

WHITE PAPER

Romania as an Offshore/Nearshore Outsourcing Location

Sponsored by: ARoBS, BitDefender, BIS, iQuest, IT Six Global Services, SIVCO
Romania, The Red Point, TotalSoft

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EXECUTIVE SUMMARY

Both IT providers and end users of IT-based solutions are utilizing the offshore/nearshore outsourcing delivery model to remain competitive. They search for the most suitable location to support their internal or external clients at low cost while not compromising the quality of service delivery. Central and Eastern Europe (CEE) has established itself as a prime location for offshore and nearshore services, particularly for clients based in the United States and Western Europe. A number of countries in the region are attractive as sourcing locations, but they differ substantially from each other in terms of criteria such as cost, skill profile of human resources and specialist competency areas.

Romania, having joined the European Union at the beginning of 2007, is the second largest of the 12 New Member States. The country benefits from a multilingual labor force and boasts one of the fastest developing IT sectors in Europe. Romania is home to a thriving software development sector that has generated a number of internationally known companies and products.

This White Paper provides an insight into the benefits and challenges of engaging with Romanian service providers for both custom application development and for the implementation and customization of solutions. The document is based on in-depth, executive-level interviews with 17 companies and public sector organizations that have used, or are currently using, Romanian software and services companies. It also draws on IDC's deep understanding of the offshore service delivery model and local Eastern European countries.

The results of the survey, based on the experiences of actual customers, compliment IDC's view that:

- Romania is not the lowest cost location for outsourcing, but when performance is added to the equation it can be highly competitive
- Romanian service providers often combine high levels of technical proficiency in leading-edge technologies with soft skills – communication, languages, flexibility – that can be superior to what is typically found in other outsourcing locations
- Romanian IT services and software companies can offer best practise levels of quality in specialist and niche areas

METHODOLOGY

This White Paper presents the results of a special IDC study commissioned by a number of member companies of ANIS, the Romanian Employers' Association of the Software and Services Industry. The study is based on interviews with 17 companies and public sector organizations that have used, or currently use, the services of ANIS member companies. IDC conducted the in-depth, analyst-level interviews during May and June 2007.

The purpose of the interviews was to establish the criteria that led these companies and organizations to choose the providers, to collect information on the nature and duration of the engagements and to assess the benefits and challenges they have experienced during, and subsequent to, the engagements.

The interviews were split into two main groups: 10 interviews with international clients and 7 interviews with domestic (Romanian-based) clients. Half of the international clients are from the IT industry and the remainder are active in other sectors. The providers were, or are, mainly engaged in application development for the international clients, typically as part of a long-term business relationship. The Romanian clients were drawn mainly from the public sector, education and the financial services industry and the engagements were predominantly concerned with the implementation and customization of specialized applications suites.

Figures are presented below relating to the overall interview sample:

Stratification by industry:

- Government: 2
- Education: 2
- Financial services: 3
- Energy: 2
- IT: 5
- Business services: 2
- Transportation: 1

Companies and organizations interviewed ranged in size from those with fewer than 100 employees to those with over 10,000. About half have operations in a single country, two are major multinationals with a global presence and the remainder have operations in a small number of countries.

IDC has included in this document verbatim quotes from some interviewees to illustrate specific points and attitudes; however, for confidentiality reasons, these cannot be attributed directly to their sources.

SITUATION OVERVIEW

Romania as a Growing Center of Software and Services Expertise

Romania is experiencing a boom in IT spending fuelled by a rapidly growing economy, high levels of foreign direct investment and modernization of infrastructure aimed at aligning the public sector with EU standards and norms. Demand is growing for service providers that can implement, customize and maintain complex application suites, particularly in the government, financial and utility sectors. As multinational IT services companies have a relatively limited presence on the Romanian market, local companies have responded by developing the capability to customize off-the-shelf suites to the requirements of Romanian customers. Romania has recently become a sought-after location for professional services IT centers due to the large, multilingual and affordable labor force. In 2006 alone six new IT services centres were created, which is a testimony to the country's attractiveness.

The Romanian software and services sector has been in the news during the past few years for two reasons. Firstly, a number of Romanian packed software products have gained success on the global market, generating substantial levels of sales or winning awards at an international level. These include: the BitDefender IT security and antivirus product, SIVCO's AeL eLearning platform, the Intuitext e-learning suite from Softwin, and Transart's ERP and sales force automation solutions. Secondly, multinational vendors have made a number of acquisitions of, or investments in, Romanian products and companies. These include Microsoft's purchase of the RAV antivirus product from Gecad (2003), the investment by Intel Capital in SIVCO Romania (2005), Ness Technologies' acquisition of IT service provider Radix (2005), TechTeam Global's purchase of offshore development specialist Akela Informatique (2005), and Adobe's acquisition of InterAKT (2006).

Romania as an Offshore Destination

The countries of Central Europe are now recognized as the backbone of offshore sourcing activity in the wider CEE region. But it is also true that the costs associated with conducting business in Central Europe are rising. The trend of moving Western European operations to nearshore locations in CE is such that the capital cities of Budapest, Prague and Warsaw are approaching a state of congestion. As a result, interest is increasing in locations to the south and east.

Romania is well-placed to attract a substantial portion of new offshoring business located to CEE. The country has the largest labor force among the new EU Member States after Poland. The level of education rivals that of any country in the CEE region while salaries, although increasing rapidly, remain well below those found in Central Europe. Romania is already home to a significant amount of offshore business, with a plethora of companies engaged in custom application development for foreign clients. The majority of these developers are small enterprises operating below-the-radar of mainstream international attention. But as this study shows, larger well-established Romanian firms have also been developing long-term relationships with foreign clientele. Although constraints in the IT labor market mean that Romania is not suitable for establishing very large offshore development centers, the country is an ideal location for R&D and other high added-value work.

CUSTOMER VIEWPOINTS

This section incorporates respondents' decision criteria, experiences with outsourcing services and software development, and recommendations for companies considering following their examples. Separate references are sometimes made to the responses of the domestic and international clients due to the different nature of both the engagements and the relationships between customer and service provider.

No Strong Predisposition Towards Romania – Service Providers Win Business on the Strength of Their Proposals, Successful Pilot Projects

All of the Romanian clients contacted in the survey invited multiple service providers to bid through public RFPs. In most cases both local and foreign companies were contacted. For the public sector organizations price clearly needed to be a major criterium of the decision-making process. Nevertheless, all of the respondents cited other determining factors including the quality of the proposal, demonstration of previous relevant experience, and the strength of both business analysis and technical skills. Typical remarks include:

"Price accounted for 60% of our decision. The remaining 40% was due to the precise and very professional proposal. Their previous experience allowed them to understand our needs exactly and come through with a very competitive offer."

"The crucial factors were...solid knowledge of financial reporting and coordination systems, having very skilled staff and similar project experience and not least, price."

The international clients used varied means to select the service provider, ranging from the personal decisions of individual executives through to formal RFP processes. In the former cases, the provider was either requested to perform a test project or else the client treated the first phase of the engagement as a pilot. Two potential routes that minimize the risk when engaging a new provider for custom application development are to commission an initial project that is either on a very small scale or that is for a "friendly client" (either internal or external) who understands that the project is a test. Such an approach enables the client to assess the provider on level of commitment, ability to understand or even anticipate client needs, and/or degree of competency in specialized areas.

Many of the survey respondents had previous experience of outsourcing custom application development to India or China but were looking for a provider from another country in order to supplement their existing outsourcer(s) or because they now recognized that their needs could better be satisfied by nearshoring to a European location. As one responded commented:

"We wanted a company with similar culture and values. Telecom requirements are very volatile and can mean changes to applications need to be made on the fly. Indian/Chinese firms need more definite specifications so we would have to develop complete functional specifications. This is difficult when changes are being made as the application is being developed."

Even the companies without direct experience of offshoring to Asia had recognized in advance, or determined through the selection process, that their needs could best be met by engaging a service provider located in Eastern Europe. Respondents in Western Europe cited the following advantages for nearshoring: same time zone, similar culture, strength of language skills, compatibility of attitudes and values and, as a result, greater potential for successful teamwork and collaboration.

Cultural Fit and Language Skills are Major Romanian Differentiators

For custom application development that necessitate close collaboration between the client and the service provider a number of "soft factors" can contribute to the success of the project or relationship. Geographical proximity to Western Europe is clearly common to all developers in the CEE region, but Romania has a cost advantage compared to Central Europe while its membership of the European Union differentiates it from most of Eastern Europe, enabling Romanian-based providers to more easily visit or deploy staff to client sites both within the EU and without.

When evaluating their experience in engaging a Romanian service provider, many of the survey respondents cited as a positive factor the close cultural fit between their organizations and those of the Romanian companies. The existence of common values and approaches was evident even at the stage of project definition and extended throughout the business and working relationship. The following quotes from executives at client companies illustrate this strong message:

- ☒ *"The Eastern European approach is more like the US and UK culture than India. The time zone makes a big difference.."*
- ☒ *"Romanian firms have a similar mentality and values to German companies. Communications is easier, the time difference is minimal and it is easier to meet with them than with companies in India and China, for example."*
- ☒ *"The cultural fit is very, very good and is also very important. It means good communication, good relationship and a good understanding of requirements. The Romanian team members have been very willing to work with and to join [our] team as full members."*

An area in which Romania is regarded as particularly strong compared with other countries in Eastern, or even Central, Europe is in the language skills of both management and technical staff. Romania boasts one of the highest rates in CEE of participation in language classes at secondary school level. Language proficiency among the adult population is similarly high. In addition to a significant proportion of the labor force having a high degree of competency in English, there is widespread knowledge of other European languages, most notably French but also Italian and German. A respondent based in Germany commented of the working relationship that that:

"English was never a problem and some of the Romanian team members speak German – the relationship with an Indian firm is different."

But Technical and Sector-specific Skills Can Also Be Best Practise

Romania cannot hope to rival much larger countries such as India, China and Russia in terms of breadth of expertise across application development. Nevertheless, Romanian companies can excel in terms of new technologies and offer strong software development methodologies and processes. Verbatim quotes from international clients illustrate the potential:

- ☒ *"Romanians are more sophisticated than most outsourcers – they have advanced skills in the leading edge technologies."*
- ☒ *"Romanians are really good at the leading edge technologies."*

☒ *"[We were] very surprised to discover how good [the Romanian service provider] is at Agile development, e.g., Scrum and extreme programming. They are in the best practices range and do very, very intensive testing of the product, consequently there have been few problems when the application goes into production."*

A number of Romanian services companies have extensive experience of conducting projects involving application implementation and customization for clients in segments with high levels of demand on the domestic market, most notably in the government, education and financial sectors. As a respondent from the local subsidiary of a Western European financial group explained:

"[The service provider] already had examples of successful implementations of online payment systems in the financial sector, enough niche experience to be able to tackle any arising issues and the manpower to deliver on time."

Key Strength of Romanian Providers is Ability to Understand and Satisfy Client Needs Beyond Basic Technical Requirements

It is a common perception that Eastern Europe is not able to compete with India and Southeast Asia in offshoring because lower costs give the latter an advantage in projects involving commodity-type programming. On the other hand, companies with experience of outsourcing to Eastern Europe point to a number of advantages that the region offers for more complex or business-critical engagements. The survey indicates that clients of Romania developers see them as particular good at understanding the requirements and needs beyond those set out in the RFP or project specs, as well as being able to adapt quickly and flexibly to changing requirements throughout the course of a longer-term engagement:

"... Also Romanian developers understand the specs – we don't have to develop the specs in as much detail for them as we would have to for India and China. Romanian programmers are very efficient."

"The capacity to overcome unforeseen obstacles was truly one of their strong points in the case, as well as the ability to fit an existing general solution to very particular project requirements. Basically, in some instances, there were no specs to go on, so we had to develop everything from zero."

A number of the respondents explained that they felt comfortable in developing a close relationship with their Romanian providers because of high levels of commitment and service from the latter:

"[Our company] was a little afraid at the beginning about being able to develop the required team relationship because of past experiences working with Indian outsourcing companies. We need our their external supplier to understand and be willing to commit to sharing the risk..[The Romanian service provider] has lived up to this requirement. They share the risk and the pressure....and on these projects there is extreme pressure to deliver on time and on budget."

A Romanian respondent whose company turned to a local provider for implementation of a business-critical application noted that:

"We truly appreciated the great collaboration and synergy between [the service provider's] staff and our key people, end to end."

A further quote from a Western European client points to the level of commitment demonstrated by Romanian companies as well as encapsulating many of the other strengths commonly perceived by respondents:

"The [service provider] team is very committed and deadline conscious, working extra hours as needed – they do visit several times a year. Their understanding of our requirements has been very good and their technical capabilities excellent."

Romanian Services Companies Able to Deliver on Implementation of Complex Software Suites and Specialized Applications

While Romanian IT services companies have until recently focused on the domestic market, those providers with strong expertise in specific vertical segments of the market are now looking to international opportunities. They hope to leverage turn-key software applications and customization expertise gained in, among others, the government, education and finance sectors. Romanian clients approached for the survey, in many cases having engaged an external provider for a large-scale project the first time, were impressed by the success of the providers in meeting technical requirements while ensuring to that the projects was aligned with business needs. A respondent from an organization in the tertiary education sector described how the service provider's business analysis skills, in hindsight, proved to be vital for the success of the project to implement and customize a system for their resource planning, customer relationship management and decision support needs. Another respondent from the financial sector commented that:

"Understanding business needs was the foundation for the entire project. [The service provider] built the system from the ground up. No integration was necessary, as they proposed the entire landscape for the solution...We did hit blockage points, especially due to the pioneering nature of the project and unforeseen obstacles, but the team managed to overcome all difficulties. Issues came up especially on the technical side...the team found viable solutions to all these challenges."

A client from a Central Government organization, referring to a project to implement a customized financial system, stated that:

"We have used the success of the project as a template and now are showing how the system works to similar organizations from other countries."

Benefits Vary Depending on Client and Nature of Engagement

The companies and organizations contacted for the survey varied considerably in terms of size and the nature of their business. As a result, the importance and nature of the project or relationship with the Romanian outsourcer also differed substantially. Thus, it is difficult to generalize about the benefits derived by the customer. For the Romanian clients the engagements tended to be of high or even critical importance for their business or organization. The successful realization of the projects therefore brought widespread benefits across many areas.

The international clients typically identified a single, principal benefit derived from the relationship with the Romanian provider: either cost reduction (in one case enabling a significant increase in the bottom line), or increased flexibility. A number of respondents emphasized that Romanian companies are not low cost compared to developers in Southern and Southeast Asia. However, they do offer a very attractive cost/performance ratio or, as one respondent remarked:

"delivery versus cost is excellent."

Perhaps more importantly, some clients found that the quality of their relationship with the Romanian outsourcer enabled them to reduce costs through better management of their internal staff and resources.

Challenges Can Be Overcome

None of the companies surveyed experience major challenges during the projects with Romanian service providers. In some cases problems were inherent in the nature of the project and, to the credit of the service providers, they were able to overcome them. In other cases, there were some challenges in the start-up phase of the project – for example due to the provider needing to quickly develop a knowledge of the client's business or products – but the dedication and hard-work of the Romanian company paid off. In the words of a US-based respondent:

"The Romanians have gone the extra mile to make sure they understand."

CHALLENGES AND OPPORTUNITIES FOR THE ROMANIAN SOFTWARE AND IT SERVICES INDUSTRY

Like many other mid-sized countries that are trying to develop as offshore locations or increase exports of IT software and services, the Romanian IT industry faces a major challenge in raising its profile and marketing its capabilities. Having joined the EU, Romania enjoys an advantage over many other countries in Southeast and Eastern Europe and can look to the success of Central European countries in attracting major outsourcing deals. Indeed, the tight labor market and rising costs of the major cities in Central Europe give Romania a competitive advantage. The other side of the coin is that the Romanian IT sector is also experiencing high wage inflation and increasing competition for experienced staff.

The quality and cost of human resources are the key factors that drive the offshore market around the globe. Because the cost of human resources is inflationary everywhere, customers of outsourcing should constantly explore new alternative locations in order to secure the best cost/performance ratio. Romanian companies must make sure to maintain their reputation for high quality while keeping the level of wage inflation below that of their competitors.

While the Romanian software and services industry has some key strengths and unique capabilities, it needs to promote them more actively in an increasingly crowded offshoring market. Although Romania is becoming increasingly known internationally for its packaged software products, the country's brand in the offshoring market suffers from a lack of national champions that are well known at the global level. As the Romanian IT services sector undergoes consolidation more strong players will emerge, but in the meantime a more coordinated approach to marketing and business development by both government and industry will pay dividends in securing offshoring and export business.

CONCLUSIONS AND RECOMMENDATIONS

Our research shows that customers value the ability of Romanian IT services companies to deliver business-critical, technically complex projects. In-depth vertical sector experience and the focus on customization of solutions to meet business objectives are seen as key strengths.

For custom application development, international clients highlighted the following qualities of Romanian companies:

- ☒ Attractive price versus performance
- ☒ Young, motivated and flexible workforce with strong language skills
- ☒ Close cultural fit and similar mentality to US/Western Europe
- ☒ High level of commitment to projects and the overall relationship with the client

Many organizations embarking on outsourcing engagements have limited experience in handling external service providers, particularly suppliers based in another country. The following recommendations – all cited by customers of Romanian service providers – provide some basic guidelines that can help to minimize risk:

- ☒ Decide whether Romania is suitable given the type of engagement or project you are considering to outsource. Romania will generally not be competitive if large amounts of low-end programming are involved
- ☒ Consider testing the provider with a small project in which the outsourcing team has an essential role
- ☒ If engaging with a provider as part of a larger project for a third party, then encourage the provider to take shared responsibility for the delivery and results of the project
- ☒ Plan to develop a long-term co-operation with the service provider even if this is structured on a project-by-project basis
- ☒ Ensure that personal contact takes place between your organization and the outsourcer both at the start and during the engagement, as this helps to develop a good working relationship and bridge any cultural gaps
- ☒ The successful conclusion of an outsourced project hinges on many components and therefore effective project management is crucial. Any additional complexity that is added to the engagement process – such as third party subcontracting – puts margins under pressure and makes the process difficult to manage and so should generally be avoided.

ROMANIAN SERVICE PROVIDER PROFILES

The profiles in this section are based on information provided by the vendors

AROBS

Company Overview

- ☒ Established: 1998
- ☒ Locations: Romania (Cluj-Napoca and Bucharest)
- ☒ Staff: 100+
- ☒ Revenue total/offshore: €2.3 million in 2006, 65% offshore. Projected total revenue for 2007 is €4.6 million.

Services Portfolio/Strategy

AROBS Transilvania Software is a Romanian-Finnish joint venture, focused on offshore software development and Business Process Outsourcing services. As development tools the company uses Java, J2EE and .Net, C# and C++ Technologies. The main categories of software outsourcing services currently offered by AROBS range from product design and development, Quality Assurance and testing, migration of legacy systems, technical support, maintenance of existing systems and databases. The provider also offers Build Operate Transfer model for strategic partners in all outsourcing areas.

AROBS has specific expertise in embedded software development, navigation software, personnel management solutions, and mobile devices. More than 200 Romanian customers are using AROBS solutions for AVL, Fleet Management and Sales Force Automation.

Focus Markets – Verticals, Geographies, and Marquee Customers

- ☒ Verticals: Transportation, FMCG, Banking, Insurance
- ☒ Geographies: Western Europe, USA
- ☒ Marquee Customers: Hotelzon, CCC, HiQ Softplan (Finland); Navigon, CoCoNet, Wachendorff (Germany); Axedo (Switzerland); Trianit (Luxembourg); Profit Software (Estonia); Nowdocs, Electronics for Imaging (USA)

Differentiators

- ☒ Experience in software outsourcing from 1998 and a high level of product development expertise in different business areas. Ability to manage the project development cycle from analysis to delivery and from maintenance to testing
- ☒ Excellent cost /quality ratios
- ☒ Highly-skilled, trained and committed English-speaking developers
- ☒ Extensive customer care and software development processes in place

Business Information Systems – BIS S.R.L.

Company Overview

- ☒ Established: 1998
- ☒ Locations: Romania (Bucharest)
- ☒ Staff: 49
- ☒ Revenue total/offshore: €1.57 million, 14% offshore (estimate)

Services Portfolio/Strategy

BIS is an expert in banking payment systems focused on software solutions development and sales, and a provider of related value-added professional software support services. BIS' product portfolio includes: an integrative payment broker (qPayIntegrator) handling funds transfer, a SWIFTAlliance real-time resilience solution (FMA), and a process and resource management solution (Esfera).

BIS' solutions are used by the main banks of Romania and the Treasury of the Romanian Ministry of Finance to perform transactions on the national Electronic Payment System. Using BIS' solution, the Treasury of the Romanian Ministry of Finance is now acting as a bank in relation to other financial organizations, including the European Central Bank. BIS offers, to banks and large corporate customers, solutions to successfully transform their business to comply with the EPC's SEPA and the ECB's Target 2 payment specifications.

Focus Markets – Verticals, Geographies, and Marquee Customers

- ☒ Verticals: banking and finance
- ☒ Geographies: Romania, USA, Moldova, Bulgaria, Slovakia
- ☒ Marquee Customers: BCR (Erste Group), BRD Societe Generale, Raiffeisen Bank, CEC, Alpha Bank, Mind Bank, Blom Bank (Romania); Banca Nationala a Moldovei; National Bank of Bulgaria; VÚB (Slovakia); IBM (USA)

Differentiators

- ☒ An innovation and consultancy company, whose activity is focused on optimizing banking payment services, and a high value-added niche services provider
- ☒ An unique operations profile in the region: single accredited SWIFT Service Partner and registered SWIFT Solution Provider in the region; ISV for real-time payment systems, processes, resources and operational risk management; Premier IBM Partner, Microsoft Certified Partner and Oracle partner
- ☒ Responsible and participative staff
- ☒ Efficient management, decision and control based on a well-known process model standard
- ☒ Customer confidence that critical systems transformation is efficiently controlled with BIS products and services

BitDefender

Company Overview

- ☒ Established: BitDefender is a group of companies spun-off from the SOFTWIN company, founded in Romania in 1990
- ☒ Locations: Romania (HQ in Bucharest, offices in 3 other locations); Germany (Dortmund, Tettngang), Spain (Barcelona, Madrid), UK (London) and USA (Fort Lauderdale/FL, Mountain View/CA)
- ☒ Staff: 300
- ☒ Revenue: 2006 was the 11th consecutive year of sustained BitDefender revenue growth. The company captured more than 1% of the global AV market, estimated at over \$5 billion in value in 2006

Services Portfolio/Strategy

BitDefender™ provides security solutions to satisfy the protection requirements of today's computing environment, delivering effective threat management for over 41 million home and corporate users in more than 180 countries.

- ☒ Features antivirus, firewall, antispymware, antispam, parental control, backup and tune-up tools for corporate and home users
- ☒ The BitDefender range of products is intended to be implemented on complex IT structures (work stations, file servers, mail servers, and gateway), on Windows, Linux and FreeBSD platforms
- ☒ Worldwide distribution, products available in 18 languages

Focus Markets – Verticals, Geographies, and Marquee Customers

- ☒ Verticals: home and corporate users across all verticals
- ☒ Geographies: more than 200 countries

Differentiators

- ☒ BitDefender is recognized worldwide as one of the technological leaders of the security software market. BitDefender is the only antivirus product which has received the European IST-Prize, awarded by the European Commission and by representatives of 18 academies in Europe
- ☒ B-HAVE patent-pending technology in all products: represents a new security layer that keeps the operating system safe from unknown viruses by detecting malicious pieces of code for which signatures have not yet been released
- ☒ Other differentiators include: easy to use, with an installation wizard that guides users through the installation process and only asks a few questions; internationally-certified: Virus Bulletin, ICSA Labs, Checkmark etc.; round-the-clock customer care; lightning fast response time to new computer attacks; best detection rate; hourly Internet updates of virus signatures - automatic or scheduled actions offering protection against the newest viruses

iQuest

Company Overview

- ☒ Established: 1997
- ☒ Locations: Germany (Frankfurt am Main), Romania (Cluj, Brasov, Bucharest), Sweden (Gothenburg); consulting offices in France (Paris) and Hungary (Budapest)
- ☒ Staff: 200+ in the IT division
- ☒ Revenue total/offshore: €7+ million in 2007, 98% offshore (estimate)

Services Portfolio/Strategy

Headquartered in Germany and with two development centres in Romania, iQuest is an IT solution provider offering a complete range of services from technical consulting to software development and maintenance, from business analysis and requirements gathering to testing and project management.

iQuest's main competencies are built around: Java, C++, .NET and other Microsoft technologies, combined with relational databases. Deep business knowledge complements the company's technical and project management skills.

Best-in-class development and testing processes ensure high quality standards; external audits have confirmed iQuest's process consistency and maturity. Flexibility and cultural fit make iQuest a natural partner for large and complex projects, in which seamless communication and robust dialogue are essential to success.

Focus Markets – Verticals, Geographies, and Marquee Customers

- ☒ Verticals: telecommunications, financial services, life sciences, IT, media production
- ☒ Geographies: Germany, UK, Switzerland, Sweden
- ☒ Marquee Customers: Cora, Hewlett-Packard, Lloyd's of London, Pinnacle Systems, Virgin Atlantic

Differentiators

- ☒ High delivery capability - iQuest is set to deliver the level of quality and services as agreed with the client, in time and in budget, but consistently exceeding expectations. Trusted long-term partner of blue-chip companies
- ☒ Excellent price/quality ratio - through its specific business model the company is able to deliver high value to customers at a fair price
- ☒ Transparent to the client - rules and responsibilities established together enable a smooth and seamless delivery
- ☒ A stable, well-trained and experienced team with a passion for work. iQuest encourages people to take responsibility and ownership and recognizes the corporate culture as a strategic source of Leadership and Excellence

IT Six Global Services

Company Overview

- ☒ Established: 2005
- ☒ Locations: Romania (HQ in Craiova , Cluj-Napoca); USA (Phoenix, Arizona)
- ☒ Staff: 100+
- ☒ Revenue total/offshore: \$0.8 million in 2006 and over \$2 million predicted for 2007, 80% offshore (estimate)

Services Portfolio/Strategy

IT Six Global Services is the Romanian subsidiary of KVG Consultants, a leading American IT consultancy company based in Phoenix, Arizona. The company has become the largest software house in the Oltenia region of Romania. It is recognized as being one of the most dynamic and fast-growing Romanian software companies, and is known for the quality of its technical staff. IT Six has strategic partnerships with Microsoft, Oracle, and IBM.

IT Six focuses on the development of complex solutions and services for the IT&C environment and is one of the few companies in Southern and Eastern Europe with IBM Mainframes and Peoplesoft in-house expertise.

IT Six has six main lines of business: Software Development and Maintenance; Staff Augmentation (Body leasing); QA/Testing Services; Outsourcing of Legacy Systems (IBM Mainframes); Hosting Services; Data Centers/Call Centers. Through its 9 technical departments – .Net, Java, Oracle (inc. People Soft), C/C++, PHP, IBM Mainframes, Action Script, Web design and QA/Testing – IT Six covers five main segments of the IT global market: Microsoft Technology (.Net, C#, MS/SQL); Open Source (Java); IBM Mainframes (MVS, IMS, CICS, DB2); ERP Tools; Oracle (PL/SQL, Designer 2000, Developer 2000).

Focus Markets – Verticals, Geographies, and Marquee Customers

- ☒ Verticals: GIS, administration, transportation, healthcare, telecommunications, manufacturing, leisure, IT, finance, retail, security, pharmaceuticals
- ☒ Geographies: Europe, USA, Middle East
- ☒ Marquee Customers: ESRI, ON Semiconductors, ATCO, eEYE Security, DonRiver (USA); Indrapark, Otto Christ, Matrix Technologies (Germany); BullGuard, Clarmon Corp. (UK); Remoflex International (The Netherlands)

Differentiators

- ☒ Combination of technical and communication skills, very competitive prices and great work ethic placing IT Six among the top of world-class service providers
- ☒ Successful delivery model of on-site IT consultancy and offshore software development services offered through partners
- ☒ All IT Six employees are fluent in at least English and have a strict development and quality-oriented methodology

SIVICO Romania

Company Overview

- ☒ Established: 1992. Ownership structure: SIVICO Netherlands B.V. (42.2%), Intel Capital and Enterprise Investors (32.5%), Romanian Management (25.3%)
- ☒ Locations: HQ in Romania (Bucharest); regional offices in Cluj-Napoca, Constanta, Craiova, Galati, and Timisoara
- ☒ Staff: 650
- ☒ Revenue total/offshore: \$42 million in 2006, 35% offshore

Services Portfolio/Strategy

Addressing mainly large and mid-sized companies, SIVICO provides solutions both nationally and internationally in the areas of: EAS, document management, Business Intelligence, eLearning, eHealth, eAgriculture, eCustoms and eBusiness. SIVICO is also specialized in developing large and complex IT projects.

SIVICO boasts 1,800 clients in 35 countries. Among the company's 550 Romanian customers are many important public institutions. As a mid-to-long term strategy, SIVICO Romania intends to become a major European software integrator.

Focus Markets – Verticals, Geographies, and Marquee Customers

- ☒ Verticals: central & local government, banking, manufacturing, education, agriculture, healthcare, utilities, business services, transportation, wholesale, telecommunications, oil & gas, broadcasting and media
- ☒ Geographies: USA, Europe (Germany, Belgium, France, UK, Bulgaria, Cyprus, Moldavia), Middle East (Kuwait, Lebanon, UAE)
- ☒ Marquee Customers: numerous Romanian government ministries; other Romanian public institutions including National Health Insurance House, National Agency for Human Resources, National Customs Authority; Romanian private companies such as Aerostar Bacau, Tiriac Air, Med Life, Com Auto Meridian, Carpatair Timisoara, URSUS Breweries, Congaz Constanta, Dobrogea Biscuits; National Insurance Fund (Bulgaria), Ministry of Health (France), Ministry of Education and Culture (Cyprus), American Creativity Academy (Kuwait), Ministry of Education (UAE), HP Germany, Amano (Belgium), Nepenthes Group (France)

Differentiators

- ☒ Strong expertise in complex nationwide projects. Business consultancy for most economic sectors based on deep expertise
- ☒ Solid and acknowledged international reputation based on replicating successful Romanian solutions and projects on the international market
- ☒ Portfolio of IT solutions and services addressing large and medium-sized organizations in most fields of activity and covering all verticals
- ☒ Team of specialists with excellent IT education and technical abilities, capable of designing viable alternatives and providing efficient business guidance

- ☒ High flexibility in customizing solutions and services to specific customer or legislative requirements, enhanced product/service customization expertise in major business verticals
- ☒ High quality services based on ISO 9001:2000 and AFAQ AFNOR Certification
- ☒ Strategic partnership with Intel Capital and Enterprise Investors

The Red Point

Company Overview

- ☒ Established: 2001
- ☒ Locations: Iași (Romania)
- ☒ Staff: 86+
- ☒ Revenue total: \$2.3 million in 2006

Services Portfolio/Strategy

The portfolio of services offered by The Red Point consists of: software development, consultancy for the implementation of software solutions, service and post-implementation assistance, training sessions, and outsourcing services. The Red Point's expertise also covers the following fields: consultancy for SAP solutions implementation, support for business re-engineering, and consultancy in IT development for the railways system: planning and management of timetables (analysis, development and implementation services, project management and training sessions).

Focus Markets – Verticals, Geographies, and Marquee Customers

- ☒ Verticals: higher education, railway transportation, manufacturing, wholesale/retail, public sector
- ☒ Geographies: Romania, Bulgaria
- ☒ Marquee Customers: CNCFR (Romanian National Railway Company), Romanian Broadcasting Company (as subcontractor), ISPCF (Institute of Railway Studies and Projects), Ambient Group Sibiu, National School of Political and Administrative Studies, University of Bucharest, Ecological University of Bucharest, "Petre Andrei" University of Iași, "Ion Ionescu de la Brad" University for Agronomical Sciences and Veterinary Medicine of Iași, "Ovidius" University of Constanța

Differentiators

- ☒ Highly efficient solutions for business management
- ☒ A partnership approach to development
- ☒ Innovation, professionalism, timeliness and high quality
- ☒ Use of the latest technologies and design methods and safe development, testing and documentation procedures

TotalSoft

Company Overview

- ☒ Established: 1994
- ☒ Locations: Romania (Bucharest)
- ☒ Staff: 280
- ☒ Revenue total/offshore: €9 million in 2006, 40% offshore

Services Portfolio/Strategy

TotalSoft is active across three lines of business:

1. custom software development, maintenance and testing
2. development and implementation of own business software solutions (ERP, HR & Payroll, Medical, CRM, e-business etc)
3. implementation and training on Primavera Project Management software (TotalSoft is sole distributor of Primavera products in Romania, Bulgaria, Serbia, and Hungary)

Focus Markets – Verticals, Geographies, and Marquee Customers

- ☒ Verticals: finance & banking, distribution & retail, construction & design, business services, telecommunications, manufacturing, healthcare
- ☒ Geographies: Romania, Germany, USA, Greece, Italy, Poland, Hungary, Bulgaria, Russia
- ☒ Marquee Customers: BMW Leasing (Greece and Russia), Medicover International, Portum-IBX, General Electric Romania, GSK/Europharm; Raiffeisen Leasing (Romania, Bulgaria and Albania), OMV-Petrom, Orange, Philip Morris

Differentiators

- ☒ Level of personnel turnover lower than average for the Romanian IT sector
- ☒ R&D department responsible for maintaining and developing the company's core competences related to software development (development framework and methodology). This approach ensures that both business lines (ERP development and custom software solutions) are integrated in terms of technology, procedures, and knowledge management
- ☒ Through the long term involvement with Primavera project management software TotalSoft has developed a strong Project Management culture
- ☒ Balanced portfolio of revenue sources that offers more stability to engage in long-term projects and to ride economic cycles

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