



Luxoft UX-UI Services

Vendor Assessment
Report Abstract

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Who Is This Vendor Assessment For?

NelsonHall's UX/UI Consulting and Implementation Services Vendor Assessment for Luxoft is a comprehensive assessment of Luxoft's UX/UI consulting and implementation services offerings and capabilities designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of IT services and identifying vendor suitability for UX/UI services
- Vendor marketing, sales and business managers looking to benchmark themselves against their peers
- Financial analysts and investors specializing in UX/UI services sector.

Key Findings & Highlights

Luxoft was formed in 2000 as a spin-off from Russian engineering firm IBS. It went public in June 2013; at this time, it was heavily centered on Eastern European delivery, with ~80% of its delivery pool located in the Ukraine and Russia. As it has grown and expanded, its delivery capability has also grown, and only ~30% of its delivery was in Ukraine as of March 31, 2017.

Its largest client footprint is in financial services, with its two largest clients Deutsche Bank, a relationship which began with a 30 FTE support team in Moscow in 2003; and UBS, which started as a 60 FTE engagement in 2006.

Luxoft has developed a number of centers of expertise (CoEs), each covering one of the following specific digital transformation offerings:

- Mobile application development
- Modern project management (including agile delivery)
- Security
- Big data
- Cloud
- IoT
- DevOps
- Digital experience.

The digital experience CoE is the core of Luxoft's UX design and delivery capability. It has offered these services for ~6 years, initially out of its Kiev delivery location.

In June 2018, Luxoft acquired Smashing Ideas, a Seattle-based design and innovation agency. This acquisition added ~65 new employees to Luxoft's U.S. workforce, in the city where Luxoft already possessed its greatest concentration of U.S. based design employees.

Luxoft focuses almost exclusively on the delivery of application development and digital projects. Its UX services are primarily delivered in support of application development and digital implementations. NelsonHall estimates that prior to the Smashing Ideas acquisition, 2.0% (~\$18m) of its CY17 revenues were derived from UX design and delivery services.

Luxoft has built its offerings to support UX across three related services: UX design, full stack development and single usability metric.

Luxoft has ~100 employees dedicated to UX design and development services. The largest proportion of this team is located in Ukraine. However, it has smaller teams located in Germany: focused on supporting the automotive industry; Poland: primarily targeting marketing and advertising for Luxoft itself and other locations with fewer than ten UX employees each: Russia, U.S., Canada and Mexico.

The June 2018 acquisition of Smashing Ideas will add ~65 new employees in Seattle. This team spans a number of different skills including development, strategy and marketing. Luxoft estimates ~15 possess UX design capabilities.

Luxoft's foundation of UX services is grounded in the implementation of internal portals, primarily for the financial services industry. This differentiates it from many of its competitors, who have built UX services through customer-facing web properties and positions it well as UX transformation focused on internal systems grows. Luxoft's deep experience in building the experience for FS employees and tying experience transformation to modifying back-end systems, positions it well to move into new industries that are also focusing on internal user experience such as energy, utilities and healthcare. This is particularly important given Luxoft's current heavy concentration in only two industries.

While Luxoft possesses a solid breadth of locations where UX skilled resources reside, its overall team size remains small. Maintaining this geographic diversity while growing the team will position it well to support clients in a variety of cultures. The recent acquisition of Smashing Ideas is a good start in this. While growing its headcount, it will also be well served to expand its physical studio network, providing clients with a location proximate to their offices where they can dedicate themselves to design thinking and ideation.

Scope of the Report

The report provides a comprehensive and objective analysis of Luxoft's UX-UI service offerings, capabilities and market and financial strength, including:

- Analysis of the company's offerings and key service components
- Revenue estimates
- Identification of the company's strategy, emphasis and new developments
- Analysis of the profile of the company's customer base and examples of current contracts
- Analysis of the company's strengths and weaknesses.



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