

# Russian-German IT-cooperation leads to keeping up European competitiveness on the Global market



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# Europe in the Global IT market

## SWOT analysis

<p><b>Strengths:</b></p> <ul style="list-style-type: none"><li>- HighTech available</li><li>- effective Global business</li><li>- Joint European market (320 B euro, 2007)*</li></ul>	<p><b>Weaknesses:</b></p> <ul style="list-style-type: none"><li>- Limited engineering resources, high labor cost</li><li>- relatively low local market growth (4,4%, 2007)*</li></ul>
<p><b>Opportunities:</b></p> <ul style="list-style-type: none"><li>- Growing neighboring Russian IT market (12 B euro, 19%, 2006)*,</li><li>- near-shore HighTech resources available in Russia (1 mln)</li></ul> <p>* LINEX, Russia</p>	<p><b>Threats:</b></p> <ul style="list-style-type: none"><li>- Competition from China, India, US, Japan</li></ul> <p>* European Information Technology Observatory, 2007</p>

# Neo IT. January 07, 2007

- “...Russia would emerge as a strong contender in the IT outsourcing market with an expected growth of 40-45 per cent in 2007. It is currently the third largest IT outsourcing supply market, behind India and China”

“...Russian IT companies specialize in high-end software and embedded software product development, which acts as a differentiator from lower-priced offerings from Indian companies”



# *Why Russia?*



- Biggest East-European outsourcing service provider (appr. \$1 B of software export in 2005, 30%-40% annual growth rate)
- One of the biggest pools of software talents in the World, traditional Champions of ACM Contest
- Near-shore to Europe
- Absolute European leader in QA (CMM/CMMI implementation)
- **Fastest growing internal IT-market with 20%-25% annual growth rate and bright prospects for foreign businesses**
- **Growing Governmental support to the IT industry which becomes reality!**

# Annual ACM International Collegiate Programming Contests

- **2000**  
**World Champions :** St. Petersburg State University  
**Silver Medal:** St. Petersburg Institute of Fine Mechanics and Optics  
**Among winners:** Moscow State University, Novosibirsk State University
- **2001**  
**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
- **2002**  
**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
- **2003**  
**World Champions:** Warsaw State University  
**Gold medals:** Moscow State University, St Petersburg State University of Fine Mechanics and Optics  
**Silver medals:** Saratov State University
- **2004**  
**World Champions:** St Petersburg State University of Fine Mechanics and Optics  
**Gold medals:** Byelorussian State University, Penza State University  
**Silver medals:** Izhevsk State University
- **2005**  
**World Champions:** Shanghai University of Robotics  
**Gold medals:** Moscow State University, St Petersburg State University of Fine Mechanics and Optics
- **2006**  
**World Champions:** Saratov State University  
**Gold Medal (3<sup>rd</sup>) -** Altai State University  
**Silver Medal (6<sup>th</sup>) –** St Petersburg State University  
**Among 12 winners – 5 Russian Universities, among 20 Europeans – 10 Russians**



# Fresh IT Labor Supply in Russia & India

## Russia

Russia's New IT Labor	2002 - 2003	2003 - 2004
Number of IT engineering graduates	42,138	45,994
Number of math and physics graduates	21,577	22,132
Number of non-IT engineering graduates capable of entering IT workforce	69,072	76,435
Number of graduates (other disciplines) capable of entering IT workforce	70,631	81,270
<b>Total Fresh IT Labor Supply</b>	<b>203,418</b>	<b>225,831</b>

## India

Source: Auriga Research

India IT Labor Supply / Software Industry	2001-02	2002-03	2003-04	2004-05	2005-06
Total Number of IT professionals	115,241	126,644	139,839	146,179	158,176
<b>Engineering IT graduates (Degree: 4-year course)</b>	<b>71,066</b>	<b>81,423</b>	<b>93,968</b>	<b>99,162</b>	<b>109,983</b>
<b>Engineering IT graduates (Diploma: 3-year course)</b>	<b>44,175</b>	<b>45,221</b>	<b>45,871</b>	<b>47,017</b>	<b>48,193</b>
Number of IT professionals entering workforce	90,867	71,961	79,593	83,233	90,152
Number of non-IT engineers entering IT workforce	35,612	39,746	46,324	54,250	63,149
Number of graduates (other disciplines) entering IT workforce	31,620	34,926	39,205	42,446	47,061
<b>Total Fresh IT Labor Supply</b>	<b>158,099</b>	<b>146,633</b>	<b>165,121</b>	<b>179,929.00</b>	<b>200,362</b>

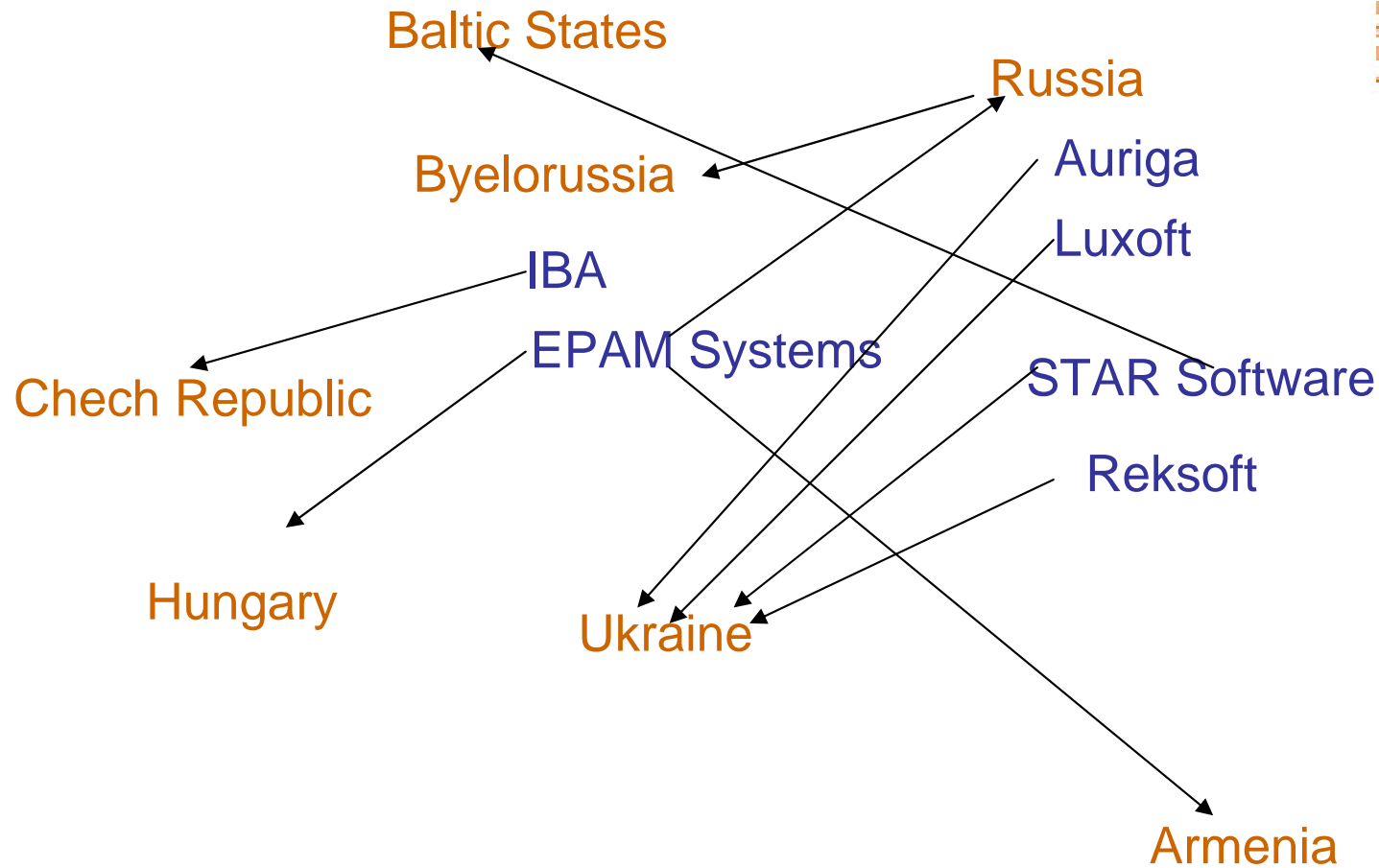
Source: NASSCOM

**Figure 4. Russian software exports by volume,  
2002-2007 (\*-forecast)**



Source: third Annual Survey of the Russian Export Market for Programming Services, Solutions and Products. RUSSOFT Association and Outsourcing-Russia.com, 2006

# Integration on the past-Soviet land



# Conclusions

- Strategic partnership between Russia and Europe in the field of IT is inevitable. That is the only way for Europe to keep its competitiveness on the Global IT market
- Germany - as the economic engine of Europe - may play significant (decisive!) role in forging strategic IT-cooperation between Europe and Russia
- Through cooperation with Russia – Germany and Europe would get access to the whole IT resource available in Ukraine, Byelorussia and Russia

