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# Realities of IT Outsourcing in Contemporary Russia

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If we look at the information-technology industry in Russia today, we will see a significant gap in the percentage of growth between the IT sector and all others: the average rate of growth of Russia's economy is significantly lower than the rate of growth of IT.

On one hand, this proves that we are striving to shorten the distance between Russia and leading IT countries, and on the other — it signifies the growing distance between IT and all other fields of Russia's economy. And as a result of this increasing gap, the majority of IT implementations in the economy could not be supported only with the help of the client's specialists, and this is first and foremost due to the limited number of specialists in IT departments of the client. It is quite clear that this situation creates the requirements that are necessary for IT outsourcing, which in turn requires a business culture that provides a certain degree of trust among players of the IT market. This level of trust would allow the current business model to pass from the simple paradigm of products and solutions to the next level: the "service-oriented business model."

Such a model has strong advantages for all market participants, even for those who do not participate directly. The client finally has the opportunity to concentrate on key aspects of his business. As a result, the transparency of business expenses will increase, and business flexibility will rise during times of market fluctuations. The outsourcer will receive additional business during progressive stages of the "IT life cycle." In this way the outsourcer will begin to occupy a certain service niche — which had not been there before, due to a lack of quality service providers — by concentrating his services on a specific type of customer.

The clearly positive side of this type of IT outsourcing is reducing costs associated with typical services that are slowly becoming the standard for many IT providers. The state also benefits

since the services are being rendered in Russia, and are therefore subject to tax. In this way the tax base rises and the amount of taxes collected by the state increases.

Outsourcing entities often face overexpectations on the side of customers, who have high hopes about how much money they will save with this approach. Such a point of view, however, is inherently wrong. The goal of IT outsourcing, at least initially, is not to lower expenses but to optimize business structure, achieve transparent IT expenses and, hopefully, allow the possibility to increase or decrease such expenses as needed.

During the financial crisis two years ago, the fears of clients disappeared overnight, such as "the fear of losing control over IT systems and defending critical data" and "the impossibility of outsourcing critical functions of IT." The crisis forced clients to take another look at the age-old practice of outsourcing and to acknowledge that the last decade significantly changed the IT industry. The heads of IT departments stopped fearing losing company value by outsourcing some functions. The restructurings in IT departments verify even more the need for an experienced leader on the side of the client in complex outsourcing projects.

Outsourcing has progressed to a level that would have been reached otherwise in three to five years, had the financial crisis not occurred.

The main difference between Russian and Western IT outsourcing is still the absence of mutual trust between the outsourcer and the consumer in Russia. Furthermore, the success of the Western service provider is based on the high level of innovations and the originality of the service.

Lately the most popular topics for discussion have been cloud technologies and rendering services according to principles SaaS (software as a service), PaaS (platform as a service) and IaaS (infrastructure as a service). These new approaches, on one hand, will bring a new wave of interest from a growing number of clients, and on the other — a wide range of offers from outsourcing companies. Without a doubt, there will be unique cases in working with each individual model, and every implementation would have to take into account all particular features of the client: specifics of the business, level of infrastructure and quality of personnel. But the commonality of all these cases will be the increase in mutual trust and responsibility of the outsourcing company for the result of the service project.

Today more than a half of our clients feel that they must switch to the outsourcing model in the nearest future, and more than one-third already have some level of service agreements with our company and are planning to expand them by implementing new types of services. The future of outsourcing in Russia is wide open.

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