

GENERAL  
INFORMATION

OUTSOURCING  
PROFESSIONALS  
PARTNERSHIP

**RUSSIAN  
NATIONAL  
ASSOCIATION  
“ASTRA”**

*We consolidate resources and efforts of  
market leaders for Outsourcing Industry  
development in Russia*



# THE TIME IS NOW



# ASTRA PARTNERS

ASSOCIATION OF STRATEGIC OUTSOURCING



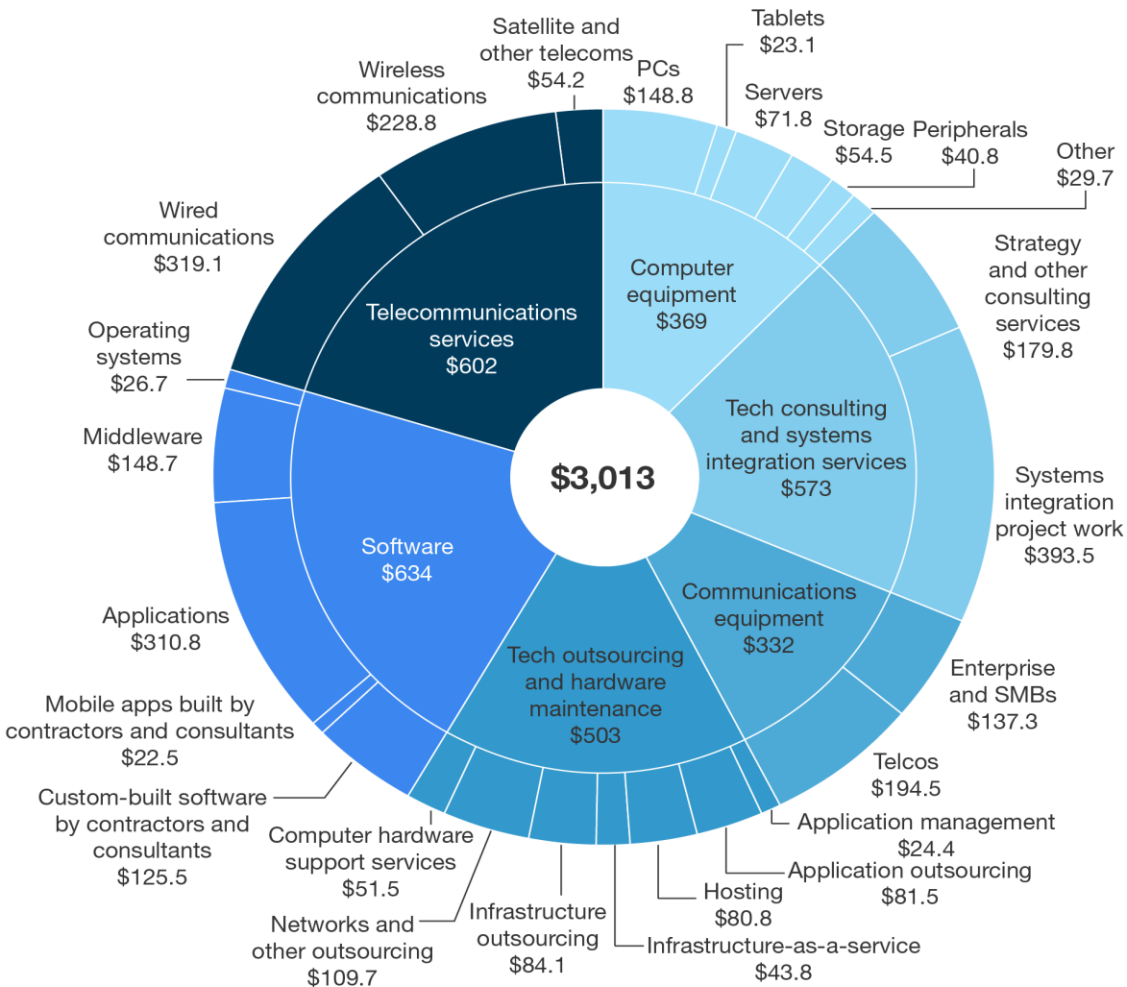
Non-for-profit professional partnership of market leaders and active players working in Russian Outsourcing and Shared Services Industry

## ASTRA's Mission:

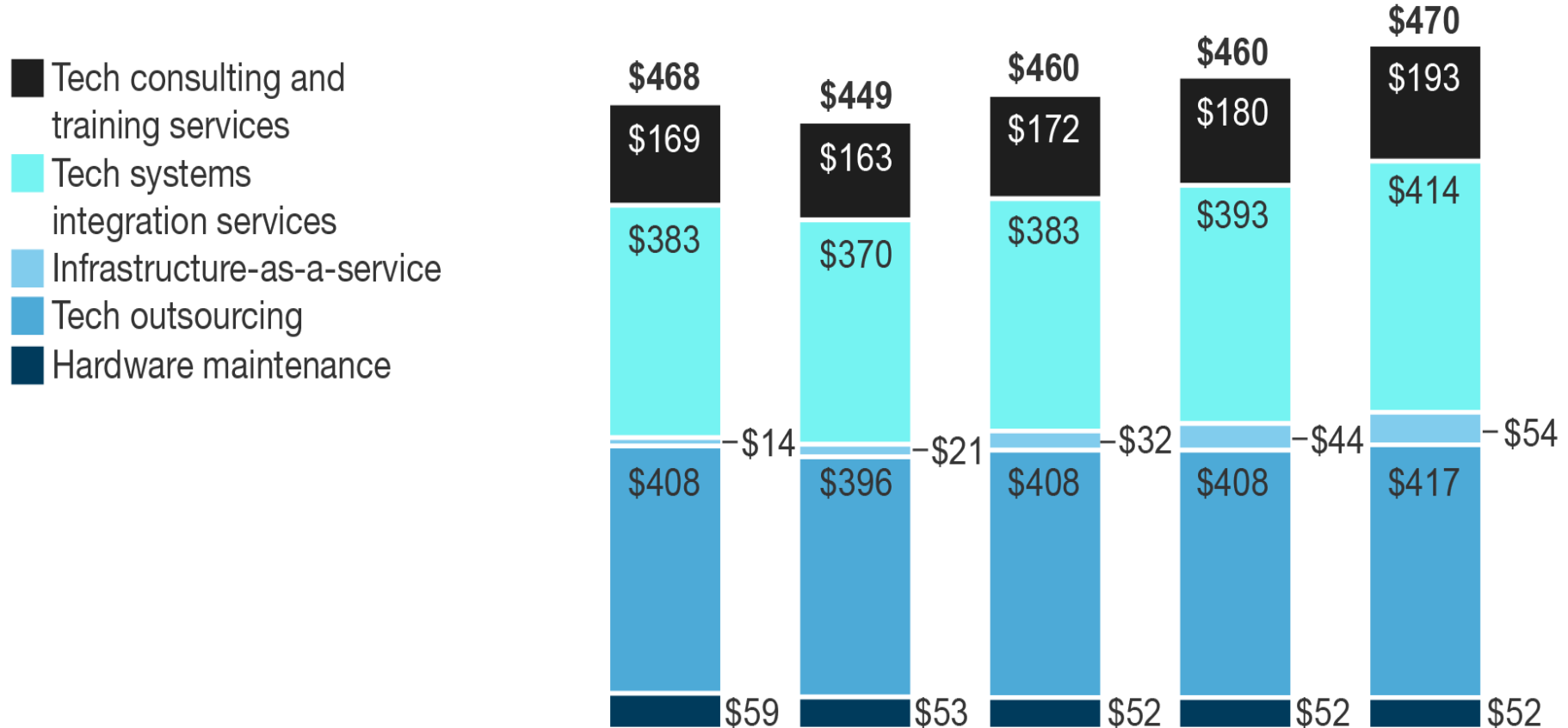
*To assist establishment and dynamic development of innovative Sourcing and Services Industry in Russia*

ASTRA was founded in 2008

# Forrester Global Tech Industry Wheel 2017, US\$ billions



# Forrester: Global Tech Services spending 2014-18, US\$ billions



## Forrester: Global Tech Services dynamics 2014-18, US\$ billions

% change from prior year	2014	2015	2016*	2017*	2018*
Tech consulting and training services	8%	-4%	5%	5%	7%
Tech systems integration services	3%	-3%	3%	3%	5%
<b>Subtotal, tech consulting and systems integration services</b>	<b>4%</b>	<b>-3%</b>	<b>4%</b>	<b>3%</b>	<b>6%</b>
Infrastructure-as-a-service	61%	55%	51%	38%	24%
Tech outsourcing	2%	-3%	3%	0%	2%
Hardware maintenance	-5%	-10%	-2%	-1%	1%
<b>Subtotal, tech outsourcing and hardware maintenance</b>	<b>1%</b>	<b>-4%</b>	<b>2%</b>	<b>0%</b>	<b>2%</b>

## 1. Market – Profile of Russian IT Market today

*The Russian IT services market is undergoing profound and significant change. Towards a market-based, industry-standard services framework and competition.*

### ▶ Russian IT Services market:

- in 2015 represented USD 4.5Billion
- IT Services market has grown by 4.7% Y-to-Y

### ▶ Russian ITO Market:

- ITO constitutes approximately 33% of IT Services market in Russia.
- ITO currently (2016) is at USD 1.8B, having grown by more than 18% in the last 3 years.

### ▶ Leading industries active in the Outsourcing/ITO market in Russia:

- Logistics ● Transportation ● Banking & Finance ● Telecommunications ● Manufacturing ● Financial groups ● Energy, Oil & Gas.

### ▶ Most active client segments in **ITO** services market are Finance, Government and Telecommunications, with the Manufacturing sector shows aggressive growth.





## 1. Market – Profile of Russian IT Market today (2/5)

*Cloud and IaaS / SaaS are also in rapid evolution – with Western/Global companies holding the lion's share at this moment.*

- ▶ **Cloud** services is also relatively young services market in Russia.
- ▶ **IaaS** market is \$87M worth in 2015, growing by 26% annually. IaaS market is still mostly driven by Western providers (close to 60%), but this situation is changing due to personal data processing requirements
- ▶ **SaaS** market size is \$129M with 34% growth annually. In SaaS market, the share of Western service providers/vendors is close to 95%.



## 1. Market – Profile of Russian IT Market today (5/5)

*Due to historical regulatory and commercial environments, Russian companies have often had to build SSC, Captives, etc... all now mature for re-structuring.*

- ▶ The Russian market potential is sometimes referred to as the “Iceberg” metaphor.
- ▶ Most of the largest local corporations have created a lot of large SSCs, Captives, OSPs and “insourcing” companies.
- ▶ It is estimated that Russian commercial ITO market as 20% from the total market potential. So, if we estimate commercial (“open”) ITO market as USD 1.8B, the total potential is approximately USD 9B.

## Market – Situation Today:

*Russia is currently undergoing profound changes to a competitive landscape. Structured tenders are next.*

- ▶ In the last 5 to 7 years, a significant turn-around has occurred, from a strongly entrepreneurial business community towards a competitive and world-class, services-based landscape – this includes major Russian enterprises and conglomerates.
- ▶ Russia is evolving rapidly to where competitiveness, value, and quality of services is clearly understood, required and requested for critical IT Services. Like in the rest of the world, and now further supported by economic forces.
- ▶ Everyone understands clearly that some compromises have been made to rapidly get Russia out of the planned economy. But Russia is now developing rapidly to an increasingly more free, competitive, value-based economy.
- ▶ Large enterprises (e.g. Russian Railways, Russian Post, Mobile Operators, Gazprom) are considering – and performing rapidly – shifts towards market-standard service contracts for IT.
- ▶ The entire cycle from Sourcing Strategy, to RFP, Contract and Governance is greenfield and evolving fast, seeking contractual basis and governance.

*The **Fund, established for a** nation-wide mono-city development program, will invest \$250M in next 2 years. 200K workplaces have to be organized by Y2018.*

- ▶ Funding is directed to “mono-cities”, which tend to have high degree of education and specialization, but only in one particular industrial area, which may be in decay.
- ▶ Therefore, diversification, and move to services, is required. IT is a perfect candidate.
- ▶ Companies such as Liberty Source and Rural Sourcing Inc. are present and holding opening discussions.
- ▶ Both companies have launched small pilot projects (1 or 2 projects) “Rural/Impact Sourcing” business, to show operations efficiency and community engagement. Both done with very large Russian establishments.
- ▶ Next steps are to structurally evolve such Rural/Impact set-ups and services with state funding and use PPP models for development.
- ▶ In particular, Kazan, a strong location with education and talent where IT services are developing steadily since a few years, is a further key candidate for Rural Sourcing Hub.
- ▶ Finally, Moscow is developing into a leading hub and discussion center for BRICS+ Rural/Impact Sourcing,

# Current Economic environment

## Great time for investments to Russia

- Current RUR/USD rate is beneficial to business
- National economy starts to recover from the lowest point
- Western businesses leaving Russia due to “sanctions/anti-sanctions wars”

## Great time for China

- Close neighbors, very similar (large territory&population, social&political systems)
- “Import substitution” state policy beneficial to “non-Western” business
- China big interest to Export + Knowledge & Technologies transfer

## ASTRA Partners as Entry point to Russia

- ASTRA Partners co-operates with China CITSA & Devott Inc.
- in4media/Forrester Research Russia is ASTRA corporate member
- Largest Service Providers and Corporations are ASTRA corporate&associate members

# ASTRA INVITES FOR COOPERATION

## **Special Economic Zones and TORs (Innopolis & Kazan, Tatarstan Republic)**

- Low taxes, pool of talents and resources (Innopolis University & Colleges)
- Localization of hardware and software + assembling experience and facilities
- Large state corporations are Innopolis' residents as well (potential clients)

## **High level Sourcing & Services International Expertize (ICL Services & Fujitsu GDC)**

- BOT (build-operate-transfer) business models
- IT Services SSC (Shared Services Center) as a China-Russia joint venture
- Chinese professionals working together with Russian partners

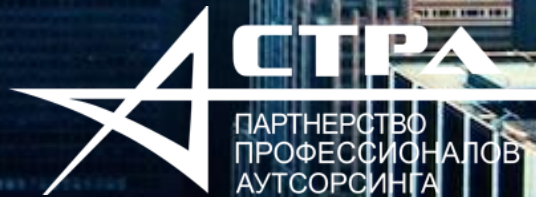
## **Preferred Industries**

- Logistics & Transportation (“One Belt – One Road”)
- IT & Telecom Hardware-Software-Solutions
- Oil&Gaz, Utilities & Energy

# ASTRA Partners

## Contacts:

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