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## DATAART HISTORY

DataArt ([www.dataart.com](http://www.dataart.com)) was founded in **1997** by a group of software developers in New York City and St. Petersburg, Russia. We believed we could offer our talents in Information Technology to the growing global market. DataArt's initial achievement was the establishment of client-centric values and the policy of attracting the best IT talent. The creation of a professional IT outsourcing organization coincided with learning the specifics of the rudimental concept of "off-shoring"

In **1998** we launched a number of initiatives to address off-shoring risks. We developed a web-based project management tool. Now in its third generation, the tool allows real-time collaboration, reporting and planning. A number of our clients found the tool so useful that they decided to use it for their internal needs as well. We have initiated the still surprisingly rare feature of hour-by-hour reporting between DataArt's team and our clients. We setup a 24/7 support line as we strive to allocate immediate attention to all issues. In some cases, we shifted the work-day of the development team to be on the same schedule with our client. We realized the importance of a centralized and accessible location, and rented a Park Avenue office in New York City. **Mail.ru** was launched, currently the largest Web portal in Eastern Europe with over 20 million users.

Having focused our skills on the Internet technologies, in **1999** we started winning sizable jobs. This was a period of rapid growth as the company expanded to almost 200 employees. It also provided us with a few good lessons in what not to do during high rates of expansion.

**2000** was the year of the NASDAQ meltdown. This meant downsizing for our clients as well as for us. We decided that our top priority was to keep the core team. While some downsizing was unavoidable, we all took salary cuts in order to keep as many people on board as we could. This was a painful experience but it served to further refine our values and to teach us many important lessons. We consider this time to be a decisive period in the company's maturity. This was the year we established partnerships with a number of major software vendors, the most noticeable of which is the involvement with Microsoft .NET. When Microsoft introduced its .NET Early Adopter Program in November of 2000, DataArt was selected from fewer than 40 software companies worldwide to participate.

In **2001** we realized that times had changed and that the Internet business was not the only market for our services. We focused on brick-and-mortar businesses and started to invest in education and technical excellence. This was the year we won a large scale project from the city of New York.

In **2002** we established franchise offices in London and Silicon Valley. This was an important milestone in the quest for achieving a local presence while engaging in the off-shoring model. Today, partnerships are a very important component of our model and are bringing in a significant share of the new business. It was in 2002 that we realized business analysis is another necessary component of our service offerings. We invested in learning the specifics of various industry verticals while tailoring our processes and offerings to fit our client's special needs. We established effective feedback channels and acquired knowledge in the printing and medical office automation sectors.

The initiative to better understand the clients' needs led DataArt to the renewed success in **2003**. For the first time since the NASDAQ meltdown, we resumed the expansion of our development team. We hired a full time English tutor

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<b>DataArt</b> 475 Park Avenue South New York, NY 10016 USA Tel: +1 (212) 378-4108 <a href="mailto:New-York@dataart.com">New-York@dataart.com</a>	<b>London DataArt</b> 3 Fleet Street London, EC4Y 1DP United Kingdom Tel: +44 (0) 20 7099 9464 <a href="mailto:UK-Sales@dataart.com">UK-Sales@dataart.com</a>	<b>DataArt, Eastern Europe</b> 60A Bolshoi Sampsonievski St. Petersburg, 194044 Russia Tel: +7 (812) 333-4440 <a href="mailto:Russia@dataart.com">Russia@dataart.com</a>	<b>DataArt, Voronezh</b> 75 Svobody Str. Voronezh, 394030 Russia Tel: +7 (4732) 604-172 <a href="mailto:Russia@dataart.com">Russia@dataart.com</a>	<b>DataArt, Kharkov</b> 7/8 Vosstania Sq. Kharkov, 61050 Ukraine Tel: +380 (57) 766-7283 <a href="mailto:Info@dataart.com">Info@dataart.com</a>	<b>DataArt, Kherson</b> 6 Voyennyi Pereulok Kherson, 73000 Ukraine Tel: +380 (552) 496-668 <a href="mailto:Info@dataart.com">Info@dataart.com</a>



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for an on-going language program. We have established working relations with the American Chamber of Commerce and several Industrial off-shoring organizations. Dan and Bradstreet assigned a “financially strong” rating to DataArt.

**2004** was a breakthrough year for DataArt, as the company doubled its revenue and achieved a tremendous success in two key areas – dedicated service offerings for Small and Mid-size Businesses (SMBs) and for asset management institutions (hedge funds). We established a long term relationship with over 20 new clients; grew our team to 165 people, moved the R&D center to a new state of the art 13,500 square foot office and passed a 50,000 billable hours mark. DataArt won the Russian Software Excellence Award for Employer of the Year.

DataArt also launched several important initiatives in 2004, including the founding of Offshore Outsourcing Best Practices (www.OOBP.org) community and the establishment of a joint career center with the St. Petersburg State University where we developed the Econo-physics program.

In **2005** DataArt increased its overall revenue by 50%, which amounted to 300% revenue growth in the last three years. DataArt strengthened its focus on servicing financial firms and technology companies. We formed a dedicated financial group, DataArt Finance, and signed several key clients in the niche. We established a long term relationship with 33 new clients and maintained client retention rate at 90%. DataArt increased its resource pool to 700 consultants in Russia and opened a regional U.S. office in Jacksonville, Florida. The company joined several industry associations, including International Association of Outsourcing Professionals (IAOP), with Eugene Goland becoming Chairman of SME Global Sourcing Chapter. DataArt's efforts were widely covered by the media, including Hedge Fund & Investment Technology and Waters magazines. In January 2006, DataArt was listed among 15 Emerging Outsourcing Players worldwide by Business Week magazine.

In **2006** DataArt continued its growth, increasing revenue and further expanding its development force in Russia. DataArt opened a new facility in the city of Voronezh, Russia, increasing development capacity by 30%, and introduced several new offerings, including SAP and Business Intelligence consulting. The roster of important clients expanded to include BNP Paribas, ValueLine, Plastyc (upsidecard.com) and CityIndex among others. In December, the company reached a one million billable hours mark.

DataArt has strengthened its knowledge based initiatives, publishing a joint research with Hedge Fund & Investment Technology magazine on outsourcing trends in financial technology, and exhibited at several industry events, such as IAOP in Florida, and Marcus Evans Outsourcing conference in London. DataArt was once again recognized by the industry for its achievements: the company was selected to Rising Star category by Global Sourcing 100 (IAOP), cited by leading research analysts as a company to watch, and featured in several major publications, including Business Week.

In **2007**, DataArt almost doubled its development force by opening R&D centers in Kharkov and Kherson (Ukraine). Continuing its dedication to servicing Capital Markets sector, DataArt established advanced training program in finance, quantitative engineering and financial technology, and consequently Financial Technology practice grew 150% in 2007. In January of 2007, DataArt has been selected by CMP Media to "Global Services 100" list, and took two top spots: #4 Emerging Global Service Provider and #4 Emerging European Service Provider, and was also selected to Rising Star of Global Sourcing 100 by IAOP, for the second year in a row. DataArt has also passed the mark of 1,500,000 billable hours and received Microsoft Gold Certified Partner Status.

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In **2008**, DataArt had a tremendous year of growth, with 49% revenue increase, signing 39 new clients, including Misys and Fujitsu. The company received two new competencies as a MS Gold Partner: SOA and Mobility Solutions, introduced Microsoft Dynamics CRM implementation & customization, and launched DataArt Labs, a joint project with two leading Ukrainian universities. For the third consecutive year, DataArt was named a Rising Star among world's top 100 service providers by IAOP, and once again a Top Ten European Provider by Global Services. Aberdeen Group named DataArt a best-in-class R&D Outsourcing Provider.

DataArt remained profitable in **2009**, with core areas of its strategic focus performing extremely well. DataArt's Financial Services / Capital Markets Practice grew 15% and added seven new clients, despite the ongoing industry-wide slump. Travel & Hospitality Practice was launched in January, and has become the second best performing company-wide during 2009. DataArt expanded New York and London offices with senior executives, solidifying its presence in world's capitals, and maintained ongoing engagements with 70 clients completing 250 mission critical systems. The company was named a Top 100 Global Outsourcing Provider by IAOP for the fourth time, received an honorary mention as 2009 Best 20 R&D Company by IAOP, and was included in Top 10 Emerging European Provider list by Global Services for the third consecutive year.

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