

Discover IT Ukraine



1.1

Market Worth,
US\$ bln.



+25%

Market
growth



25 000

Software
professionals



16 000

Annual
IT-related grads

UKRAINE: LONGSTANDING HISTORY OF TECHNOLOGY EXCELLENCE

FACT

Ukraine is in Gartner's Top 13 Offshore destinations 2012, perhaps because it has the fourth highest count of certified IT professionals worldwide.

The technology industry in Ukraine, including the IT sector, has a historical affinity for science and a decades-old infrastructure for excellent technological education.

Ukraine is one the countries with the highest number of national technological inventions. As part of the USSR, Ukraine was the center for many scientific inventions and military and space advancements. In 1951 the first fully operational electronic computer in continental Europe was built in Ukraine, exemplifying the country's computer science and engineering prowess.

Ukraine continues to be a technological leader even 60 years after the first computer. In 2011 it was ranked among the top ten Internet countries in Europe. A year later Ukraine became the leading country for Internet connection quality, with its Internet connection said to perform better than countries such as USA and the UK

Its technological background gave rise to a booming IT market, allowing Ukraine to become the Silicon Valley of the Central Eastern European (CEE) region with the highest Information Technology Outsourcing (ITO) market value in Eastern Europe. Between 2003 and 2006 the Ukrainian ITO industry experienced a period of rapid growth, followed by a period of market stabilization as the market volume decreased by -3% during the recession. Currently, Ukraine ranks among top 10 outsourcing countries in the world. Its market is now experiencing post-crisis growth, with ITO and Business Process Outsourcing (BPO) markets growing by 25% and reaching US\$ 1.1 billion in 2012. Its cities Kyiv and Lviv were included in Tholons' Top 100 Outsourcing Destinations 2013. As the 4th country worldwide with the highest number of certified IT professionals (after US, Russia and India), Ukraine continues to establish its leadership role in the global IT industry.

ACCESS TO IT TALENT (EDUCATION)

FACT

Ukraine is 16th out of 105 countries in the total number of university students, and takes 7th place in the number of students pursuing technical specializations (Global Education Digest).

“ People can often be stubborn, although in a good way. If they are given a task that is wrong, they will argue with you and say it is a short-sighted thing to do, but it means people are thinking before doing. The other good thing is that programmers usually have a good education in math or physics so they can often tackle problems that are technically complicated. ”
– Max Ishenko in Computer Weekly

Ukraine's strong mathematical and technical education traditions are well supported by a solid education infrastructure.

Students may choose to learn in any one of the country's 861 universities that offer training in 74 fields and 600 specializations. According to the Global Competitiveness Report, Ukraine is ranked 46th in the world for the quality of its higher education (out of 139 countries). The university graduation rate is 84% and about 70% of all adults in Ukraine have a secondary degree or higher. As a result of the science and technology-focused education, Ukraine has 6% of world's physicians, mathematicians and programmers, despite possessing only about 1% of world's population of 47 million.

Many Ukrainian universities offer distinguished software development and engineering programs. The quality of education programs and the technical expertise the students are expected to attain has landed universities such as the Kyiv National Taras Shevchenko University among the top 10 programming universities worldwide based on international competitions such as the TopCoder challenge. The ample rate of ICT graduates every year ensures a rich and talented labor pool for outsourcing companies specializing in software and application development services, with about 5,000 new graduates joining the industry annually.

In recent years the education in Ukraine has increasingly diversified. Most universities now offer foreign language classes as well as robust international programs. Students are encouraged to pursue programs in English or study English or other foreign languages as part of their programs. As a result, the IT talent pool offers many highly-qualified individuals who are well prepared to communicate with the international community.

GOVERNMENT SUPPORT STRENGTHENS IP PROTECTION AND TAX BENEFITS

FACT The capital city Kyiv was listed among the 25 safest cities for offshore/near shore services.

Many of the Ukrainian government policies are Western-oriented, designed to attract foreign investment. Ukrainian well-developed legal and political systems ensure protection of investments, exemplified by things such as above-average levels of contract enforcement (ranked No. 44 out of 183 countries). Ukraine is also permanently adjusting many of its IT safety regulations to meet the Western European standards. As a result, clients' intellectual property tends to be much safer in Ukraine than in many other outsourcing countries. The capital city Kyiv, for example, was listed among the 25 safest cities to offshore/near shore services.

With the eventual goal of joining the EU, Ukraine takes care to improve its business environment and international trade relations. It signed a free trade agreement with the EU and in 2008 it became a member of the WTO. In 2010 Ukraine adopted a new unified tax code to attract more foreign investors. The new tax code works towards reducing the income tax of IT companies by 5% by 2014.

COST SAVINGS WITHOUT LOSING INNOVATION

“Buyers of services like working with Ukraine because they want active participation in the development of their new applications. They do not want to just tell developers exactly what to do, they want ideas.” – Emmy Gengler, CEO, Softjourn, Inc.

Compared to software development companies in EU and North America, Ukraine's IT service providers offer competitive pricing paired with excellent technical expertise and innovation.

Ukraine has lower wages than many countries in the CEE region, including countries such as Poland, Hungary, Czech Republic, Slovakia and Romania. The annual salaries of IT professionals in Ukraine range from \$18,000 to \$48,000 and hourly rates can range from \$14 to \$42. The capital city of Kiev tends to have higher rates, while the next big city, Kharkov, is about 15% cheaper. Smaller cities also have well developed IT markets, but wages vary between regions. Overall, the wage difference allows Western clients to save 40-60% on in-house development costs.

Ukraine's outsourcing industry is very Western-oriented, since almost 70% of all outsourcing services are provided for American and European companies. Ukraine was ranked first among the 16 countries from the CEE region for the number of IT outsourcing services, number of companies operating in the region as well as the number of IT specialists involved in the industry. Ukraine has over 1,000 IT outsourcing companies and over 25,000 IT specialists working in the outsourcing industry. The competitive wage structure and mature market allow Western clients to have industry experts solve complex IT problems while still attaining considerable cost efficiency.

FAVORABLE LOCATION

FACT Ukraine was listed in Lonely Planet's list of the top 10 countries to visit in 2012. Lonely Planet recommended that tourists should get acquainted with the "great unknown destination in Europe."

Most outsourcing cities in Ukraine are conveniently located and are easily reachable from many EU cities. It takes on average 3 hours to fly from most European cities, and about 8 hours to fly from USA's East Coast.



Only 3 hours by air from most European capitals

Ukraine is located in the Eastern European Timezone (UTC+2). The time difference is easily manageable and the working hours overlap with many North American companies. Citizens of numerous countries, including EU, some CIS countries, Canada, and USA do not require a travel visa to enter Ukraine for up to 90 days, making business travel much easier. As one of the Euro Cup 2012 host countries, Ukraine recently improved many of its tourism and hospitality services. It also enhanced its road and train infrastructures, making the travel to and inside Ukraine comfortable and hassle-free.

CULTURAL PROXIMITY AND WESTERN MENTALITY



Ukraine has a strong Western-oriented mentality, due to its geographic location, but also because of its cultural ties and business values. Cultural proximity makes it easier for many foreign companies to operate within Ukraine and to directly communicate with Ukrainian software developers and outsourcing service providers. Due to similar business values, it is easier for foreign companies to manage offshore contracts, which in turn allows for better performance and, ultimately, successful project results.

Many Ukrainian companies aim to develop business culture that is similar to companies in the West. They aim to provide the level of service on par with their Western counterparts, and use latest methodologies, such as Agile, to deliver better results with flexible development processes.

Why Ukraine?

- Large pool of highly-skilled specialists and top-notch technology talent
- Significantly lower costs, including labor costs
- Mature ITO / BPO market that continues to develop rapidly
- Strong educational system, large number of universities, scientific schools and R&D centers
- Advanced political and legal infrastructure
- Economic and political transformation oriented towards Western business models
- Cultural and geographical proximity to Western Europe