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$27Bln IT Sector Could Help End Traffic Jams

By Justin Varilek

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HP's management may be reveling in its local success, but it is not yet committed to sign up for Skolkovo.

Charging ahead at breakneck speed, Russia's IT industry grossed $26.9 billion in turnover this year, growing 20 percent over last year, according to the research firm IDC.

Underscoring the robust domestic IT market, enterprise application software giant SAP on Thursday announced a multimillion-dollar investment to create a software center at Skolkovo.

SAP said it projects most industries will grow their IT spend by double-digit figures over the next three years.

Hewlett Packard continues to dominate the Russian IT market. In system management software and the X86 servers, the multinational corporation holds the largest market share,

at 35 percent and 50 percent, respectively, said Robert Farish, regional director of IDC for Russia and the CIS.

This year the "bread and butter" was printing and imaging equipment, said HP general director Alexander Mikoyan. Accounting for 44 percent of all products sold in this segment, HP gained 5 percentage points of market share from the previous year, Farish said.

This past year, HP also expanded its focus on cloud technology — the shared use of computing capabilities to transform IT infrastructure into a service similar to electrical utilities, using the Internet as the transmission network. The company highlighted a project in which it converted all of the IT infrastructure for the Rolf car dealership — e-mail servers, web portals, business applications — as an example of how a private cloud can be built. The transformation is estimated to create 50 million rubles ($1.6 million) in savings over the next five years.

Rival IBM is also intensely focused on the cloud. "From a client standpoint, using cloud technology to access business applications is analogous to pressing a switch to turn on the lights. You have purchased a service without needing to know what goes on behind the wall. It's a game-changer for small and medium business," said Ian Simpson, director of IBM Russian systems and technology laboratory.

On Wednesday, with Kremlin economic adviser Arkady Dvorkovich present, IBM signed an agreement with Skolkovo to create a technical science center that will employ 170 individuals by the end of 2012 and focus on innovation, including cloud technology.

Within the next 10 years we will have nanoelectronics, said John Cohn, chief scientist of design automation at IBM, during the business forum celebrating the signing. The additional density will permit 1,000 times more processing capability.

"We're going to get a 1,000- to 1 million-fold increase in the amount of data. But the biggest change overall is how we interact with machines," Cohn said.

The center will focus on research and design to improve oil exploration through virtual models, enabling payments through mobile devices and expanding cloud-computing capabilities.

"Cloud technology along with business analytics underpin IBM's philosophy of building a smarter planet and making our environment more manageable," Simpson said. "The advent of smart analytics along with the speed at which we will be able to process and comprehend data will permit us, for example, to diminish traffic congestion — something that could technologically be implemented today in Moscow."

Using real-time information, the high-speed processing power will reduce traffic congestion 18 percent by predicting jams 40 minutes before they happen, Cohn said.

Following IBM's announcement, SAP and Intel also signed agreements to base research labs at Skolkovo. SAP plans to invest 45 million euros ($60 million) through 2015, Clas Neumann, the global head of the company's lab network said Thursday, Bloomberg reported.

The SAP lab is planning to hire up to 250 employees and focus on software solutions such as

transportation management.

Despite the recent rush to join the Skolkovo club, HP has not gotten on board yet.

"For us," Mikoyan said in an interview with The Moscow Times in March, "Skolkovo is just one of those Silicon Valleys, and when we come to the realization that it is competitive and coincides with our goals and objectives, we will participate in it."

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