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March 2-6, 2010

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INTERVIEW
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OFFSHORING IN TURBULENT TIMES

IS GLOBAL CRISIS LIMITING OR BOOSTING CROSS-BORDER COOPERATION?

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the truth is in the source code
acellere_

Connected Worlds

Ernst Raue Board member of Deutsche Messe AG

The World is flat. Yes, really; Information and Communication Technology is driving the changes in interconnected national economies hard. Global connectivity is, by the same token, the basis for more and more enterprises, even small firms, discovering and developing new business territory.

CeBIT has always held the clearest mirror up to such global trends. The fair brings both sides together: the major technological driving forces and the innumerable worldwide users of innovation. The essential B2B area at CeBIT sets the pace at which company processes are going to change – but this area also introduces the partners with which they can tackle the new tasks and, what's more, right around the world.

For many countries, CeBIT is the platform for making a showing on the world market. Their main task is to demonstrate the competitiveness of their locations and the potential of their industries. The watchword is then not simply cost cutting through offshoring and outsourcing, no: new shared creation of value, developing worldwide resources, efficient forms of cross-border cooperation – these are the 'classic' CeBIT issues that are discussed at the Flat World Forum in Hall 6 from an international perspective.

This continues the long and proud CeBIT tradition of mediating contacts in hitherto undiscovered markets. local global is a proven Deutsche Messe partner as coordinator of the Flat World Forum. To the organisers SIPPO, CBI and ITIDA our thanks for their sustained efforts to bring young enterprises to CeBIT, and also to UNCTAD in Geneva for the study on global ICT services in 'turbulent times', print excerpts of which will be available here at CeBIT Global Business Magazine.

I'm delighted that companies from Egypt, Macedonia and Vietnam are present at the CeBIT Flat World Forum – Welcome, one and all! I am also sure that we in the Flat World Forum can show how closely the world has grown together digitally, and I would encourage you, as visitor or exhibitor at CeBIT 2010, to seize this wonderful chance to get acquainted with new partners for your global business right here in Hanover. ‹

IMPRINT

Published by
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D-70178 Stuttgart
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Forum Programme
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Print
Bechtle Druck&Service
GmbH & Co. KG

Cover Photo
Istockphoto.com

Offshoring in turbulent times

E-commerce on the rise

EDITORIAL

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FLAT WORLD FORUM

CeBIT | 2.3. – 5.3. 2010 | Hall 6 | Stand C08

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OFFSHORING IN TURBULENT TIMES

› IT and ICT-enabled services are growing in world trade. Increased broadband connectivity in a rising number of countries has facilitated the reorganization of the production of many services. Activities that once required face-to-face contact can now be split up into smaller components, which in turn can be undertaken in places offering the best locational advantages.

The resulting offshoring of services has only just begun but is expected to continue to expand geographically and sectorally as well as across business functions. Moreover, the process is partly irreversible. Once companies learn to exploit the opportunities created by pooling services and locating them where they can be most efficiently produced, they are unlikely to return to "traditional" ways of organizing their business processes.

From a development perspective, the offshoring of services is an attractive proposition with potential benefits for all parties concerned. For the global economy as whole, it can generate efficiency gains from international specialization and trade. Importing companies and countries can access services at lower cost and focus on activities where they enjoy a comparative advantage.

For the exporters of the services, offshoring can imply the creation of attractive employment opportunities, industrial diversification, export revenues, knowledge transfers and economic upgrading (UNCTAD, 2004; ECLAC, 2009). Meanwhile, as shown below, new countries are emerging on the radar screen as offshoring locations. Unsurprisingly, many governments are now seeking to design effective policies to boost related exports by local and foreign firms.

Measuring and understanding offshoring are no easy tasks, however. There is a lack of internationally agreed definitions of offshoring and there are many data limitations. An additional challenge is that the phenomenon is rapidly evolving. This section starts by reviewing different sources of data to gauge how offshoring of services was evolving until the current crisis erupted. It highlights the main industries and countries involved by reviewing various sources of information.

After discussing the role of ICTs in the context of offshoring, the section turns to the implications of the crisis, distinguishing between the more immediate impacts and longer-term consequences. The overall picture that emerges is considerably more optimistic than in the case of ICT goods.

RECENT TRENDS

The offshoring of services grew rapidly during the past decade. While the phenomenon still accounts for a modest contribution to world trade, more and more companies in a growing number of industries and countries are embracing the opportunities created by ICTs for the specialization and internationalization of services. Offshoring of services occurs in different ways (Table I). It can be done internally by moving the production from a parent company to its foreign affiliates (often referred to as "captive offshoring"). It may also involve the international outsourcing of services to a third party services provider – domestically or foreign-owned.

The scope of activities that are affected by offshoring continues to expand. There is no internationally agreed approach to categorize the kinds of services that can be offshored, but it is common to make a distinction between IT services and ICT-enabled services (table II). The latter group covers front office services, back office services and various forms of knowledge process offshoring (KPO). Some activities relate to specific industries while most are generic and relevant for businesses in virtually all industries.

The skills involved range from relatively low levels of qualification (data entry, certain call centres) to very high levels (research and development, design, medical testing and financial analysis). As companies have grown more accustomed to the practice, supplier capabilities have improved and the quality of the fibre optic network has expanded, the offshoring of services with higher added value has gradually become more common (see e.g. KPMG, 2008). The extent to which different services are exposed to offshoring varies considerably. Offshoring of traditional IT services such as programming and applications development are approaching a high level of maturity (table III). Today, companies considering offshoring these services can choose among many suppliers and locations, and the growth in adoption rates has started to taper off. Most business processes are found at an earlier stage of offshoring maturity, experiencing fast growth as more and more companies are still exploring the opportunities that offshoring can offer. Among these functions, customer contact services are the most mature, and knowledge services the least. The third stage comprises functions that are only just emerging as candidates for offshoring, including, for example, procurement and legal process services.

OFFSHORING AND OUTSOURCING

Location	Internalized production	Externalized production (outsourcing)
Domestic	Production kept in-house at home	Production outsourced to third party service provider at home
Foreign (offshoring)	Production by own foreign affilate „captive offshoring“	Offshore outsourcing to third party provider abroad

CATEGORIES OF SERVICES AFFECTED BY OFFSHORING

Service Category	Example of service activities
IT Services	Programming, systems integration, application testing, IT infrastructure management and maintenance, IT consulting, software development and implementation services, data warehousing, and content management and development
ICT-enabled services Front office services Back office services KPO	• Call centres and customer contact centres (inbound and outbound) • Data entry, human resources, payroll, finance and accounting, procurement, transcription • Financial analysis, data mining, engineering, research and development, insurance claims processing, architectural design, remote education and publishing, medical diagnostics, journalism

OFFSHORING MATURITY LEVELS OF DIFFERENT SERVICE ACTIVITIES, selected examples

Level of maturity	Examples of services	Level of maturity
Already reaching maturity	IT services, such as programming and application development and maintenance	• Decelerating adoption rates but continued growth in scope • Clearly established players and locations • Accepted business models and standards
Emerging rapid growth	• Customer contacts • Infrastructure management • Finance and accounting • Human resources • Remote infrastructure monitoring • Knowledge services	• Accelerating adoption rates and increased scope and scale penetration • Suppliers becoming established • Market consolidation • Location options with varying characteristics increasing • Fewer, better established models leading to lower risk in choosing the appropriate design
Pioneer Stage	• Procurement • Legal process offshoring	• Untapped value proposition, early but few adopters • Limited number of suppliers in few locations • Multiple business models and unclear standards

Source: UNCTAD, based on information from Everest Research Institute, April 2009.

Within the worldwide spending on technology products and related services, IT services represent the largest segment. Market analysts estimate global spending on IT services in 2008 to be worth about $557 billion, and spending on business processes outsourcing some $115 billion (IDC, 2008). While only a small share of these expenditures involves international sourcing (offshoring), that part is growing. During the period 2004–2008, for example, the value of IT and ICT-enabled services sourced in a foreign location grew more than three times faster than the overall growth in outlays related to such services (ibid.). Global exports resulting from the offshoring of IT services and business processes have been estimated at $89 billion to $93 billion in 2008, up from 30 billion to 35 billion five years earlier (table IV). However, as these numbers do not include cross-border sourcing, occurring among the high-income countries, they underestimate the total value of offshoring. In 2008, the market share of IT services was estimated to be about 60 per cent.

The preferred method of offshoring depends on the type of activity. While reliable data are lacking in this area, "captive solutions" (i.e. services undertaken in-house in a foreign location) tend to be more important in the case of ICT-enabled services than in IT services (Boston Consulting Group, 2007). In India, for example, local service providers account for an estimated 70–75 per cent of the sales of IT services, foreign "captives" for 10–15 per cent and foreign third party providers also for ›

WORLD TRADE IN SERVICES AND IN IT AND ICT-ENABLED SERVICES, 1990, 1995, 2000–2007 (billions of dollars and per cent)										
Item	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007
Total Services	826.7	1234.9	1524.0	1529.0	1640.5	1891.5	2288.2	2557.2	2878.1	**3410.4**
IT and ICT-enabled services	269.0	441.7	648.8	665.7	723.1	856.1	1033.4	1163.3	1354.3	**1635.1**
IT and ICT-enabled services as % of total services	32.5	35.8	42.6	43.5	44.1	45.3	45.5	45.5	47.1	**47.9**

Source: UNCTAD, based on data from IMF. Note: IT and ICT-enabled services include the following categories of services: communication; insurance; financial; computer and information; royalties and license fees; other business services; and personal, cultural and recreational services.

a 10–15 per cent share. In the case of ICT-enabled services, the share of local Indian providers was estimated to be about 45–50 per cent, that of foreign captives 30–35 per cent and that of foreign third party providers 20–25 per cent (Nasscom, 2009).

In countries with less developed local supplier capabilities than India, the relative importance of foreign affiliates (captive or third party providers) is often considerably higher. For example, even in a mature location such as the Philippines, foreign companies account for the bulk of ICT-enabled services exports. It is estimated that in 2008, around 90 per cent of such exports reported to the Board of Investment was accounted for by foreign companies.25 In South Africa, more than half of all employees working with exports of business process services for the financial sector worked for foreign-owned companies (Everest Research Institute, 2008c). Similarly, in many locations in Latin America and the Caribbean, foreign companies dominate. For example, a 2009 survey found their share of jobs related to the offshoring of business services to be 59 per cent in Honduras, 63 per cent in Saint Lucia, 82 per cent in Saint Vincent and the Grenadines and 90 per cent in El Salvador (ECLAC, 2009).

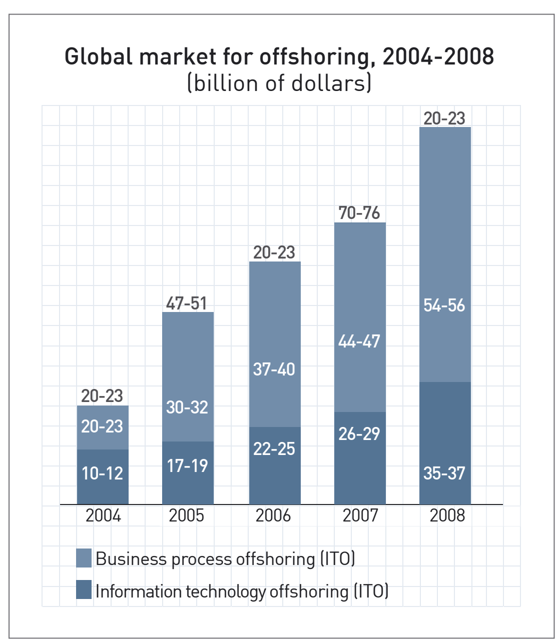
The use of offshoring varies also by industry. Financial services companies have been the leaders in this area, accounting for an estimated 40–45 per cent of the global offshoring market (Everest Research Institute, 2008c: 20). Among the next most important industries are high technology/telecommunications, manufacturing and retail.26 The high proportion of offshoring related to financial services makes it particularly relevant to consider the implications of the global economic crisis.

BALANCE OF PAYMENT DATA

Official statistics on trade in services are compiled by the International Monetary Fund (IMF) balance-of-payments data. Using such information to examine the offshoring of services has both benefits and limitations An advantage is that data are available for a large group of countries. A limitation is that balance of-payments data do not distinguish between the different modes of services supply, making it difficult to isolate trade flows that are related to cross-border supply facilitated by ICTs.28 Another disadvantage is that they do not specifically identify "IT services" or "ICT-enabled services". Balance-of-payments data can be seen as an upper limit for any estimated value of offshored services (WTO, 2005).

In this report, the same definition of trade in IT and ICTenabled services is used as in previous Information Economy Reports (see UNCTAD, 2002a and 2006b). Accordingly, the following categories of services are included: communication services; insurance services; financial services; computer and information services; royalties and license fees; other business services; and personal, cultural and recreational services. One reason for such a broad definition is technology convergence. It has become increasingly difficult to distinguish between, for example, computer-related services, business services, value added telecommunications services and software services. Using the broad definition, world trade in IT and ICT-enabled services amounted to $1.635 trillion in 2007 (table V). Between 2000 and 2007, such services grew in importance as a share of total services trade – from 42.6 to 47.9 per cent. The United States was by far the largest exporter of such services in 2007; its exports amounted to $270 billion (table VI). The United Kingdom was a clear second. While most of the top 15 exporters are developed countries, India had the fifth largest, China the tenth largest and Hong Kong, China the thirteenth largest exports in the world.

For countries seeking to promote exports of IT and ICT-enabled services, the quality of the ICT infrastructure is important. Whereas in the early days of offshoring, relatively few locations could offer acceptable connectivity, the spread of ICTs has allowed many more countries to be seen as potential destinations. Today, good ICT infrastructure is regarded as a necessary but not sufficient condition to attract export-ori-



Source: UNCTAD, based on information from the Everest Reseach Institute.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ented services projects. When assessing the ICT infrastructure, the quality and costs of international telecommunication connectivity are particularly important, although requirements vary for different services.

With regard to international telecom connectivity, companies look for redundancy in bandwidth, i.e. multiple providers or cables supporting international connectivity. Rather than a country-level minimum threshold, requirements centre on whether there is redundancy and if there are multiple providers supporting bandwidth delivery. For example, Costa Rica was already supporting offshore services when it had only one fibre optic bandwidth pipe into the country. This has since developed and there are now multiple pipes into the country.

When considering the quality of international telecom connectivity, companies typically look at various reliability metrics (such as extent of down time) to assess the stability and quality of the infrastructure available. For example, in the United States, quality of connectivity is often required to be high enough to ensure that the service can be delivered up to 99.999 per cent of the time; in an offshore location, the equivalent threshold is typically 99.9 per cent. Requirements are particularly strict for certain types of services. For remote IT infrastructure management, extremely high standards are required, and only locations with very reliable infrastructure can be considered. For voice-based services, reliability is also important but less critical than in the case of remote IT infrastructure management. In the case of voice-based customer contact centres, it is difficult to rely on satellite technology, as latency becomes an issue, which in turn means that fibre optic links are usually required.38 Given the importance of fibre optic connectivity for voice-based services, the spread of submarine cables in Africa should make more countries potentially interesting as locations for contact centres. For data traffic, there can be more flexibility, making it possible in certain situations to rely on satellite connections.

Finally, the cost aspect is important. The two main cost items are wages and connectivity costs. When connectivity costs are kept relatively high by local telecom operators, it can slow the growth of services exports and/or reduce the scope for paying higher compensation to employees.

Global exports resulting from the offshoring of IT services have been estimated at $89 billion in 2008.

IMPLICATIONS OF THE CRISIS

Exporters of IT and ICT-enabled services appear to have weathered the global economic crisis considerably better than ICT goods exporters. One reason for this is that companies see offshoring of services as one way to reduce their production costs and enhance their competitiveness. In the short term, the volume of offshoring of services is influenced by two opposing forces. On the one hand, services exports may decline due to a general slowdown in economic activity. This applies especially to services offshored by the financial industry, in which some companies may disappear altogether. On the other hand, as the recession adds pressure on companies across industries to reduce production costs, some will choose to source more services, and new services, from lower cost locations. In the longer term, and as the global economy recovers, both the volume and the scope of offshoring are likely to grow significantly.

The analysis in this section draws on field research, media reports and information presented by leading companies in the industry. It examines the immediate impact as well as the medium- and longer-term growth prospects to expand the scale and scope of offshoring to new business segments and geographies. Special attention is given to developments in India as it is the largest developing country exporter of IT and ICT-enabled services. When this report was prepared, there was still considerable uncertainty with regard to the depth and longevity of the global economic down-turn. Moreover, the availability of official data for recent months is generally limited, which means that the analysis has to rely on private sector › market estimates and forecasts. Thus, predictions of future outcomes should be regarded as tentative.

SHORT-TERM AND LONG TERM EFFECTS DIFFER

The prospects for the modalities of continued exportoriented growth in IT and ICT-enabled services are being re-examined in the light of the global economic downturn. Most firms are facing a deceleration of growth in demand, but optimism appears to prevail regarding the long-term prospects for the IT and ICT-enabled services industry.

As the impact of the global economic slowdown has slowly started to become clearer, projections for spending on IT and ICT-enabled services have gradually been revised downwards. IT organizations worldwide are trimming their budgets and cutting back on discretionary spending.

The speed and severity of the response by businesses and consumers alike to these economic circumstances should result in a market slowdown in 2009 that will be worse than the 2.1 per cent decline in IT spending in 2001 when the "dot com" bubble ended. In the short term, reduced spending on ICT should have a chilling effect on the demand for offshoring. In India, for example, prior to September 2008, exports of IT and ICT-enabled services were projected to grow by 21–24 per cent in 2008/09 in dollar terms; by February 2009 this estimate had been reduced to a 16–17 per cent growth rate reflecting substantially lower growth in export earnings from October 2008 to March 2009 (Nasscom, 2009). Other analysts agree that growth in IT offshoring will remain moderate in 2009 and 2010, and that economic uncertainty, increased competition, price cuts in smaller projects and recession will continue through the first half of 2009, with revenues starting to improve in the second half of 2009 and in 2010 (Forrester, 2009).

The effects of the crisis on corporate behaviour will evolve over time. In India, the eruption of the crisis was followed in October–December 2008 by a slowdown in revenue growth, but both revenue and employment continued to grow. This first phase was characterized by increased caution among buyers. The issuing of new major services contracts was basically frozen and some contracts were cancelled altogether. Buyers of IT and ICT-enabled services held back on discretionary spending but less so on services related to maintenance. A November 2008 survey of 100 companies based in the United States found that the crisis made labour costs savings an even more important objective for offshoring. Otherwise, companies in the survey did not predict significant changes to their offshoring plans and strategies (Lewin et al., 2009).

By early 2009, companies had started to take action to limit the effects of the crisis, mainly with a view to reducing costs. According to the survey of United States companies, actions considered in the short term included benchmarking offshoring contracts, closer scrutiny of service provider invoices, assessments of service provider performance and evaluations of current offshore sourcing locations to determine whether other centres might be more advantageous (Lewin et al., 2009). In India, there have been examples of buyers cancelling or postponing new offshoring contracts due to budget cuts, and some have sought to renegotiate existing agreements. In fact, some of the slower revenue growth among vendors in India reflects increased pressure by buyers to cut billing rates. Billing rates have declined by 5–30 per cent as a result of renegotiations of old contracts or the issuing of new ones (Gartner, 2009).

Several market analysts forecast that the export revenue growth of IT and ICT-enabled services will rebound relatively quickly. At the time this report was prepared, the rebound was expected to occur in the second half of 2009 or early 2010. Many buyers who delayed contracts as an immediate reaction to the global economic crisis will find it increasingly difficult to postpone decisions any further, resulting in new contracts (Mitra, forthcoming). Moreover, greater pressure to cut costs and the maturing of existing as well as new applications may imply that many firmswill consider expanding the scale and scope of their offshoring activities.

Given the current focus on cutting costs, more firms in the developed countries may be expected to expand their offshore operations in the medium and long term. For companies in industries with limited experience with offshoring, the crisis may act as a trigger for them to explore the opportunities provided by sourcing services from abroad. According to some studies, the greatest potential for more offshoring is likely to be in health care, retail, retail banking,


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Given the current focus on cutting costs, more firms in the developed countries may be expected to expand their offshore operations in the medium and long term.

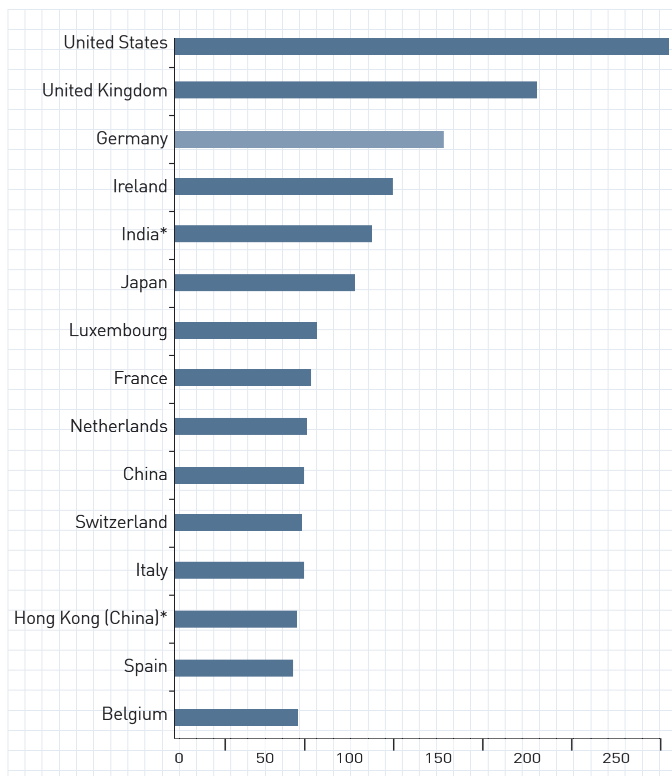
ICT and insurance industries (ECLAC, 2009). Existing users of offshoring as well as new ones are also likely to show increased interest in sourcing a wider range of business functions in order to reduce costs. In the medium to long run, this should translate into larger volumes of offshoring activity. When the economic cycle eventually improves, a surge in IT and ICT-enabled services exports can be expected. By then, more companies will have been exposed to offshoring.

EFFECTS VARY BY SEGMENT

Some segments of the offshoring industry in India appear to have been more affected than others. In the case of IT services, non-discretionary services such as mandatory operations and maintenance have been less affected than discretionary services such as consulting. Similarly, application development work has been more affected than application management. While companies have been reluctant to upgrade or attempt to develop new applications, application management and maintenance are essential services that are more difficult to scale down. In the case of ICT-enabled services, a mixed picture emerges. Some vendors have been severely hit and others less so. Again, discretionary spending has been the most affected. This may imply more negative effects for front office (customer care/ marketing) services than for back office services (e.g. accounting, human resources, and payroll), although data to confirm this have yet to emerge. Knowledge process offshoring, including research, product development and engineering, appears to have been badly affected as companies have cancelled or delayed related work both at home and offshore. Many firms will eventually commit to offshore more work in this area as such investments are essential to ensure their future competitiveness.

The effects of the crisis also vary between industries. As noted above, the financial services industry accounts for the largest share of services sourced offshore (section III.B.1). Consequently, the strategic responses by banks, insurance companies and other financial services significantly influence the overall impact. In 2008, the total value of outsourcing deals involving financial services dropped by 28 per cent to its lowest level since 2001 (TPI, 2009). Some observers believe that financial institutions in Europe and the United States reduced their volume of newly awarded outsourcing contracts by nearly 30 per cent in 2008 compared with 2007. In India, banking, financial services and insurance have remained the largest industry segment for IT and ICT-enabled services exports, accounting for 41 per cent of all such exports in 2008/09 (Nasscom, 2009). Other industries significantly affected by the slowdown include travel, retail, telecommunication, manufacturing and engineering services. Less affected industries include IT and ICT-enabled services for the health sector and public administration.

Top 15 exporters of IT and ICT-enabled services, 2007
(billions of dollars)



Source: UNCTAD, based on data from the IMF.
*Note: * The 2007 export values for India and Hong Kong, China are estimates. The values were derived based on the growth rate for "other services" between 2006 and 2007.*

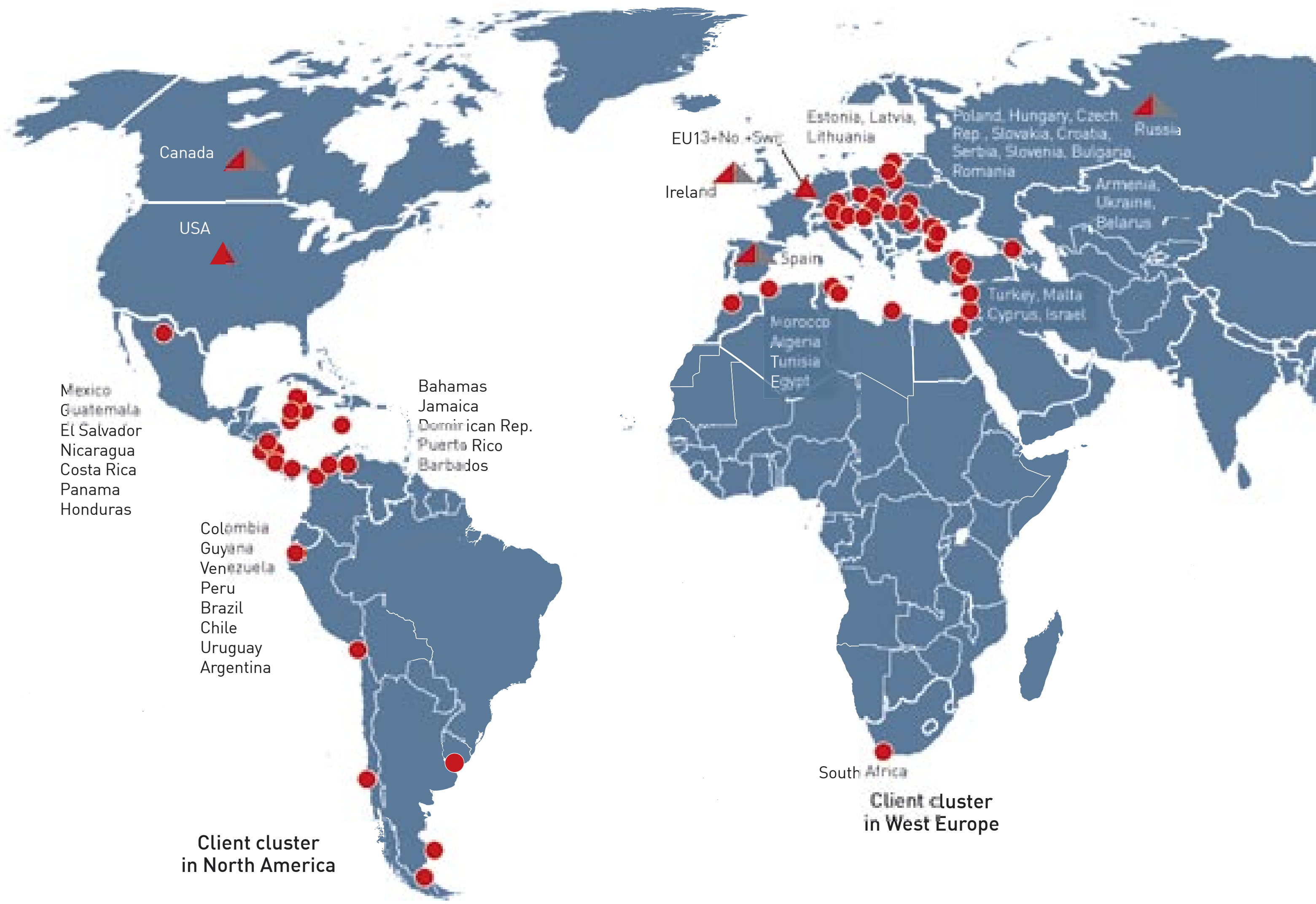
All of these business segments, including banking, financial services and insurance, are, however, expected to resume growth as the global economy recovers. Some indications, especially for the medium or long term, paint quite a positive picture. Some forecast that offshoring of business processes by financial services companies will increase an impressive 25 times its current market size over the next five years. Moreover, for some major financial groups, offshoring may form one element of a strategy to get out of the current crisis. Some predict that, while the more established companies are well supplied with liquidity and may see the current crisis as an opportunity to reappraise their operations, smaller companies may be more affected. SMEs typically have fewer clients and often depend more on service niches characterized by a relatively high degree of discretionary IT spending, i.e. expenditures that have been cut back the most during recent months. Moreover, smaller suppliers are often more exposed to the volatility of demand, exchange rates and the credit crunch. But it is difficult to generalize with regard to the impact on large versus smaller firms. In summary, long-term growth prospects for the offshoring of IT and ICT-enabled services are promising for early starters (such as India) as well as many other emerging locations. As the global offshoring business is poised to grow, there should be room for more countries to develop a sizeable export-oriented services industry if they can meet companies' needs for complementary assets in terms of skills and time zones. The scope of industries and business functions that become subject to offshoring is also expected to expand in the longer term. A recent assessment of the long-term prospects of the offshoring industry suggest that as much as 80 per cent of its incremental revenue until 2020 is expected to come from new industries (such as the public sector, health care, media and utilities), customers (especially SMEs) and countries (Nasscom and McKinsey. 2009). ‹

INFO

This article contains excerpts from the „Information Economy Report 2009", which is published by the United Nations Conference on Trade and Development (UNCTAD).

The report can be fully downloaded at: www.unctad.org/en/docs/ier2009_en.pdf

The nearshore geography of globalising IT and business services



BEYOND BRIC

› While it is common to talk of Brazil, Russia, India, and China as the BRIC inheritors of globalisation, by 2009 there were over 120 other active offshore locations offering IT and business process services or captive locations for these. All this raises the question: to what extent are non-BRIC countries also potential inheritors of globalisation?

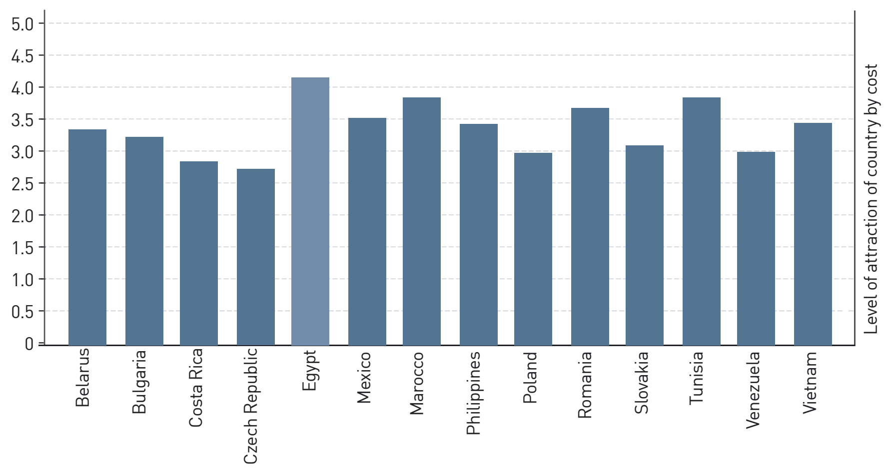
TEXT: PROF. LESLIE WILLCOCKS, CATHERINE GRIFFITHS, DR JULIA KOTLARSKY LONDON SCHOOL OF ECONOMICS

The global offshore outsourcing market for IT and business services exceeded $55 billion USD in 2008 and some estimates suggest an annual growth rate of 20% over the next five years. In 2008, India posted some 65% of the ITO and 43% of the BPO market.

Indeed, in 2008 India exported $40 billion of such services, while China, Russia, and Brazil managed $5 billion, $3.65 billion, and $800 million respectively. Although the BRIC countries are still maintaining a leading position, they are not without their problems, with Brazil and China hardly leveraging their potential and Russia lacking governmental support. India and China may even be seen turning to non-BRIC locations for some of the solutions; for example, to secure low cost and labour availability. The global market for Information Technology Outsourcing (ITO) has increased each year since 1992. Back in 1989, global ITO was a $9–$12 billion market. In 2008, the global ITO market was estimated to be worth between $220 and $250 billion. The BPO market in 2008 was less than the ITO market, but grew at a faster rate. Based on the evidence, the estimate for the ITO market, over the next five years, is that it will grow by 6–9% per annum while mainstream BPO expenditure is likely to grow worldwide by 10% to 15% a year, from $140 billion in 2005 to potentially $230 billion plus by 2013. BPO expenditure will be in areas such as the human resource function, procurement, back-office administration, call centres, legal, finance and accounting, customer-facing operations, and asset management. Offshoring and outsourcing will retain their criticality through recessionary as well as growth

Client cluster
in East Asia

Offshoring-costs comparison for 14 non BRIC countries*



* The country scores indicated in Table 1 range from, 1=very poor, 2=poor, 3=average, 4=good, 5=excellent
This scoring system is used for all subsequent tables.

LEGEND

- Client Location only (4)
- Nearshore only (45)
- Both client, offshore, nearshore destination (6)

periods. A highly competitive global services market presents opportunities and revenues for those able to offer the right mix of strong cost, reliable service, and secure location(s).

MULTI-SOURCING

Multi-sourcing has always been the dominant practice and the overall growth is driven by client organisations signing more contracts with more suppliers. However, while multi-sourcing helps clients to access best-of-breed suppliers and mitigates the risks of reliance on a single supplier, it also increases transaction costs for managing more suppliers. Multi-sourcing strategies and shorter contracts offer regular opportunities for offshore locations and services to establish footholds with clients. Where clients move to a primary contractor model, the leading supplier may well draw upon attractive offshore locations and services in a way that the client might not choose to do if directly responsible for all suppliers.

BRIC WITH NEW CHALLENGES

India, and to a lesser extent China, Brazil and Russia are already experiencing upward pressure on wages, combined with rising, sometimes high, labour turnover rates; what has been called the 'war for talent' is escalating in BRIC countries. For example, both India and China are increasing their own offshoring of IT and BPO work to other countries. This trend opens up the market for non-BRIC lower-cost services as a stepping stone to evolving into higher-value work.

NEARSHORING – A STRONG TREND

'Nearshoring' is defined as outsourcing work to a supplier located in a lower-wage foreign country close in distance and/or time zone. Compared with offshore outsourcing, the benefits of nearshoring include less travel costs, less time zone differences, and closer cultural compatibility. Non-BRIC locations can profit from nearshoring advantages in their specific regional cluster, differentiating themselves from farshore suppliers on proximity criteria, while differentiating themselves from other nearshore contenders on a suitable mix of superior cost, skill availability, quality of infrastructure, government support, and risk profile. At the same time non-BRIC providers of services and location need to be alert to bestshoring strategies of foreign clients and suppliers alike.

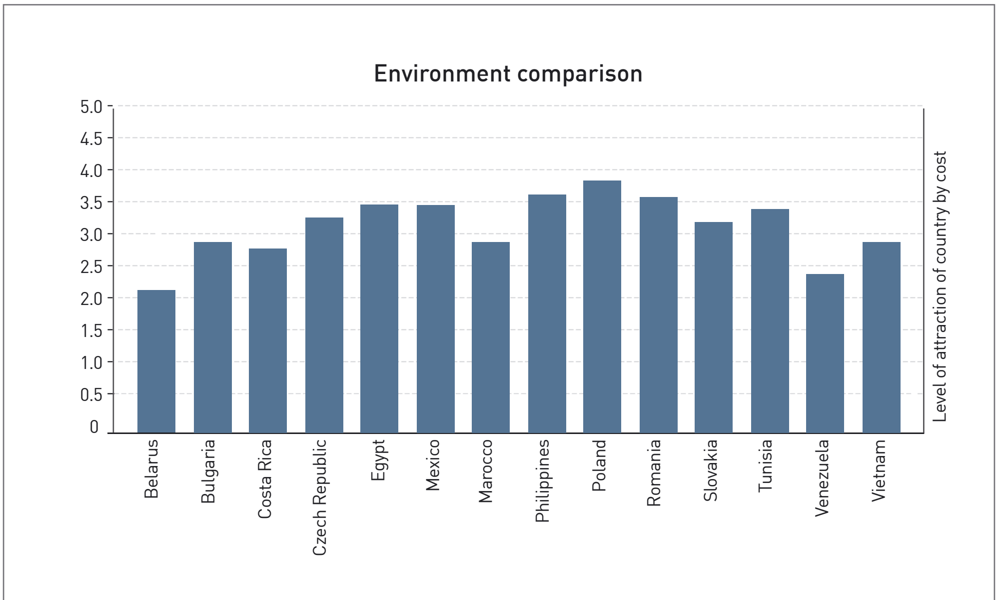
KNOWLEDGE PROCESS OUTSOURCING

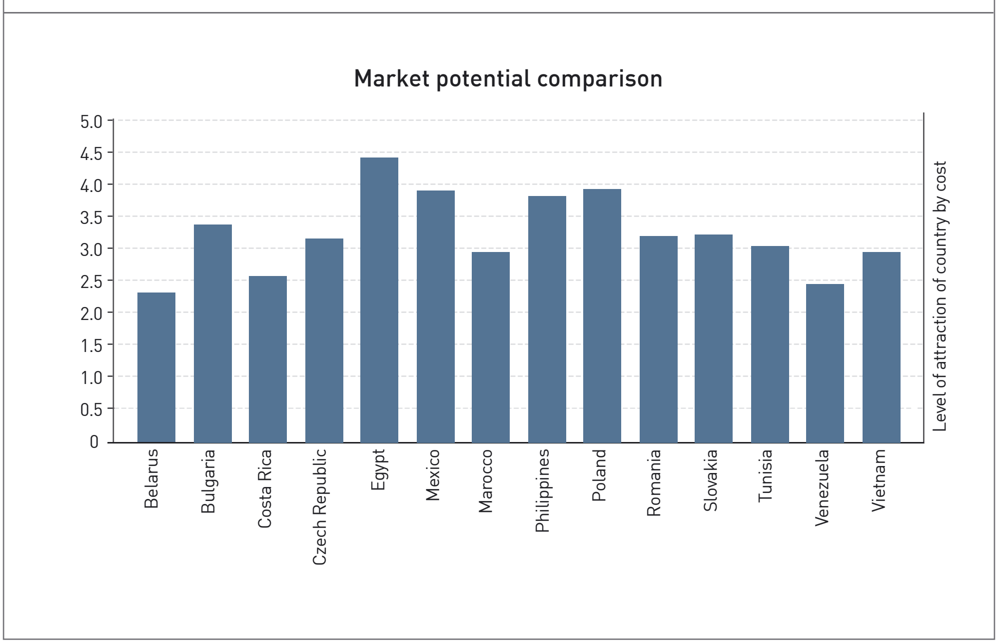
Knowledge process outsourcing (KPO) is the outsourcing of business, market, and/or industry research. KPO requires a significant amount of domain knowledge and analytical skills. KPO suppliers design surveys, collect new data, mine existing data, statistically analyse data, and write reports. Although the KPO market was, in 2008, quite small, industry analysts expected a huge growth in this sector over the next five years. Evalueserve estimated that the KPO market in 2007 was $3.05 billion and would grow annually by 39%. It expected the KPO market to be $16 billion by 2010 or 2011, employing approximately 350,000 professionals globally. KPO should be an ambition for non-BRIC locations in terms of moving offshoring and outsourcing work up the value chain, and in terms of differentiation and finding profitable market niches. Similarities in areas such as language, culture, and legal and regulatory frameworks can make a location more attractive to specific clients, suggesting a high level of granularity is needed in identifying the right client and knowledge work to invest in.

COUNTRY ATTRACTIVENESS – KEY FACTORS AND ASSESSMENT

Companies considering outsourcing IT or business processes typically compare a range of costs including:

› Labour costs (average wages for skilled workers and managers)
› Infrastructure costs (unit costs for telecom networks, Internet access and power, office rent) ›





INFO

This article contains excerpts from the report „Beyond BRIC - Offshoring in non-BRIC countries: Egypt – a new growth market". The report has been commissioned by Hill & Knowlton. The work has been undertaken by the Outsourcing Unit at the London School of Economics and Political Science (LSE).

› Corporate taxes (tax breaks and regulations, and other incentives for local investment) across potential outsourcing locations. In addition, they are now also looking at value-added dimensions for how they might benefit over time

Based on a perception analysis carried out amongst 18 international consultants/analysts, Egypt was considered the most attractive country based on costs. The costs considered were a combination of start-up, infrastructure, and labour costs. The 14 countries investigated show a wide range of salary scales, with the highest being in Central and Eastern Europe (CEE). Labour costs in Morocco are higher than in Tunisia and Egypt but lower than in CEE and about half the costs of white-collar employees in its major market of France. In Tunisia, operation costs are about 20% lower than in Morocco. In Egypt wages are about half of those in Morocco, and property prices for offices in business parks (called 'Smart Villages') are significantly lower than in CEE while being on a par with those in Asia (e.g. the Philippines).

AVAILABILITY OF SKILLS

This factor covers:

› Skill pool (size of labour pool with required skills) which include technical and business knowledge, management skills, languages, and ability to learn new concepts and innovate

- › Vendor landscape (size of local sector providing IT services and other business functions)

The skills perception analysis places Egypt with the highest level of skills availability, coming ahead of the Philippines. As has been referred to, this perception is grounded in the fact that Egypt has the capacity to produce an annual supply of good-quality graduates with multi-lingual skills. It is this breadth of linguistic ability on top of the technical supply that is extremely attractive to international companies and puts Egypt ahead of other countries with more qualified technical skills.

Mexico has also been rated highly because of its proximity to the USA, and its good education in business skills and the Spanish language.

Environmment factor covers:

- › Government support (policy on foreign investment, labour laws, bureaucratic and regulatory burden, level of corruption)
- › Business environment (compatibility with prevailing business culture and ethics)
- › Living environment (overall quality of life, serious crime per capita)
- › Accessibility (travel time, flight frequency, time difference)

In terms of the business environment, CEE countries are attractive destinations for European companies looking to outsource or offshore (or rather nearshore) business processes or ervices. Culturally, these countries provide a good fit with Western European cultures. Egypt is positioning itself as a gateway to communicate with the growing markets of other Arab-speaking countries, yet is ideally positioned to operate on European timescales as well as Mediterranean and African timeframes.

Market potential here refers to a country's future attractiveness as an offshore location for IT and business services. This may take one or more forms:

- › As a captive operation using local labour, infrastructure and resources
- › As an outsourced operation using local IT service suppliers
- › As an ITO/BPO supplier to organisations based in the host country and nearby region

Egypt has scored highest on market potential of all the countries. This is because of its unique geographical positioning, which means it can work with Mediterranean, European, African, and Arab countries. This potential is only now becoming available and analysts and businesses see this as a real opportunity to expand markets and develop new services based on the strong educational and linguistic skills of the population. The issue is how to convert the potential into large-scale growth. ‹

EGYPT – A NEW GROWTH MARKET

Egypt offers a distinctive business proposition for companies interested in outsourcing,nearshoring or offshoring. This positioning is based on a combination of its strengths.

- › Labour scalability: Egypt is actively ensuring a constant supply of resources at competitive costs.
- › Linguistic skills: Egypt offers a great variety of languages that are spoken with little or no accent (a distinctive skill profile, only available elsewhere at a premium).
- › Cultural fit: Egypt has better relationships and a better cultural fit with Western European countries than many other Arab-speaking countries.
- › Nearshoring: Egypt offers a convenient, cost-effective destination for 'nearshoring' for European companies. The small time zone difference with European clients is similar to that in CEE countries where costs are higher.
- › University links: Egypt has begun encouraging large foreign companies and top universities to build stronger relationships. Some of these companies already take the best graduates and help to customise teaching programmes to develop the required skills. However, similar advantages are available in many countries investigated. Therefore, it is simply becoming mandatory to do this. In order to speed up this process, some companies in Egypt, for example, ITS, have established their own academy for graduates to help bring in the skills they need.
- › Call centres: Egypt is already an attractive call/contact centre destination for large multi-nationals with multi-lingual clients around the world. Competition in this is growing from such countries as the Philippines and Morocco. In the Philippines there are currently 124 major contact centres, and 198,000 full-time employees working for companies such as Dell, AOL, J P Morgan, Siemens, HSBC, Shell, Citibank, and many others. The Philippines has 380,000 graduates each year (slightly more than Egypt), 15,000 of them focused on technology (less than in Egypt). The main difference in the skills is the variety of languages on offer by Egypt. Based in a former US colony, call centres in the Philippines mainly provide services in English. Therefore, the Philippines' past relationship with the US plays to its advantage. Egypt is working hard to attract various markets (French-speaking, German-speaking and Spanish-speaking as well as others).

© Alibaba

GLOBAL FUTURE OF TRADE

Trade in the 21st century has rapidly moved towards electronic commerce. Popular e-trading platforms have been on the rise for the past few years and are increasingly being seen as an efficient option for conducting international procurement. David Wei, CEO of Alibaba, the world's biggest online B2B-marketplace, talks about the importance of the European market and Alibaba's new services for small and medium-sized enterprises.

INTERVIEW: ESAD FAZLIC

› Why should purchasers consider Alibaba as an option in doing business world wide?

For entrepreneurs and small to medium sized business owners with limited or no budget, e-commerce platforms like Alibaba.com can serve as a one-stop shop for establishing their presence on the Internet, identifying potential trading partners, accessing trade resources, and interacting with other members of the business community. We make global sourcing available 24/7 and remove barriers of geographies and time zones.

Buyers can use Alibaba.com to view supplier storefronts and product listings in more than 40 industry categories and over 3,500 product categories by keyword searching or browsing through our online industry directory. They can also list their specific requirements as buying leads or subscribe to Trade Alert to get the most current product information matching their requests. This provides small business buyers with a chance to source customized goods and services that help make their small business dreams come true.

› How do you see the European market and what is your strategy for Europe?

Europe is one of Alibaba.com's top markets and a high-growth region for us. We have a very solid base of more than 1.5 million registered users in the European Union including over 120,000 registered German users as of September 30, 2009, with about 48,000 new companies from the EU signing up every month last year.

We already have a strong group of followers in Europe, but we want to further raise our brand awareness here, so that more local small businesses can benefit from our e-commerce offerings. We are looking to partner with more trade show organizers, associations, chambers and government organizations so as to provide more localized services, improve the satisfaction level of our European members and expand our local business.

› Are European SMEs as open to international e-business as the Asian or US firms are?

Any type of traditional businesses tends to be hesitant about adopting e-commerce. We think this is no different in Europe, Asia or the US. But based on our experience, once small businesses come to understand the value of e-commerce, they will embrace this new way of doing business. One of our focuses this year is therefore to reach out to more small businesses through partnerships and educate them about the benefits of online sourcing and marketing.

› Will Alibaba offer any new services, especially for European customers/buyers? What about AliEurope?

Alibaba.com beta launched a new service called AliExpress on our international marketplace in September 2009. It is a wholesale platform which allows people to make small bulk purchases of ready-made products from our supplier members and pay with an escrow service powered by our sister company Alipay. For buyers, this can serve as an express channel to purchase products at factory prices, while the Alipay escrow service can give them an additional level of security. This year, we will keep listening to our users' feedback to this new beta service and enhance the platform so as to increase the number of product listings and build up the user base.

In addition, we will also focus on enhancing the user experience of our international marketplace and further increasing safety in trading. We won't rule out launching a platform specific to our European users in the future. When we grow the market to a certain size and if there is a need for us to spin off a platform for Europe to serve our local customers better, we will do that.

› Will Alibaba go the same way as other platforms and organize own sourcing events or trade shows?

Alibaba.com's strength is in facilitating global and domestic trade through the Internet, but we do also offer offline services to our members. We have a dedicated buyer service and development team that matches large companies with quality suppliers from our member base who can fulfill their sourcing needs, and we put them in touch through our offline sourcing events. To date, we have assisted more than 150 international buyers such as Wal-Mart, Home Depot and Carrefour in finding the right suppliers.

We also have a trade show partnership program which unites the online and offline trade communities to provide global buyers and suppliers with more opportunities to connect and trade.

We have partnered with some of the world's best tradeshow organizers including Kenfair, Koelnmesse and Hannover Fairs. This program can benefit our users by giving them the best offline marketing and sourcing opportunities to complement their e-commerce efforts.

› How can Alibaba contribute to the success of international trade fairs and events?

Alibaba.com is the global leader in B2B e-commerce with 10.5 million registered users from more than 240 countries and regions on our international marketplace as of September 30, 2009.

We regularly promote different international and regional trade shows on our platform, and this can help trade show organizers attract more visitors from across the world.

› Alibaba is often seen as competitor to trade fairs rather than a partner. Do you see any future cooperation options – and what kind of?

We see ourselves as complimentary to trade shows. Alibaba.com works with trade show organizers to help them attract more visitors to their events while giving our members additional offline marketing and sourcing opportunities to complement their e-commerce efforts. We do not see ourselves as competition to trade show organizers or their electronic platforms. ‹

INFO

Alibaba on FLAT WORLD FORUM - Hall 6, Stand C 08

Thursday, March 4th, 10:30 - 11:30, Panel: Support for SME in New Markets

› Maggie Choo, Director, International Business Development & Marketing (EMEA), Alibaba.com

http://tradeshow.alibaba.com

AHEAD OF COMPETITION WITH IT OUTSOURCING

› As Centre for the Promotion of Imports from developing countries, CBI concentrates on five core competencies: Market knowledge, Product and production improvement, Quality control, Export marketing and management and Market entry. This cumulative expertise will also be presented in the CeBIT Flat World Forum 2010.

TEXT: LASZLO KLUCS, CBI SECTOR CONSULTANT FOR SOFTWARE SERVICES & OUTSOURCING

CBI brings prequalified, competing, offshore software development companies to Europe.

CBI is an Agency of the Ministry of Foreign Affairs and part of the development cooperation effort of the Netherlands.

CBI contributes to the equitable economic development of selected developing countries by providing export marketing and management support to their SME exporters and Business Support Organisations with the purpose of increasing exports to Europe.

CBI stimulates and supports economic activities that are sustainable, socially responsible and environmentally sound. This implies compliance with international social standards, more specifically ILO Conventions, and European consumer health, safety and environmental requirements. Requirements are both legislative and market driven. CBI works with clients who subscribe and strive to comply with these standards and requirements.

WHAT IS IN IT FOR YOU

CBI works together with an exclusive group of about 60 small, and medium

In hall 6 stand D02, CBI presents 15 prequalified companies from emerging economies.

sized IT companies in a number of emerging markets - Armenia, Bangladesh, Colombia, Sri Lanka, Philippines, Thailand and Vietnam. CBI has unparalleled knowledge of these markets and we also build strong relationships with business support organizations both in the government and non-government space of our partner countries. By using the services, knowledge and network of CBI, the risks of moving IT processes offshore to these countries are minimized.

CBI has formed very strong and long term partnerships with selected IT service providers –mostly software developers in the above countries. The IT service providers we work together with are selected and benchmarked very carefully according to European market requirements. We know our partner companies well. Our partners receive extensive assistance, guidance, coaching and training from CBI in order to meet the requirements of the European market.

Our partners provide the much needed flexibility and scalability of IT processes to clients in Europe.

Beside cost advantages and cost restructuring our partners provide the much needed flexibility and scalability of IT processes to clients in Europe. Most of the companies we work together are specialized, focusing on their core competences as well as their key business domain knowledge.

Backed up by CBI, IT companies from our partner countries offer great benefits to European businesses by offering immediate access to a large pool of highly educated people and their skills. The companies have a large combined portfolio of technologies across many vertical and horizontal markets. We are very confident that European businesses can find the right partner in our network of IT companies regardless of the technology or domain expertise you are looking for.

By using the capacity, capabilities and skills of IT service providers offshore you can expand your business operation very rapidly by focusing on your own core competences and at the same time speed up the time-to-market cycles.

Quality is our major concern. The partner companies in our network are very well aware of the importance of quality so many of them are equipped with CMMI or various ISO certifications.

We know that security, privacy, communication, project management capabilities, cultural issues, staff turnover and geopolitical risks come high on your list of concerns. The IT service providers we work together are also well aware of these concerns and with the assistance of CBI's coaching and consulting services our partners can minimize these risks and offer you the most comfortable and safe environment where you can concentrate on what matters most: to get ahead of competition.

Our offer to European companies interested in offshoring to Armenia, Bangladesh, Colombia, Sri Lanka, Philippines, Thailand and Vietnam include:

› Access to hard to find market information
› Access to a unique network of highly qualified, independently benchmarked and trained IT service providers and business support organizations in.
› Our service offerings to European companies also include strategy formulation, outsourcing location selection, service provider evaluation and selection, RFP development and distribution, market research, benchmarking and policy advice. ‹

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Details about the CeBIT presentation on www.get-ahead-of-competition-with-IT-outsourcing.com

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GERMAN IT INNOVATION: SHOWING WAYS OUT OF THE CRISIS

› **Innovation by Germany's Information and Communications Technology (ICT) industry is a key to rapid economic recovery. Europe's largest market and a propeller of cutting-edge technology, Germany's IT industry is responsible for 80 percent of German innovations in all industries.**

TEXT: GTAI

Left relatively unscathed by the downturn, ICT has continued to perform well worldwide. Germany Trade & Invest was presenting the latest in ICT innovation at this year's NASSCOM India Leadership Forum 2010 from February 9 – 11 in Mumbai, India.

Germany is leveraging its strong position in ICT innovation to boost future growth. The industry posted over EUR 133 billion in revenue in 2008 and holds 19 percent of the European ICT market. To secure this position Germany has boosted funding for research and development projects. The government's High-Tech Strategy supports the ICT industry with over EUR 1.5 billion reserved for ICT R&D projects. Over EUR 15 billion is additionally available for project grants and research funding to further promote innovation.

The ICT industry has an umbrella effect on other sectors, which is evident in the number of patents the industry registers. These innovations contribute to industries such as automotive, medical technologies and logistics industries. With 1,800 patents in 2007, Germany was behind only the USA and Japan.

One market segment that is currently drawing attention is the so-called business process outsourcing and shared services center (BPO-SSC) sector. With a 9 percent annual growth rate, it has expanded in recent years to become one of Germany's fastest growing ICT segments. As a result of Germany's highly educated workforce and moder-

ate wage costs, the sector is projecting a market volume of EUR 16 billion by 2012. BPO-SSC opportunities will be one focus of this year's NASSCOM.
German ICT was recently recognized by the European Institute of Innovation and Technology (EIT). Berlin has been selected as a co-location for the first Knowledge and Innovation Community (KIC) for ICT. The EIT ICT Labs project aims at transforming Europe into a knowledge society with an unprecedented proliferation of internet-based services, establishing partnerships between business and academia. Selected based on existing leadership and excellence in the field, the program aims to create new business opportunities and contribute to society through innovation.
Richard Offermann, Director of Service Industries at Germany Trade & Invest: „The ICT industry in Germany is highly attractive to investors. It is performing well despite the downturn and acts as a reliable motor of innovation. German and Indian IT companies are already strong partners. This year's NASSCOM is an excellent forum for us to showcase the latest opportunities for further cooperation in leveraging projects with an offshore element."
For investors looking to enter Europe's largest market, Germany Trade & Invest will have representatives on hand at this year's NASSCOM. Opportunities in Germany will be discussed at the country panel „Tackling Offshore Challenges in Germany". ‹

With a 9 percent annual growth rate, it has expanded in recent years to become one of Germany's fastest growing ICT segments.


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Germany Trade & Invest is the foreign trade and inward investment agency of the Federal Republic of Germany.
www.gtai.com

FLAT WORLD FORUM

CeBIT | 2.3. – 5.3. 2010 | Hall 6 | Stand C08

TUESDAY, 02.03.2010

13:00 IRRESISTIBLE INDIA

Support for Indian companies in Germany
› Wolfgang Hoeltgen, German-Indian Business Center

Best Practice: How to manage business with German and European companies
› **Preet Chandhoke, 01 Synergy**

Software Law in Germany: Law and Practice
› Oliver Sascha Hartmann, Attorney, Law- InDe®

15:00 - 16:30
Company Presentations
Partnerships and Relationships - The next wave in Offshoring:
› Harshvir Singh, Drish Infotech

The truth is in the source code
› Dr. Andreas Kotulla, Acellere

Leveraging Unique Global Services from India:
› Mukund Krishna, Suyati Technologies

WEDNESDAY, 03.03.2010

10:30 OFFSHORING AND NEARSHORING

10:30 - 11:00
Get ahead of competition with IT outsourcing
› Laszlo Klucs, CBI external expert for IT outsourcing

11:00 - 11:30
Nearshore – Smarter Software Development Outsourcing
› Steen Westh Nielsen, CEO, CN Group, Czech Republic

11:30 - 12:00
In 5 steps and 5 weeks to your own Nearshore team – practical examples from the Danish Nearshore Market leader
› Andreas Ganswindt, Ciklum

13:00 EGYPT

Egypt on its way to world markets: Panel and Presentations by Egyptian and International companies

THURSDAY, 04.03.2010

10:30 NEW MARKETS FOR SME

10:30 - 11:30
Panel: Support for SME on international markets
› Andreas Luttmann, Deutsche Messe
› Boyko Doytchinov, SIPPO
› Maggie Choo, Alibaba.com
› Cora Ziegenbalg, Future Match CeBIT

11:30 - 12:00
Beat the competition with IT outsourcing
› Laszlo Klucs, CBI external expert for IT outsourcing

12:00 EUROPE AT ITS BEST

12:00 - 14:00
Nearshoring to Czech Republic: Czech ICT Sector
› Jan Fried, Investment Development Manager, CzechInvest - Investment and Business Development Agency

I Finding a partner in the Czech Republic
II Financial support program ICT and BSS
› Eliska Pazdziorova, Sourcing department, CzechInvest - Investment and Business Development Agency

Czech Outsourcing: CN´s 13 succesful years
› Steen Westh Nielsen,CEO, CN Group

Cooperation possibilities with the Czech ICT industry
› Michal Zalesak, Director, Technology Platform for IT Services

Solution to Permanent Storage Archiving
› Heda Polívková, CEO, Northern Star spol. s r.o.

4 case studies: Major Czech exhibitors at CeBIT & their unique products and services

14:00 - 15:00
Outsourcing to Mazedonia: MASIT ICT Chamber of Commerce

Speed Presentations of 8 Macedonian companies
› AXELTRA, ARTHAUS, BRANSYS, EIN-SOF, INFINITE SOLUTIONS, NEOCOM, PEXIM, SEAVUS

15:00 - 15:30
Ukraine: How to benefit from the hidden Nearshore - Champion
› Andreas Ganswindt, Ciklum

15:30 - 16:00
Catalonia: Your partner for IC Technologies
› Claudia Jehle, Area Director Invest in Catalonia

FRIDAY, 05.03.2010

10:00 NEXT STOP BRAZIL!

Greeting by Dr. Andreas Gruchow, member of the board of Deutsche Messe
› BITS - Business IT South America

Presentations of Brazilian companies:
› APEX (tbc)
› Softex/Softsul (tbc)

UNACORP: Your „right shore“ IT provider
› MSc Eduardo Radziuk, Executive Director, UNACORP

Stefanini Company Presentation
› Leonardo Bruno Melo, Stefanini

In a flat world, you need a round strategy. Why Curitiba, Brazil, is a sound choice
› Curitiba Offshore

Procempa: A Brazilian E-gov Company
› Eberli Cabistani Riella, Procempa

13:00 OFFSHORING WITHOUT BOUNDARIES

13:00 - 13:30
Competing successfully with IT outsourcing in a flat world
› Laszlo Klucs, CBI external expert for IT outsourcing

13:30 - 14:30
Outsourcing to Vietnam:
VINASA Vietnam Software Association

Speed Presentations of 5 Vietnamese companies
› The North Ltd., VDC Vietnam Data Communication Company, TVO Tinhvan Outsourcing, PROTOCOL Software, MINH PHUC

14:30 NEXT STOP TURKEY

Greeting by Deutsche Messe with presentation of CeBIT Bilişim

Presentation of Turkish companies

© CeBIT

BITS IN BRAZIL

› Deutsche Messe has announced the launch of "BITS: Business IT South America - a CeBIT Event", a new trade fair and conference developed specifically for the Brazilian and Latin American IT markets.

BITS will debut from 10 to 12 May 2011 at FIERGS Exhibition & Convention Centre in Porto Alegre, Brazil. BITS will provide the region's IT and communications industry with its first comprehensive B2B platform, one that combines exhibits with supporting events such as seminars, forums, and matchmaking to deliver more value to participants than a one-dimensional fair or congress.

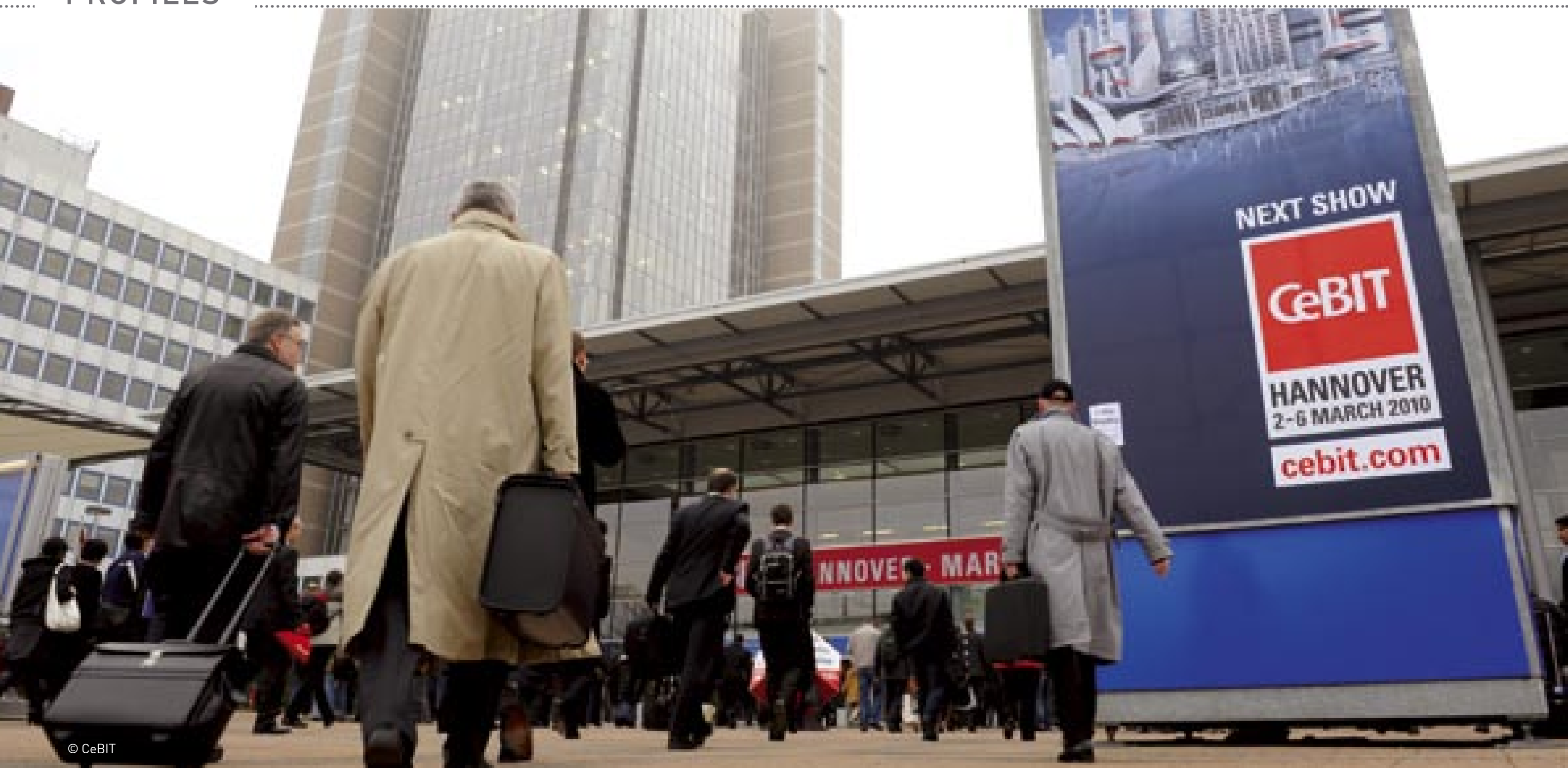
„Brazil is Latin America's largest economy and an industry leader in information technology and business process outsourcing," said Dr. Andreas Gruchow, Member of the Board of Deutsche Messe. "Brazil's IT industry benefits from five decades of strong government and private investment and the region's largest technical-skills labor pool. Growth in the Latin American IT market is projected at 3.1% in 2010, increasing to 4.3% by 2016. Even more impressive is that GDP is expected to grow 5% in 2010. When considering these positive factors, it is clear that now is the time to bring a CeBIT event to this region."

The BITS audience profile includes analysts, developers, entrepreneurs, project managers, system managers, IT security managers, database specialists, system analysts, telecom managers, wireless mobile platform managers, network professionals, data center managers, and C-level executives. The exhibition component of BITS will consist of the main topic areas Business IT & ICT Infrastructure; Communications B2B & Local-Based Services; Banking & Finance; Public Sector; and Future Lab. The exhibition floor will also host a forum, a New Business Generation Area, and a central lounge. Located adjacent to the exhibits, the BITS conference will feature five tracks: Finance, Government, Industry, Retail, and Telecom.

BITS host city Porto Alegre is the capital of Rio Grande do Sul, which is located at the center of Mercosur (Southern Common Market) and equidistant from the capitals of Argentina and Uruguay. Rio Grande do Sul accounts for 20% of Brazil's GDP (USD 100 billion in 2008) and provides the country's highest quality of life. The region is also home to four technology clusters – three in Porto Alegre and one in nearby São Leopoldo – that function as outposts for such companies as Altus, Dell, HP, Microsoft, SAP, and Siemens, while also providing incubator and R&D facilities.

Deutsche Messe is organizing BITS with the cooperation and support of the Center of Industries of the State of Rio Grande do Sul (CIERGS) and the Federation of Industries of the State of Rio Grande do Sul (FIERGS), which collectively represent 41,000 factories with 600,000 employees. Additional partners include IT industry associations SOFTEX and SOFTSUL. ‹

The exhibition of BITS will consist of the main topic areas Business IT & ICT Infrastructure.



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COMPANY PROFILES

› Don`t miss the presentations and panels in **Hall 6, Stand C 08**. The Participants, Sponsors and Partners of the Flat World Forum are available for your requests and offers also after CeBIT.

acellere_

ACELLERE

Acellere is a new generation software services firm, which is helping organizations across the globe reduce their software development and maintenance costs, leveraging our innovative technology based services. We are a global organization having our registered office in Germany and operations across the globe including India. Acellere's vision is to industrialize software development and maintenance services. We have developed a software engineering platform leveraging which we are able to offer software services, with quality, productivity and transparency in our deliverables, way above industry average today.

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Alibaba.com

ALIBABA.COM

Alibaba.com (HKSE:1688) is the world's leading B2B e-commerce company. It connects millions of buyers and suppliers from around the world every day through three marketplaces: an English-language marketplace (alibaba.com) for global importers and exporters, a Chinese-language marketplace (alibaba.com.cn) for domestic trade in China, and, through a joint venture, a Japanese-language marketplace (alibaba.co.jp) facilitating trade to and from Japan. Together, its marketplaces form a community of 40 million registered users from over 240 countries and regions. Headquartered in Hangzhou, Alibaba.com has offices in more than 30 cities across mainland China as well as in Taiwan, Hong Kong, Europe and the United States.

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Ciklum

CIKLUM

„Ciklum has over 8 years experience in helping startup companies through the often unknown transition of near shoring their software development, we have a team of experienced and skilled people that have helped 100+ companies do this, our methods and ‚best practice' abilities allow companies to focus on delivering their product to market without the overhead of a heavy management structure to oversee the software development, we provide peace of mind to our clients"

Ciklum is a Danish innovative IT outsourcing company specializing in nearshore software development in Ukraine. We do not follow the traditional IT outsourcing model of project-based services, and instead we offer our clients to establish your own dedicated IT department in Ukraine or to outsource, completely or partially, your software development. This is equivalent to having your in-house IT specialists but for a significantly lower cost and less administrative nuisances.

Our unique business model merges the human element with IT to not only help companies to grow, but provide ongoing resources that sustain growth with the flexibility to scale up or down as markets shift. Ciklum clients can gain control over their IT processes and systems and get more value from

the resources they already have. We surround each client team, both client and IT, with knowledge sharing activities to foster a profitable and productive work environment during their entire outsourcing experience, including social events, strong infrastructure, financial and administrative support, Q & A and consulting services. Ciklum also provides project-based services and peak resources on a short-term basis to accomplish very specific tasks efficiently and with superior quality.
Established in 2002, Ciklum employs more than 850 specialists with more than 100 global teams that enable clients to work directly with developers to reach a high level of productivity. Ciklum has seven offices in the four largest cities in Ukraine, as well as offices in Denmark, Finland, the Netherlands, Norway, Sweden, the United Kingdom and the United States. We are a member of the Ukrainian Hi-Tech Initiative. Ciklum is a winner of the 2009 Red Herring 100 Europe, an award given to the Top 100 private technology companies based in the EMEA (Europe, Middle East and Africa) region each year.

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CONSIM CONSULTING

CONSIM – Consulting for International Channel Marketing – established in 2002 in Cologne, Germany, support companies and group of companies to internationalize their activities, and to identify partners and clients in the Europe, Middle-East and Brazil.
Support companies in the following activities: market development strategy, trainings and workshops in internationalization, market studies, marketing support, preparation of marketing material, participation in international trade fairs, public relation activities, company foundation and joint-venture, fund-raising and vc acquisition.
We find your partners and clients in Europe, ME, and Brazil!

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CURITIBA OFFSHORE CENTER

Curitiba Offshore is the international effort carried out by the best of breed companies belonging to Curitiba, Brazil. Our offers ranging from IT services to GRC, BI, CRM, ERP & MERP and Help Desk world class solutions, which are provided to several industry segments, such as finance, automotive, manufacturing and agribusiness. We will show you why Curitiba is technologically sophisticated, globally savvy and culturally aware. It will demonstrate why well-reasoned roads point toward Curitiba Offshore as an essential partner sourcing destination for global services and solutions providers.

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GIBC - THE GERMAN-INDIAN BUSINESS CENTER

GIBC-Hannover supports all phases of the business expansion of Indian companies into Europe. The GIBC offers networks in several technology and industry sectors and the experience of how to use synergies of indo-german business relations. This includes consultancy in the area of product management and market analysis, identification of opportunities and risks for the company in the European market, programs to support sales activities as well as offer of rent-free office space.

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INDE® LAW FIRM

InDe® Law Firm is an Indo-German Law Firm specialized in German, European and Indian Intellectual Property Law. Due to our specialized knowledge in Indian Trade Marks and Copyright Law, we are one of the few law firms in Germany who also provide legal service with respect to Indian Law. Our lawyers of Indo-German origin are highly skilled, zealously dedicated and well experienced in both legal systems, which allows us not only to effectively tackle the legal and commercial issues of any given IP-matter but also the socio-cultural element. We also have close association with highly qualified lawyers based in India, though our lawyers in Germany remain the contact person for the client right from the outset - we consider ourself as „Ihr Partner vor Ort, for your business abroad".

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THE INDO-GERMAN SOFTWARE COMPETENCE NETWORK

The Indo-German Software Competence Network, Indescon, is the largest network of German and Indian software SME's based in Germany. Founded by Indian IT professionals living and working in Germany, Indescon offers a platform for information exchange and networking, helping build rich and sustainable business relationships between enterpreneurs in the IT-industry in the two countries, as well as the Indian IT professionals working in Germany and the IT industry here.
Indescon is currently represented by chapters in Stuttgart and Frankfurt, with regional officers committed to developing the organization their respective areas. Majority of Indescon's activities involve organizing networking and information events around Germany, such as the German IT Round-Table, held in 2008 and 2009 in Stuttgart, the India IT Days, held in Stuttgart and Frankfurt in 2008, 2009 and the regularly held Indescon X-Table, so far organized in Stuttgart, Karlsruhe, Heidelberg and Hannover. Further information about Indescon can be obtained from www.indescon.org. A list of members can be viewed at www.xing.com/net/indescon.

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NIEDERSACHSEN GLOBAL GMBH

NGlobal is the central organisation for the coordinated domestic and international marketing of Niedersachsen as a business location, with the aim of promoting the internationalisation of

the state.Nglobal's core functions are the foreign trade and locating business, location marketing as well as domestic and international trade fair activities. As the direct contact in Niedersachsen, NGlobal is the interface to businesses and investors at home and abroad.
At CeBIT: Hall 7, Stand A28

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SIPPO SWISS IMPORT PROMOTION PROGRAMME

SIPPO Swiss Import Promotion Programme is a mandate of SECO, the State Secretariat for Economy of the Swiss government. The programme supports private businesses in markets in transition to get an access to the Swiss and EU markets.
The services include trade information, technical assistance and trade promotion. At the same time, Swiss and EU companies are given free and competent support in their search for new sourcing markets, products and cooperation partners.
At SIPPO collective stand at Cebit 2010 – Hall 2 stand D 28 18 selected Software companies from Macedonia, Kosovo, Ukraine and Vietnam are offering excellent solutions and services with an outstanding price/performance ratio as well as attractive opportunities for long term co-operations on a Win–Win basis.

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STEFANINI IT SOLUTIONS

Stefanini IT Solutions is a global provider of onshore and nearshore IT consulting, systems integration and outsourcing services. The company has more than 8,500 employees with 34 offices in 16 countries, and more than 350 active customers across a broad spectrum of markets, including energy and utilities, insurance, manufacturing and distribution, oil and gas, financial services, and telecom. One of Brazil's leading IT companies, Stefanini IT Solutions is CMMI Level 5 and ISO 9001:2000 certified.

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PORTO ALEGRE INFORMATION AND COMMUNICATION TECHNOLOGY COMPANY - PROCEMPA

Procempa is one of the biggest public information and communication technology companies in Brazil for over 32 years. In the Porto Alegre's administration is responsible for the technological development, being a pioneer among Latin America's digital cities. Its mission is to make ITC technologies available to City Hall, clients and the citizen, maintaining the continuous development. The company operates in the e-Government, focusing on the citizen, qualifying public management and the corporate market.

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SUPPORTED TECHNOLOGIES: Windows, UNIX, Linux, Oracle, MS SQLServer, DB2, Sybase, OpenSource, Oracle iAS, Microsoft COM+, IBM Websphere, BEA/Tuxedo, BEA/Jolt, Weblogic

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