

## Press Release

### **Study carried out by adesso AG: German companies award bad grades to off-shoring quality**

German software development companies with a better price-performance ratio than off-shore competitors

***Dortmund, 26 April 2006* – According to a recent survey conducted by adesso AG “Trends on the Software Development Market 2006” IT decision-makers in German companies identify considerable weaknesses regarding off-shore software development. Even though providers from low-wage countries are recognized for their cost benefits, this price advantage is still more than offset by the clear edge German providers have in terms of their productivity as well as their respective technical or process knowledge. More than 150 IT people in charge of the budget from 15 different branches participated in the survey. About 71 percent of the participants work for large companies with more than 500 members of staff.**

#### **Large customer potential for external software development**

A clear majority of 75 percent of all participants of the survey is of the opinion that the application development carried out by their company could be implemented completely or at least in parts by external providers. Since only 37.8 percent of the people questioned, however, actually realize the development of their individual software externally, a customer potential for development service providers of about 37 percent of the participating companies emerges – companies which do not yet rely on external developers, but which can in principle imagine it. Only 14.7 percent of the participants see no potential for outsourcing their application development processes.

#### **The strengths of German developers: quality and technical know-how**

German providers are clearly in the lead according to the survey: about 70

percent of the participants in the survey assess the performance of national software developers as “good” or “very good”. In contrast, off-shore developers get an “A” or a “B” from only 19 percents of the participants and are evaluated by 12 percent even as “poor” or “very poor”. The biggest problems in the cooperation with off-shore developers are seen by the survey participants in the technical and process knowledge (again approximately 69 percent) as well as in the quality of software resulting from it (approximately 40 percent).

### **Process know-how decides on success**

Technical and process knowledge is generally evaluated on a very high level by those responsible in the IT business: 98.8 percent of the survey participants attribute to process know-how not only an important but even a success-decisive significance in software development projects. It is this very competence that is held in high regard and which clearly reveals a performance discrepancy between national and off-shore developers: almost 30 percent of the participants give off-shore providers a “D” or an “E”. By contrast, more than two thirds of the national software developers are given a “very good” or a “good.” Dr. Rüdiger Striemer, member of the executive board of adesso, comments on this: “The survey results clearly reveal with which qualities German providers can score in international competition. Especially in the context of complex and specialised development projects for individual software, special expertise and productivity will prevail. At the same time we can observe a recent increase in model-driven software development setting new standards concerning the profile of software developers. In the future the focus will have to be on the process expert powerful in his communicative competence rather than on a mere technician.”

### **MDA as an alternative**

Alternatives to the current common practice have also been evaluated in the context of the survey. This has revealed that model-driven architecture or MDA is beginning to establish itself on the market as a new approach for partially automated software development. Exactly 50 percent of the people questioned know about MDA. From these already two thirds apply MDA or plan at least a validation – this corresponds to a share of 33 percent of the

participants of the survey. The advantages of MDA expected the most are, according to the people interviewed, increase in productivity (ca. 30 percent), avoiding failures in the technical area (ca. 23 percent) and a simpler conversion to new technologies (21 percent). The potential of MDA with reference to a potentially stronger orientation of the company towards the application know-how has only been mentioned by ca. 19 percent and is therefore not fully explored.

*approx. 4.540 characters*

## **adesso AG**

As a consultancy house and IT service provider adesso combines significant branch knowledge and economic know-how with technology competence. The service spectrum comprises strategic and technological consultancy, software development and implementation. The focal point in these business activities is the implementation of innovative information technologies with the objective to improve the efficiency of business processes of customers and to ensure an optimal course of business in the company. adesso has diverse experience in defining and implementing e-business strategies up to the development and integration of highly complex, company-critical applications. The main industries of adesso are, among others, the fields of insurance, financial services, the lottery business as well as the healthcare sector. Decisive for the success of adesso is the highly professional but also communicative and social competence of the teams. Absolute reliability regarding deadlines and budgets is an essential characteristic of its company philosophy.

adesso AG was founded in Dortmund in 1997 and employs approximately 200 members of staff at present (without subsidiaries). Further locations are Berlin, Munich, Cologne and Frankfurt. Customers are, for example, well-known companies such as Allianz, WestLotto or Zurich Gruppe.

adesso AG and BOV AG, Essen, agreed upon the merger of the two companies. Following the entry of the shareholders' resolutions in the respective commercial registers, the joint business of the already quoted BOV AG and the not yet listed adesso AG will continue to trade in Dortmund under name of adesso AG. With approximately 350 members of staff and a mutual turnover of 37m € the company considerably increases its importance on the market for IT services. The group of companies is represented at six locations in Germany and Switzerland. With the additional branch knowledge of BOV in the banking sector and government, an attractive service portfolio is created for customers making high demands on the digital support of their business processes.

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