

We chose Belarus as our second offshore location because of its reputation as the Silicon Valley of the former Soviet Union. The human resources capacity is truly impressive. In addition, Belarus benefits from a world class university and advanced scientific and engineering labs."

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CEO in MW2

IT in Belarus: Overview in Facts



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Preface

The Belarusian economy has developed rather rapidly recently. Valuable contribution to this development has been made by the growing IT space. Although the major part of Belarusian economy is still controlled by the state, the IT space is one of few Belarusian industries that are mostly private-owned. Statistics show that 51.2% of Belarusians are employed by state-controlled companies, 47.4% – by private Belarusian companies (of which 5.7% are partially foreign-owned) and 1.4% is employed by foreign companies.

The beneficial geographical location, highly skilled and relatively inexpensive labour force, low price levels and well developed infrastructure have made Belarus a potential country for foreign investment and development of any kind of international business.

With recent support of the government such initiatives promise to be profitable, especially in the sphere of IT which mostly works for foreign customers. To avoid double taxation between Belarus and other countries 52 reciprocal agreements have been signed, including such countries as Russia, Hungary, Belgium, Austria and Netherlands. 59 contracts for assistance and protection of investments were signed with such countries as Italy, Denmark, Spain, USA and Canada among others.

This article provides general information on current state of the IT industry in Belarus, describes its tendencies and draws attention to peculiarities of local outsourcing.

1. Belarusian IT market: General Overview

This part of the article gives a general overview of the IT market in Belarus and shows the current state of the industry.

Along with traditional industries for every country, a relatively new IT industry in Belarus started its independent development approximately 17 years ago. Since then the Belarusian IT industry, represented mostly by private companies, has constantly grown and successfully developed.

During the last several years Belarus has made a significant breakthrough in the IT industry. The average annual growth of Belarusian export-oriented programming market since 2003 has reached 20-30 %. This was mostly due to the following reasons:

- *Initial resource base represented by large number of technical universities and good level of technical education: there are 57 universities in Belarus, including 44 state universities and 13 private ones. About the third part of all universities are technical. Each year about 4 000 IT specialists graduate from Belarusian universities.*
- *Internationalization of the IT sector in the world and increasing of the competition on this market that have raised the demand in qualified and reasonably paid specialists;*
- *Strong support of Belarusian government expressed in creation of Infopark and, later, High Technology Park in Belarus.*

The Belarusian IT sector is focused mostly on foreign customers such as the USA, Canada and countries of the European Union – for example, more than a third of the Belarusian IT trade is conducted with EU. But the rate of companies that work for Russian Federation and the local market continues to remain rather high.

Intellectual property rights of foreign customers who outsource to Belarus are protected by the Civil Code, the Law on Copyright and Related Rights and the Law on Industrial Patents, Utility Models and Patterns.

1.1 Infopark

The Association of Belarusian IT Developers Infopark was created in 2001. It was the first significant step of the Belarusian state on the way to improve the organizational, economic and social conditions for developing and export of modern information technologies. It is a non-profit organization the aim of which is to support current professional activity of its members and to facilitate their strategic development. At the beginning with its appearance Infopark encouraged formation of competitive national IT system.

Nowadays Infopark unites 62 Belarusian and joint software development companies and enterprises and about 9 000 IT professionals.

1.2 High Technology Park

High Technology Park (HTP) was created in September 2005 and has united 39 corporate residents by April 2008. Belarusian legal entities (including those with 100% foreign investment) and individual entrepreneurs, whose activities are concerned with the analysis, development and software support of information systems and data processing, can be members of HTP in Belarus.

Membership in HTP provides full exemption from almost all taxes and duties, including profit tax, VAT and real estate tax. Besides, the technical equipment imported by the residents of HTP into the customs

territory of the Republic of Belarus is exempt from customs duties and VAT. The exhaustive list of such inventories is determined by the state authorities and includes computers, copying and facsimile devices.

The income paid to a foreign entity originating from HTP resident's sources can be subject to withholding tax at a rate not exceeding 5%. The residents of HTP do not pay offshore duty on the dividends paid to their shareholders.

2. IT Tendencies in Belarus

This part of the article describes current dynamics of the Belarusian IT sector. Here you can find information about internal relations, changes and tendencies between IT companies and resources in Belarus.

- 276 IT companies have been officially registered in Belarus by the end of 2007. 189 of them are located in Minsk.

The actual scale of IT activity in the republic is bigger as there are **a)** newly born companies every year (year 2008), **b)** some companies which have not yet registered as businesses and **c)** the phenomenon of multiple brands. That is why the precise quantity of IT companies operating in the republic is hard to estimate.

- Five of Belarusian largest IT outsourcers are at least 10-14 years old, the age well above average for a private business in Belarus. Two major ones, IBA Group and EPAM Systems, have respectively 2500 and 1800 employees.

They were the first in Europe to achieve the SEI CMMI® (Software Engineering Institute's Capability Maturity Model Integration) Level 4 Rating. These two Belarusian IT leaders are internationally recognized and are among winners of "The 2008 Global Services 100 companies".

- The general tendency is recent emergence of small and medium-sized companies as well as expansion of foreign companies that open their development offices in Belarus.
- There is a growing tendency among IT specialists to migrate from companies (even big ones) to young ones. There they can make better use of their experience and achieve greater results in a shorter period of time.

Therefore, due to such a migration, general experience and skills level in small and medium-sized companies continually increases.

- Many Belarusian software engineers, due to requirements of projects, go to Europe on behalf of their companies, where they acquire valuable experience and language skills. These specialists help bring Belarusian skills into line with Euro standards and requirements.
- The tendency of recent years is vast students' employment. Future IT specialists start working being second and third-year students and then continue combining their studies with work till their graduation. Thus by the end of their studies they already have practical experience of 1-3 years.

3. Belarusian Outsourcing Peculiarities: Useful hints

If you have already made a decision to work with Belarus, you will always face the problem of selecting the right company to partner with. In this part of the article you can find some useful hints that will help you to make more sensible choices.

IT resources

The general level of proficiency and quality of Belarusian IT specialists is high. Although if a customer demands additional quality or qualifications of the specialists working on his projects, he has to be aware what is important for such specialists:

- *Experience with large-scale projects, which are necessary for their successful completion;*
- *Competitive salary – the level of payment is a crucial factor for highly-qualified IT specialists to stay in a company;*
- *Opportunities for business trips, which help to increase professional level, enrich experience and efficiency.*

Middle-sized and young companies vs giants

If a company is a large one, customers are more inclined to trust it. But before making a final choice between a big or a small company, several points should be taken into consideration:

- *To maintain a large numbers of employees, big companies often hire many undergraduates who then work on projects with one or two more experienced programmers as their supervisors. Consequently, the quality and time period can sometimes be inappropriate;*
- *Small companies are forced to work harder, so to continue their business successfully they need to demonstrate higher and invariable productivity and value to their clients;*
- *To attract the best IT staff small and medium-sized companies offer bigger salaries (usually 10-20% higher), open opportunities of promotion and successful career development, as it is crucial for them to have proficient staff and provide high level results;*
- *Small and medium-sized companies are more dynamic and flexible at all levels of their activities.*

Working hours

According to Belarusian legislation, practically all state companies have fixed working hours, generally from 9 till 18, with a lunch break from 13 till 14. Although the IT sphere, being mostly private-owned and to satisfy needs of foreign clients and grant more flexibility to its staff, prefers to have flexible hours.

Considering this, if a customer wants his dedicated team in Belarus to work on the basis of a fixed schedule, this should be discussed in advance.

Infrastructure

Quality of a product and success of a project consist of many components. One of them is a well-built infrastructure of an offshore company. It should be noted that as a rule all IT companies in Belarus have standard for this sphere infrastructure, that is ADSL Internet connection, high-end server infrastructure and instant messaging such as Skype, ICQ, and the like.

Processes

When a customer starts working with Belarusian IT companies, it is advisable to pay attention to those companies' processes that are adopted in them. It is a necessary precaution to avoid additional hidden costs in the future.

References

It is no doubt that any company tries to provide its customers with references that are generally 100% positive. No one would like to have his company referred to with any negative connotation.

To get more or less unbiased information on the activity of a company it is advisable to make inquiries in official bodies of your own country and/or to try to locate clients which are not on a company's reference list.

4. Belarus: Quick Facts

This part of the article is intended to provide some general information that can be necessary while cooperating with Belarus.

Belarus is located in the heart of Europe, at the crossroads of west-east and north-south trade routes. It links CIS member states with the countries of Western Europe. Belarus borders Poland, Lithuania, Latvia, Russia, and Ukraine. The territory of the country is 207 thousand square kilometres, populated by 9.71 million people. 73% of them live in urban environments.

Almost one fifth of the population lives in Minsk, the capital of Belarus. Belarus is divided into six regions. Belarusian and Russian are the official state languages.

The capital of Belarus is in the centre of Europe, so it is easy to reach Minsk quickly from any city of Europe and the world. There are regular flights to Moscow, Vienna, Prague, Warsaw, Frankfurt/M, Berlin, Hannover, Milan, Paris and Manchester. For example, it takes only 1 hour 30 minutes to get to Moscow, 2 hours 25 minutes to Frankfurt/M or Vienna, and 3 hours to London.

The telephone country code of Belarus is 375. The area code of Minsk is 17 (from outside Belarus) or 017 (from inside Belarus), the phone number itself is a 7-digit code. To call in Minsk from abroad, for example, it is necessary to dial the following numbers:

+375 17 XXX XX XX or 00 375 17 XXX XX XX.

There are the following official public holidays in Belarus (see the table):

Holiday	Date
New Year's Holiday	January 1
Orthodox Christmas	January 7
Women's Day	March 8
Catholic Easter	Movable
Orthodox Easter	Movable
Radunitsa	first Tuesday after Orthodox Easter
Labour Day	May 1
Victory Day	May 9
Independence Day	July 3
Day of October Revolution	November 7
Catholic Christmas	December 25

Please, be aware that if any of the mentioned in the table holidays falls on a Tuesday or Thursday, the preceding Monday or following Friday (respectively) is usually declared an official public holiday by the government and the preceding Saturday or Saturday of the next week (respectively) a working day.

5. About ITlect

ITlect is the Belarusian company that works in the IT sector and offers you knowledge and experience in forming of custom software development teams to outsource your projects to.

The main difference between our company and other software development companies in Belarus is that along with outsourcing services we pay special attention to the team building process. Our broad connections in the IT sphere and partnership with HR agencies allows us to form effective teams according to customers' precise requirements.

Such approach guarantees mature fulfillment of projects and high quality end results that correspond to customers' expectations.

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