

What challenges do software development companies face while working with foreign customers? The experience of companies from Russia and CIS countries

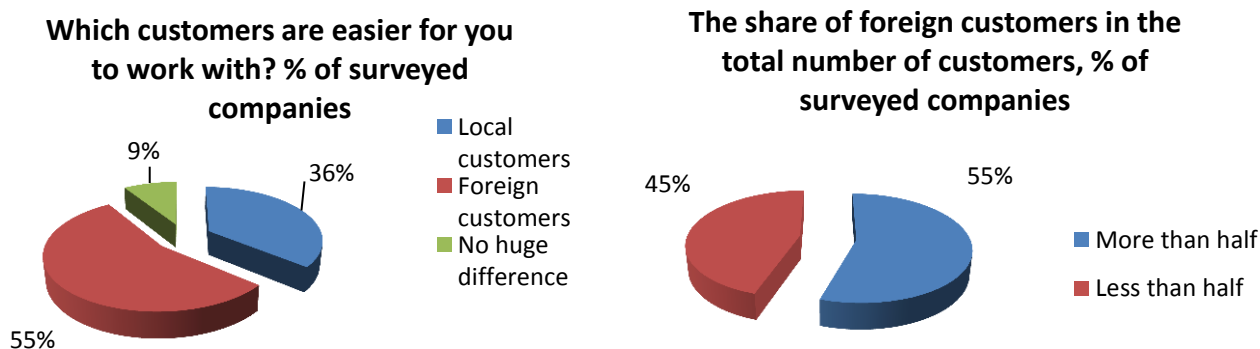
Not so long ago, we started wondering: what difficulties do custom software development companies who work with foreign customers face now, and how do they deal with them?

To get answers to these questions, we decided to conduct our own research on the experience of IT companies from Russia and CIS countries in the world market. So, we invited 20 companies to participate in our survey.

Now we are happy to share the insights we gained from this research with you.

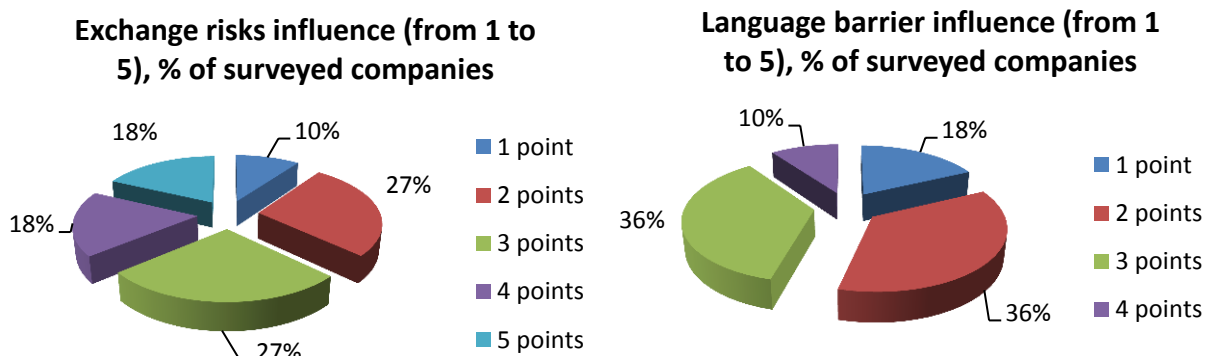
Local or foreign customers?

Most of the representatives of the surveyed companies (55%) said that it is easier to work with foreign customers. The share of foreign customers in the total number of customers is more than 50% in the majority of the surveyed companies.

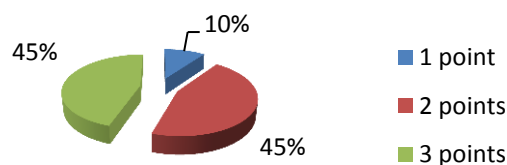


What affects the success in the world market?

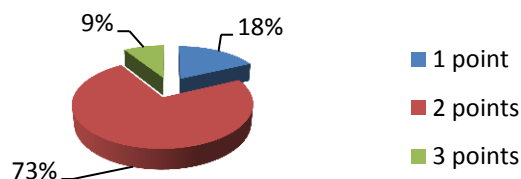
What factors, and to what extent affect the work with foreign customers? To find out the answer to this question, we asked respondents to estimate on a 5-point scale (where 1 is the minimum value and 5 – the maximum) the following factors: currency risks, the language barrier, time zone difference and cultural differences. The result can be seen on the charts below.



**Time zone difference influence
(from 1 to 5), % of surveyed
companies**



**Cultural differences influence
(from 1 to 5), % of surveyed
companies**

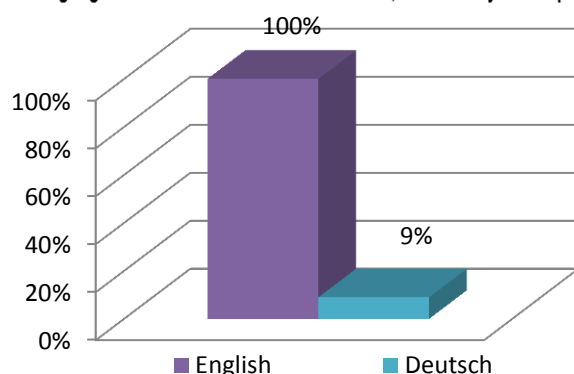


9% of the surveyed companies noted Cultural differences as a factor of the average level of influence on work with foreign customers (3 points out of 5). In particular, difference in the perception of certain situations was noted as cultural difference.

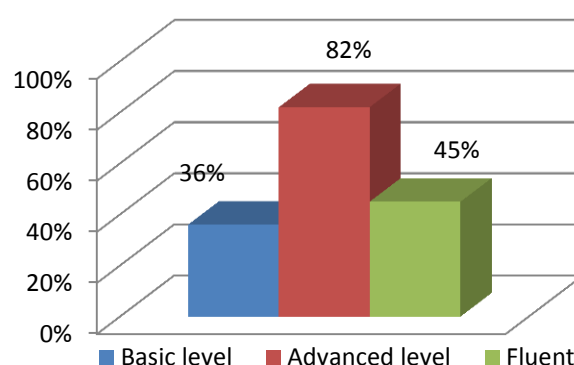
Foreign language

Absolutely all the respondents answered that they communicate with foreign customers in English. In addition to this, 9% of respondents communicate with them in Deutsch (see the Chart below). As for the levels of language skills, they are also represented in the chart below.

The language of communication with customers, % of surveyed companies



The degree of foreign language proficiency, % of surveyed companies



NB:

- By Basic level we understand the ability to read and write with a dictionary;
- By Advanced level we understand the ability to discuss the details of the project orally and in writing;
- By Fluency we understand the ability to perfectly understand the interlocutor, fluent and articulate thoughts both orally and in writing.

In most companies, there are two different levels of language skills – basic and advanced, or advanced and fluent.

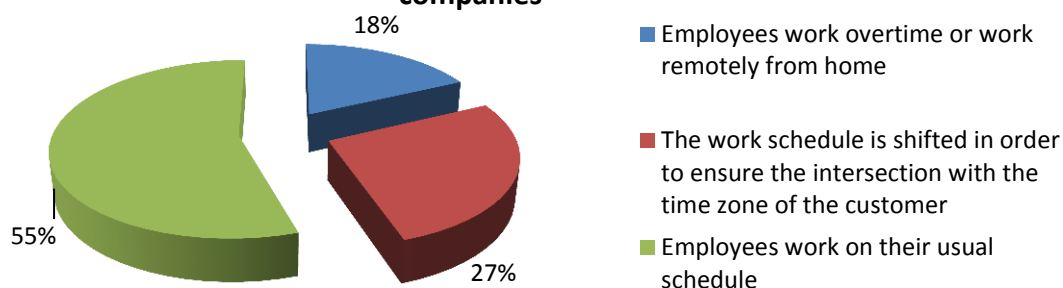
Western analysts note that English proficiency makes Russian IT companies attractive to do business with them. Example – an [article Critical Issues in Offshore Outsourcing](#) in Executive Counsel Magazine.

Time zone difference

According to the survey, employees in the majority of the surveyed companies do not adjust to the time zone of the customer and work on their usual schedule. According to independent research company Clutch and its [review of the Russian market](#), the working hours of Russian companies overlap with working hours of western customers – the end of the working day in Moscow / St. Petersburg captures

the beginning of the working day in the United States and Canada, and the difference in time between the European capitals and Moscow / St. Petersburg is only 2-3 hours.

How companies deal with time zone difference, % of surveyed companies



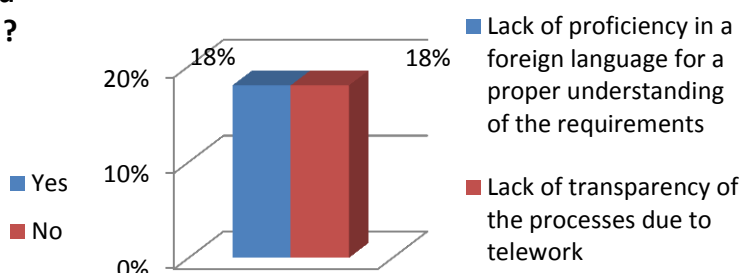
What do customers complain about?

27% of the surveyed companies indicated that customers have noted some difficulties in working with them. In particular, the following was noted (see the charts below):

Have your customers mentioned any difficulties in collaboration? % of surveyed companies

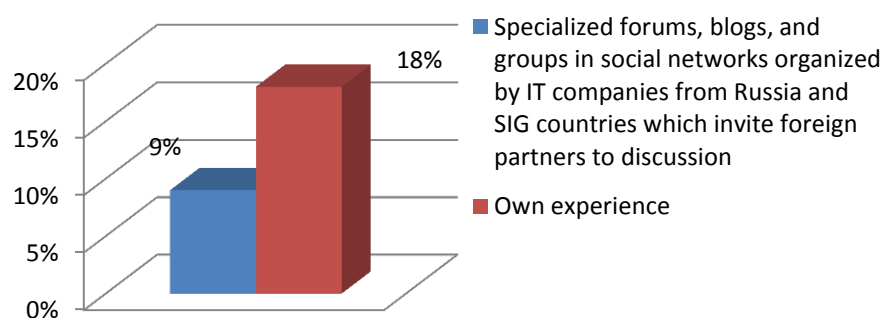


Difficulties in work mentioned by customers, % of surveyed companies



As for the tools that could help overcome these difficulties, the surveyed companies' representatives noted the following (see the chart below):

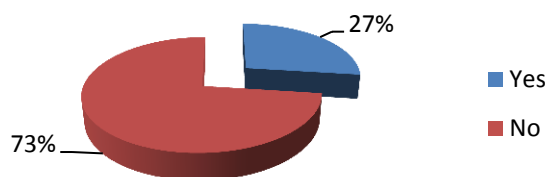
What can help overcome the difficulties? % of surveyed companies



How to deal with holidays?

27% of the surveyed companies admitted that they had difficulties with the way to congratulate the customer with this or that occasion. Moreover, sometimes it was unclear whether there was a need to congratulate him at all.

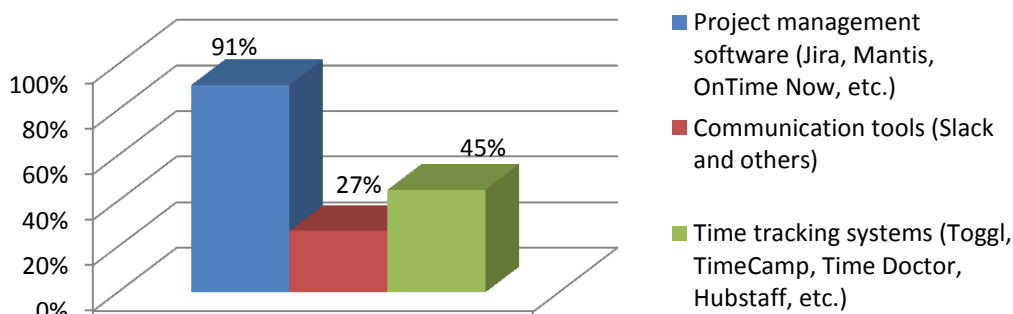
Difficulties with congratulating customers, % of surveyed companies



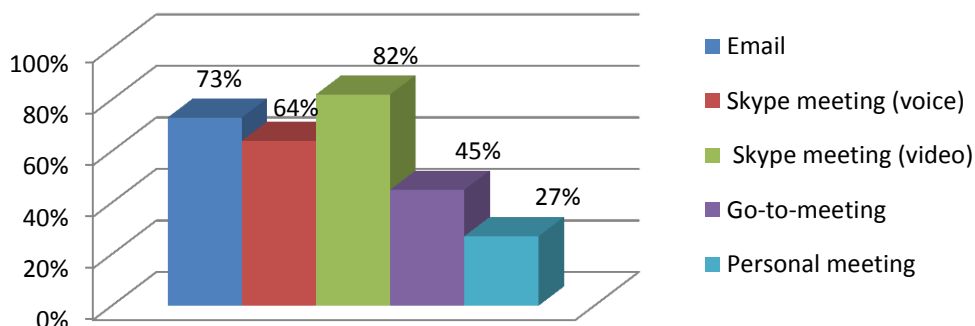
Instruments to ensure the transparency of processes

91% of companies use a variety of tools to ensure the transparency of the processes in their work. Presentation of the results to the customer is done by different means in the surveyed companies (see the charts below).

Which tools do you use to ensure the transparency of the processes? % of surveyed companies



How do you present the results to customers? % of surveyed companies

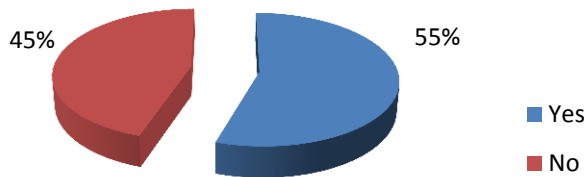


Non-project relationships with customers

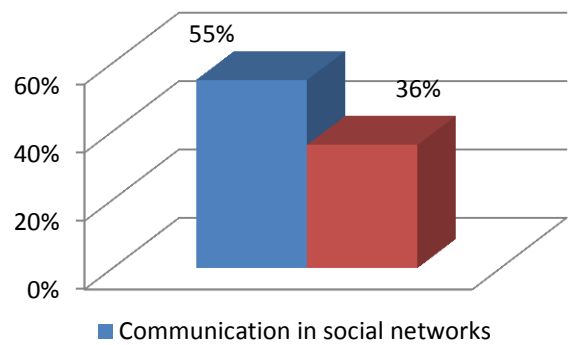
In 55% of the surveyed companies employees interact with customers in social networks, and in 36% of the companies – they meet with the customers personally in an informal setting.

In 45% of companies the non-project relationships with customers are not maintained.

Do you maintain relations with customers outside the project? % of surveyed companies



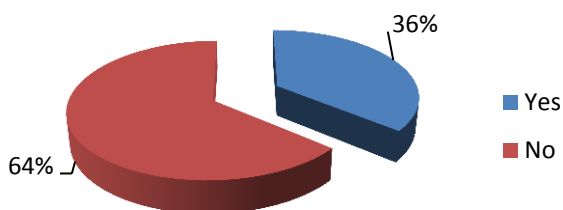
How do you maintain relations with customers? % of surveyed companies



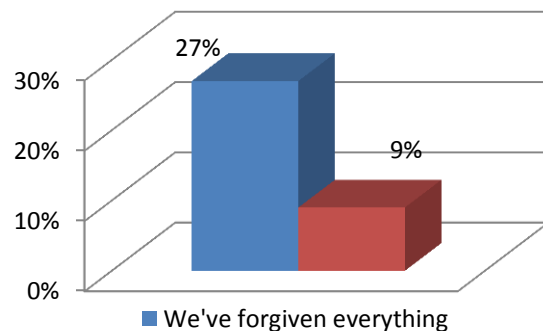
Work with dishonest customers

36% of the surveyed companies faced with a situation when a customer refused to pay. As 27% of the surveyed companies admitted, they forgave everything, and 9% of respondents stopped working with these customers.

Have your customers ever refused to pay? % of surveyed companies



Your actions towards dishonest customers, % of surveyed companies



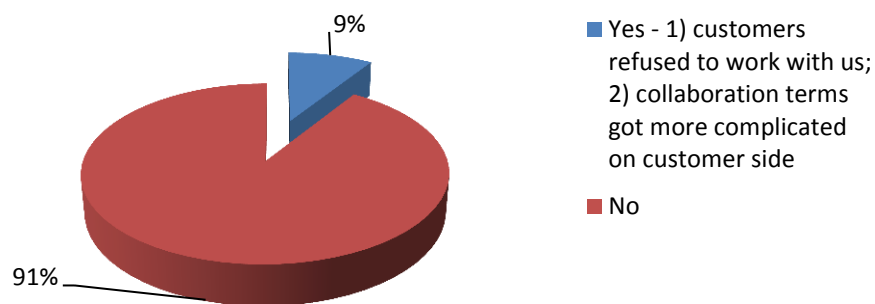
Intellectual property infringement

One of the surveyed companies faced copyright infringement. They advise everyone to be extremely attentive to this issue and to explore all the possible nuances before the project start. In particular, they recommend everyone to make sure that the customer has all the necessary rights to the use of particular materials in the project (source code, graphics, text, etc.). Another recommendation is to state it in the contract that in case of any dispute the customer is liable for the use of this or that piece of content in the project. The Contractor should "mirror" this point in the contract as well – that is, to state that he will not use the materials he has no rights to use.

Sanctions?

Only 9% of the surveyed companies admitted that the imposed sanctions affected their relations with foreign customers – in particular, some customers refused to work with them, and some customers made collaboration conditions more complicated.

Did sanctions affect your relations with customers? % of surveyed companies



Possible solutions, according to respondents, include the following:

- ask for help in the IT community
- focus on another market.

Conclusion

We hope that these insights will be interesting and useful for you. If you have any questions and / or comments and additions, please contact us at info@issart.com

Many thanks to all the companies who participated in our survey! We really appreciate your contribution to the preparation of this material.

The list of companies who participated in the survey and who agreed to mention their name in the report:

1. Globus
2. Inreco LAN
3. Growapps
4. Simbirsoft
5. BEETLAB
6. ISS Art
7. 7bits
8. Ronas IT