

# 5 Advantages of Outsourcing Software to Belarus

*Belarus is a fast-growing software development and outsourcing powerhouse in the Eastern Europe. It offers not just lower cost of services but highly reliable execution and proximity.*

Software outsourcing is more than just about lowering costs ... it is a powerful engine to accelerate delivery and to boost profit margins.

Since the very early days of software outsourcing and offshoring (1990s), Asian providers had taken the lead, offering extremely low price-to-talent ratios. For corporates in USA and Europe this comes at the cost of dealing with disparate time-zones, language barriers and cultural distance.

However, that's changing. Multiple geo-political developments in Europe have now created favorable winds for East European countries to emerge as software outsourcing havens as well. The republic of Belarus, formerly the technology capital of USSR, is uniquely positioned to lead this trend.

RnR Market Research projects Belarus' IT outsourcing market to grow at an annual rate of 17.8% by 2018. Belarus already boasts of over 800 IT companies including tech giants like Microsoft, Oracle, Yandex, IBM, Hewlett Packard, Booking.com, Viber and Cisco Systems. With a population of 9.5 million, the country offers more than 30,000 highly qualified IT professionals, and a steady supply of IT talent.

Probably that's why Belarus is sometimes dubbed as East European Bangalore. Although for businesses in search of a reliable software partner, Belarus offers several compelling advantages over its Asian counterparts.

## **1. Geographical and cultural proximity**

Situated in the East European IT hub, Belarus borders with Russia, Ukraine, Lithuania, Latvia and Poland. Minsk, its capital city, is well-connected with Europe, Asia and USA and within 3 hours flying distance from most EU cities. This enables more in-person business interactions.

The people of Belarus share cultural affinity with rest of the western hemisphere. Russian, German and English are fluently used in business. Being in UTC+3 time-zone, it offers the added advantage of overlapping working hours with Europe and USA.

## **2. Abundance of Hi-Caliber Tech Talent**

According to Gartner's *"Analysis of Belarus as an Offshoring Destination"* (2011), "A strong education system and cost-competitive salaries, together with a reasonably strong workforce, have enabled Belarus to develop a mature IT outsourcing industry, supporting the country as an alternative destination for offshore activities, especially software development."

Belarus was a leading R&D center during Soviet times and was dubbed as Soviet Silicon Valley. Almost fifty years back Belarusian engineers developed a general purpose computer (Minsk) that powered many computing centers and laboratories across the huge Soviet Union.

With this long legacy of hi-tech research expertise, Belarus inherits a world-leading system of education and training. A system that produces not just

software programmers but well-grounded professionals capable of delivering complex analytics and engineering solutions.

You can expect a reliable stream of IT talent with expertise in system analysis, consulting, hardware selection to design, development, DevOps, testing, migration, maintenance, and 24X7 support.

Forbes while citing Belarus as a perfect place for doing business notes:

*"Belarus focuses on the quality, preferring to hire 1 highly qualified specialist instead of 10 novices."*

### **3. Business Environment and Incentives**

Belarus has a state-sponsored economy with many incentives for commercial businesses. According to World Bank's *Doing Business* ranking for *Starting a Business*, Belarus' position jumped from 39 to 12 during 2015-2016.

To fuel innovation and economic growth, the Belarusian government devised several tax benefits particularly for the software and IT solution providers.

In 2005, the High-tech Park was established in Minsk to promote IT industry. Enterprises in the Hi-Tech Park are free from custom duties, as well as value-added, corporate and profit taxes through year 2020. These incentives enable them to invest in experienced staff while still offering reasonable hourly rates.

To boost the entrepreneurial economy, six free economic zones were established across the country offering similar tax breaks. The China-Belarus

Industrial Park ("Great Stone") was established to further fuel innovations and commerce.

Belarus' low domestic demand of IT products combined with state-sponsored business incentives is turbo-charging growth in IT offshoring, particularly in Minsk.

#### **4. Financial Attractiveness**

In software outsourcing, currently the focus has shifted from cost reduction to cost-effectiveness at par. According to AT Kearney Principal Johan Gott, Belarus offers 50% cost savings for US and European markets compared to 75% in India.

While Belarus cannot compete with Asian markets in pricing, it offers the most competitive rates in Eastern Europe without compromising high quality execution and delivery.

Belarusian workforce thinks and lives like rest of Europe. This cultural advantage also positively impacts business outcome.

#### **5. Increased Specialization and Expertise**

With rising competition, both as employers and global IT solution providers, many companies in Minsk are now focusing on niche expertise. This is an important trend. By partnering with such vendors businesses can expect way more than just specifications-based coding.

By exceling in a particular niche, Belarusian IT companies can offer complete turnkey solutions including business process, consultancy, architecture, custom development, QA and also software lifecycle support.

Expertise in disruptive technologies such as the Internet of Things (IOT), Big Data and Analytics, AI, Mobile platforms, FinTech is rapidly growing.

Many newer companies are also positioning themselves as digital transformation and Business Process as a Service (BPaaS) experts.

This trend can further boost profitability for their clients.