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Recessionary Period: The Era of Newer Opportunities

To understand the current situation in the region, *Global Services' Imrana Khan* spoke to a couple of truly European service providers.

In conversation with Holly Ripley-Boyd, President, Ness Software Product Labs



**Holly Ripley-Boyd,
President, Ness Software
Product Labs**

About Ness' Presence in Europe: While most global services leaders are still India-centric, product engineering and R&D customers are increasingly interested in an India-plus strategy. Ness already had a close to 2,000-person-strong presence in the Central and Eastern European (CEE) region with another business line, which is focused on systems integration. The company recognized the potential years ago. CEE has a strong engineering tradition, and there are tremendous proximity benefits for European and U.S. companies with operations and an installed base in Western Europe. As a result, three years ago Ness set up technology centers there for Ness Software Product Labs to provide software product expertise to customers — from concept through development to market support.

"Ness is a global company operating in 18 countries but one of the biggest challenges was setting relevant expectations about CEE operations. There are some deep engineering and technical capabilities that are more pronounced in CEE than in India and people tend to stay local within their community. In India the labor market is much larger with decades of experience working with global clients. So by utilizing our Labs global delivery model consistently and combining the strengths of multiple engineering rich locations we learned to bring the best together for the benefit of customers," said Holly.

Ness' presence in Europe is close to 2,000 people. Several hundred of these professionals serve customers from Ness Software Product Labs from its technology centers in Kosice and Szeged. The balance of its people provide systems integration services and are spread across 16 offices in the Czech Republic, Hungary, London, Slovakia, Switzerland and Romania.

Ness Software Product Labs is solely focused on product lifecycle collaboration for clients who build or rely on commercial level software to generate revenues. This includes independent software vendors across many domains, internet services and information providers, and businesses with commercial level proprietary applications.

The company operate just under 60 customer labs, each with dedicated teams of engineering professionals who have precise domain and functional skills and remain with the client throughout the product lifecycle. It shares a product mindset with our clients and longer-term development teams rather than projects; create significant competitive advantage for our clients.

Ness operates software product labs for clients like Fortent, iBS, NAVTEQ, and RTC. Some clients already work with us in both India and CEE.

Global Services: How are you strategizing the company's growth in CEE in the years to come?

Holly Ripley-Boyd: We'll continue to add capacity and reach in synch with where our clients need to us to be. Thanks to our established presence in the CEE region we can successfully target some of the less overheated locations which are especially attractive for long term investment. They offer the potential to optimize cost, loyalty and morale.

In addition to expanding our current CEE footprint, we'd be happy to join forces with organizations which share our mission of global product engineering services and complement domain strengths but we don't have anything specific to share.

GS: How has the global economic crisis impacted the company's overall performance?

HR-B: We're still growing and making sensible investments. We are confident that staying in synch with clients through today's new economic reality—helping them stretch R&D investments even while we build sustainable competitive advantage—will ensure that we both emerge stronger as the economy turns the corner.

GS: What opportunities do you see for yourself to grow in the outsourcing space by utilizing your European resources?

HR-B: We see significant growth in the region as European companies get more serious about globalizing R&D and engineering functions. In addition, as U.S. organizations look to balance their India initiatives, there are additional growth opportunities for European providers.

We believe this growth will be very stable. Unlike some global services players who import talent to grow markets, we nurture local talent, adding to the sustainability of our operations and strengthening community ties.

Knowledge learned from every regional market – in Europe, India, the Asia Pacific or the U.S. — has benefits beyond Ness, that extend benefit to all of our clients. CEE has already proven to be a talent rich location that transcends borders.

GS: What benefits can this region provide you in a recessionary environment?

HR-B: From the point of view of our clients, Europe is an attractive destination for R&D capacity expansion, risk mitigation and alternative-site and stability since Ness is an important presence in the region. In addition, we see many areas of the CEE region that have not been as affected by economic malaise and are likely to continue growing.

GS: How do you see the future of Europe as an outsourcing destination?

HR-B: India is still the leading destination for product engineering and we are still growing our technology centers in Bangalore, Hyderabad, Mumbai and Pune (India). But CEE is an increasingly important complement, or in some cases an alternative.

For many European technology companies, CEE is the first choice for outsourcing, especially if they are new to global software development practices.

U.S. and European companies alike are attracted by workforce stability, multiple language skills, and availability of highly specialized talent. That said, we believe the region will continue growing in both size and importance but will evolve differently than India. Rather than the large-scale operational structures, we may see the emergence of smaller, but highly specialized engineering competency centers networked across the region and tightly knitted to the communities they are a part of.

Companies considering this region should look closely at a provider's potential to operate across multiple locations and assess both governance practices and the capabilities to attract and develop local talent.