited by Viktor Ivahno on Jan 13, 2009 (view change)
Labels: EDIT

Project Management

- Deployment Plan and History
- Project Management Page
- Iteration 24

On-Call Rotation

Person on call (Primary)	By Schedule
On-call phone #	+38 063 153 22 98
Person on call (Backup)	Victoria
Backup phone #	+38 098 588 52 46
IP phone	+1-312-625-5650

Project documentation

- Project Deliverables
- Design Documents
- All User Stories
- Previous Release Stories
- Next Release Stories
- Market6 system overview
- Market6 Re-Engineering Project
- Frameworks development Guidelines
- Schema of working Cruise Control
- List of past pilots and iterations

Iteration Dates

	Iteration	Iteration Start Date	Iteration End Date
✓	Release 2008.2		Mon 08/25
✓	Iteration 21	Mon 08/25	Mon 10/13
✓	Iteration 22	Mon 10/13	Mon 11/10
✓	Iteration 23	Mon 11/10	Fri 12/19
★	Iteration 24	**Mon 12/21**	**Fri 01/17**
	Iteration 25	Mon 01/19	Fri 01/31

★ = Active
✓ = Completed

Status info

- Status reports
- Code Reviews
- Project testing status
- Testcases to update

Project tools

- Issue Tracking (JIRA)
- Project Source Control (Subversion)
- Development Integration Site

Recent Activity

Recently Updated

DVR - Promotion Recap Report by Andrey Gamayun (3 hours ago)

About Intetics Co.

Intetics Co. is a leading global outsourcing company focused on creation and operation of remote IT business units for application development, software testing, system administration and data processing.

Since 1995 Intetics has been successfully acting as a technology partner for more than 200 Clients worldwide, demonstrating passion towards innovation and change. Our professional services are designed to provide expert resources, leading-edge technologies and well-established processes to help our Clients realize their most complex business visions.

The company is ISO 9001:2000 certified and Microsoft Gold Certified Partner. The company's innovation and growth achievements are reflected in winning prestigious Deloitte Technology Fast 50, Inc 500 and CRN 100 awards and inclusion into the Top 100 Global Emerging Service Providers and Top 100 Global Outsourcing Companies lists.

See more information at www.intetics.com

intetics
Where Software Concepts Come Alive

Thank you!

ISO 9001:2000 Certified

Microsoft GOLD CERTIFIED Partner

www.intetics.com

Czech IT/BSS Out!

CZECHINVEST
Investment and Business Development Agency

Presentation for

International Association of Outsourcing Professionals

Lenka Kucerova

4th February 2010

Ministerstvo průmyslu a obchodu

Content

1. Investment Climate in the Czech Republic
2. Czech IT & BSS Sectors
3. Summary

Czech Republic: Great Place to Do Business

CZECHINVEST

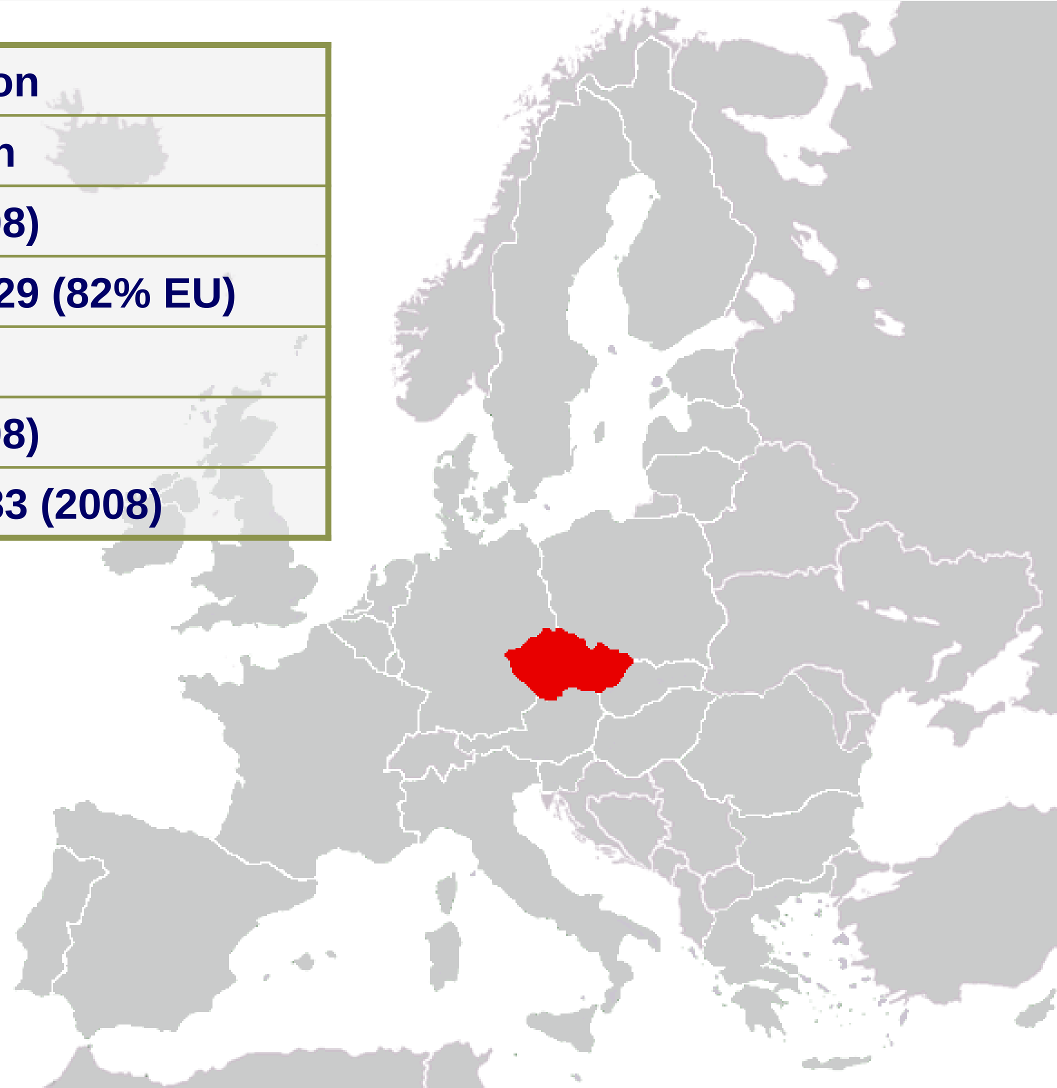
Investment

Climate

Czech Republic: Basic Data

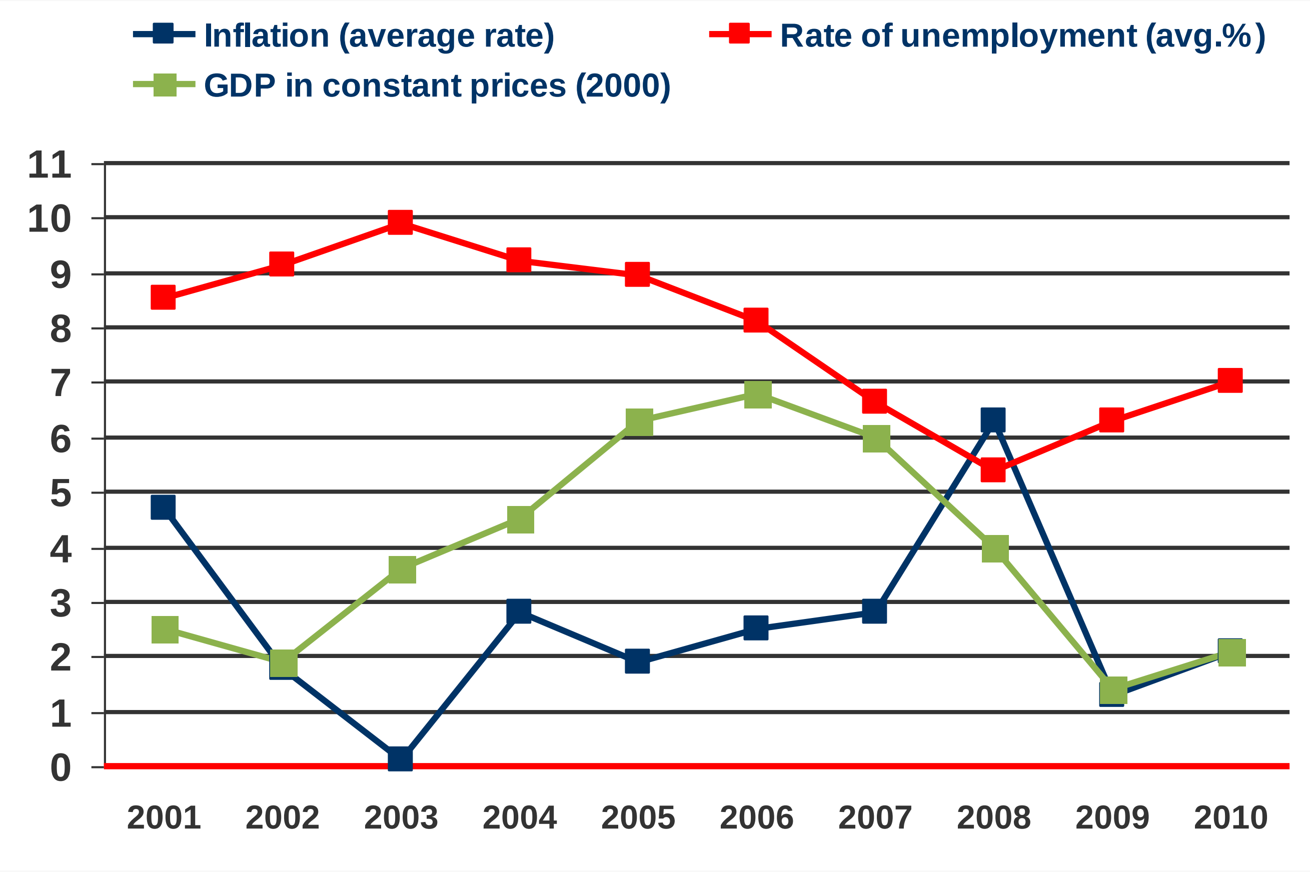
Population	**10.4 million**
Labour Force	**5.6 million**
Unemployment	**5.4% (2008)**
GDP Per Capita	**USD 24 229 (82% EU)**
GDP Growth	**3.2 (2008)**
Annual Inflation	**6.3% (2008)**
Average Monthly Salary	**USD 1 383 (2008)**

EU membership since May 2004



Source: Ministry of Finance, Macroeconomic Forecast, April 2009

Basic Economic Indicators



Year 2008, 2009 estimate and 2010 forecast

Source:Ministry of Finance, January 2009

Foreign Direct Investment
Comparison 2008

CZECHINVEST

Rank	Country	Job creation
1.	United Kingdom	20,196
2.	Poland	15,512
3.	France	12,933
4.	Russia	12,900
5.	Hungary	11,659
6.	Romania	11,403
7.	Germany	11,397
8.	Bulgaria	6,709
9.	Ireland	6,335
10.	Czech Republic	5,626
11.	Spain	5,038
12.	Slovakia	3,660
13.	Portugal	3,448
14.	Belgium	3,391
15.	Serbia	3,063
	Other	15,063

Rank	Country	FDI projects
1.	United Kingdom	686
2.	France	523
3.	Germany	390
4.	Spain	211
5.	Poland	176
6.	Romania	145
7.	Russia	143
8.	Belgium	142
9.	Switzerland	125
10.	Netherlands	116
11.	Ireland	108
12.	Hungary	100
13.	Italy	96
14.	Czech Republic	87
15.	Sweden	85
	Other	585

Source: Ernst & Young European Investment monitor, 2009

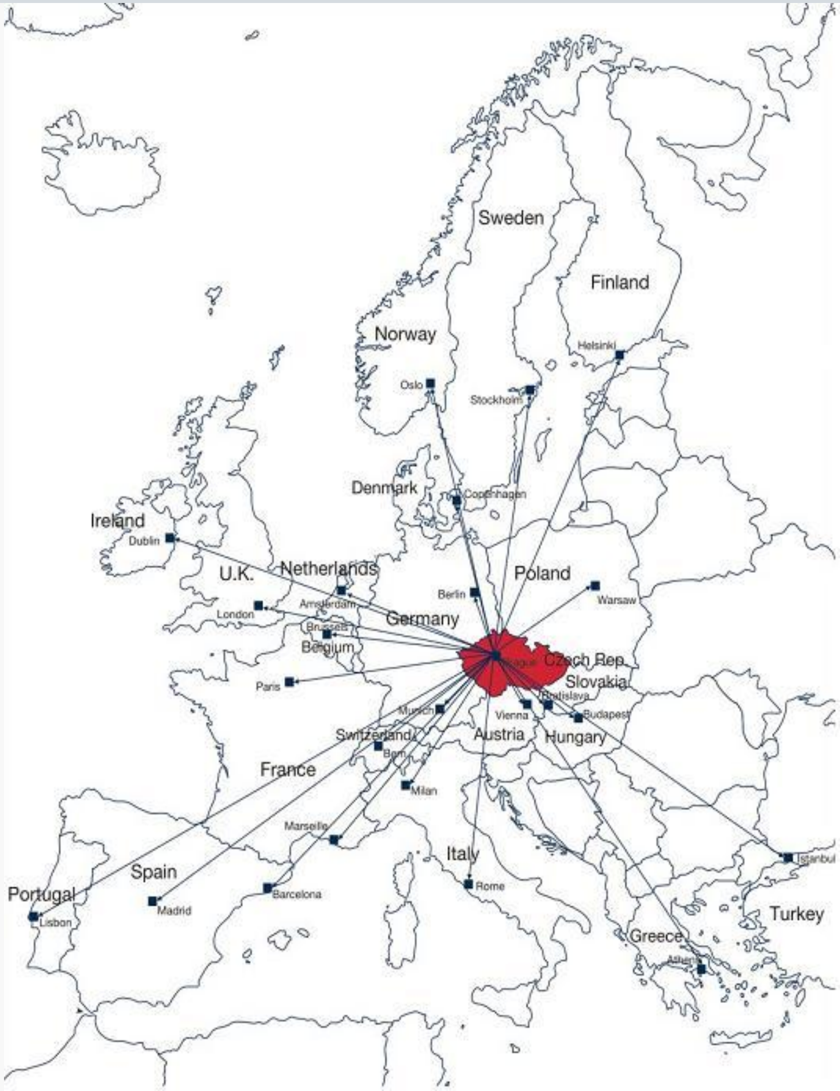
Good Accessability

CZECHINVEST

Most of Europe is just a two-hour flight away…

London	**79**	
Lisbon	**5**	
Dublin	**20**	
Paris	**64**	
Frankfurt	**48**	
Copenhagen	**35**	
Amsterdam	**43**	**per week**
Vienna	**45**	
Munich	**48**	
Brussels	**47**	
Budapest	**34**	
Riga	**14**	
Tallinn	**14**	
Vilnius	**14**	
Stockholm	**31**	
Madrid	**25**	

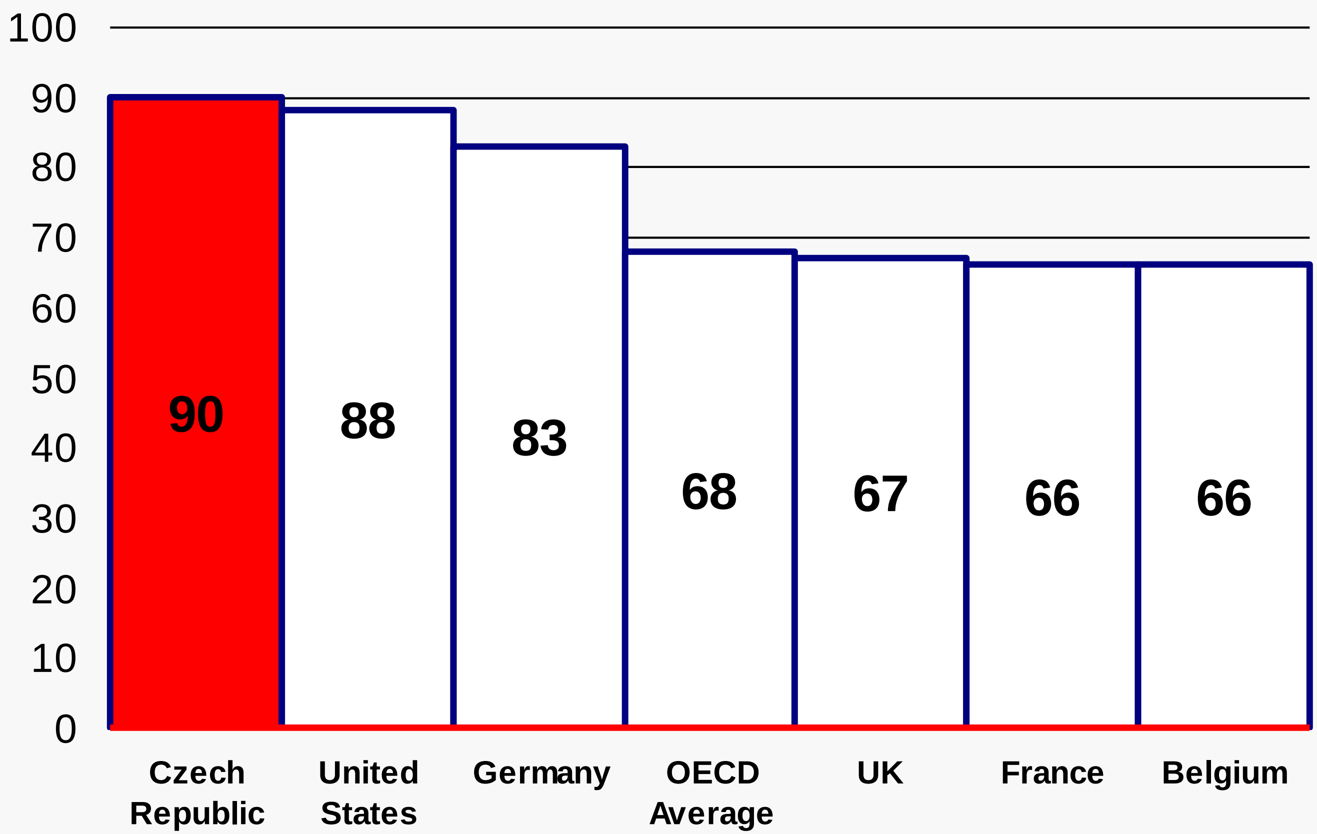
Source: Czech Airport Authority, 2009



Population that Has Attained at Least Upper Secondary Education in 2005

CZECHINVEST

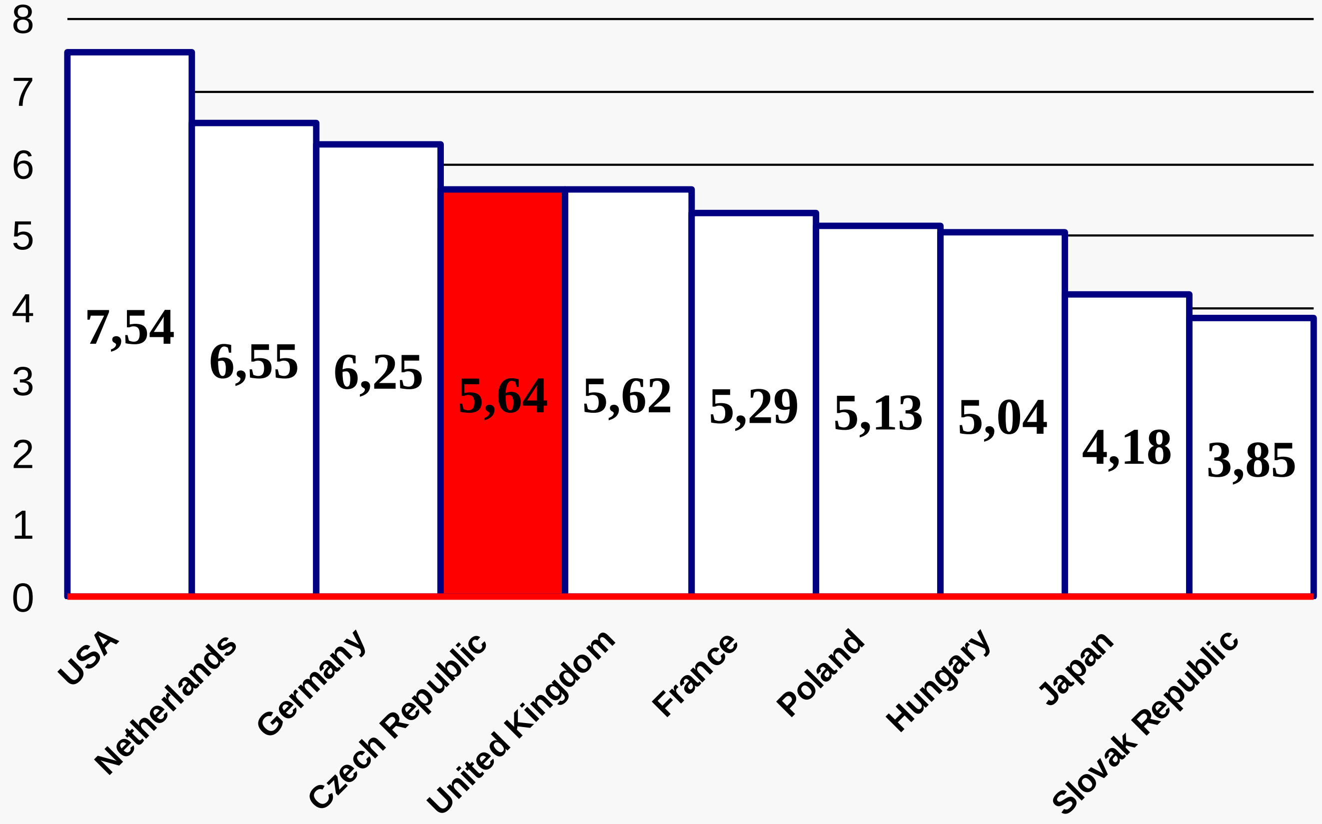
(% by age group 25-64)



Source: Education at a Glance, OECD Indicators, 2007

University Education – International Comparison

University education meets the needs of a competitive economy = 10

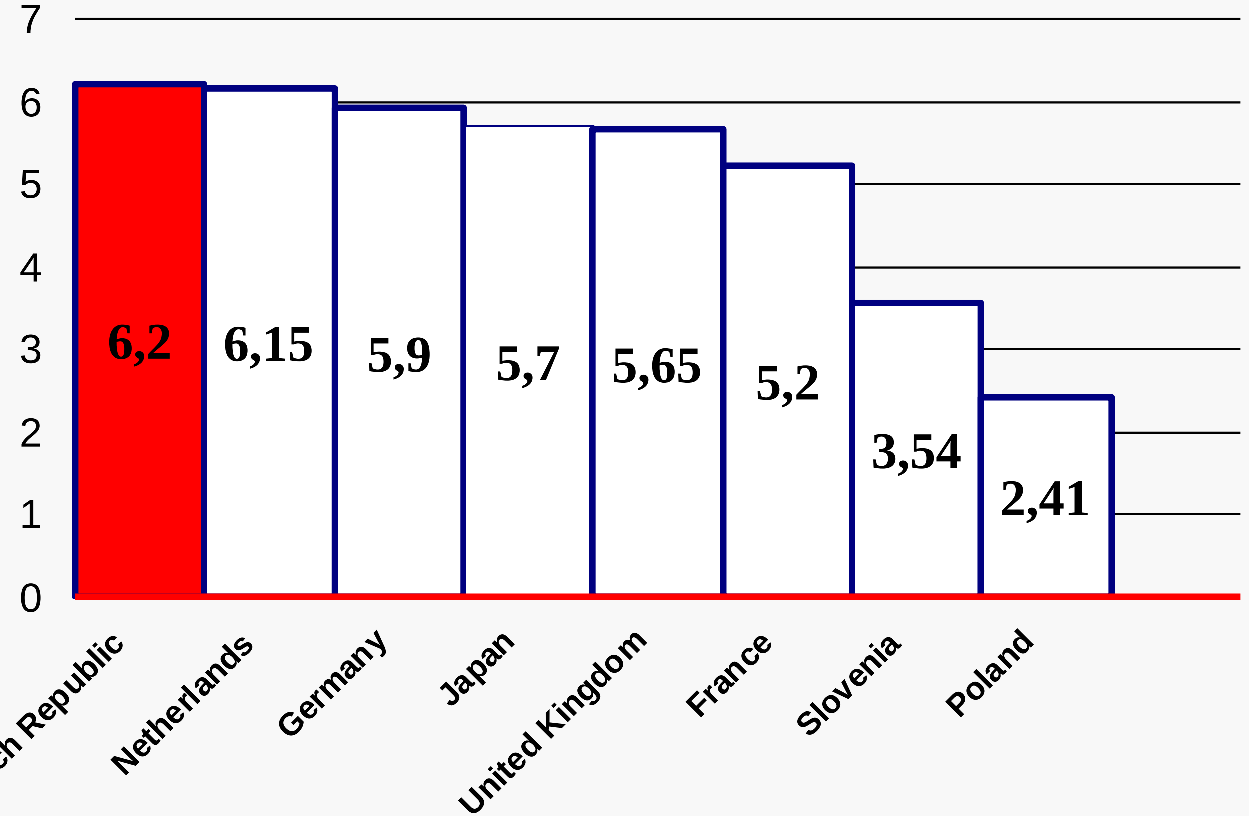


Source: IMD World Competitiveness Book, 2008

Brain Drain

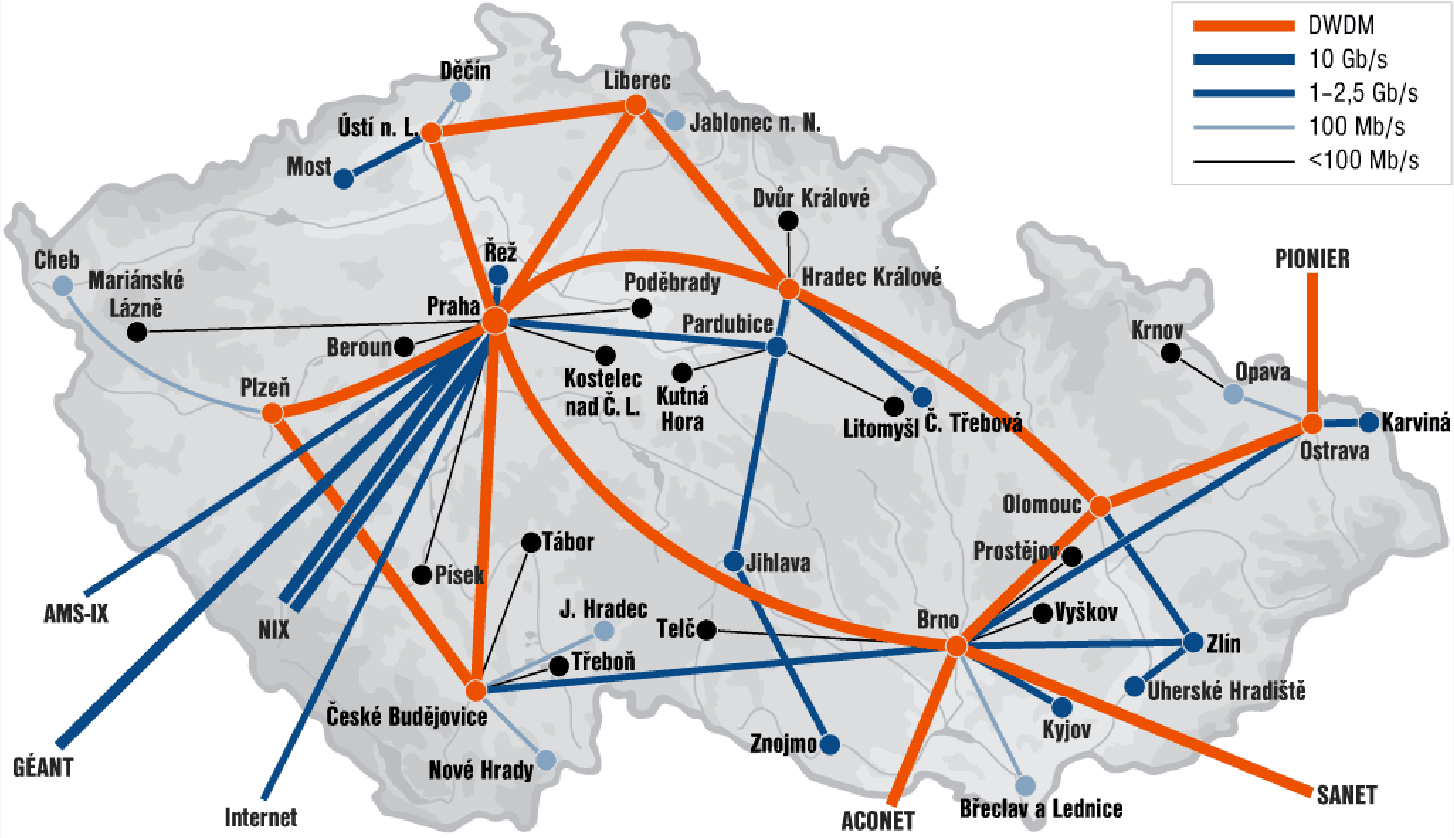
CZECHINVEST

Does not hinder competitiveness in the economy = 10
(well-educated and skilled people)



Source: IMD World Competitiveness Book, 2007

Spinal and Metropolitan Network (Example)



Source: Maxprogres, 2009

Competitive Economy

CZECHINVEST

Czech Republic ranks 31st among 133 world economies in competitiveness

Competitive Advantages: (Rank)

- -- Quality of the educational system (25)
- -- Quality of math and science education (10)
- -- Internet acces in schools (19)
- -- Availability of scientists and engineers (24)
- -- Quality of scientific research institutions (19)
- -- Co-operation of universities and industry (26)
- -- FDI and technology transfer (14)
- -- Mobile telephone subscribers (13)
- -- Prevalence of trade bariers (9)
- -- Pay and productivity (14)
- -- Quality of electricity supply (19)
- -- Company spending on R &D (25)
- -- Etc.

Source: World Economic Forum, Global Competitiveness Report 2009-2010

Quality of Life

CZECHINVEST

Worldwide quality of life index, 2007

Rank	Country	Score
1	Austria	9.71
2	Iceland	9.56
3	Switzerland	9.45
4	Norway	9.25
20	Czech Republic	7.31
32	Slovakia	5.67
36	Hungary	5.30
51	Poland	3.41

Source: IMD World Competitiveness Yearbook 2007

Czech IT & BSS Sector

Czech Republic

One of Europe’s top locations for IT offshoring and outsourcing

CZECHINVEST

Criterion	Rating
Language	Good
Government support	Good
Labor Pool	Good
Infrastructure	Good
Educational system	Good
Cost	Good
Political and economic environment	Very Good
Cultural compatibility	Very Good
Global and legal maturity	Good
Data and intellectucal property security and privacy	Very Good

Gartner

Source: Gartner Analysis of the Czech Republic as an Offshore Services Location, 2008

ICT Students & Graduates

CZECHINVEST

USTI NAD LABEM
Students: 386
Graduates: 39

LIBEREC REGION
Students: 965
Graduates: 222

HRADEC KRALOVE
Students: 1,493
Graduates: 208

CZECH REPUBLIC
Students: 43,479
Graduates: 8,674

*Note: according to the selected educational fields - source CzechInvest

OLOMOUC REGION
Students: 979
Graduates: 126

MORAVIA-SILESIA
Students: 5,580
Graduates: 1,326

ZLIN REGION
Students: 2,552
Graduates: 480

PARDUBICE REGION
Students: 1,478
Graduates: 229

PRAGUE REGION
Students: 16,065
Graduates: 3,112

PLZEN REGION
Students: 3,219
Graduates: 769

SOUTH BOHEMIA
Students: 596
Graduates: 81

VYSOCINA REGION
Students: 257
Graduates: 11

SOUTH MORAVIA
Students: 9,909
Graduates: 2,071

Source: Institute for Information on Education, 2009

Salary Comparison
CR vs USA

	CR min. CZK/month	USA min. CZK/month	CR max. CZK/month	USA max. CZK/month
Programmer JAVA	25 000	117 000	90 000	182 000
Team leader	45 000	147 000	90 000	200 000
Administrator MS	25 000	92 000	65 000	144 000
IT manager	50 000	230 000	150 000	378 000
Project manager	40 000	137 000	140 000	200 000
Quality engineer	22 000	98 000	65 000	142 000
Helpdesk	18 000	65 000	35 000	85 000
Analyst	25 000	118 000	74 000	163 000

Source: Salary&Benefits Guide 2008/2009, Robert Half International

Major IT Companies

CZECHINVEST

Source: CzechInvest, 2009

European BPO client preferences for nearshoring

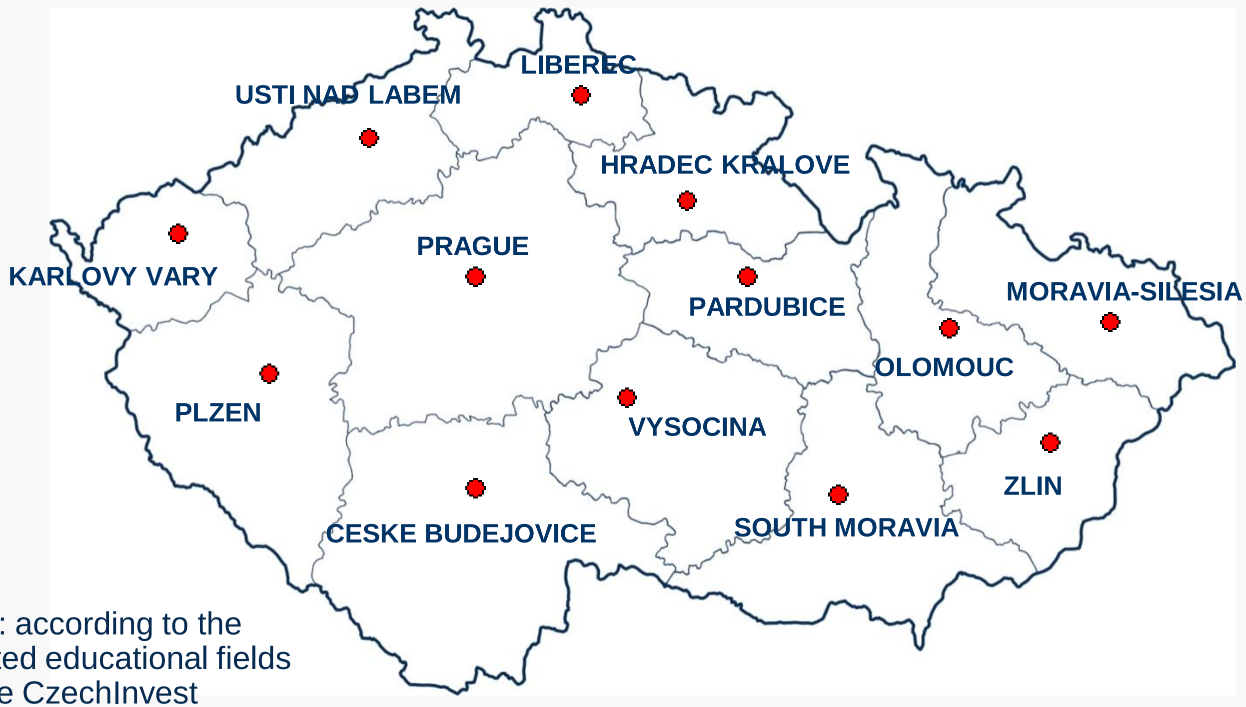
CZECHINVEST

Country preferred	Definitely consider / select for right project
1. Czech Republic	79,2%
2. Poland	73,3%
3. Estonia	55,9%
4. Russia	49,1%
5. Ireland	40,0%
6. Bulgaria	38,6%
7. Ukraine	31,5%
8. Romania	28,6%
9. Baltic states	28,5%
10. Hungary	24,2%

Source: The Black Book of Outsourcing, 2008

Economics and Finance Students & Graduates

KARLOVY VARY	USTI NAD LABEM	LIBEREC REGION	HRADEC KRALOVE	CZECH REPUBLIC
Students: 169	Students: 1,638	Students: 2,021	Students: 919	Students: 83,711
Graduates: 34	Graduates: 368	Graduates: 429	Graduates: 164	Graduates: 17,659



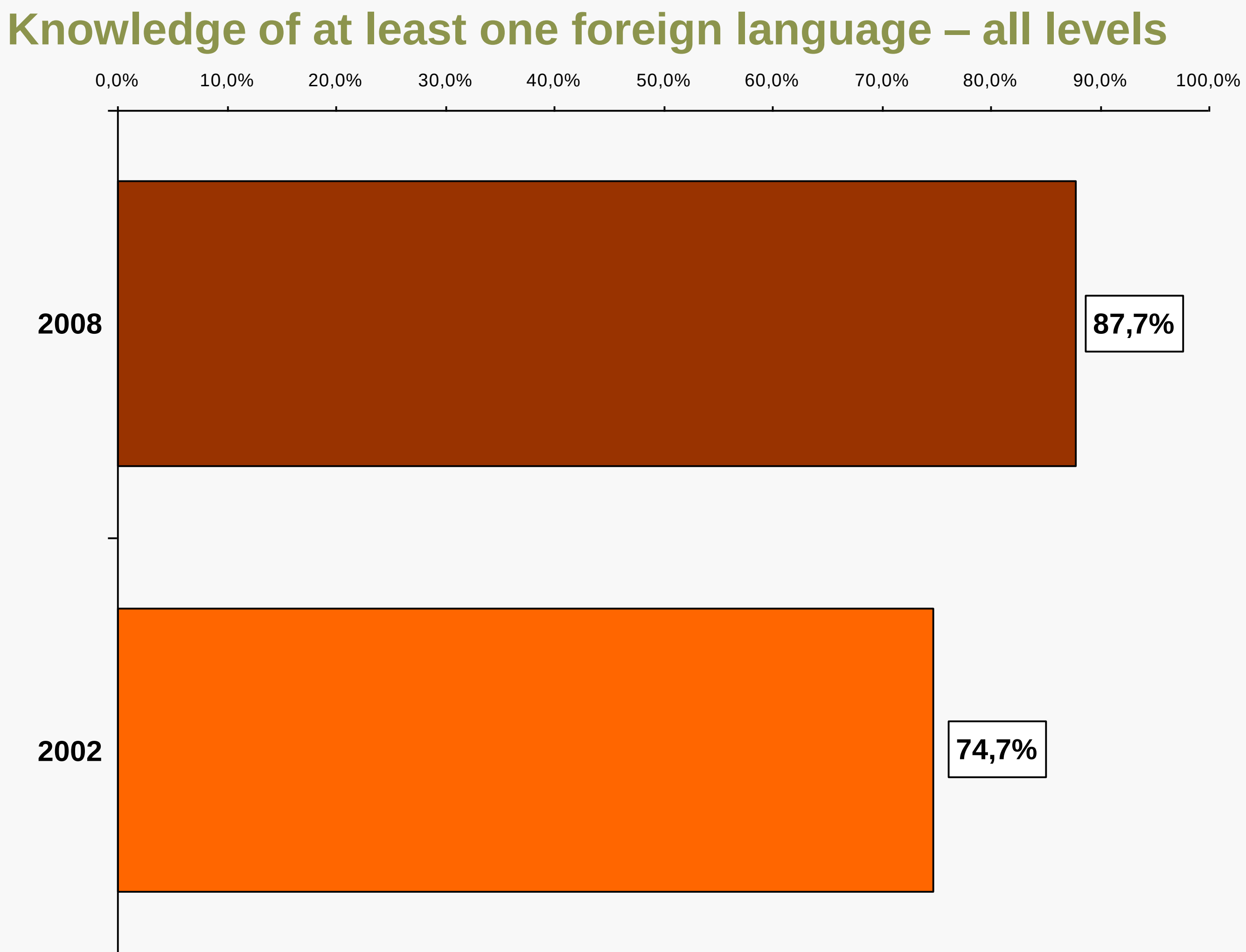
OLOMOUC REGION	MORAVIA-SILESIA	ZLIN REGION	PARDUBICE REGION	PRAGUE REGION
Students: 588	Students: 13,154	Students: 5,320	Students: 1,947	Students: 40,609
Graduates: 158	Graduates: 3,049	Graduates: 1,286	Graduates: 381	Graduates: 8,484

*Note: according to the selected educational fields source CzechInvest

PLZEN REGION	CENTRAL BOHEMIA	SOUTH BOHEMIA	VYSOCINA REGION	SOUTH MORAVIA
Students: 2,569	Students: 1,051	Students: 1,719	Students: 1,004	Students: 11,003
Graduates: 618	Graduates: 150	Graduates: 373	Graduates: 91	Graduates: 2,074

Source: Institute for Information on Education, 2009

Knowledge of Foreign Languages



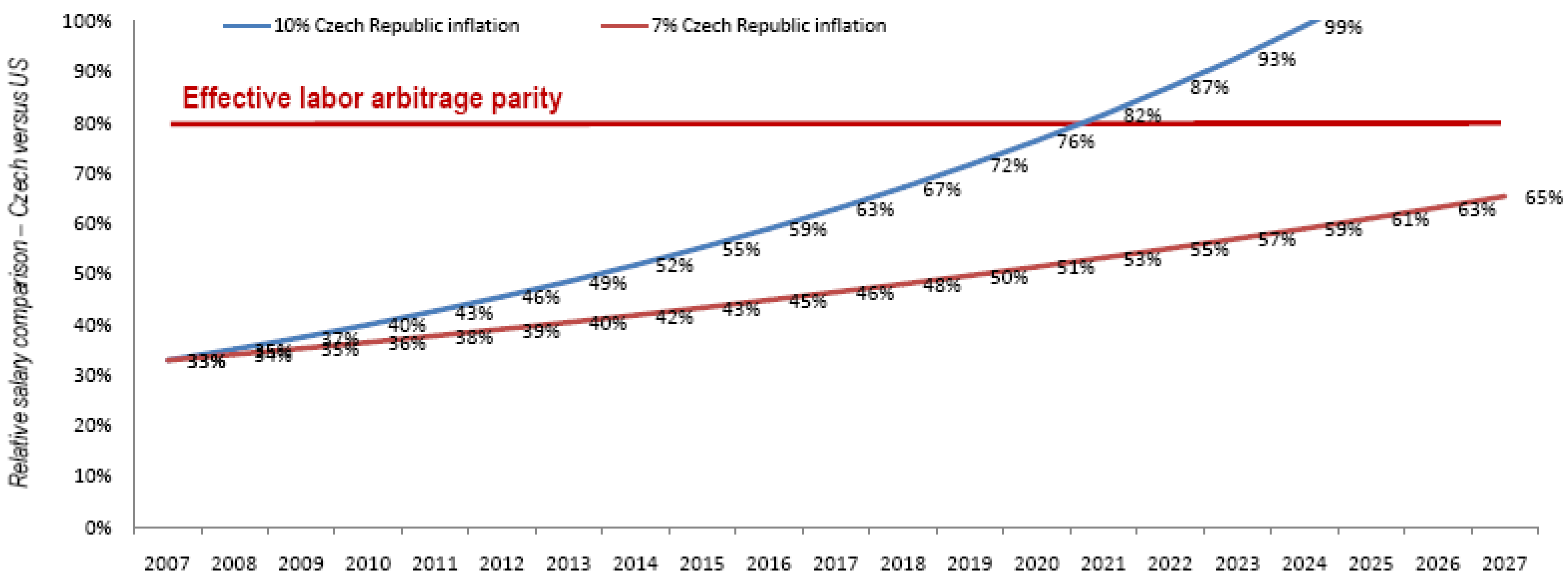
Source: Augur Consulting, s.r.o., 2008, Universitas, 2002

Labour arbitrage – CR vs. USA

CZECHINVEST

Labor arbitrage for markets like Czech Republic have 10-20+ years before we reach effective parity of 75-80% between salaries

- Even assuming a 7-10% higher inflation rate / dollar depreciation rate, the worst case scenario is that we hit effective labor rate parity in 2021/2022 for Czech Republic



Source: The Hackett Group, 2009

Major BSS Projects

CZECHINVEST

Source: CzechInvest, 2009

Financial Support – ICT and BSS Programme

CZECHINVEST

OPTION I

- **Gross wages** of employees on newly created positions (max. 2 years ceiling for calculation of estimated personal costs)
- **Mandatory social and health insurance payments** paid by employer (max. 2 years ceiling)

OPTION II

- **Land, building** (max. 10% + 50% of total eligible investment costs)
- **Hardware, networks and other ICT components**
- **Software, licences, know-how** (for large enterprises max. 50% of total eligible investment costs)

BEYOND OPTIONS I AND II

- **Real estate rental**
- **Services of experts and consultants, expert studies** (max. CZK 3 mil., max. aid intensity 50%, SME only)
- **De minimis aid**, for small and medium sized enterprises only
  - access to information and databases, non-storable supplies

Summary

Czech Republic – Top Notch Outsourcing Location

CZECHINVEST

- Support from CzechInvest – the one stop shop for the investor
- Stable and conducive investment climate
- A proven IT/BSS location with an upward trend in the number of ICT/Economics students/graduates and skilled, reliable and trusted professionals at lower costs
- Financial support available

Thank you for your attention!

you can contact me at:

lenka.kucerova@czechinvest.org

+1 415 794 0665

CZECHINVEST
Investment and Business Development Agency

Ministry of Industry and Trade

CzechInvest, the Investment and Business Development Agency,
is an agency of the Ministry of Industry & Trade of the Czech Republic