



# **Romanian Software Industry – Status and Opportunities Overview**

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# Romania: Country Overview





## Romania: Country Overview

- **Romania is member of EU since 2007 and NATO member since 2004**
- **7<sup>th</sup> EU country in terms of population (21.7 million, as of 2002)**
- **Strategic geo-political positioning, EU-27 Eastern border**
- **GDP in 2008 ~136 billion EUR**
- **GDP in 2009 – decrease by 7.3% (estimate)**
- **Corporate tax: 16% flat, VAT level: 24%**
- **Main cities: Bucharest, Iasi, Cluj Napoca, Timisoara, Constanta, Craiova, Galati, Brasov, Ploiesti, Braila**



## Industry Overview

- **There are ~11.000 active companies, triple the figure from 2000 (source: ANIS)**
- **The software industry employs ~60.000 people, 3 times more than in 2000**
- **Software and services sector is the most dynamic entrepreneurial initiative in Romania**
- **Since 2005, we have seen more than 15 major mergers & acquisitions and investment fund takeovers**
- **Predictions at the beginning of 2008 indicated a minimum annual growth rate of 15%, over the next 5 to 10 years (ANIS estimates)**



## **Industry specifics – 2002 - 2007**

- **Annual growth rate for the sector +20%**
- **Balanced development of both local market and exports, mutually supporting creation of abilities and expertise in new technologies**
- **Strategic public projects were being planned – to generate efficiency in public administration and sustain development of local IT industry**
- **Local software & services industry market in 2007 was of ~700 M Eur (ANIS estimates)**
- **Exports are dominated by services (+90%) – in 2007 ~450 M Eur (ANIS estimates)**



## Industry specifics 2008 - 2010

- **Global economic downturn generated non-typical evolution of markets, niches and companies**
- **On local market, public sector projects slowed down financing**
- **Private sector projects decreased in value and number and focused on increasing productivity and decreasing costs**
- **Outsourcing projects maintained or even grew steadily, for both applications and services**
- **Industry turnover in 2009 is estimated at the level of 2007 ~1.3 Billion Eur**
- **IT industry still counts for +1.1% of GDP**
- **In 2010 the industry is slightly recovering growth**



## Major Buyers/ Target Industries

Over the last 5 to 7 years the major buyer industries have remained the same, although corresponding ratios have changed:

- **Financial and banking sector**
- **Utilities companies**
- **Public Sector**
- **Telecom companies**
- **Education system**
- **Manufacturing sector**
- **Retail sector**



## **Main Competencies/ Products, Services**

- **Business Applications: enterprise management, customer management, production cycle management**
- **Security Applications and Services**
- **Embedded Automotive Systems**
- **Product Design & Development Tools**
- **Development Services**
- **Consulting and Implementation - on own or third party products**
- **Maintenance and Support - on own or third party products**
- **Specialized Training**



## **romaniaIT - Creative Talent. Technical Excellence**

**Public-private initiative set up in 2006 by a group of stakeholders interested in promoting the national IT industry**



**Excellence: matching the Romania ICT sector practices with its potential.**

**Innovation: transforming known methods into original and new approaches with endless possibilities for the ICT environment.**

**Competitiveness: turning from the low-cost provider identity to the high-value provider, synonym for client based necessities, mutual trust and professionalism.**



## Creative Talent

- **Software and services sector employs ~60.000 people**
- **Since 2003, more than 7.000 new IT jobs have been created annually, with nearly 100% absorption rate, indicating high retention**
- **Technical education includes 5 top polytechnics universities, 59 sector universities, 174 private colleges**
- **“Romanian universities have been Top 3 in the IEEE Design Competition every year since 2001” (source: IEEE)**
- **Romania has more Informatics and Math Olympiad medals than any other European nation, and is 3<sup>rd</sup> globally after URSS and China**



## Technical Excellence

- **Industry clusters are concentrated in major university cities: Bucharest , Cluj Napoca, Timisoara, Iasi, Craiova**
- **Extensive multinational companies presence**
- **Operations include:**
  - **R&D and technology centers: network operator equipment, embedded automotive systems, semiconductor design, security applications, development tools, etc**
  - **BPO centers – financial, HR and administrative services, supply chain**
  - **Support centers, Call centers**



## Opportunities for Development

- **Encourage adoption of technology-based management systems**
- **Generate products and services to encourage new ways of doing business – web based services, mobile technologies etc.**
- **Create more products and services addressed to SMEs**
- **Educate customer demand for more innovative products and high value added services**
- **Identify sources of financing for new products and technologies**



## **ANIS in Brief**

- **Founded in 1998**
- **Niche organization - software and related services**
- **~100 member companies, +25% of the sector turnover**
- **Strategic Objectives:**
  - **Support the local industry and assist its development**
  - **Generate Governmental support to increase use of technology and implement Information Society**
  - **Promote Romania as an IT country**



## **Benefits in Working with ANIS**

- **Support in identifying partners on the Romanian market**
- **Intelligence on the Romanian business environment and local software and services market**
- **Consulting through third parties on go-to-market strategies, market analysis, legal & policies related matters**
- **Participation in industry events, organized by ANIS or by third parties**



## Contact

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