



# IT outsourcing in Central and Eastern Europe 2009

## Countries' attractiveness and development forecasts

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## A word from the author



"The financial crisis that swept the global markets in 2008 is likely also to hit the European IT market, which we estimate to demonstrate growth rate not exceeding 1.5% year on year in 2009. However, the CEE region is expected to witness more promising growth in the coming years, not least because foreign companies will be increasingly forced to consider outsourcing to lower-cost destinations. One of the main drivers of outsourcing has always been the need to reduce costs - a factor even more crucial in the wake of the financial crisis.

The CEE region has recently become a major player in the global IT outsourcing market in terms of market volume, the number of IT professionals and IT companies offering outsourcing services. CEE countries are indeed more expensive compared to their Asian competitors such as India or China. However, the CEE region, whilst far from homogenous, enjoys close geographical and cultural links, particularly with the Western European markets. One could perhaps conclude that the global economic slump might even be grist to the outsourcing providers' mills".

**Paweł Olszynka**, Head IT&Telecoms Analyst

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Methodology

CEE region has recently become a major competitor in the global IT outsourcing market.

## Report description

**Outsourcing in Central and Eastern Europe 2009** is a comprehensive resource that **describes and analyses the IT outsourcing market in the following CEE countries: Czech Republic, Slovakia, Hungary, Poland, Romania, Bulgaria, Ukraine and Russia.**

The report explores and compares both general macroeconomic and market conditions within these countries, while providing **in-depth analysis of major trends and projections to 2010**. It details the types of services most commonly sought and provided, and identifies the companies and industries that make up the major pool of market participants.

The report features a comparison between the IT outsourcing market, as it exists in the CEE region and that of some of the world's foremost IT outsourcing locations. Case studies illustrate the types of contracts in place and demonstrate their manner of completion, and the **results of a survey of 30 key market players** (including in-depth interviews) provide additional insight into opportunities in this growing global and regional market.

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## Key sections

**Section One** defines, describes and elaborates on the IT outsourcing market in general. Here the types of services most commonly provided in the **marketplace are outlined, along with motivational attributes, benefits and drawbacks and prospects for success in the marketplace for the coming years until 2010.**

**Section Two** focuses on the **general macroeconomic conditions that exist in Czech Republic, Slovakia, Hungary, Poland, Romania, Bulgaria, Ukraine and Russia.** General economic outlooks are compared, along with important trends and events and their effects on the marketplace.

Countries are compared using factors such as GDP, population, salaries, unemployment levels, investment, educational levels and current levels of consumer spending. Legal and institutional environments are compared between countries, and macroeconomic forecasts for the region until 2010 are provided.

**Section Three** concentrates on the IT outsourcing markets in each of the CEE countries and the major outsourcing participants. **Key market players at work in the region are revealed and described as well as ranked in terms of market attractiveness.** M & A activity for IT outsourcing providers is detailed, along with companies and industries producing the greatest demand for IT outsourcing services.

**Section Four** comprises case studies that illustrate recent major IT outsourcing agreements implemented in CEE countries, as well as **survey results containing valuable input on conditions and opportunities from 30 of the market's key participants.**

CEE countries boast close geographical and cultural links particularly with the Western European markets.

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In the short-term, the main reason for IT outsourcing to the region is the need to cut costs.

## Report overview

IT Outsourcing in Central and Eastern Europe 2009 provides a comprehensive overview of the IT outsourcing market in the CEE with emphasis on in depth analysis and comparison to other locations where this market is expanding.

The report includes:

- definition of outsourcing/offshoring and explanation of IT outsourcing
- description of the types of IT outsourcing, including business processes such as document management, billing processes, IT management and complete IT outsourcing
- description of software, software service, and IT infrastructure outsourcing
- information on help desk/call centre/telecentres outsourcing
- discussion of motivational appeal of outsourcing IT services, advantages and drawbacks and prospects for the future within the IT industry.

Countries within the CEE (Poland, Russia, Ukraine, Hungary, Romania, Bulgaria and others) differ in the conditions and opportunities that they offer to industry participants.

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This report provides the following information and analysis on the macroeconomic conditions as well as comparisons that indicate the most favourable IT outsourcing environments:

- general macroeconomic comparisons between CEE countries
- comparison of vital trends and important events and their market influence
- degree of similarity and difference between countries, with regard to factors such as GDP, population, income, consumer spending, level of education and others
- comparison of the legal and institutional environments in the CEE countries
- forecasts for the IT outsourcing market with relation to expected macroeconomic conditions until 2010 are provided.

The IT outsourcing markets in CEE countries exhibit unique traits that distinguish their capabilities from other currently popular outsourcing locations. Read about these traits and differences, including:

- characteristics of IT outsourcing markets in major CEE countries and of key market players in the region
- recent and projected M&A activity among regional IT outsourcing providers
- factors responsible for driving demand in the marketplace
- internal ranking of countries in the CEE region and external comparison to other global IT outsourcing locations.

**IT Outsourcing in Central and Eastern Europe 2009** also uses definitive case studies to illustrate major deals finalized in the region, and gives the reader extra insight into the CEE IT outsourcing market with results of a recent survey of 30 key market players.

Due to financial crisis companies are now more eager to seek to cut costs by outsourcing in low-cost destinations.

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Russia alone attracts similar revenues in IT outsourcing to the remaining CEE countries together.

## IT outsourcing in Central and Eastern Europe 2009 is a vital resource for:

- companies active in the IT outsourcing market in CEE countries
- companies that have a general interest in the market for outsourcing of IT services
- companies interested in entering the IT outsourcing market in the CEE region
- consulting and research companies and analytical institutes
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