

Russian IT Business

The economic growth in Russia encourages a consumption boom, including the consumption of high-technology products. Along with consolidation, Russian IT business is developing. However, it is concentrated in two 'capitals.'

Following the results of 2005, the joint revenue of the top 100 Russian IT companies increased by 37.7% compared to 2004, exceeding \$11.38 billion.

Foreign analysts were astounded by high indicators of the Russian IT market. The official figures by Mininformsvjaz: the growth of 20.2%, the turnover of 11 billion USD. The average growth rate of the Russian IT market will make up about 19% per year over the next five years.

A general economic growth prompts the development of small- and medium-sized business, which is by far more flexible in decisions concerning realization of one or another technology.

According to Mininformsvjaz, in 2005 the ICT share in Russian GDP amounted to 5%, and the ICT share in GDP will climb to 10% by the year of 2010.

Extremely high growth rate, considerable turnover — these are indicators of success for IT companies.

Integrators are losing their positions, the share of domestic software developers decreased — from 6.2% down to 5.1%. Software of domestic production has a bad rating and can hardly compete with continuously increasing supply from the west.

Activity of companies

Type of activity	turnover in 2005, \$	turnover in 2004, \$	Growth, %
Mixed business (groups of companies)	4 271 919,23	2 678 211,31	59,5
IT Consulting	85 325,35	61 581,46	38,6
Integration	4 058 608,92	3 334 010,73	21,7
Software development	576 968,00	514 187,35	12,2

The source: CNews Analytics, 2006

Out of the two tendencies, which, according to the forecasts in 2005, could define the further development of the IT industry, only one — consolidation — proved to be influential in the long run. This strategy allows companies to establish their position and to diversify business.

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<http://www.cnews.ru/reviews/free/2005/>