

SeeNews

• Research
on demand

ROMANIA'S IT SECTOR GROWS DRIVEN BY OUTSOURCING

FEBRUARY 2012

Contents

ROMANIA'S IT SECTOR GROWS DRIVEN BY OUTSOURCING	3
Software and Hardware	3
Outsourcing	4
Employment and Salaries	4
Exports	4
FDI Stock	5
IT sector forecasts for 2012:	5
DISCLAIMER	6

ROMANIA'S IT SECTOR GROWS DRIVEN BY OUTSOURCING

The IT sector in Romania grew much faster than the country's GDP in 1998-2008 (some 25% annually). Despite the slight decrease in 2009, growth resumed in 2010 and 2011 and the sector still performs better than the economy as a whole. The Romanian Institute for Computers (ITC) reported the growth rate of the hardware and electronics segment at 43% and that of software and IT services at 9.3% in 2010. Outsourcing is the fastest growing subsector of the IT industry.

The Romanian Association of Software and Electronics Industry (ARIES) claimed that in 2009 the IT industry ranked third in terms of exports among all sectors of Romanian economy, surpassing even the oil industry.

Romania is considered as the IT and outsourcing leader in CEE and one of the top 5 outsourcing destinations in the world. Its comparative advantage is based on the highly skilled labour force, geographical and cultural proximity to Western Europe and the welcoming business environment (there is no salary tax for software developers). Romania is first in Europe and sixth in the world in terms of number of IT certified specialists per capita, according to U.S. IT certifications provider Brainbench.

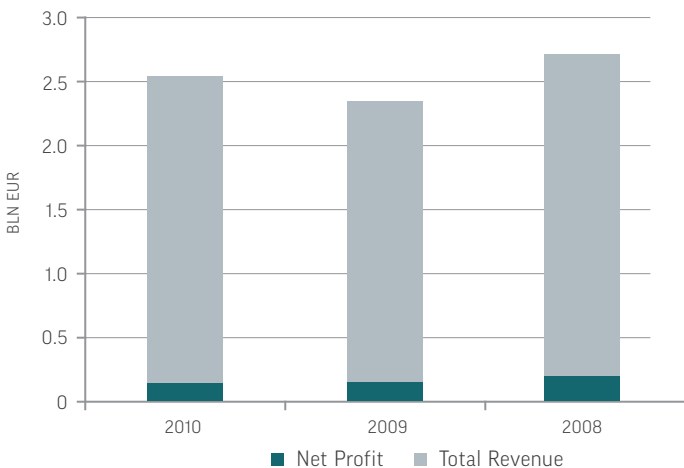
French PAC consultancy group sees Romania as a country with great potential in IT industry with emphasis on infrastructure outsourcing, business process outsourcing, hardware maintenance and network-related project services.

Software and Hardware

Within the software and IT services segment the leading role in 2010 was of software development with 43% of the total revenue of the segment, followed by IT consulting with 14%, software editing services with 13%, other IT services and web portals with 11% each and maintenance and support with 8.0%.

Microsoft Romania stated that in the first six months of 2011 Romanian software market fell by 5.0% compared to the same period of 2010.

SOFTWARE AND SERVICES



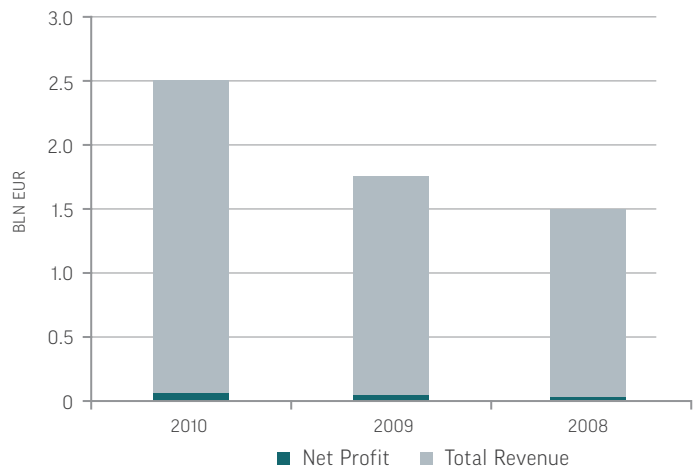
Source: ITC

SOFTWARE AND SERVICES

	2010	2009	2008
Employees	56,560	55,471	54,282
Average annual gross salary (EUR)	8,564	7,786	8,182
Number of companies	14,600	15,373	15,985

Source: ITC

HARDWARE AND ELECTRONICS



Source: ITC

HARDWARE AND ELECTRONICS

	2010	2009	2008
Employees	16,100	16,410	19,950
Average annual gross salary (EUR)	6,012	5,368	5,673
Number of companies	700	769	888

Source: ITC

In 2010 the value of Romanian IT market amounted to EUR 831 mln, shrinking for the second consecutive year, according to a survey of consultancy company PMR. Expectations for 2011 were the total value of the IT market to increase to EUR 877 mln. The structure of the revenue by segments in 2011 was expected to be as follows: 50% generated by the hardware and electronics subsector, 27% by the IT services subsector and 23% by the software subsector. As reported in the survey, the IT market should recover from the slump in 2009 and 2010. However, annual growth rates would be slower than before the crisis - 5.5% in 2011 and 7.0% in 2012. The driver of the growth would be the software and IT services segment, and above all outsourcing. According to the Employers' Association of the Software and Services Industry (ANIS), outsourcing services generate about 60% of the total revenue of Romanian IT sector. Bitdefender sees the very large share of outsourcing and low share of own products in software development as one of the major problems in the sector, turning Romania into "the new India" with strong emphasis on outsourcing and no creation of intellectual property.

There are significant differences in the geographical structure of the subsectors - while Bucharest gives 67% of the total revenue of Romanian IT industry, Cluj County is the country's centre of hardware and electronic production with more