

CURRENT SITUATION IN THE UKRAINIAN IT SECTOR: ISSUES AND OPPORTUNITIES

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Abstract. This article provides basic analysis of the role of the IT sector in the development of the current Ukrainian foreign economic activity. The research covers the main state and trends of the Ukrainian IT market. It has been established that the IT services sector (in particular, IT outsourcing) will remain a major driver of positive change in the near future and will increase the volume of service delivery for both domestic and high-tech exports. The article reveals the main problems of the IT sector functioning and gives suggestions for their solving.

Keywords: Ukrainian IT sector, foreign relations, export, opportunities, issues.

INTRODUCTION. In the current conditions of geopolitical transformations in Ukraine, there is a need to find new directions of foreign economic activity in both individual sectors and in the economy as a whole. Despite the opening of European Union borders for Ukrainian products, it is only possible to quickly restore the foreign trade balance by increasing manufacturing of high-quality and competitive products that are in demand in foreign markets. The most dynamic segment of the Ukrainian economy, which growth rate, unlike the traditional sectors, has not declined even in times of the global crisis, is the information technology sector. Today, innovative information technologies are increasingly influencing the socio-economic development of Ukraine. In the current circumstances, it is the domestic IT sector that can be the driver of economic growth in the country, since the products and services generated by enterprises in this sector are widely in demand from foreign companies, and their use by domestic enterprises contributes to improving the efficiency of the economy as a whole.

The purpose of the article is to determine the role of the Ukrainian IT sector in the development of foreign economic relations and to find general directions for solving problems of its functioning.

RESULTS. Software development is the most mobile sector of the economy, which does not require as significant financial and material investments for its development as the manufacturing industry or other sectors of the economy. At the

same time, it has a strong potential, formed primarily by highly qualified personnel who are able to develop unique software products that have no analogs in the world and are in high demand from foreign companies. It is the development of the IT sector, as a high value-added economy, that can increase the country's GDP in the short term and ensure stable foreign exchange earnings.

To better understand the current state of Ukrainian IT sector, let's have a look at some general statistics [1]:

- The number of IT specialists is 172,000 people. Most (46%) work in outsourcing. 29% of employees are engaged in product development. Outstaff - 11%.
- Ukraine is the largest exporter of IT services in Europe. In 2019, the share of IT exports grew to 4.5% (accounting for nearly 20% of the country's service exports). This is the second place in the overall export structure. The expected growth by 2025 is 8.4%.
- The total number of IT service companies is more than 750.
- The annual profit of the 245 largest IT companies - \$ 2.07 billion. The whole sector is forecasted to reach \$5 billion in revenue by 2021.
- 27% of specialists have 1-2 years of experience. Another 29% have been working in the field of 3-5 years. Employees with experience from 6 to 10 years - 17%.
- The annual number of graduates in IT specialties is 23,000 people.

The above-presented figures prove that this sector has the potential that, even in today's difficult economic conditions, allows to increase the production of goods and services for both domestic and high-tech exports. After all, even in the aggravation of the global financial crisis, when in 2008-2009 the volume of exports of information and computer technologies decreased almost all countries (Italy - by 16%, Great Britain - by 11%, India - by 7%, Germany and Japan - by 5%), in Ukraine it has ensured its growth by 30-35% annually.

It is likely that the role and share of outsourcing will be increasing in the Ukrainian IT market in the near future. The use of IT outsourcing can significantly reduce the atypical costs associated with non-core business activities and increase the profitability of IT projects. More than 70% of US companies use IT outsourcing, outsourcing 10-15% of IT-related operations to specialized companies. Customers of outsourcing

companies continue to pay in dollars, so there is a prospect of foreign exchange earnings when conducting foreign trade activities [2].

In Ukraine, the expansion of IT outsourcing is driven by increased demand for cloud services (modern database storage and management technologies), an increasing need to develop consolidation and visualization projects, integrated information security systems, and unified communications. At present, the development of cloud services is somewhat constrained by the lack of confidence in business security. With the solution of this problem, the transition to work with "clouds" will be carried out at a rapid pace. The demand for so-called "green IT" will increase as well, ie information technologies, the use of which will help to improve the environmental friendliness, reduce electricity consumption, reduce carbon dioxide emissions, and generally increase the level of innovation and competitiveness of the domestic economy.

While Ukraine is discussing the creation of a committee for IT-business in the new Council, representatives of the American Chamber of Commerce during a meeting with President Vladimir Zelensky's advisor Mikhail Fedorov listed the main problems of the industry [3].

According to the President's Office press service, the key negative factors are:

- several searches at IT companies;
- taxation of the IT industry;
- poor access to telecommunication equipment infrastructure;
- imperfect legislative framework.

Among the most important measures to be taken are: conducting protectionist policy to preserve Ukrainian specialists from being hunted from abroad; providing governmental support to start-ups, creation of powerful scientific centers, innovation parks (this allows to concentrate highly qualified specialists with interesting projects in one place, modern technological equipment, as well as to attract Ukrainian and foreign investors to such projects); creating a comfortable environment for offshore outsourcing and freelance.

CONCLUSION. The conducted overview of the Ukrainian IT sector and its role in foreign economic relations has made it possible to conclude that the functioning of

the Ukrainian IT market can be a factor of positive changes in the near future and will allow increasing the volume of services provision both for the domestic market and for high-tech exports. Already, Ukrainian programmers are recognized abroad, and Ukraine is recognized as one of the best countries in the world in terms of information service exporting. However, there are some problems: the vast majority of IT companies work only with foreign customers, and the internal market remains almost undeveloped due to the lack of financing for the IT sector. One of the main areas of growth of the Ukrainian economy should be to support start-ups and technoparks, which will mobilize the potential of the IT sector and develop one of the most promising sectors of the country.

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