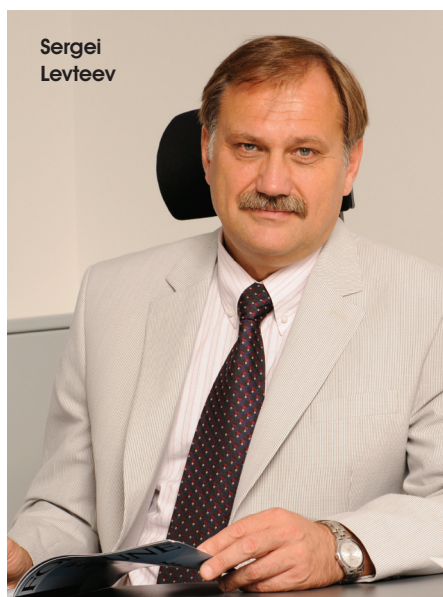

FROM BELARUS TO INFINITY – AND BEYOND

Formed in 1993 in a newly independent Belarus, IBA Group has grown to be one of Eastern Europe's largest IT service providers. Outsource spoke with IBA Group President Sergei Levteev about the company's origins, current activities and future challenges

outsourcE: Can you tell us a little about your own role at IBA, and the development of the company until now?

Sergei Levteev: As the CEO of IBA Group since the very formation of the organisation, I am the one who bears responsibility for the success or failure of the company. My everyday work includes a variety of tasks related to operations, marketing, strategy, financing, HR, sales, PR, etc.

IBA was formed in 1993 in Minsk, Belarus. It was the time when the country gained independence from the USSR, which brought about both positive and negative effects in society. The formerly strong IT industry lost state orders and many IT organisations were shutting down. The Computer Research Institute and the Computer Production Association, the flagships of the Belarusian IT industry, were among the few that survived. At that time Belarus was known as the Silicon Valley of the USSR. It covered roughly 60% of the USSR's demand for IT. The reputation of Belarusian programmers spread far beyond the country – it reached IBM, and its representatives came on several exploratory visits to Minsk.



As a result, a joint venture called International Business Alliance, or IBA, was formed. We aimed to complement the skills and creativity of local developers with the advanced IBM technologies. IBM probably aimed to acquire additional highly qualified resources. In 1999, IBM pulled off its share in line with its strategy but our cooperation has further developed. In 2000, IBA made

a decision to diversify its client base. At present, our clients are IBM, Goodyear, Rockwell Automation, Fujitsu Technology Solutions, T-Systems, and other well-known companies globally.

In 2005, IBA moved its headquarters to Prague following the admission of the Czech Republic to the EU. IBA turned into IBA Group, an alliance of IT companies with more than 2,500 employees and offices in eight countries. Our vision is built around two main assets, namely clients and employees. We are committed to working in partnership with our clients, where each shares common interests, values, and goals. We are also striving to be a workplace of choice for the best IT professionals who care about their job at IBA Group.

IBA Group is an IT outsourcing provider and a product developer. Currently, we are seeking to be more product-oriented. I see it as my personal task to choose what products to offer in the future. Strategic alliances are also among my daily concerns. When forming new partnerships, it is important to maintain a balance of interests between new partners and those who have been with us for years.



Last year IBA Group (www.iba-it-group.com) was recognised as Best Employer in the "Socially Responsible Brand" category at Belarus' Brand of the Year awards.

INTERVIEW SERGEI LEVTEEV

Q: Specifically what work do you provide and where is the work carried out?

SL: IBA Group is one of the largest IT service providers in Eastern Europe. We perform offshore, near-shore and onsite projects, with software development centres in Belarus and the Czech Republic and sales offices in eight countries: Belarus, the Czech Republic, the United States, Germany, Cyprus, Russia, Bulgaria, and Kazakhstan.

IBA Group has a diversified service and product portfolio. We provide software outsourcing services, develop and produce proprietary software and hardware products, implement packaged solutions, and render distribution, value-added and consulting services.

Most IBA activities are related to software engineering. As an outsourcing vendor, we offer a full range of software development, testing, migration, maintenance, 24/7 support, and consulting services with special focus on mainframe systems and applications; enterprise applications/portals/Web 2 solutions based on Java 2 EE, .Net, SOA, and other up-to-date enterprise technologies; SAP solutions; other ERP systems; Lotus technologies, and business intelligence.

In addition, IBA is a producer and supplier of more than 200 software and hardware products. Its self-service banking equipment, including Information and Transaction Terminals (ITTs), is functioning in Belarus and other CIS [Confederation of Independent States] countries.

Q: How was IBA affected – in terms of the scale and scope of its operations – by the financial crisis and subsequent downturn?

SL: The global economic crisis had no dramatic impact on IBA's operations. I attribute this to a diversified service and product portfolio, strong client base, and careful approach to staff augmentation. However, we have to admit that the company's growth pace slowed down. Before 2009, the average annual revenue

grew roughly by 20 per cent, while last year by about ten per cent.

Q: What do you see as being the biggest drivers for change in outsourcing over the next few years? And how is IBA positioning itself to adapt to those changes most successfully?

SL: Many technology and business drivers are in place. Because of the economic downturn, the number of software development projects has dropped and the requirements to service providers have grown. Only companies with optimised business processes, a proven history of customer interaction and strong reputation – like IBA Group! – are able to survive and grow under the circumstances.

Recent developments in mobile communications enabled us to expand our solutions in the banking area, launching

CLIENTS TEND TO LOOK BEYOND MERE PROGRAMMING. THEY WANT VERTICAL INDUSTRY SOLUTIONS THAT ADDRESS THEIR SPECIFIC GOALS AND CHALLENGES

a mobile banking system that allows users to perform financial transactions via smart phones.

Mobile technologies influence the way IBA Group delivers services. IBA has many distributed teams in different locations. They work together and communicate daily to develop software successfully. Numerous innovative tools are used for co-operative and productive work.

Q: Where do you see being the major growth geographies in outsourced service provision? You're still doing a lot of work in Belarus, for example...

SL: IBA Group's geography is rather wide but the principal markets are Western

Europe and the United States. We are also active on the markets of Eastern Europe.

When selecting a location for a development centre, we look at the availability of skilled resources in the region like for example in the Czech Republic and Belarus. As regards to sales and support offices, the growth strategy is guided by the requirement to be closer to our customers to serve them in the best possible way. Therefore, if the company has many projects or a large-scale project in a country or region, it invests to set up additional offices or support centres.

We are expecting specific growth in the Czech Republic which has a very attractive geographical position, is an EU member, and enjoys economic and political stability.

In Belarus, IBA is expanding its involvement in e-society projects. Recently, the company was selected as the electronic workflow system developer for the state governing bodies of Kazakhstan. IBA proceeds with the implementation of SAP, Microsoft Axapta, and PTC Pro/ENGINEER and Windchill-based systems at large-scale enterprises of the CIS.

The company is also expanding its production of self-service banking facilities. Of each ten Information and Transaction Terminals in Belarus, nine are functioning with IBA software. Banks in Belarus, Kazakhstan, and Russia are successfully applying IBA ITTs to provide convenient and high quality services to their clients 24 hours a day, seven days a week.

Q: What will be your major challenges going forwards?

SL: The IT market is highly dynamic and volatile. It is hard to predict what will be on demand tomorrow and therefore we keep exploring new trends and technologies. For instance, we have recently expanded the IBM Cognos BI and Tivoli-based lines of business. Our major challenge is to keep innovation and business creativity moving. We also strive to combine stability with growth and change. 



Belarus' unemployment rate of one per cent (of a total workforce of approximately five million) is the fourth-lowest in the world.