

The new value chain in IT services – similarities with the automotive sector

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Wanted: IT professionals!

- 43% of German companies indicate serious difficulties in finding appropriate IT staff* (*BITKOM survey 2007)



Why?

- Currently 20.000 positions are available
- German companies want to hire 15.000 to 17.000 additional new IT-experts in 2008
- Universities will only provide 14.000 new IT engineers in 2008*
(*BITKOM survey 2007)



Pressure on cost prevails

- German IT services industry is facing the same challenge today as the automotive industry was facing in the 80'ties

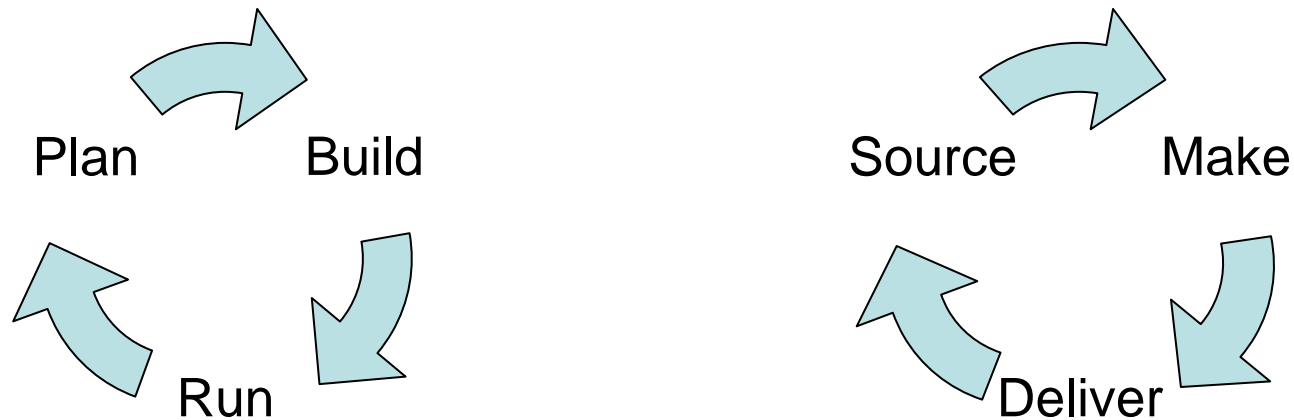


The main tasks of CIO's have changed



- The high cost pressure leads to the concentration on core competencies
- Insourcing of commodities is not economical anymore

A new value chain in IT services



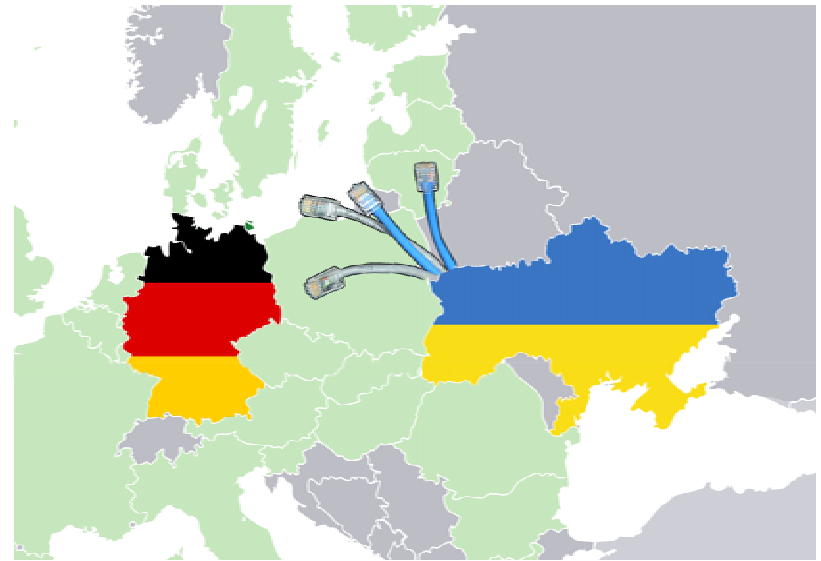
- Specialisation of the IT department on industry sector specific skills
- Outsourcing of commodities to specialised suppliers
- Bundling of the components into seamless, integrated services

India and China are not the (only) answers



- Indian outsourcing providers are doing well in the US and the UK
- German customers prefer to trade with local IT service providers which have established nearshore delivery centers

And Ukraine?



- For the German IT services sector Ukraine may take the position which Slovakia took for the German automotive industry

Managed Desktop & Infrastructure Services

- Delivery model with nearshore and onshore components
- High process standardisation with industrial approach
- Example: Infopulse (Ukraine) with REVACOM (Germany)
- Worldwide roll-outs for large customers (MSI Software Packaging for XP, Vista)



Some words about Germany...



Germany: Key concepts and values

- „Ordnung“ muss sein!
- Focus on facts
- Focus on tasks
- Direct communication
- Consensus
- Regional identities



German customers: Do's



- Use last names and appropriate titles
- Prepare precise and detailed agendas for meetings
- A firm but brief handshake
- Provide solid facts and examples to back up your proposals

German customers: Don't's



- Don't discuss personal matters during business negotiations
- Don't pretend to be able to do any project whatever are the skills required for it
- Don't attempt to continue negotiations after a contract has been signed

Thank you!

