Central and Eastern Europe IT Outsourcing Review 2008

Project of

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Review 2008

Introduction

Outsourcing services are increasingly penetrating the business practices of a wide-range of companies. Transfer of non-core activities on a long-term basis to independent contractors allows the business to focus on its core business activities. The development of Internet technologies encouraged growth of outsourcing to other countries where the particular services were well developed and cheaper than in home markets.

Traditionally, India is considered to be the global IT outsourcing hub. More than a half of offshore IT projects and IT support projects are sent to India. However, since the start of the 20th century, a rapid increase in customer demand for offshore outsourcing services has helped the growth of other centres for offshore IT outsourcing such as Russia, Ireland, Mexico, China, Ukraine and Israel.

The establishment of the Central and Eastern European Outsourcing Association (CEEOA) in 2008 reflected the importance and future potential of the Central and Eastern European (CEE) cluster of countries in terms of IT Outsourcing and Business Process Outsourcing (BPO) services. Currently, the CEE region is ranked the 3 - 4th globally, in terms of the number of people involved in IT outsourcing services and the value of executed services. Cultural and geographical compatibility, strong technology science schools and a technology-oriented educational system make the CEE region a very attractive place for foreign companies to set up Research & Development Centres as well as being favourable for development of independent IT outsourcing vendors.

The 2007 research report "Central and Eastern Europe IT Outsourcing Review 2007" indicated that there was a great interest to the CEE as a prospective region for IT outsourcing services. The report was accessed by an estimated 10,000 people and many research companies used it as a resource for their commercial reports. For instance, KPMG referenced the report in their own research 'Exploring Global Frontiers'. Following positive feedback for the 2007 Report, the CEEOA decided to commission an annual review on CEE IT Outsourcing Review, resulting in this 2008 Report.

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Executive Summary

Research objectives and methodology:

The main objective of this research, conducted by the Central and Eastern European Outsourcing Association (CEEOA) with the support of the Council of European Professional Informatics Societies (CEPIS), is to update the perspective on the potential of the CEE region for provision of nearshore IT outsourcing for the Western European countries and for offshore IT outsourcing for the US market.

The data presented in this research derives from collected and processed third party information, from individual interviews with representatives of IT Associations and companies involved in IT outsourcing, as well as from the assessments of independent experts.

The research was conducted during January to July 2009. Representatives from 16 countries within the region kindly responded. The research examines key development indicators of the IT outsourcing market in the Central and Eastern Europe region including market value, number of professionals, number of IT companies providing outsourcing services and market rates.

Market value

Market value is the main indicator of the development of IT outsourcing industry in a country. In 2008, the global economic recession had a marked influence on the IT outsourcing industry which was one of the first to suffer significantly.

During the first half of 2008, in the CEE region, positive market inertia from 2007 sustained business activity. However, in the latter part of 2008, there was a slight decrease by 2-3% in comparison with 2007 levels of business activity. But, at the outset of 2009, the IT outsourcing industry experienced a reduction of 15-20% on contract levels compared with the same time the year before. This does not bode well for the remainder of 2009.

Number of companies

When calculating the number of IT outsourcing companies, the criterion chosen was those with more than 10 employees directly involved in IT and software development (i.e. excluding administrative staff) as outsourced services.

In accordance with the research findings there was little growth in the number of IT outsourcing companies. The number of company closures in 2008 was insignificant. Staff reductions of 5-7% across the industry led to the establishment of new companies by redundant workers, many of whom set up their own business or start-up projects.

Number of IT professionals

When calculating the number of professionals, specialists involved in IT outsourcing were counted excluding administrative personnel. Although, during the first half of the year the IT outsourcing market experienced a rapid development, in the second half of the year the market encountered hurdles and the numbers of IT professionals were reduced. But, after considering the graduates who entered the market, at the year-end the number of professionals involved in IT outsourcing increased slightly.

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Rates

Rates are calculated based on the amount the end customer pays for the services of an IT specialist per year inclusive of salary, taxes, facilities, etc. Despite the economic crisis, the rates did not undergo a significant drop, but the cost of services is expected to fall considerably in the second half of 2009.

All findings have been placed into the country profiles for convenient reference thereby helping to support research by prospective companies into the opportunities for IT outsourcing in the CEE region. Additionally, general market factors that have an influence are recorded. These include economic, cultural and political factors as well as positioning in the market. This general information provided is taken from independent sources that are referenced.

To enhance further perspectives on the IT outsourcing market in the Central and Eastern European countries, an "Expert Views" section was included in the research. Independent experts - Carl Billson, Mark Dangelo, Parvis Hanson and Don Moskaluk - kindly responded to our questionnaire and provided their views on the IT outsourcing market in 2008, new trends and forecasts for 2009.

We hope that the 2008 review "Central & Eastern European IT Outsourcing" will be of value to those who are already are involved in IT outsourcing work as well as those who have ambitions to establish business in the CEE region.

Expert View

The market for IT outsourcing service providers in the CEE region is growing at a fast rate, one that is ahead of average rates worldwide. The main factor of growth is that Eastern European companies offer the valuable model of outsourcing services – "nearsourcing". Companies who are consumers of nearsourcing get all the benefits of the "offshore outsourcing" economic model plus advantages such as cultural compatibility, a similar- or same-time zone and geographical proximity that allows for fast, inexpensive and easy travel to the offices of nearsourcing partners. After the rapid growth in 2006-2007, and with increased maturity in the IT outsourcing industry, both customers and providers became more sophisticated in their working relationships. There has been a shift from simple cost savings as a motivation to valuing the quality of services and efficiency of cooperation between onshore and offshore teams. Companies in the CEE region have a reputation for efficiency and quality of services. The economic downturn is likely to support further growth in IT outsourcing services within the CEE. The independent experts Carl Billson, Mark Dangelo, Parvis Hanson and Don Moskaluk kindly responded to the questions presented below, providing their views on the trends for IT outsourcing in the CEE region and the influence of the financial recession in the CEE region and worldwide.

Question 1. What is the influence of the global economic recession on IT outsourcing market, particularly on IT outsourcing market in the CEE region?

Carl Billson: The indications are that there is a likely increase in outsourcing influenced by the global economic recession and this appears in a wide range of analysts' forecasts. "Whenever there's a downturn people outsource more, not less" was a quotation from Gartner analyst Linda Cohen. Gartner reportedly claimed that around 60 per cent of organisations in Western Europe will outsource more IT and business process functions in 2009. This should be positive news for companies in the near-shore CEE region. However, the same firm also predicts that prices for IT services will fall 5% to 20%, with an average reduction of 10% in 2009 due to uncertainties from the adverse economic climate and constrained IT budgets.

Parvis Hanson: Multinational companies are looking how to squeeze cost on every line item it is therefore mandatory also to look at outsourcing. This said they are unwilling to sign new contracts since companies have had mix experiences with outsourcing. Therefore old outsourcing contracts will be revisited at the time of renewal to reduce costs, and new contracts especially in the CEE region will be difficult to sign. The main reasons why I believe outsourcing to CEE countries will be challenging is mainly since most of the CEE region is going through economical turmoil the question is who will still be your partner in 1-2 years time and which CEE outsourcing service provider will have become bankrupt.

Don Moskaluk: Spending has been cautious for the first two months of the year however, its open up and capital projects are going through. It looks like the hype of bad recession is not taking place and people are gearing up for the recovery. Certain sectors do not show any recession, again manufacturing and banks seem to be hit hard. Canadian banks are buying up most of the US banks and they are in a strong position.

Mark Dangelo: The market rebalancing that started in late 2007 will continue to have a permanent impact on global sourcing initiatives, their contractual terms, and the performance criteria used to govern delivery. With changing consumer and financial shifts transforming competitive and operational landscapes, organizations no longer have certainty of vision with

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regards to IT outsourcing needs. Term variability, risk aversion, and orchestration of suppliers will take precedence over traditional arrangements that once spanned 5 to 7 years across multiple processes.

Question 2. Did the positioning of the CEE region change in 2008 in comparison with other global offshore markets?

Carl Billson: It is possible that the positive perception of the CEE region will have risen during this period, and beyond, as initiatives and publicity help bring the region's benefits to greater prominence. For example, the creation of the Central & Eastern European Outsourcing Association (CEEOA), with its active membership and publicity via its websites www.ceeoa.org and http://itonews.eu help to educate and shape perceptions of CEE as a worthwhile near-shore destination for IT services. Keeping a country and a region in the 'business eye' is a vital aspect especially when there is so much global competition.

Regional and national government has a role to play in raising awareness and providing support for growth in near-shore IT Services. Consider some examples.

A report by the London School of Economics Outsourcing Unit issued in 2009 was, according to the authors, "*commissioned as an independently researched report by Hill & Knowlton, who are acting for the Information Technology Industry Development Agency (ITIDA) of Egypt.*" The authors note Egypt's ambitions to extend its offerings beyond the established call centre work and provide suitable analysis and assessment including comparisons with other regions.

A small pavilion of French software and IT services companies was at the 2009 Internet World exhibition in London, their presence apparently supported by French regional government

A Trade Mission of ten entrepreneurial Ukrainian IT companies visited the UK in April 2009 as part of an EU Project to support small-to-medium sized companies in the IT sector who actively seem export opportunities in providing near-shore IT services to companies based in Western Europe – see www.sme-int.com.ua

Parvis Hanson: No. Outsourcing has been going on for the past 15-20 years, overall the ICT expenditure and therefore the outsourcing have grown strongly over the same period of time. The CEE region is about 10 years behind the Indian Outsourcing sector, however the CEE region is catching up fast by offering a more "nearsourcing" business model. This allows multinational clients to obtain better services such as language skills, similar time zone and closer software production sites.

Don Moskaluk: Not sure on positioning but we saw back in 2008 more on shore off sourcing. Intern the BPO in USA and Canada then off sets to mostly Asian countries. Most have continued the trend into 2009 but are delayed and are being cautious.

Mark Dangelo: The shine for many of the traditional global ITO and BPO providers came off in 2008. Customer doubt with traditional players has lead many organizations to reassess their exposures and contractual obligations. The result has been a more holistic and encompassing review of all players that meet functional and process demands regardless of historical market acceptance – that is beyond India, China, and the Philippines. Cost or arbitrage no longer is the dominate factor when assessing, transferring, and governing offshore labor forces.

Question 3. Has the global economic recession influenced clients' plans to use the offshore outsourcing services?

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Carl Billson: As recorded above, there is an increase in clients' interest to use near-shore services and/or use more of them. However, this is mitigated by the awareness of the potential 'backlash' especially where local employees themselves risk losing jobs in a difficult economic climate affecting every nation.

Also, there is constant re-assessment seeking favourable global outsourcing destinations. For instance, an advisory report produced by KPMG in 2009 is titled 'Exploring Global Frontiers – The New Emerging Destinations.' The following table taken from this report lists cities in the EMA region (Europe Middle East and Africa):

City**	IT services	Call center	Back-office services	Research and development	Engineering services	Other services
Sofia	✔	✔	✔			
Zagreb	✔			✔		
Cairo	✔	✔				
Port Louis	✔	✔				Disaster recovery
Belfast		✔	✔	✔		
Gdansk	✔					Data management
Cluj-Napoca		✔	✔			Research
Rostov-on-Don	✔					
Belgrade	✔				✔	
Tunis	✔	✔	✔			
Lviv	✔			✔	✔	

Source: KPMG, Exploring Global Frontiers, February 2009

As can be seen above, CEE region cities are represented in this survey that chose just 31 cities across the globe as outsourcing destinations worthy of note. The report states that the *"emerging cities in the EMA region are gaining prominence due to the growing regional market in Europe. Linguistic, geographic and cultural affinity with Europe are the key drivers here."*

Parvis Hanson: Yes. Multinationals companies are more cautious on the promises made about outsourcing. Outsourcing used to be the "magical" formula to reduce your costs, this said most companies have managed to reduce short term the cost by using outsourcing, however the "hidden" costs e.g.. network failures, delay in software productions, misunderstandings between the company and their outsourcing partners are only just now becoming known.

Don Moskaluk: So have quicken the past to get cost saving ASAP, but again most are continuing down a known path such that if they were thinking of outsourcing in 2009 then they are proceeding with plans.

Mark Dangelo: Like political viewpoints, the use or aversion of offshore labor arrangements can reach extremes. What is envisioned for the next 36 months would be a balancing of domestic and offshore workforces using orchestrated delivery techniques. For suppliers, they can no longer show up and "take orders" like they did for two decades. They will be forced to balance local workforces, domestic needs, and corporate profits against their own nationalized desires to provide large offshore environments. We have already witnessed this with one of the top three

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outsourcing vendors as they proactively diversity their workforces and operations for the fifth iteration of globalization.

Question 4. Are there any new tendencies on IT outsourcing market in the CEE region to appear in 2009?

Carl Billson: With a reported increase in outsourcing from Western Europe, the CEE region is well-placed for winning near-shore IT services work. Established benefits include an innovative well-educated workforce, geographical proximity and short journey times, similar culture and competitive labour rates. The latter naturally vary within countries and tend to be cheaper still in provincial locations, leading to some IT companies having multiple offices.

The recent widely-reported scandal involving outsource provider Satyam in India both un-nerves potential buyers and opens further the opportunities for outsource providers elsewhere, including in the CEE region.

Green IT is an example of a new tendency that affects companies in the CEE region as much as anywhere. Awareness of changing market need and readiness to make provisions obviously increases the attractiveness of a provider.

Parvis Hanson: No. I believe that overall the CEE outsourcing market will continue to develop at a slower speed for 2009, however when the economy of the developed markets picks up again so will the CEE Outsourcing companies.

Don Moskaluk: We see a lot of SAAS and wonderful rates such as CRM for 9.99 dollars US per seat per month however we continue to develop our own SAAS with processing as an added benefit. Most business are looking for the complete picture such that they are looking for everything to be outsourced.

Mark Dangelo: Look for analytics to consume many discussions starting with IT and continuing into the board rooms. The use of known technologies – MDM, databases, BI, cloud computing, et al – will demand a new series of methods and delivery techniques to improve not just cost, but value and responsiveness along the entire operational chain. Analytics will be where the discussions start if a business case is to be achieved. Point-based outsourcing will remain only for those small vendors who are capitalizing on market laggards.

Question 5. What advantages of offshore outsourcing are becoming important for the clients during the financial crisis?

Carl Billson: They are probably the same as before the financial crisis – only more so! Price is obviously a prime consideration but experienced players, and informed new entrants to outsourcing, recognize that *value* not price is the overriding factor once a range of costs of factored in. Martyn Hart, Chairman of the National Outsourcing Association (NOA) in the UK recently stated that "…*parts of Eastern Europe are now beginning to compete with the Indian giants. This leaves a very competitive market for end users to indulge in and …Now companies are asking: where in the world?"* (Source: "Your guide to outsourcing and offshoring in a recession" available via the National Outsourcing Association website www.noa.co.uk).

Parvis Hanson: Companies are a lot more internally focused during this financial crisis this means that at the moment they are not looking at new offshoring, outsourcing solutions. Companies have understood that any changes within their ICT working environment has a cost such as implementing the new outsourcing model, new internal business processes, delays etc. I therefore do believe that 2009 and 2010 will be slow growth times for the CEE outsourcers.

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This said 2009 and 2010 will be business critical for CEE outsourcers to position themselves with a clear business model to profit from the 2011 recovery.

Don Moskaluk: One initially thinks of cost savings but most of the clients we handle are thinking beyond the recession. They are thinking long term. Smaller and mid size companies are looking for cost saving. However, one particular company that has a really large growth rate is not affected by the recession and they are utilizing the recession to get the resource to move further ahead.

Mark Dangelo: When taking into account regional benefits against a global rebalancing of how and where outsourcing is performed, the business case for "thinking global, but sourcing local" has new financial implications. A new set of business realities are facing many Eastern and Western firms as the fifth iteration of globalization takes ahold. As a result, the expected truisms of outsourcing to India and China have been displaced as new skills, markets, and consumer demands outweigh simple labor arbitrage. Tomorrow's outsoucing arrangements will be about equal prosperity for all local and national constituents. Skills and knowledge worksets will be seemlessly integrated with complex, compartmentalized processes rather than simple call centers and IT sourcing that was the model for 20 years.

Experts:

Carl Billson, Independent Consultant, Flurysh Limited

Carl's customer-facing roles in Information and Communications Technology (ICT) have assisted organizations to achieve effective business change through the application of enabling technologies. He has worked in both private and public sectors and has experience of mobile data solutions and managed IT services in various sectors. Currently, his work and interests as an independent consultant involves e-Business solutions, secure collaborative working and corporate use of social networking and Web 2.0 tools.

Carl has enjoyed over 25 years of professional involvement exploiting the enabling capabilities of technology, from creating educational software for a global publisher through development of a prototype PDA organizer to enabling companies to be early adopters of e-commerce. Recently, with his own company Flurysh, he's provided consultancy services in Kiev and London for Ukrainian IT companies wishing to extend their outsourcing capabilities, as part of an EU-funded project.

Parvis Hanson, President of the Manor Group

Parvis Hanson is the President of The Manor Group, the Business Strategic Insights Community. The Manor Group, is a Senior Advisor to the leadership of the Fortune 500 corporations from Asia, Europe and North America. Prior to founding The Manor Group, Parvis Hanson was Senior Manager of the World Economic Forum, in charge of Asian affairs, Information Communication Technologies member corporations and the New Asian Leaders Community. During this time he has developed an extensive experience and knowledge on the world's economic, business and political scene and of its key players. Under his leadership, the World Economic Forum has expanded their presence in Asia and of 'Davos' Summits have evolved to facilitate the exchange of expertise between leaders in business, government, and civil society.

The Manor Group is a leading strategic advisory on long term scenarios related to globalization, systemic risk and business needs. Horasis our business partner on Asia is a visions community - together with clients and partners we explore, define, and implements trajectories of sustainable growth. Horasis hosts the annual China Europe Business Meeting - the foremost annual gathering of Chinese business leaders and their counterparts from Europe, North America and other parts of the world.

Furthermore Parvis Hanson has been working with many Governments from around the world such as Singapore, Australia, China, German, French, UK, Spain, Portugal, Russia, USA and the European Commission.

Parvis Hanson has addressed audiences at the World Economic Forum, and several high-level corporate and political events.

Don Moskaluk

Don Moskaluk is a talented, visionary executive, an experienced leader in the development of systems and teams to support information technology. Leveraged business acumen to develop cost effective solutions providing business with information necessary to grow exponentially as well as work to synchronize the technology strategy with the business goals.

An accomplished business architect experienced in designing, developing and implementing cross-functional and enterprise-wide customized solution, including Credit Card Processing, Call Centre & VoIP, CRM, Inventory Control, Point of Sale, Data Warehousing and data mining, ERP, Sales, Marketing, Manufacturing, Logistics and Distribution. Solid leadership experience with responsibilities for all aspects of information systems and telecommunication. Demonstrated ability to use current technology in alignment with corporate strategies and goals. Adept at blending resources to produce timely, low-cost enterprise solutions as well as a long track record as a team player with strong organizational, analytical and communication skills.

Don began working for de Havilland Aircraft in 1984 after receiving a degree in Geography from Carleton University in Ottawa, Ontario Canada. During his career he has worked for various aircraft manufacturer such as de Havilland Aircraft, Boeing, and Bombardier. He started in the Marketing department where he developed his extensive computer and organization skills. Fusing these skills and the lust for marketing, he guided the desktop publishing revolution in the aircraft industry. As a result, the marketing department changed the way that it communicated with its clients.

Once successful, he moved his talents to the Information Systems department. He became a senior system administrator within a few years, not only understanding the technology but also the business of deploying, managing and using that technology to get financial benefits. He moved on to various other companies where he directed numerous Information departments. He has sat on various boards of directors for Financial and Non profit institutions. Having a desire for entrepreneurship, he started his own consulting firm. IBM contracted him as a consultant to assist the deployment of Year 2000 computer transition for the Provincial Government of Ontario. Returning to school he acquired a Master degree and Doctorate in Economics and Government from Ukrainian Free University in Munich. He has also provided infrastructure guidance for financial and other companies. He has managed several of the newest technology introductions such a video conferencing over IP, VoIP, wireless Mesh and IPTV. He has worked as a Managing Director for Digital Marketing firm N5R in which he exiled

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its profitability 4 fold and is working for Resolve Corporation provide Enterprise Solution Architecture.

Mark Dangelo, Managing Principal at Innovative Relevance

Mark Dangelo is a respected global crisis innovator, remediation specialist, and strategist with extensive process, technology, and finance results. Possessing a diversified services and product background, Mark is a hands-on leader able to deliver sustainable problem-solving benefits under the most demanding of organizational conditions and constraints.

With international operational and delivery experience spanning 20 countries, Mark P. Dangelo has proven crisis remediation, risk management, and turnaround capabilities. As a renowned and comprehensively published individual with two books, in-depth industry reports, and over 150 papers, Mark is acclaimed as a results leader and innovator across multiple disciplines and industries. Furthermore, his CAR's -- challenges, actions, and results -- have been prominently featured in trade journals, conferences, and search engines since 2001.

Underpinning his process, strategy, and technology foundation is a BS in Computer Science, studies in advanced mathematics, preparation for Series 7 and 63, and a MBA with a concentration in operations research and finance. As part of his globalization experience, Mark has been engaged by over 100 firms and governments during his 28 year career.

Mark has also spearheaded multi-year programs that surpassed $400 million, restructurings of nearly $1 billion, and outsourcing arrangements exceeding $1.2 billion. Mark's varied background is highly unique in that he has created and funded several startups, led multi-national teams above 350, and had P&L responsibility beyond $100 million. Bottom line is that Mark is a pragmatic, diversified, and agile individual who excels in varied business sizes including the Fortune 100.

Mark has held prominent consulting positions with CSC, A.T. Kearney, Ernst &Young, Stanford Research Institute (SRI) Consulting, and his own private brand Innovative Relevance®

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Country Overview

The year 2008 was marked by the strong influence of the global economic recession. The IT outsourcing industry was one of the first to feel the influence of global economic recession and suffered significantly. Some industry analysts believe that it will take one or two years for the industry to recover to the same pre-downturn levels.

In 2008, the global economic recession had a marked influence on the IT outsourcing industry which was one of the first to suffer significantly. During the first half of 2008, in the CEE region, positive market inertia from 2007 sustained business activity. However, in the latter part of 2008, there was a slight decrease by 2-3% in comparison with 2007 levels of business activity. Small and medium sized customers and start-up projects were the first to show a reduction in volumes of activity. At the outset of 2009, the IT outsourcing industry experienced a reduction of 15-20% on contract levels compared with the same time the year before. This does not bode well for the remainder of 2009.

The cost of services in the CEE region grew slightly between to September, followed by a decrease in prices. Despite the economic crisis, rates did not undergo a significant drop, as most outsource providers had medium-term and long-term contracts. The cost of services is expected to fall considerably in the second half of the 2009, when companies in certain countries of the region cut the numbers of staff and reduce wage levels for IT personnel, rates that some argue had become somewhat overstated during the significant period of growth in IT outsourcing from 2006-2007.

The research findings show limited growth in the number of IT outsourcing companies. The main anti-recessionary activities adopted by companies are a reduction in expenses and non-production personnel with some reduction in the activities worked on . These activities helped companies to flatten out and to start drastic measures and business changes that are necessary to stabilise work during the long-term economic recession. Staff reductions of 5-7% in the industry resulted in the establishment of new companies by the redundant workers, many of whom set up their own business or start-up projects.

Although, during the first half of the year the IT outsourcing market experienced a rapid development, in the second half of the year the market encountered hurdles and the numbers of IT professionals were reduced. Also, new graduates entering the IT market during the year meant that, by the year-end, the overall number of professionals involved in IT outsourcing increased slightly.

Within the economic recession the behavior of IT outsourcing services buyers changed as well. The main tendency during 2003-2007 was for customers to have dedicated outsourced teams and/or extension teams – a model whereby buyers contract directly and manage dedicated IT outsourced staff. Under the current conditions of a declining economy, customers of IT outsourcing services prefer to work with a project model, one that allows them to work with a defined budget and not to bear risks related to the support of dedicated offshore teams. This project model was more popular in the early 2000s, when about a half of IT projects were executed this way, but until 2008 the number of project contracts fall by 30-35%.

Forecast of recovery.

Most analysts forecast a fast recovery in the volume of IT outsourcing services once there is more global economic stabilization. Under a more stabilized economy, companies will require new projects and works to be executed, but will not have local staff be able to increase their production resources quickly enough. They will be attracted to using outsourced offshore and nearshore partners. Hence, outsourcing companies should be able to anticipate growth and faster uptake of their services in the future once again.

As a whole, 2008 seemed to mark the end of a sustained period of growth in the IT outsourcing industry during 2003-2008. We anticipate that during 2009 there will be impetus for industry reorganization that will help to find new, more efficient and economy-proof models of IT outsourcing developments.

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Market Value

Figure 1. Market Value
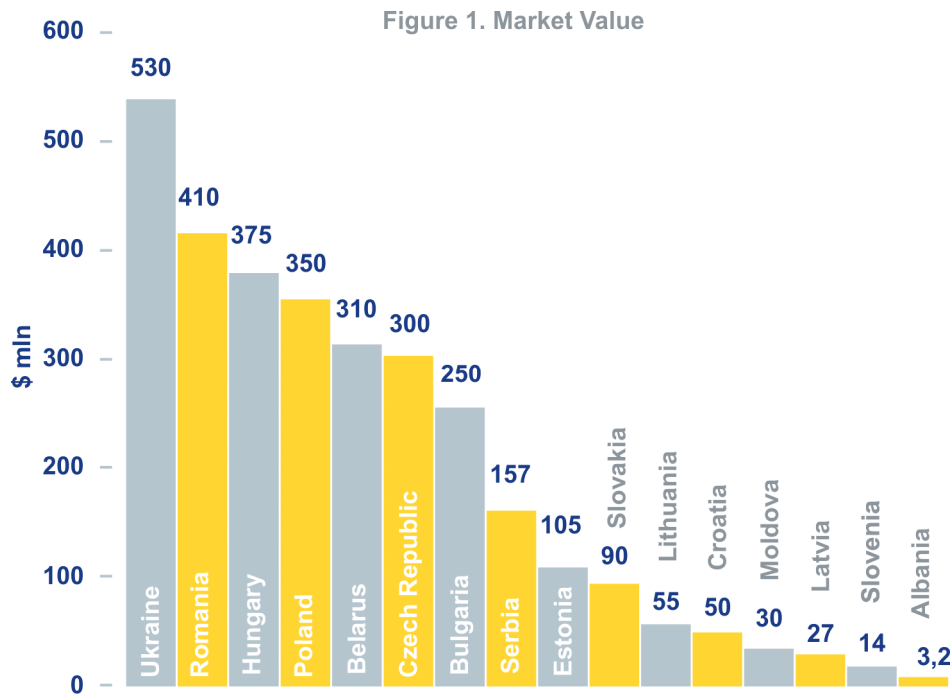
	$mln
1	**Ukraine**	**530**
2	**Romania**	**410**
3	**Hungary**	**375**
4	**Poland**	**350**
5	**Belarus**	**310**
6	**Czech Republic**	**300**
7	**Bulgaria**	**250**
8	**Serbia**	**157**
9	**Estonia**	**105**
10	**Slovakia**	**90**
11	**Lithuania**	**55**
12	**Croatia**	**50**
13	**Moldova**	**30**
14	**Latvia**	**27**
15	**Slovenia**	**14**
16	**Albania**	**3,2**

Source: Central & Eastern Europe IT Outsourcing Review 2008

Market value is the main indicator of the development of IT outsourcing services providers market in the country. The scope of final IT products in 2008 served as the basis for the calculation of market volume. Other sources of estimations were the total number of professionals and the average rates on the national market. The use of open analytical reviews, data received from the national IT associations and expert opinions allowed adding more precision to this index. Each country's IT outsourcing market volume is indicated in USD Mln.

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Number of Companies

Figure 2. Number of Companies
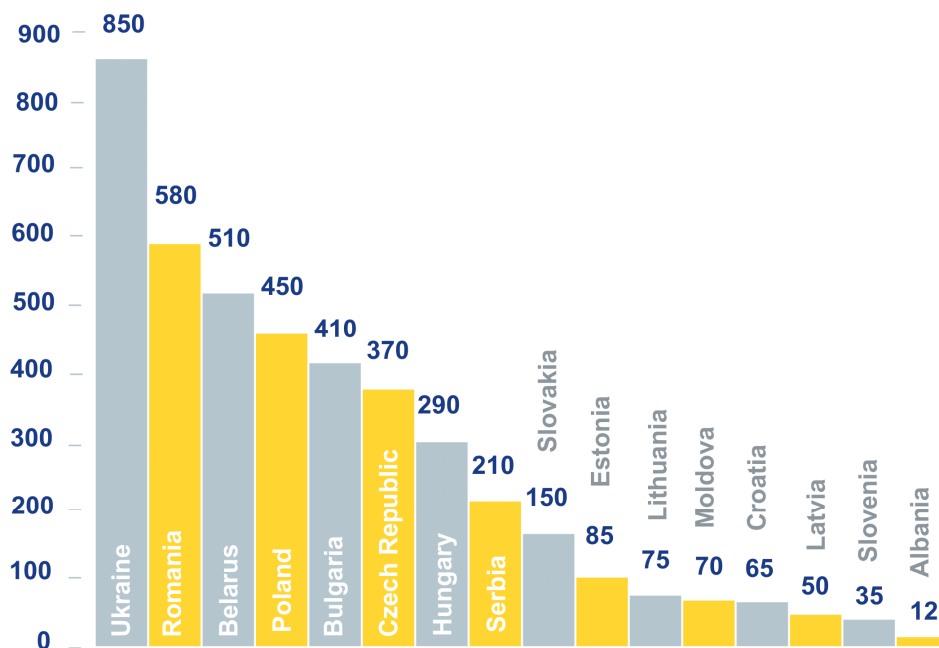
Source: Central & Eastern Europe IT Outsourcing Review 2008

1	**Ukraine**	**850**
2	**Romania**	**580**
3	**Belarus**	**510**
4	**Poland**	**450**
5	**Bulgaria**	**410**
6	**Czech Republic**	**370**
7	**Hungary**	**290**
8	**Serbia**	**210**
9	**Slovakia**	**150**
10	**Estonia**	**85**
11	**Lithuania**	**75**
12	**Moldova**	**70**
13	**Croatia**	**65**
14	**Latvia**	**50**
15	**Slovenia**	**35**
16	**Albania**	**12**

Number of companies is one of the key indicators of the country IT outsourcing market development. When calculating the number of IT companies, we counted IT and software development companies providing outsourcing services who had a staff of more than 10 employees. A relatively low threshold was deliberately taken in order to provide a complete market snapshot for each country.

Number of Professionals

Figure 3. Number of Professionals
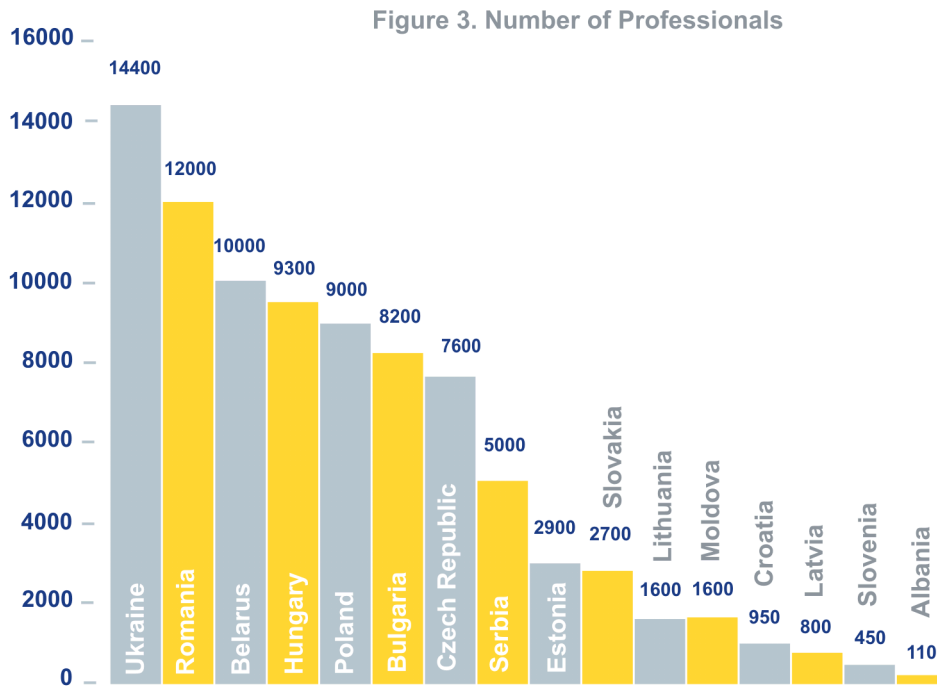
Source: Central & Eastern Europe IT Outsourcing Review 2008

1	Ukraine	14,400
2	Romania	12,000
3	Belarus	10,000
4	Hungary	9,300
5	Poland	9,000
6	Bulgaria	8,200
7	Czech Republic	7,600
8	Serbia	5,000
9	Estonia	2,900
10	Slovakia	2,700
11	Lithuania	1,600
12	Moldova	1,600
13	Croatia	950
14	Latvia	800
15	Slovenia	450
16	Albania	110

When calculating the number of professionals, we considered only those IT specialists involved in IT outsourcing services, not administrative personnel. Other data sources used in estimations were general information about each country such as population, as well as review respondents' feedback on the number of companies and the average number of employees in each of them.

Market Rates

Figure 4. Rates
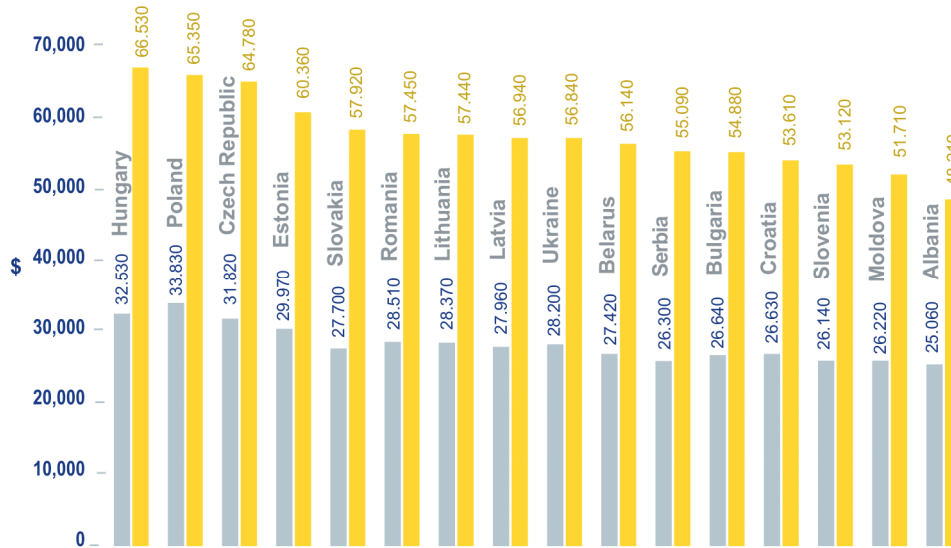
Source: Central & Eastern Europe IT Outsourcing Review 2008

		$Max	$Min
1	**Hungary**	**66,530**	**32,530**
2	**Poland**	**65,350**	**33,830**
3	**Czech Republic**	**64,780**	**31,820**
4	**Estonia**	**60,360**	**29,970**
5	**Slovakia**	**57,920**	**27,700**
6	**Romania**	**57,450**	**28,510**
7	**Lithuania**	**57,440**	**28,370**
8	**Latvia**	**56,940**	**27,960**
9	**Ukraine**	**56,840**	**28,200**
10	**Belarus**	**56,140**	**27,420**
11	**Serbia**	**55,090**	**26,300**
12	**Bulgaria**	**54,880**	**26,640**
13	**Croatia**	**53,610**	**26,630**
14	**Slovenia**	**53,120**	**26,140**
15	**Moldova**	**51,710**	**26,220**
16	**Albania**	**48,210**	**25,060**

These are the amounts the end customer pays for the services of an IT specialist annually including salary, taxes, facilities, etc.

An attempt was made to calculate both minimum and maximum annual rates for an IT professional in each of the countries. Findings are indicated in USD.

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Country Profiles

Albania

Country snapshot	
Capital	Tirana
Population	3,639,453 (July 2009 est.)
GDP in PPP[1]	$21.82 billion (2008 est.)
GDP per capita in PPP	$6,000 (2008 est.)
Time Zone	CET (UTC+1)
Summer (DST)	CEST (UTC+2)

Source: www.cia.gov, www.timeanddate.com

Findings:	
IT outsourcing market value (USD Mln)	3,2
Number of IT outsourcing companies	12
Number of employees involved in IT outsourcing industry	110
Rates[2] **(USD)**	25,060 (min) – 48,210 (max)
Largest IT outsourcing companies	XL World, IBM

Country specific features:

According to Doing Business 2009—the sixth report in an annual series published by the World Bank and IFC, Albania was ranked the second among countries which undertook reforms during 2007-08 to make doing business easier. The purposes of this initiative were to allow greater investments into the country as well as to simplify trade relationships with the other countries. This boosted the increase of outsourcing in the country.

Useful links:

Country outsourcing profile	http://www.itonews.eu/profile-albania/index.html
Directory of outsourcing companies	http://outsourcing-albania.com/
Doing business in Albania	http://www.doingbusiness.org/Exploretopics/startingbusiness/Details.aspx?economyid=3 http://www.albaniabiz.org/business/index.html

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1 Purchasing Power Parity

2 The amount the end customer pays for the services of one IT specialist yearly. It includes salary, taxes, facilities, etc.

Belarus

Country snapshot

Capital	Minsk
Population	9,648,533 (July 2009 est.)
GDP in PPP	$114.1 billion (2008 est.)
GDP per capita in PPP	$11,800 (2008 est.)
Time Zone	EET (UTC+2)
Summer (DST)	EEST (UTC+3)

Source: www.cia.gov, www.timeanddate.com

Findings:

IT outsourcing market value (USD Mln)	310
Number of IT outsourcing companies	510
Number of employees involved in IT outsourcing industry	10 000
Rates (USD)	27,420 (min) – 56,140 (max)
Largest IT outsourcing companies	EPAM Systems, IBA, Belhard Group, iTransition, Artezio, UTL, ScienceSoft, Sam Solutions, EffectiveSoft, Intetics Co.
Associations representing IT industry	Infopark www.infopark.by

Country specific features:

The Belarus state promotes IT outsourcing services with a variety of incentives to IT and IT outsourcing industries. The market consolidation is very strong relative to other Eastern European countries. Belarus has very stable positions in hardware design. A tradition of Engineering (Belarus was the innovation, technology and engineering hub of the former Soviet Union) and high-level, technology oriented educational provisions are other advantages of outsourcing to Belarus.

Useful links:

Country outsourcing profile	http://www.itonews.eu/profile-belarus/index.html
Directory of outsourcing companies	http://www.ezgoal.com/outsourcing/c.asp?a=Belarus&outsourcing
Doing business in Belarus	http://www.doingbusiness.org/Documents/CountryProfiles/BLR.pdf http://www.doingbusiness.org/ExploreEconomies/?economyid=19
Independent IT Consultancy	http://www.outsourcingbelarus.net/

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Bulgaria

Country snapshot

Capital	Sofia
Population	7,204,687 (July 2009 est.)
GDP in PPP	$93.78 billion (2008 est.)
GDP per capita in PPP	$12,900 (2008 est.)
Time Zone	EET (UTC+2)
Summer (DST)	EEST (UTC+3)

Source: www.cia.gov, www.timeanddate.com

Findings:

IT outsourcing market value (USD Mln)	250
Number of IT outsourcing companies	410
Number of employees involved in IT outsourcing industry	8200
Rates (USD)	26,640 (min) – 54,880 (max)
Largest IT outsourcing companies	SAP, HP, Melexis, Fadata Technologica, BIANOR, ICB, Nemetschek, Netage Solutions, Inc., Sciant, SIRMA AI, Soft-Innovations Ltd., Melon AD
Associations representing IT industry	Bulgarian Association of Software Companies – BASSCOM www.basscom.org; Bulgarian Association of Information Technologies – BAIT www.bait.bg; Bulgarian Web Association (BWA) www.bwa.bg; Union of Automation and Informatics (UAI) www.fnts-bg.org; Bulgarian ICT Cluster www.ictalent.org

Country specific features:

Bulgaria is the country with the strongest base of education. Excellent mathematics, science and engineering schools and highly skilled professionals are found here. This is the best place for the high-end, complex, but small-scale projects and contact centres. A stable legal framework and many governmental incentives such as corporate tax rate of 10 percent and 10 percent flat tax rate on personal incomes make Bulgaria an attractive outsourcing location.

Useful links:

Country outsourcing profile	http://www.itonews.eu/profile-bulgaria/index.html
Directory of outsourcing companies	http://www.ezgoal.com/outsourcing/c.asp?a=Bulgaria&outsourcing
Doing business in Bulgaria	http://www.doingbusiness.org/exploretopics/startingbusiness/Details.aspx?economyid=30 http://www.doingbusiness.org/ExploreEconomies/?economyid=30
Bulgaria outsourcing portal	http://bulgariaoutsourcing.com/

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Croatia

Country snapshot	
Capital	Zagreb
Population	4,489,409 (July 2009 est.)
GDP in PPP	$73.36 billion (2008 est.)
GDP per capita in PPP	$16,100 (2008 est.)
Time Zone	CET (UTC+1)
Summer (DST)	CEST (UTC+2)

Source: www.cia.gov, www.timeanddate.com

Findings:

IT outsourcing market value (USD Mln)	30
Number of IT outsourcing companies	65
Number of employees involved in IT outsourcing industry	950
Rates (USD)	26,630 (min) – 53,610 (max)
Largest IT outsourcing companies	IBM, HP, Cisco, Combis, Logos
Associations representing IT industry	Croatian Association of Software and Online Entrepreneurs (Initium) www.webstart.ini.hr; HUP ICT (Croatian Employers' Association - ITC) www.ict.hup.hr; Croatian Information Technology Society (CITS) www.hiz.hr

Country specific features:

The turnover of IT industry in Croatia is expected to increase significantly for the next several years. Shared service and software development centers in Croatia can benefit from investment grants.

Useful links:

Country outsourcing profile	http://www.itonews.eu/profile-croatia/index.html
Directory of outsourcing companies	http://www.offshorexperts.com/index.cfm/fa/buyer.outsourcing_country_directory/co/112
Doing business in Croatia	http://www.doingbusiness.org/ExploreEconomies/?economyid=52 http://www.doingbusiness.org/Exploretopics/startingbusiness/Details.aspx?economyid=52
Directory of BPO suppliers	http://www.kellysearch.com/hr-product-421.html

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Czech Republic

Country snapshot

Capital	Prague
Population	10,211,904 (July 2009 est.)
GDP in PPP	$266.3 billion (2008 est.)
GDP per capita in PPP	$26,100 (2008 est.)
Time Zone	CET (UTC+1)
Summer (DST)	CEST (UTC+2)

Source: www.cia.gov, www.timeanddate.com

Findings:

IT outsourcing market value (USD Mln)	300
Number of IT outsourcing companies	370
Number of employees involved in IT outsourcing industry	7600
Rates (USD)	31,820 (min) – 64,780 (max)
Largest IT outsourcing companies	Definity, Unicorn, TietoEnator, Abra Software, Logica CMG
Associations representing IT industry	Association for Information Society (SPIS) www.spis.cz; Czech ICT Alliance www.czechict.cz

Country specific features:

The Czech Republic is the ideal outsourcing centre, notably for German customer service needs. Low rates, political stability and qualified professionals are key aspects that make the Czech Republic attractive for European countries. The stable and secure environment, strong FDI support and EU membership are other advantages for offshoring/nearshoring to the Czech Republic.

Useful links:

Country outsourcing profile	http://www.itonews.eu/profile-czech-republic/index.html
Directory of outsourcing companies	http://www.offshorexperts.com/index.cfm/fa/buyer.outsourcing_country_directory/co/115
Doing business in Czech Republic	http://ec.europa.eu/youreurope/business/starting-business/setting-up/czech-republic/index_en.htm http://www.doingbusiness.org/Exploretopics/startingbusiness/Details.aspx?economyid=55
Czech Invest	http://www.czechinvest.org/en
Business Directory of outsourcing providers	http://www.expats.cz

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Estonia

Country snapshot

Capital	Tallinn
Population	1,299,371 (July 2009 est.)
GDP in PPP	$27.72 billion (2008 est.)
GDP per capita in PPP	$21,200 (2008 est.)
Time Zone	EET (UTC+2)
Summer (DST)	EEST (UTC+3)

Source: www.cia.gov, www.timeanddate.com

Findings:

IT outsourcing market value (USD Mln)	105
Number of IT outsourcing companies	85
Number of employees involved in IT outsourcing industry	2900
Rates (USD)	29,970 (min) – 60,360 (max)
Largest IT outsourcing companies	Webmedia Group, Mandator Estonia, Helmes, Microlink Eesti, Regio, Uptime
Associations representing IT industry	Estonian Association of Information Technology and Telecommunications www.itl.ee; Estonian Information Technology Society (EITS) www.eits.ee

Country specific features:

High quality of services and cost effective production attract customers to Estonia – a traditional outsourcing centre for the Northern European countries. It is relatively easy to do business in Estonia because of its political and economic environment. A pool of well-educated, tech-savvy workers, and a modern telecommunications infrastructure makes Estonia an attractive location for offshore outsourcing.

Useful links:

Country outsourcing profile	http://www.itonews.eu/profile-estonia/index.html
Directory of outsourcing companies	http://www.offshorexperts.com/index.cfm/fa/buyer.outsourcing_country_directory/co/125
Doing business in Estonia	http://www.doingbusiness.org/ExploreEconomies/?economyid=65 http://www.doingbusiness.org/Exploretopics/startingbusiness/Details.aspx?economyid=65
The Baltic Times	http://www.baltictimes.com/

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Hungary

Country snapshot

Capital	Budapest
Population	9,905,596 (July 2009 est.)
GDP in PPP	$205.7 billion (2008 est.)
GDP per capita in PPP	$19,800 (2008 est.)
Time Zone	CET (UTC+1)
Summer (DST)	CEST (UTC+2)

Source: www.cia.gov, www.timeanddate.com

Findings:

IT outsourcing market value (USD Mln)	375
Number of IT outsourcing companies	290
Number of employees involved in IT outsourcing industry	9300
Rates (USD)	32,530 (min) – 66,530 (max)
Largest IT outsourcing companies	IBM, HP/EDS, SAO-Synergon, Delta, MÁVI, T-Systems, Montana, Navigator, Getronics, Wallis
Associations representing IT industry	Hungarian Association of IT Companies www.ivsz.hu; Hungarian Service and Outsourcing Association www.hoa.hu; HSA - Hungarian Software Alliance Ltd. www.h-s-a.hu, www.outsourcehungary.com; John von Neumann Computer Society (NJSzT) www.njszt.hu

Country specific features:

Hungary has established itself as a data centre home for business in nearby European countries thanks to its proximity to Europe and cultural compatibility. Hungary is an attractive nearshoring location for Western European countries specifically for IT application development and maintenance, particularly because of the advanced infrastructure level and value-price relation.

Useful links:

Country outsourcing profile	http://www.itonews.eu/profile-hungary/index.html
Directory of outsourcing companies	http://www.offshorexperts.com/index.cfm/fa/buyer.outsourcing_country_directory/co/152
Doing business in Hungary	http://www.doingbusiness.org/exploretopics/startingbusiness/Details.aspx?economyid=87 http://www.doingbusiness.org/ExploreEconomies/?economyid=87 http://www.internationalist.com/business/Hungary.php http://ec.europa.eu/youreurope/business/countries/hungary/index_en.htm

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Latvia

Country snapshot

Capital	Riga
Population	2,231,503 (July 2009 est.)
GDP in PPP	$38.98 billion (2008 est.)
GDP per capita in PPP	$17,800 (2008 est.)
Time Zone	EET (UTC+2)
Summer (DST)	EEST (UTC+3)

Source: www.cia.gov, www.timeanddate.com

Findings:

IT outsourcing market value (USD Mln)	27
Number of IT outsourcing companies	50
Number of employees involved in IT outsourcing industry	800
Rates (USD)	27,960 (min) – 56,940 (max)
Largest IT outsourcing companies	Exigen Services, Lattelecom Group, TietoEnator Alise, FMS Group, Rix Technologies
Associations representing IT industry	Latvian Information Technology and Telecommunications Association – LIKTA www.litta.lv; Business Software Alliance www.bsa.lv; Latvian Information Technologies Cluster www.is.lv

Country specific features:

The economic and political conditions in Latvia are predictable and stable. Business friendly incentives and regulations make it easy-to-outsource The competitive labour costs and skilled Latvian professionals with experience in practical outsourcing that are able to adopt quickly changing conditions and environment attract customers to this country.

Useful links:

Country outsourcing profile	http://www.itonews.eu/profile-latvia/index.html
Directory of outsourcing companies	http://www.offshorexperts.com/index.cfm/fa/buyer.outsourcing_country_directory/co/170 http://www.ezgoal.com/outsourcing/c.asp?a=Latvia&outsourcing
Doing business in Latvia	http://www.lv/business/index.php http://ec.europa.eu/youreurope/business/countries/latvia/index_en.htm

Lithuania

Country snapshot

Capital	Vilnius
Population	3,555,179 (July 2009 est.)
GDP in PPP	$63.25 billion (2008 est.)
GDP per capita in PPP	$17,700 (2008 est.)
Time Zone	EET (UTC+2)
Summer (DST)	EEST (UTC+3)

Source: www.cia.gov, www.timeanddate.com

Findings:

IT outsourcing market value (USD Mln)	55
Number of IT outsourcing companies	75
Number of employees involved in IT outsourcing industry	1600
Rates (USD)	28,370 (min) – 57,440 (max)
Largest IT outsourcing companies	Alna Group, Baltic Data Center, Blue Bridge, Elsis Group, Sonex, Santa Monika Networks, Baltic Amadeus, New Vision Baltia
Associations representing IT industry	Baltic Outsourcing Association www.balticoutsourcing.com; Association INFOBALT www.infobalt.lt

Country specific features:

Macro stability and flexibility, easy travel throughout the European Union, developing innovation policy, well educated and professional personnel all combine to attract customers from Western European countries to Lithuania as an outsourcing destination.

Useful links:

Country outsourcing profile	http://www.itonews.eu/profile-lithuania/index.html
Directory of outsourcing companies	http://www.offshorexperts.com/index.cfm/fa/buyer.outsourcing_country_directory/co/175
Doing business in Lithuania	http://ec.europa.eu/youreurope/business/countries/lithuania/index_en.htm http://www.doingbusiness.org/ExploreEconomies/?economyid=114 http://www.doingbusiness.org/ExploreTopics/StartingBusiness/Details.aspx?economyid=114
Outsourcing to Lithuania	http://www.outsource2lithuania.com

Moldova
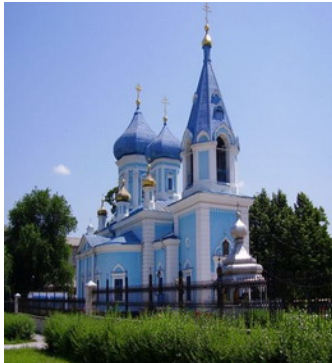
Source: www.cia.gov, www.timeanddate.com

Country snapshot

Capital	Chisinau
Population	4,320,748 (July 2009 est.)
GDP in PPP	$10.63 billion (2008 est.)
GDP per capita in PPP	$2,500 (2008 est.)
Time Zone	EET (UTC+2)
Summer (DST)	EEST (UTC+3)

Findings:

IT outsourcing market value (USD Mln)	50
Number of IT outsourcing companies	70
Number of employees involved in IT outsourcing industry	1600
Rates (USD)	26,220 (min) – 51,710 (max)
Largest IT outsourcing companies	Endava SRL, Allied Testing SRL, Pentalog SRL, Computaris
Associations representing IT industry	The Association of Moldavian Programmers www.aim.md; Moldovan Association of Private ICT Companies www.ict.md, www.atic.md

Country specific features:

The low rates and low cost of living, as well as the low office facilities cost, make Moldova an attractive place to establish business. Tax legislation is really friendly with the main advantage in the fact that all the companies that are active in the IT domain do not have to pay taxes for revenue.

Useful links:

Country outsourcing profile	http://www.itonews.eu/profile-moldova/index.html
Directory of outsourcing companies	http://www.offshorexperts.com/index.cfm/fa/buyer.outsourcing_country_directory/co/191
Doing business in Moldova	http://www.doingbusiness.org/Exploretopics/startingbusiness/Details.aspx?economyid=129 http://doingbusiness.org/ExploreEconomies/?economyid=129

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Poland

Source: www.cia.gov, www.timeanddate.com

Country snapshot

Capital	Warsaw
Population	38,482,919 (July 2009 est.)
GDP in PPP	$667.4 billion (2008 est.)
GDP per capita in PPP	$17,300 (2008 est.)
Time Zone	CET (UTC+1)
Summer (DST)	CEST (UTC+2)

Findings:

IT outsourcing market value (USD Mln)	350
Number of IT outsourcing companies	450
Number of employees involved in IT outsourcing industry	9000
Rates (USD)	33,830 (min) – 65,350 (max)
Largest IT outsourcing companies	Accenture, ACS, Asseco, Capgemini, ComArch, EDS, Fujitsu, HP, IBM, Infosys
Associations representing IT industry	Polska Izba Informatyki i Telekomunikacji – PIIT www.piit.org.pl;
	ASPIRE – Association of IT & Business Process Services Companies www.aspire.org.pl; Polish Information Processing Society (PTI-PIPS) www.pti.org.pl

Country specific features:

Poland, an EU member since 2004, is considered to be an attractive outsourcing location for Europe and especially for Germany due to cultural and time zones compatibility. Good skills of foreign languages, namely English and German, add value to the country. Strong support from FDI, tax benefit schemes - tax rates have been significantly reduced in recent years (corporate tax 19%) and private income will be reduced in tax in 2009 (18% and 32%). Special investment zones with enhanced infrastructure are other advantages that make the country an attractive nearshore location. There are many BPO centres in Poland established by leading IT services providers.

Useful links:

Country outsourcing profile	http://www.itonews.eu/profile-poland/index.html
Directory of outsourcing companies	http://www.ezgoal.com/outsourcing/c.asp?a=Poland&outsourcing http://www.offshorexperts.com/index.cfm/fa/search.home/q/center
South Poland Business Online	http://www.SouthPoland.com
Outsourcing Help Center	http://www.chamberofcommerce.pl/outsourcing_help_center

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Romania

Country snapshot

Capital	Bucharest
Population	22,215,421 (July 2009 est.)
GDP in PPP	$271.2 billion (2008 est.)
GDP per capita in PPP	$12,200 (2008 est.)
Time Zone	EET (UTC+2)
Summer (DST)	EEST (UTC+3)

Source: www.cia.gov, www.timeanddate.com

Findings:

IT outsourcing market value (USD Mln)	410
Number of IT outsourcing companies	580
Number of employees involved in IT outsourcing industry	12000
Rates (USD)	28,510 (min) – 57,450 (max)
Largest IT outsourcing companies	SAP, Endava,Totalsoft, Ubisoft
Associations representing IT industry	ANIS - Employers' Association of the Software and Services Industry www.anis.ro; Information Technology & Communication Association of Romania (ATIC) www.atic.org.ro; Romanian Association of Electronic and Software Industry www.aries.ro; Ministry of Communications and Information Technology www.mcti.ro

Country specific features:

Romania attracts from across the customers whole of Europe, especially Italy and France. This country has the largest number of IT professionals per capita in Europe. Romania benefits from a multilingual labor force and boasts one of the fastest developing IT sectors in Europe: that is why this is the perfect location for the multi-lingual call centres. The country is not the lowest cost location for outsourcing but when the performance is added to the stability it can be highly competitive. The IT sector in Romania is strongly represented by national IT associations.

Useful links:

Country outsourcing profile	http://www.itonews.eu/profile-romania/index.html
Directory of outsourcing companies	http://www.ezgoal.com/outsourcing/c.asp?a=Romania&outsourcing http://www.offshorexperts.com/index.cfm/fa/buyer.outsourcing_country_directory/co/226
Offshore outsourcing portal	http://www.globalromania.com/; http://www.outsourcing.ro/
Outsourcing platform of Romanian freelancers	http://www.rolancers.com

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Serbia

Country snapshot

Capital	Belgrade
Population	7,379,339 (July 2009 est.)
GDP in PPP	$80.74 billion (2008 est.)
GDP per capita in PPP	$10,900 (2008 est.)
Time Zone	CET (UTC+1)
Summer (DST)	CEST (UTC+2)

Source: www.cia.gov, www.timeanddate.com

Findings:

IT outsourcing market value (USD Mln)	157
Number of IT outsourcing companies	210
Number of employees involved in IT outsourcing industry	5000
Rates (USD)	26,300 (min) – 55,090 (max)
Largest IT outsourcing companies	Pakom Solution Centre, PanonSoft, Micro Business Solutions, Virtual Team, Spinnaker New Technologies, Pexim Solutions, Execom
Associations representing IT industry	JISA - Union of ICT societies www.jisa.rs;

Country specific features:

It is in Serbia where the customer will find highly skilled professional with great experience. The banking and government sectors invest in IT, that is why the revenue of the Serbian IT outsourcing market is expect to grow for the next years.

Useful links:

Country outsourcing profile	http://www.itonews.eu/profile-serbia/index.html
Directory of outsourcing companies	http://www.offshorexperts.com/index.cfm/fa/buyer.outsourcing_country_directory/co/293
Doing business in Serbia	http://www.serbia-business.com/ http://www.doingbusiness.org/ExploreTopics/StartingBusiness/Details.aspx?economyid=206

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Slovakia

Source: www.cia.gov, www.timeanddate.com

Country snapshot

Capital	Bratislava
Population	5,463,046 (July 2009 est.)
GDP in PPP	$119.5 billion (2008 est.)
GDP per capita in PPP	$21,900 (2008 est.)
Time Zone	CET (UTC+1)
Summer (DST)	CEST (UTC+2)

Findings:

IT outsourcing market value (USD Mln)	90
Number of IT outsourcing companies	150
Number of employees involved in IT outsourcing industry	2700
Rates (USD)	27,700 (min) – 57,920 (max)
Largest IT outsourcing companies	Accenture, HP, Soitron, T-system, IBM, Dell, Siemens.
Associations representing IT industry	IT Association Slovakia -ITAS www.itas.sk Slovak Society for Computer Science (SSCS) www.informatika.sk

Country specific features:

Slovakia is an attractive outsourcing location for European countries, specifically there are favourable nearshoring opportunities for Austria and Germany. The country is known as a location mainly for technical support call centres. Low cost office facilities , industrial and storage premises, relatively advanced IT and general education make it possible for the companies to establish outsourcing centres here.

Useful links:

Country outsourcing profile	http://www.itonews.eu/profile-slovakia/index.html
Directory of outsourcing companies	http://www.offshorexperts.com/index.cfm/fa/buyer.outsourcing_country_directory/co/237
Doing business in Slovakia	http://www.doingbusiness.org/ExploreEconomies/?economyid=168
Independent consultancy in Slovakia	http://www.gatewaytoslovakia.com/index.htm

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Slovenia

Country snapshot	
Capital	Ljubljana
Population	2,005,692 (July 2009 est.)
GDP in PPP	$59.14 billion (2008 est.)
GDP per capita in PPP	$29,500 (2008 est.)
Time Zone	CET (UTC+1)
Summer (DST)	CEST (UTC+2)

Source: www.cia.gov, www.timeanddate.com

Findings:

IT outsourcing market value (USD Mln)	14
Number of IT outsourcing companies	35
Number of employees involved in IT outsourcing industry	450
Rates (USD)	26,140 (min) – 53,120 (max)
Largest IT outsourcing companies	Hermes-Softlab, SRC.SI, S&T Slovenija
Associations representing IT industry	Slovenian Society Informatika (SSI) www.drustvo-informatika.si

Country specific features:

Slovenia is an attractive nearshore outsourcing location, specifically for the Western European countries. Despite the maturity of the Slovenian IT environment, the IT services market remains largely focused on basic support services.

Useful links:

Country outsourcing profile	http://www.itonews.eu/profile-slovenia/index.html
Directory of outsourcing companies	http://www.offshorexperts.com/index.cfm/fa/buyer.outsourcing_country_directory/co/238
Doing business in Slovenia	http://www.doingbusiness.org/ExploreEconomies/?economyid=169 http://www.doingbusiness.org/Exploretopics/startingbusiness/Details.aspx?economyid=169 http://ec.europa.eu/youreurope/business/starting-business/setting-up/slovenia/index_en.htm
Slovenian business portal	http://www.poslovniportal.si/

Ukraine

Country snapshot

Capital	Kyiv
Population	45,700,395 (July 2009 est.)
GDP in PPP	$337 billion (2008 est.)
GDP per capita in PPP	$6,900 (2008 est.)
Time Zone	EET (UTC+2)
Summer (DST)	EEST (UTC+3)

Source: www.cia.gov, www.timeanddate.com

Findings:

IT outsourcing market value (USD Mln)	530
Number of IT outsourcing companies	850
Number of employees involved in IT outsourcing industry	14400
Rates (USD)	28,200 (min) – 56,840 (max)
Largest IT outsourcing companies	GlobalLogic, Aricent, Softserve, Aricent, Infopulse, Ciklum, Lohika, Luxoft
Associations representing IT industry	Ukrainian Hi-Tech Initiative www.hi-tech.org.ua; IT Ukraine www.itukraine.org.ua

Country specific features:

The IT industry sector in Ukraine has grown considerably during the recent years. The closest location of Ukraine to Europe out of those countries which have not yet joined the EU and a visa-free entry regime, makes the country very attractive to the Western European countries. A large number of small companies provide a whole variety of outsourcing opportunities for the medium and small businesses. Low rates and a huge pool of highly skilled professionals are other advantages of outsourcing to Ukraine.

Useful links:

Country outsourcing profile	http://www.itonews.eu/profile-ukraine/index.html
Directory of outsourcing companies	http://www.offshorexperts.com/index.cfm/fa/buyer.outsourcing_country_directory/co/277 http://www.outsourcing-directory.net/TagSelect.aspx?Country=Ukraine&Tag=outsourcing
Overview of software outsourcing companies	http://www.softwareoutsourcingukraine.com/
Doing business in Ukraine	http://www.doingbusiness.org/ExploreEconomies/?economyid=194 http://www.businessinukraine.org/
Ukrainian Outsourcing Forum	http://www.outsourcing-forum.com.ua

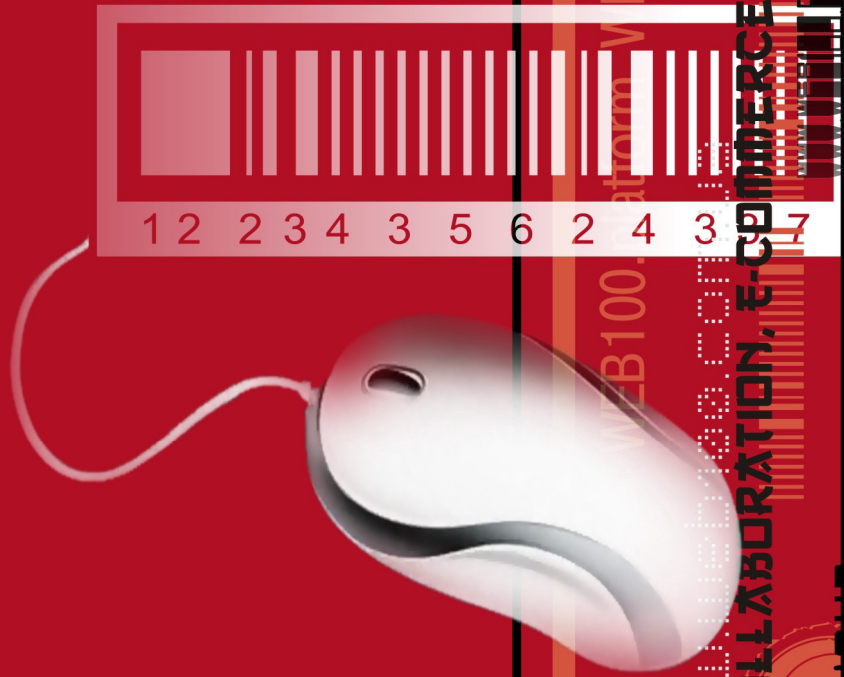Sponsor of the Research

WEB100.platform

platform aimed at B2B, B2C collaboration between company, its partners and customers
WEB100.platform - the best tool to organize your business processes in Internet

1 22 3435624

http://

WEB100.platform

12 2 3 4 3 5 6 2 4 3 7

web100.com.ua

online collaboration

E-BUSINESS, E-COLLABORATION, E-COMMERCE

24 HUR

WEB100

http://platform.web100.ru

Leading Companies

Company name: Ciklum

Contact information:
Website: www.ciklum.net
Email: ciklum@ciklum.net
Phone/fax: +38 044 545 77 45
Address: 172, Antonovycha St., 03680, Kyiv
Country: Ukraine

Staff number: 700 employees

Services: Nearshore Software Development

Specialization: Creating and servicing dedicated IT development teams that are 100% owned by the client and are equivalent to clients' in-house development units.

Other information about a company:

Ciklum is a Danish innovative IT outsourcing company specializing in nearshore software evelopment in Ukraine. The company's unique business model merges the human element with IT to build an international community of knowledge sharing that helps clients to market quickly and with less risk and minimal investment.

Using more than seven years of best practices, Ciklum creates and services clients' dedicated development teams in Ukraine, equivalent to the clients' in-house IT development units, but for a considerably lower cost. Teams belong to and are managed by the client, which brings significant advantages over classical outsourcing model in terms of team competences, motivation, consistency in development, low employee fluctuation, high level of productivity, meeting deadlines and many more. While clients focus on production, Ciklum takes care of Human Resource Management, and legal, administrative, and IT infrastructures. In addition, the company offers to its clients such services as Peak Resources (freelancers), Staff Relocation (placement of IT specialists in-house) and Project Office (Time and Material and Fixed Price Projects). Since 2008 Ciklum helps its clients to sell their software products and services in Eastern Europe.

Established in 2002, Ciklum employs more than 700 specialists with more than 85 global client teams. Ciklum has seven offices in the four largest cities in Ukraine, as well as offices in Denmark, Sweden, the United Kingdom, Switzerland and the Netherlands. The company is bounded to and protected by the European Union law. Ciklum is a winner of the Red Herring Europe 2009 Top 100 Most Promising Tech Companies. The company is a member of the Ukrainian Hi-Tech Initiative and one of the major contributors to the development of the Ukrainian IT community. For more information, visit www.ciklum.net.

intetics
Where Software Concepts Come Alive

Company name: Intetics Co.

Contact information:

Website: www.intetics.com
Email: contact@intetics.com

Head Office
809 Ridge Rd. Suite 205,
Wilmette, IL 60091
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Fax: +1-847-256-3190

Ukraine Development Center	**Belarus Development Center**
56 Poltavsky Shlyakh,	9 Timiryazeva St.,
Kharkiv, 61052	Minsk, 220004
Ukraine	Belarus
Toll free: +1-866-357-2073	Toll free: +1-877-763-8338
Phone: +380-57-728-10-25	Phone: +375-17-211-27-85
Fax: +380-57-728-10-25	Fax: +375-17-211-27-74

Staff number: 250 employees

Services:

- Managed Services and Offshore Staff Augmentation;
- Creation and Management of Remote Development and Data Processing Organizations;
- Rapid application development and system design (.NET, Java, C++ and LAMP technologies);
- Database design and data processing;
- Data entry;
- Full cycle product development;
- Mobile solutions and handheld applications;
- Embedded systems;
- Legacy system redesign;
- Software/compatibility testing;
- Software/508 standard compliant/compatibility testing;
- Web 2.0 and rich Internet applications.

Specialization:

Through the years of working with numerous Clients in a variety of industries like Engineering, Security, Manufacturing, Telecommunications, E-commerce, Logistics, Publishing, and Training, we have built expertise in applying various IT platforms, applications, and programming languages to business needs of our Clients. Today we implement our solutions using the latest information technologies and methodologies available on the market.

Other information about a company:

Intetics Co. is a leading global outsourcing company focused on managed services including application development, software testing, web system design and offshore staff augmentation. Since 1995 Intetics has completed over 500 projects for about 200 Clients in more than 30 countries. The company is ISO 9001:2000 certified and Microsoft Gold Certified partner. The company's innovation and growth achievements are reflected in winning prestigious Deloitte Technology Fast 50 awards and inclusion into the Top 100 Global Emerging Service Providers by Global Services magazine and the Top 100 Global Outsourcing list by IAOP (International Association of Outsourcing Professionals). You can find more information at www.intetics.com.

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BalticDataCenter

Company name: BALTIC DATA CENTER, UAB

Contact information:

Website: www.bdc.lt

Email: info@bdc.lt

Phone/fax: (3705) 2748360 / (3705) 2783399

Address: Žirmūnų g. 141, LT-09128 Vilnius

Country: Lithuania

Staff number: 180 employees

Services: Data center and outsourced IT services:

IT Infrastructure as a Service:
- Data Center infrastructure
- HW & SW infrastructure
- Internet and network infrastructure
- Capacity on demand

Business Applications & Business solutions

IT Infrastructure management:
- Network management and monitoring
- System management
- Digital workplace management
- IT Service desk

IT consulting & IT competence contracting

Specialization: The absolute precondition in Baltic Data Center's outsourced IT services provision is the ability to be regarded as a reliable and reputable partner. IT governance services quality brilliance is based on continuous significant investments into new technologies, processes and Customers data security. Baltic Data Center uses widely accepted approach to IT service management - ITIL methodology, which assures high-quality services and reliability.

Other information about a company:

Baltic Data Center, UAB (BDC) is the leading data center and outsourced IT services provider in the Baltic States. Company is a part of TEO Group, the largest provider of integrated telecommunications, IT and digital TV services in Lithuania. TEO Group is majority (60%) owned by the Nordic and Baltic telecommunications leader TeliaSonera.

Baltic Data Center provides full outsourced IT services package for business. BDC currently operates four data centers that meet the highest international requirements of security and reliability. BDC is the first IT outsourcing company in the Baltic States to receive ISO/IEC 27001 information security standard compliance certification.

Baltic Data Center customers are large Lithuanian and multinational enterprises from telecommunications, financial services, retail and other industries. Company provides its services in six European countries – Lithuania, Latvia, Estonia, Finland, Poland, and Denmark. Company is a certified partner of Microsoft, IBM, Oracle, HP, VMware, EMC. We hold a competence providing services based on various vendors solutions.

In 2009 BDC has been recognized as one of the best regional data centers services providers in Europe. BDC won this recognition at the awards ceremony, held during the Data Centres Europe conference, organized by telecommunication and IT consulting company Broad Group. A year before BDC has been announced as a nominee for World Communication Awards in Best Project Management category. Awards and nominations shows, that BDC treats their customers individually and every single project we implement is special and unique, we do our best to reach the perfection. For more detailed information, please visit www.bdc.lt.

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Company name: "Soft-Industry" Ltd.

Contact information:

Website: www.soft-industry.com

Email: info@soft-industry.com

Phone/fax: +38 0462 65 14 15, +38 044 229 52 83

Address: 49-a, Kotsubinsky Str., Office 217, 14000 Chernigiv

Country: Ukraine

Staff number: 50 employees

Services: Software Development and Outsourcing

Specialization: Server systems development, secure voip solutions, web-development,

e-commerce projects.

Other information about a company:

Soft-Industry is a cutting edge, self-reliant based in Ukraine company, which provides a wide range of highly qualified IT consulting, software development, design and outsourcing services since 2000.

The company's tightly integrated team of experienced specialists finds an individual approach to each customer, uses up-to the minute technologies and innovative solutions in the development process.

As a matter of our long experience we thoroughly choose the appropriate business model for every project in order to make our customers pleased with the development results for reasonably low cost.

Our guarantees help every new customer to feel confident with us. Due to the specific technologies, the customer is able to follow up the work continuously and even directly participate in each stage of the project development life cycle from any place in the world. The efficient control procedure allows us to ensure that the final product will entirely meet all the customer's requirements.

For today under our belt is the implementation of more than 100 successful projects of different scale and complexity for our clients from all over the world.

No matter how sophisticated the project is, we guarantee the stated deadline of its implementation and further support, if required.

Soft-Industry is a member of the Ukrainian Hi-Tech Initiative and it is always ready for cooperation with new customers and partners.

Please, visit www.soft-industry.com for more detailed information.

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SYNTACTICSUGAR

The Software Company

Company name: Syntactic Sugar

Contact information:

Website: www.syntacticsugar.com

Email: info@syntacticsugar.com

Phone/fax: +420 377 220 391

Address: Plovarni 3, Plzen 301 00

Country: Czech Republic

Services:

- Web application development
- Development of user applications
- Rent Developers - Outsourcing
- Timesheet
- Ready Software Solutions

Specialization: Syntactic Sugar specializes in custom software development. We provide a full range of services starting from requirements analysis, to implementation, testing and user training.

Other information about a company:

We are a dynamically developing company, which operates on the international market for more than 10 years. Thanks to our experience and access to customers we have become a credible partner for the development of bespoke software.

Our location in the Czech Republic allows us to offer very competitive prices, yet our headquarters is in the centre of Europe.

Why to choose us?

- we are a reliable partner
- we take responsibility for our work
- our priority is your satisfaction
- we create ingenious software solutions
- we are not afraid of new technologies

For more detailed information, please visit www.syntacticsugar.com

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Company name: NET Technology Center WEB100

Contact information:

Website: www.web100.com.ua

Email: web100@web100.com.ua

Phone/fax: +380 44 501 5548

Address: 28, Mashinostroitelnyj lane, 03067 Kyiv

Country: Ukraine

Staff number: 50 employees

Services:

IT support, software development:

- e-commerce solutions
- e-business solutions (B2B, B2C collaboration)
- corporate solutions based on social media approaches

Specialization: creating and development of corporate solutions based on social media approaches, social networks, incident management systems, e-business solutions aimed at B2B and B2C collaboration, e-commerce solutions, IT support.

Other information about a company:

NET Technology Center WEB100 is a Ukrainian IT outsourcing company operating on the international market since 2002. The company has offices in Kiev, Donetsk and Cherkassy cities and over 50 employees. WEB100 deals with the development of IT solutions for B2B communications and business solutions based on Social Media technologies. The company efficiently works on the market of the CIS countries, EU countries, and the USA. During 8 years of its work company WEB100 has delivered about hundred of cost effective and high-quality software solutions for a wide range of industry verticals including e-business, incident management systems, social networks and others.

We have teams of highly qualified and experienced experts in all verticals enable to provide you with state-of-the-art solutions in all mentioned industry verticals.

WEB100 has a great experience in social network development, as we developed 10 social networks during 4 years.

Company WEB100 is a developer of WEB100.platform (platform.web100.ru), platform that is aimed at B2B and B2C collaboration. We have developed and implemented several dozens of projects based on WEB100.platform, intended for different types of electronic collaboration between companies, its partners, customers, providers, and investors.

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Company name: ICT Systems Co.

Contact information:

Website: www.ict.hu

Email: ict@ict.hu

Phone/fax: +36 1 463 7000/+36 1 463 7007

Address: 1116 Budapest, Barázda street 38

Country: Hungary

Staff number: 60 employees

Services:

- IT
  - infrastructure management
  - infrastructure consultancy
  - network planning and building
  - system integration, project management
- Telecommunication
  - implementation and operation of classic and IP-based telecom centers
- Office products
  - outsourcing services for printers, copiers and multifunctional devices
- Security solutions
  - data security (virus protection, firewalls)
  - CCTV
  - fire protection
  - safeguarding solutions
  - entry systems

We are also resellers of products in all of these areas.

Specialization: We are specialized in delivering solutions for middle and large companies in different sectors, like MÁV Hungarian State Railways, Hungarian Post Co, Danubius Hotels, Budapest Airport, MKB Bank. Our network is covering the whole country, and we offer 4 hours reaction time for our outsourcing services for any Hungarian location. We provide 7x24 Service Desk.

Other information about a company:

ICT Systems is present on the Hungarian market since 1990 and is leading company in information technology, telecommunication, office products and outsourcing on all of these areas. We deliver products and services for more than 500 clients, and we secure the quality of our services with partnerships with the market-leader manufacturers: we are Microsoft Gold Certified Partner, HP Silver Partner, CISCO Premiere Partner. The company is ISO 9001:2000 certified and since we care a lot about the environment we also have ISO 14001 certification. In the last fiscal year of Microsoft (closed in June 2009), we were the Large Account Reseller with the highest revenue in this field in Hungary. Our total revenue in 2008 was 24 m EUR.

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About CEEOA

Central and Eastern European Outsourcing Association (CEEOA) (http://www.ceeoa.org) was founded in 2008. The members of the association are the leading national IT and Outsourcing associations, among them Baltic Outsourcing Association (BOA), Ukrainian HI-TECH Initiative, Hungarian Service Industry and Outsourcing Association (HOA), Employers' Association of the Software and Services Industry (ANIS) from Romania, Bulgarian Web Association (BWA) and Association of IT & Business Process Services Companies (ASPIRE).

Central and Eastern European Outsourcing Association (CEEOA) brings together the Associated bodies of the CEE region in a powerful, active and developing association to exchange thought leadership and network to position the Central and Eastern European region as competitive alternative to other global IT outsourcing and business process outsourcing destinations.

CEEOA strives to become an effective resource of industry knowledge, effective promotional tool, and effective communication channel for service providers allowing them wide range international expansion. The association promotes and shares the best practices, benefits, expert information and research findings, and innovative solutions gained in outsourcing industry from the CEE countries.

ASPIRE - Association of IT & Business Process Services Companies

ASPIRE (http://www.aspire.org.pl) brings together companies operating in the Business Process Outsourcing & Shared Service Centre market in Poland.

Established in October 2008, ASPIRE is based in Kraków which is the leading centre of IT and BPS in Central and Eastern Europe with over 30 global companies operating in the sector employing 16,000 people.

Among the services which ASPIRE provides to its members are Poland City Surveys to capture the BPO/SSC market; research and action planning on common issues which influence the IT & BPS business model, such as transport and education, and specialised training for the IT & BPS sector.

Baltic Outsourcing Association

Baltic Outsourcing Association (http://www.balticoutsourcing.com) is the only specialised ITO and BPO trade association in the Baltics. BOA operates as an independent non-for-profit professional advisory body with several mission statements - to increase regional and international competitive abilities through strengthening knowledge value and management competencies in corporate Business Processes; to promote and share best practices, benefits and innovative solutions in outsourcing industry; to promote regional and international networking; to promote outsourcing service delivery capabilities of Baltic enterprises from various industries.

Bulgarian Web Association

Bulgarian Web Association (http://www.bwa.bg) is a branch organization, established in 2004. Now BWA has 65 members – leading companies on the Bulgarian web market.

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BWA is the only association with activities directed to the benefit and defense of legal entities and natural bodies, working on design, development and hosting of web sites, as well as on providing services and information via Internet.

BWA keeps up with the web technologies development for achieving professional standards for quality web services and products in Bulgaria. BWA promotes the advantages of web and Internet among the business society, general audience, and government and non-government organizations.

Employer's Association of the Software and Services Industry - ANIS

Employers' Association of the Software and Services Industry - ANIS (www.anis.ro, www.romaniaIT.com) represents the interests of Romanian IT companies, particularly of software producers and services providers. The association was founded in 1998, and at present we count more than 120 members, some of the foremost IT companies in the field. For detailed information regarding our members and the projects we are currently involved in, we invite you to visit our website or to contact us directly.

Through its actions, ANIS contributes to helping Romania become one of the regional leaders in software production and an acknowledged international exporter of high standard software products and IT-enabled services. One of ANIS' prerogatives is to act as a point of access to any information regarding the Romanian software industry.

Hungarian Service Industry and Outsourcing Association

Hungarian Service Industry and Outsourcing Association -   (http://www.hoa.hu) is a professional organisation that promotes and supports all the opportunities in the area of Outsourcing. Established by the leading Hungarian and multinational companies in 2004, HOA is located in Infopark Budapest the region's most prestigous business center.

The Association does not focus on any single industry as its common organizing principle is outsourcing. We welcome members from any sector, be it logistic, manufacturing, HR, finance or high-tech (e.g. ICT, life sciences) enterprises.

Hungarian Service and Outsourcing Association is the first independent association to promote all the benefits of outsourcing to local and international companies, customers and suppliers also.

Ukrainian HI-TECH Initiative

Ukrainian HI-TECH Initiative (http://www.hi-tech.org.ua) is a leading Ukrainian alliance of offshore software development and IT outsourcing providers. The mission of the alliance is to promote Ukrainian software development companies in the global market.

HI-TECH Initiative provides the Ukrainian software developers with the opportunity to enhance their business in the areas of IT outsourcing and offshore programming by using the partner network and marketing channels of the Initiative in the external markets.

Ukrainian HI-TECH Initiative provides consulting services for the Western companies, help in setting up their business in the CEE region and particularly in Ukraine, and assistance in establishing partnerships, collaborating in IT and BPO projects implementation between the Ukrainian and Western companies.

The members of Ukrainian HI-TECH Initiative are 50 software development companies, outsourcing services providers that have about 4000 employees.

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About CEPIS
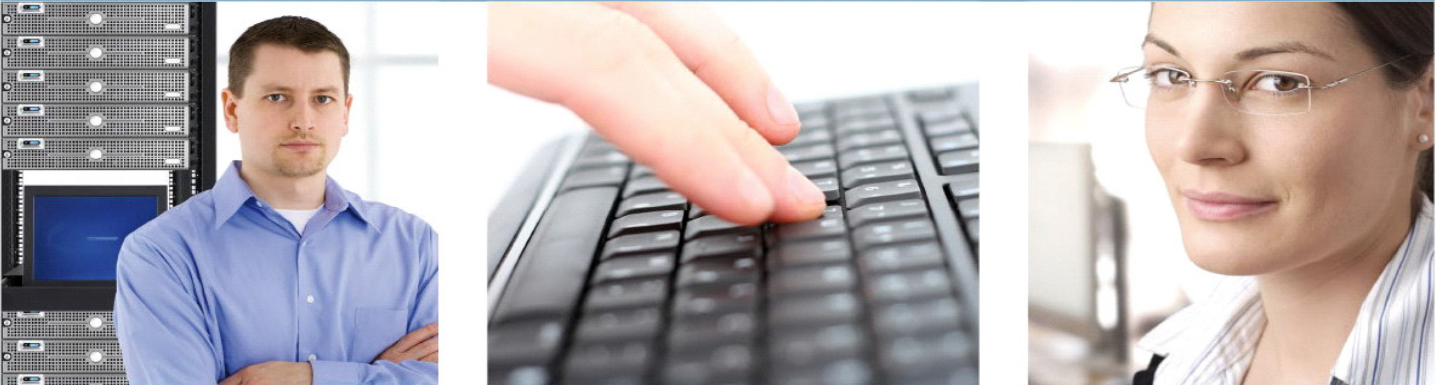
The Council of European Professional Informatics Societies (CEPIS) is a non-profit organisation seeking to improve and promote a high standard among informatics professionals in recognition of the impact that informatics has on employment, business and society. CEPIS is comprised of 36 national informatics associations representing over 300,000 informatics professionals from 33 countries across greater Europe. It provides a coordinated voice on the views of European informatics professionals on major issues to European Institutions. CEPIS is also responsible for the highly successful ECDL and EUCIP Programmes and produces a range of research and publications in the area of skills.

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