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SOUTH EASTERN EUROPE IT SECTOR

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SOUTH EASTERN EUROPE – UNLOCKING IT'S POTENTIAL

SEE TOP 100 Ranking, Edition 2011 and IT sub-ranking

The SEE TOP 100 annual ranking is the only ranking of private and public companies, banks and insurers from the ten South Eastern European countries - Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Serbia, Macedonia, Moldova, Romania, Montenegro and Slovenia. The 2012 edition will be published in October for the fifth consecutive year. Predominantly using annual non-consolidated reports, we rank companies by total revenue, banks - by total assets and insurers - by gross written premiums. The initial pool of companies exceeds 1,200 every year.

The telecommunications sector, represented in the 2011 ranking by 13 companies, established itself as the fourth most prosperous business generating a combined revenue of EUR 9.7 bln in 2010.

By comparison, IT firms are lagging behind telecoms specialists. Unfortunately, last year's SEE TOP 100 ranking did not include representatives of the IT segment. The best performing IT player in 2010 in terms of total revenue generated some EUR 150 mln below the bottom of the SEE TOP 100.

To fill the gap, we have compiled a ranking of the top 200 IT companies in SEE, derived straight from the initial pool of companies. The list by no means claims exhaustiveness or comprehensiveness for the whole region, but it certainly includes the major companies in the IT industry. Depending on data availability in the different countries, the ranking features software and hardware providers, ITO companies and IT traders. To allow comparison, all local currencies in the ranking have been converted into euro using the respective central bank's official exchange rate on the last working day of the year.

SEE TOP 200 IT Companies is topped by Croatian distributor of IT products and consumer electronics M San Grupa with a total revenue of EUR 229.2 mln in 2010. The company was established in 1995 and operates in former Yugoslav countries through a network of subsidiaries and affiliated companies.

In 2010 the leading 200 IT companies in SEE generated a combined revenue of EUR 4.67 bln and employed more than 37,300 workers. Romania reported the highest value – EUR 2.4 bln, followed by Croatia – EUR 741 mln and Slovenia – EUR 600.7 mln.

Similar to the SEE TOP 100 per capita ranking, Slovenia is also at the lead of the corresponding ranking in the IT sector with EUR 298, followed by Croatia with EUR 167, and Romania with EUR 113 ranks third.

The graph below shows the correlation between three indicators measuring the market – the number of employees, the total revenue of the IT sector in the respective SEE country and the number of companies:
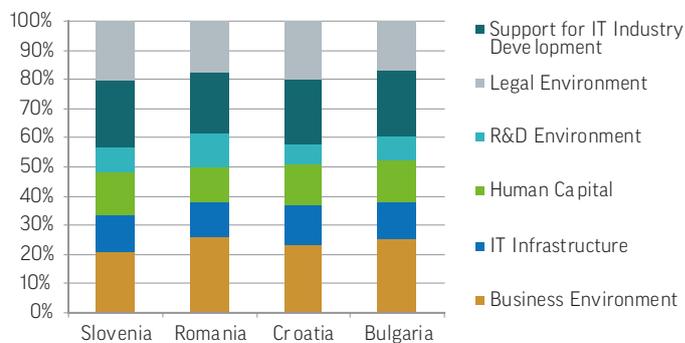
TOP 200 IT COMPANIES IN SEE

Slovenia, Serbia, Romania, Macedonia, Croatia, Bulgaria, BiH
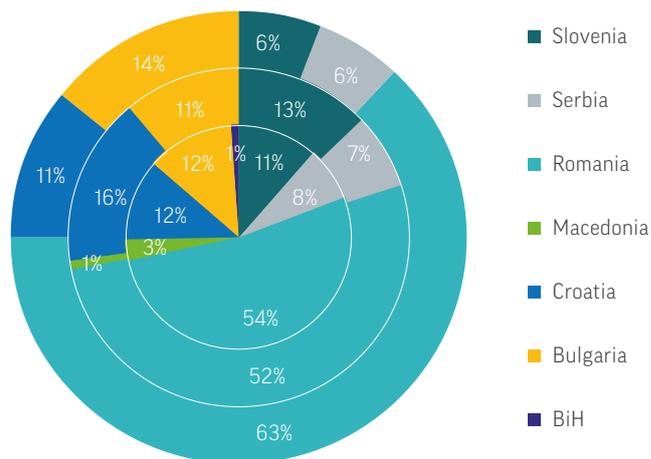
The outer circle indicates the number of employees in the IT sector, the middle circle indicates the total revenue by country and the inner circle indicates the number of companies.

The results of our ranking also find confirmation in the IT Industry Competitiveness Index 2011, issued by The Business Software Alliance (BSA) and The Economist Intelligence Unit. Only four SEE countries managed to enter into the Index - Slovenia (25th), Romania (37th), Croatia (40th) and Bulgaria (43rd). The index, measuring five indicators, showed improvement in the positions of Slovenia and Bulgaria, while Romania and Croatia stepped back in 2011.

IT INDUSTRY COMPETITIVENESS INDEX 2011 COMPOSITION

Support for IT Industry Development, Legal Environment, R&D Environment, Human Capital, IT Infrastructure, Business Environment

Source: IT Industry Competitiveness Index 2011

Based on our analysis of the IT market in some of South Eastern European countries in the last few years, we have identified the following trends in the region:
- IT products and services remain outside the top 20 exported items;
- The backbone of the ICT market is the Telecommunications sector, generating more than 70% of the revenue of ICT sector in SEE;
- Outsourcing is the IT segment of strongest presence;
- Very low level of IT companies' participation on stock exchanges;
- As a whole, the level of the foreign language knowledge in the region is high;
- In SEE, the IT sector consists of many, but small companies;
- Almost all IT giants have entered SEE countries, attracting young professionals, training them and sharing