

Software and IT Services in Romania

Current situation and outlook in a local and global environment

2017



employers' association of the
software and services industry

A REPORT DEVELOPED BY



A CXP GROUP COMPANY

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Software Industry in Romania – a Vision for IP-Based Growth

Romania has had an important tradition in research, development and innovation in the technical field. Romanian engineers have always been appreciated abroad and lower labor costs have helped attracting interesting and more significant projects towards the local industry.

This has been an important factor of growth, even before the domestic market became significant in its own right. Working for clients abroad helped companies, teams and specialists develop technology and industry knowledge, as teams have been involved in defining project specifications, identifying business needs and technical solutions. The capabilities thus acquired have since been used in projects for the local market or the development of own products.

Even if, given contract requirements, this information is not always made public, Romanian companies have been developing complex projects if one looks at client companies and industries, but also if we are considering the solutions delivered that tackle sensitive content, secure data etc.

Numerous R&D centers of multinational companies that are present in Romania have also created the premises of product development, even if the projects are generally commissioned by their headquarters.

All of this context has led to the development of a corpus of entrepreneurial initiatives rolled out by enthusiastic experienced professionals who have previously gained experience in complex projects for product development.

Romania has at this point seen successful product-based companies and businesses that have impacted both the entrepreneurial spirit and the technological innovation in the industry. They might still be small in number, but have significant market value, to which a few exits at the top for niche or industry leaders have largely contributed.

As this study will show, growth for the product segment in the overall industry revenues has been slow, but steady and more manifest in absolute values. Given the specifics of this business, that sees recurrent revenues but inversely proportional with direct costs, this steady growth is more relevant than for the services-based segment, as the embedded value of IP generated revenues will grow more quickly due to its natural ability to scale.

In a context where the human resources pool for our industry is decreasing, the services-based businesses are seeing their development conditioned by the yearly number of people entering the labor market; IP-based businesses, on the other hand, do not have the same type of constraint, since they employ fewer, but better-skilled people, with very diverse backgrounds, rather business than technical related.

The general context is favorable to the emergence of more entrepreneurial initiatives and startups. Opportunities for financing the businesses are raising and more money is available through investment funds and business angels, there are networks of accelerators and incubators and hubs – either local or international – interested in raising the profiles of Romanian startups, there are programs designed to encourage and assist entrepreneurs in bringing their ideas to life, there are already incentives, support legislation and alternative financial instruments for funding new projects and ideas.

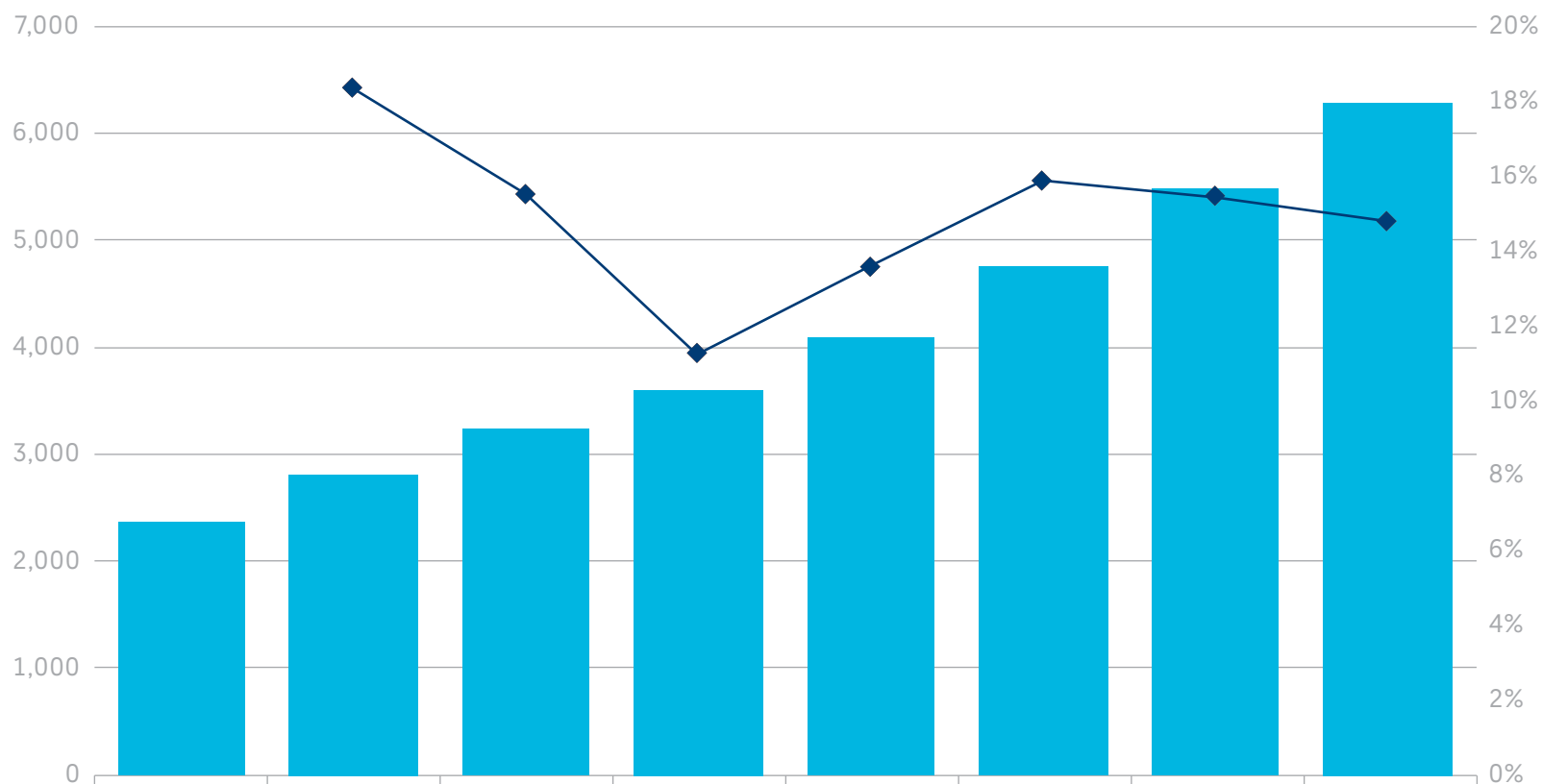
ANIS as a representative association for the software industry in Romania has made it its mission to encourage the development of the local industry, both for the services and for the product development segments.

We are however adamant in voicing our public support for an IP-based business model for our industry, based on the exceptional opportunity that this industry has to see exponential growth.

Total Romanian SITS Industry



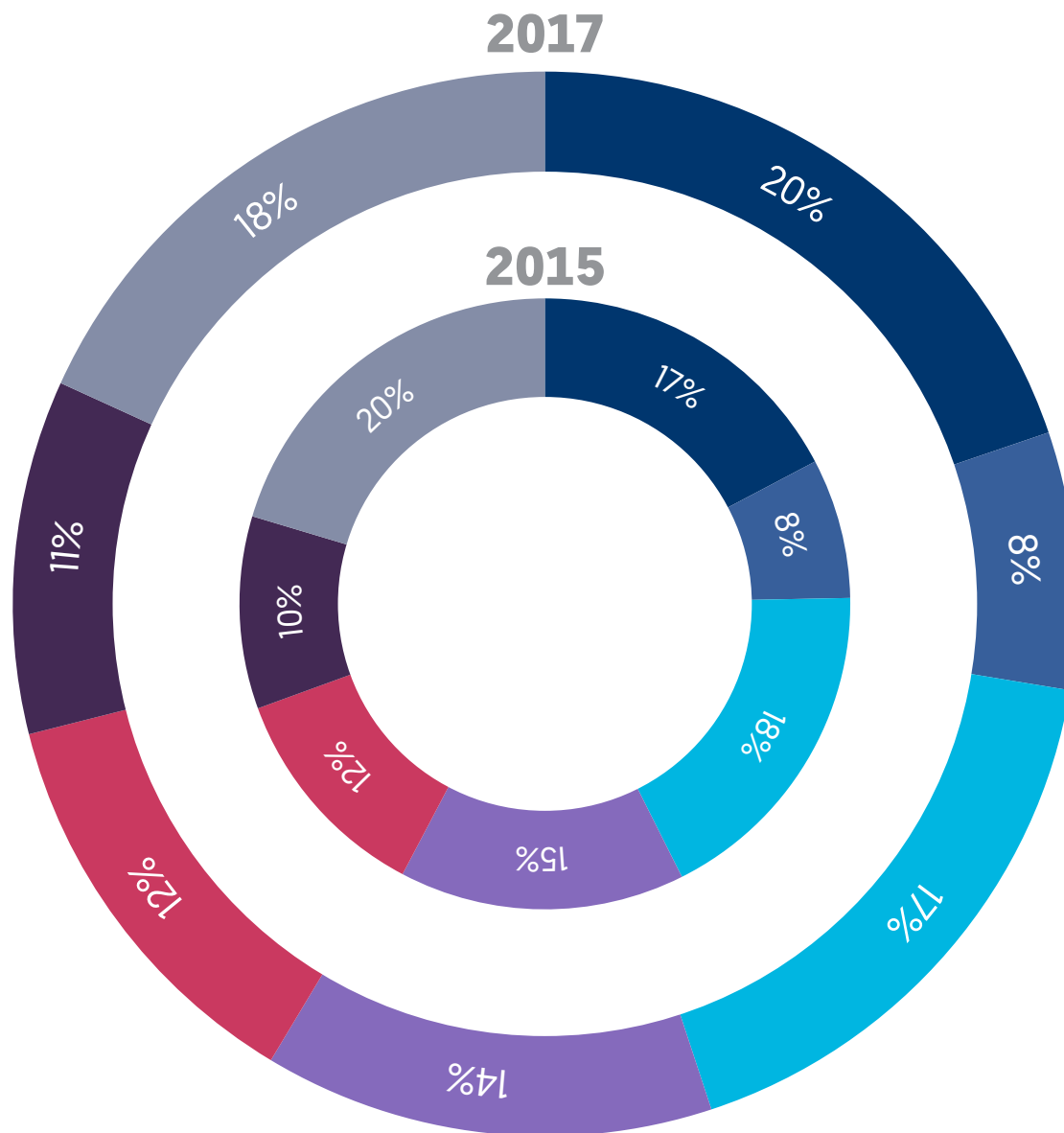
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	2013	2014	2015	2016	2017	2018	2019	2020
Market Volumes in million EUR	2,370	2,805	3,240	3,605	4,095	4,745	5,480	6,290
Anual Growth Rates in %		18.4%	15.5%	11.3%	13.6%	15.9%	15.5%	14.8%

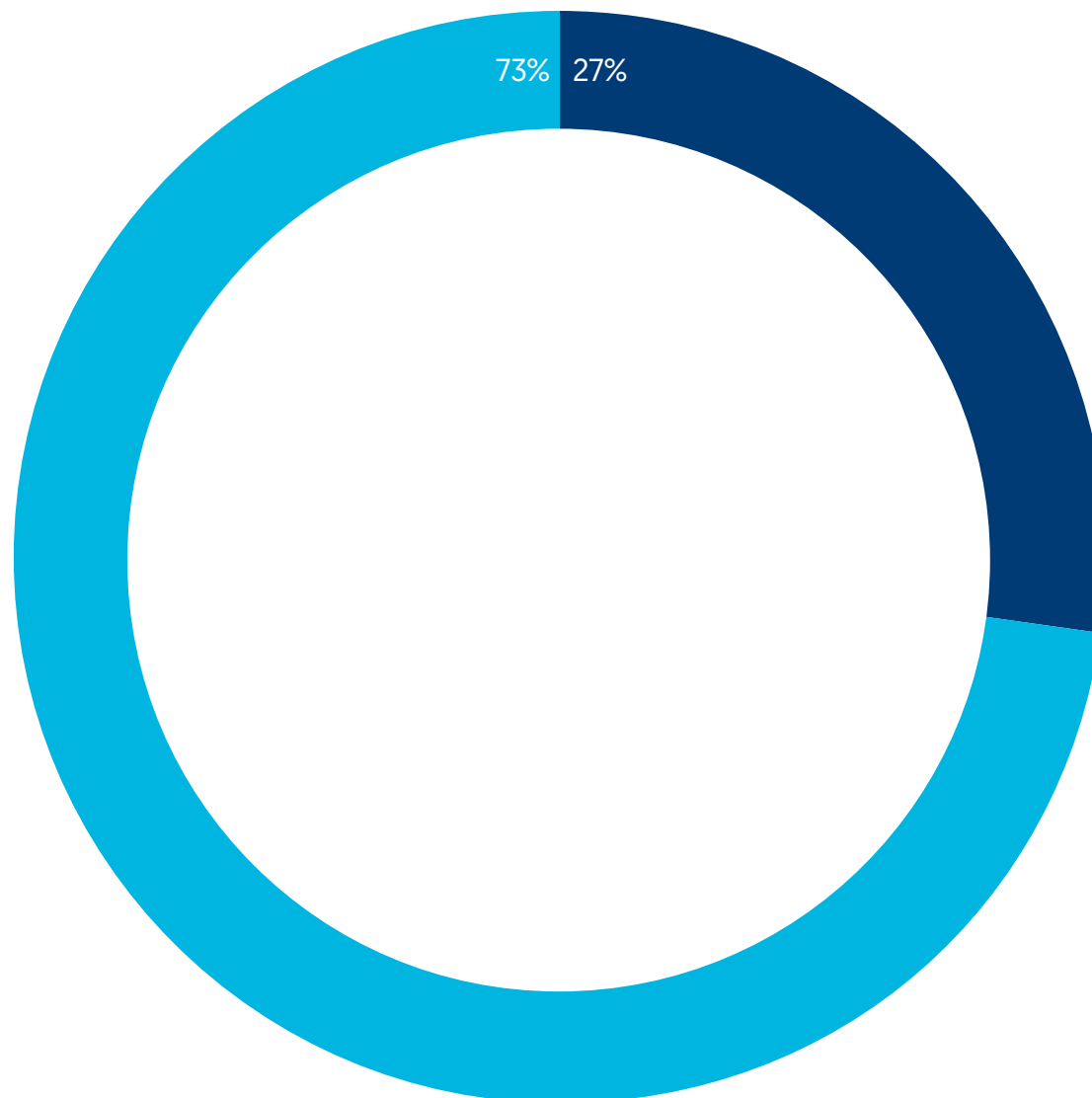
Players' Shares for the total Romanian SITS industry

	2015	2017
Top 5	560	810
Top 6-10	240	320
Top 11-20	580	710
Top 21-50	490	560
Top 51-100	380	510
Top 101-200	330	440
Top 201+	660	745



Ownership by Revenues 2016

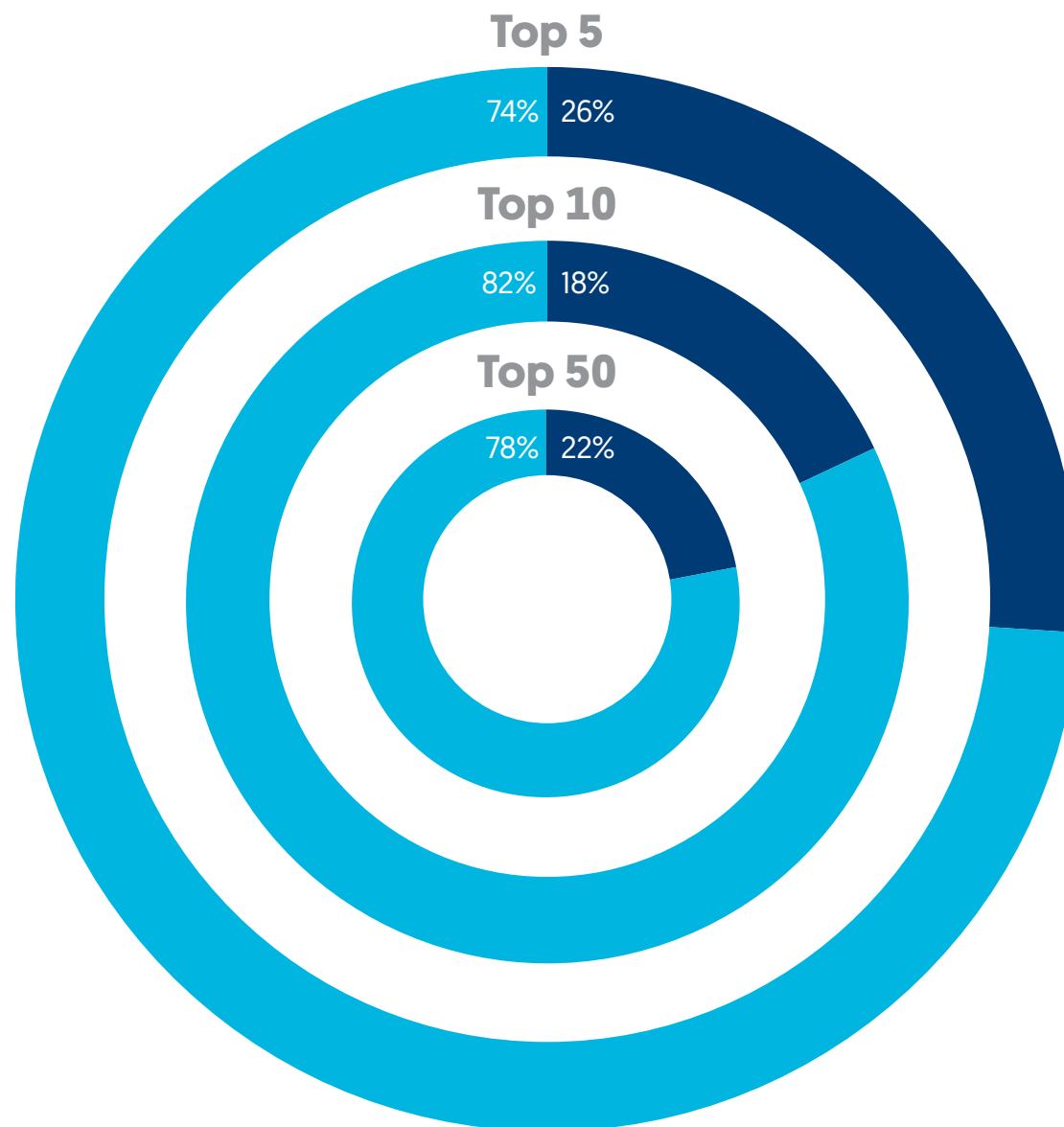
Total industry



Romanian Ownership

Foreign Ownership

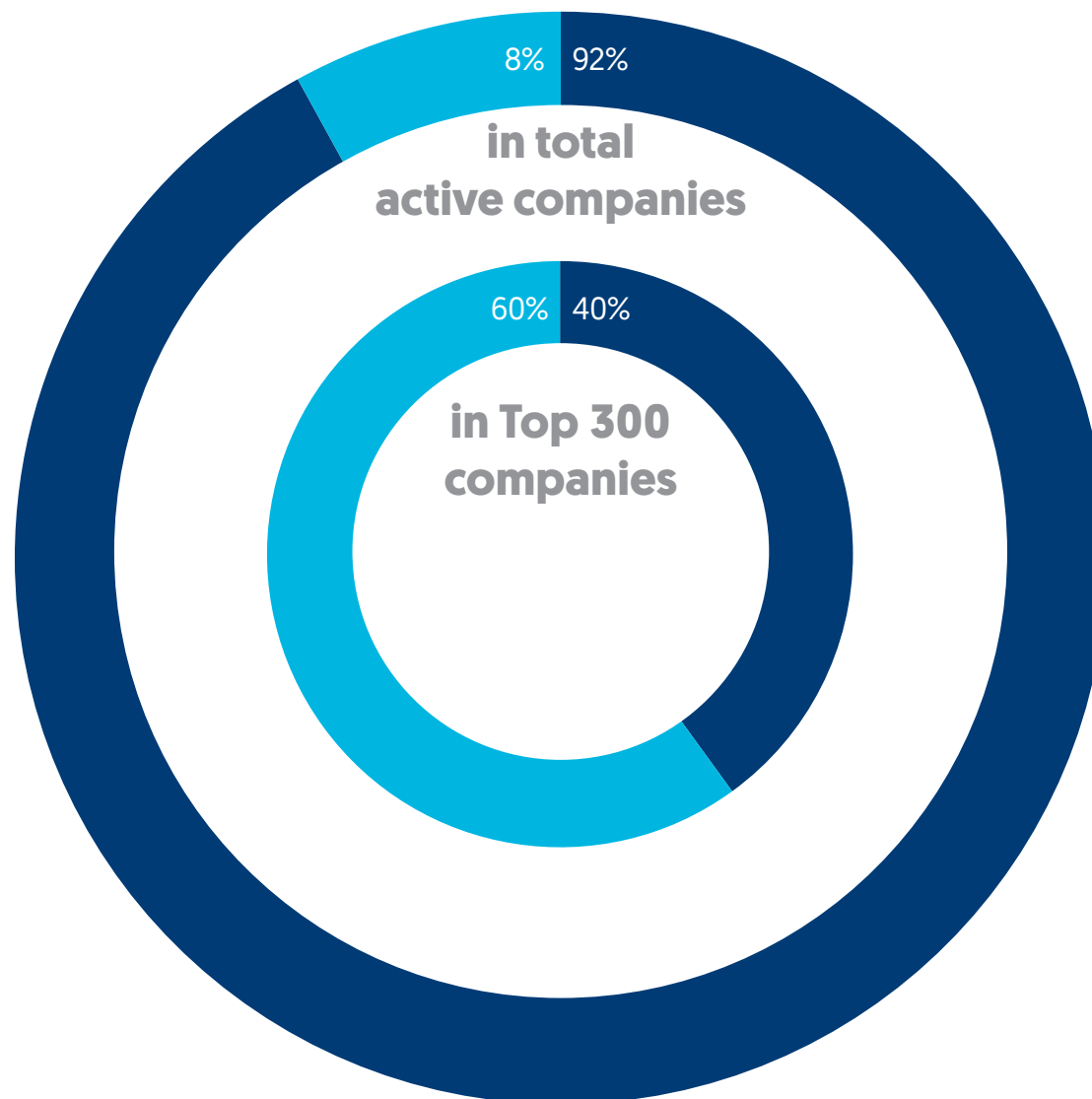
Ownership by Revenues Top Players



Romanian Ownership

Foreign Ownership

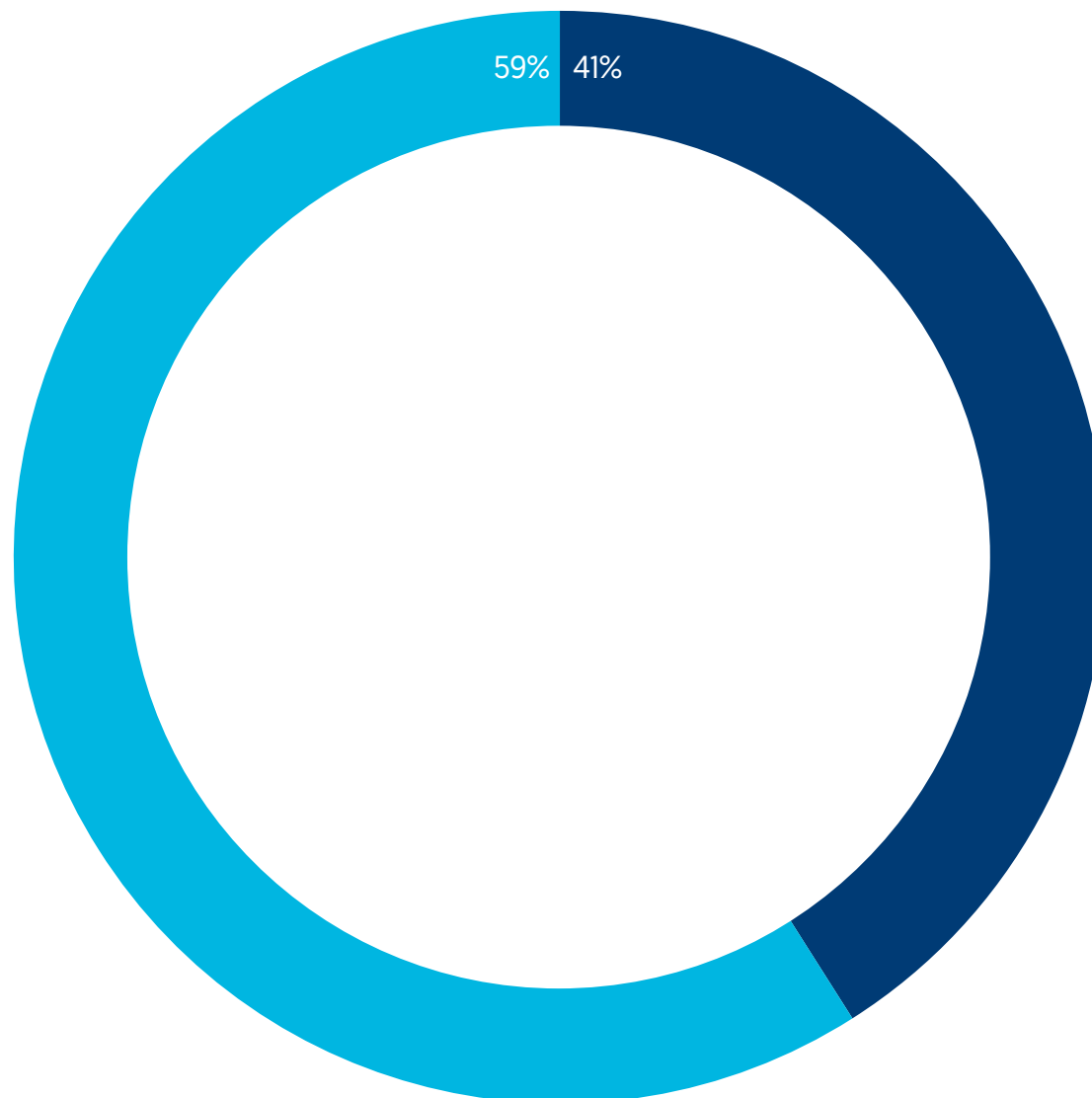
Ownership by Number - Total active companies/ Top 300 companies



Romanian Ownership

Foreign Ownership

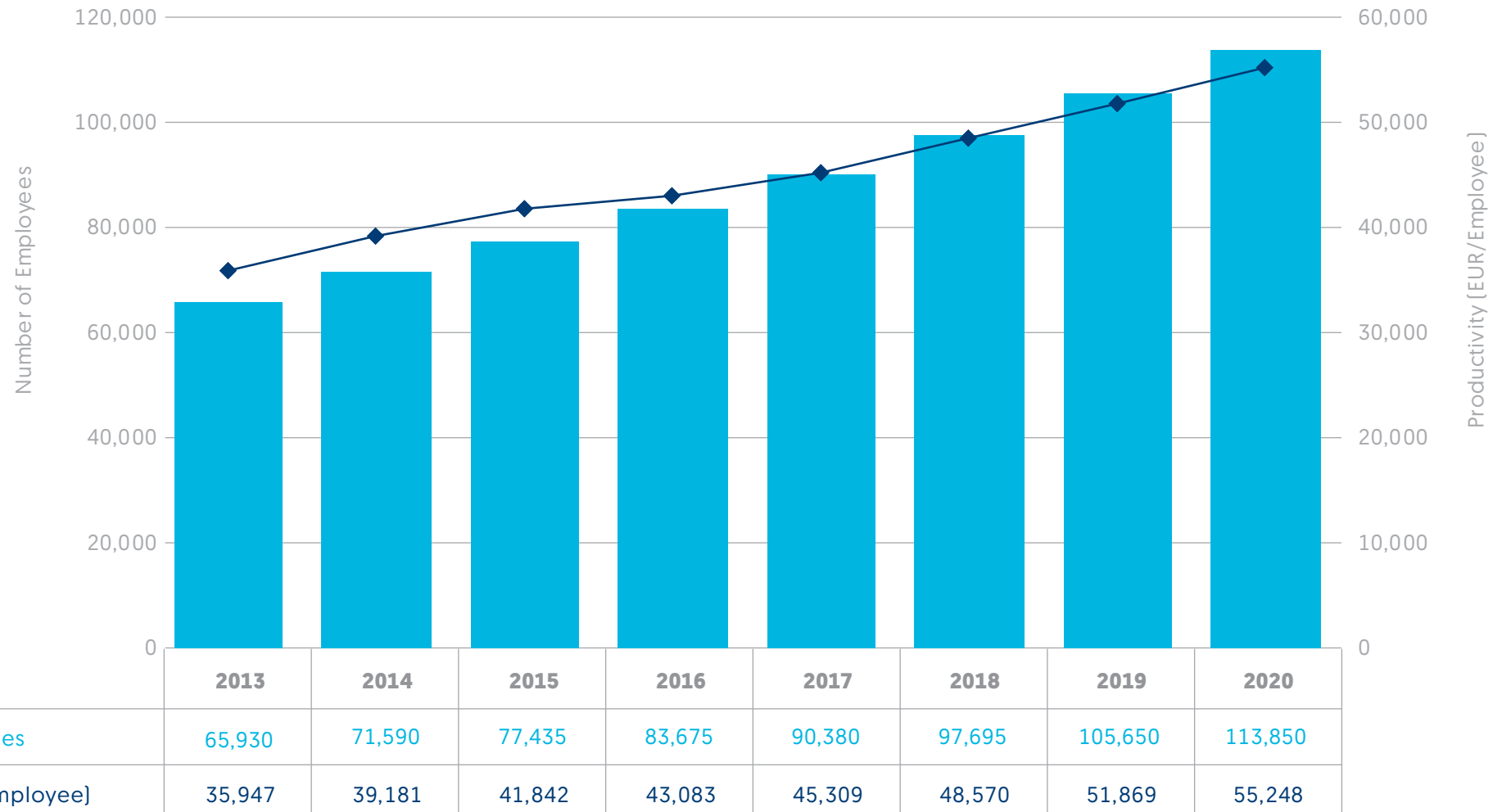
Ownership by Employees



Romanian Ownership

Foreign Ownership

Total Romanian SITS Industry Employees and Productivity

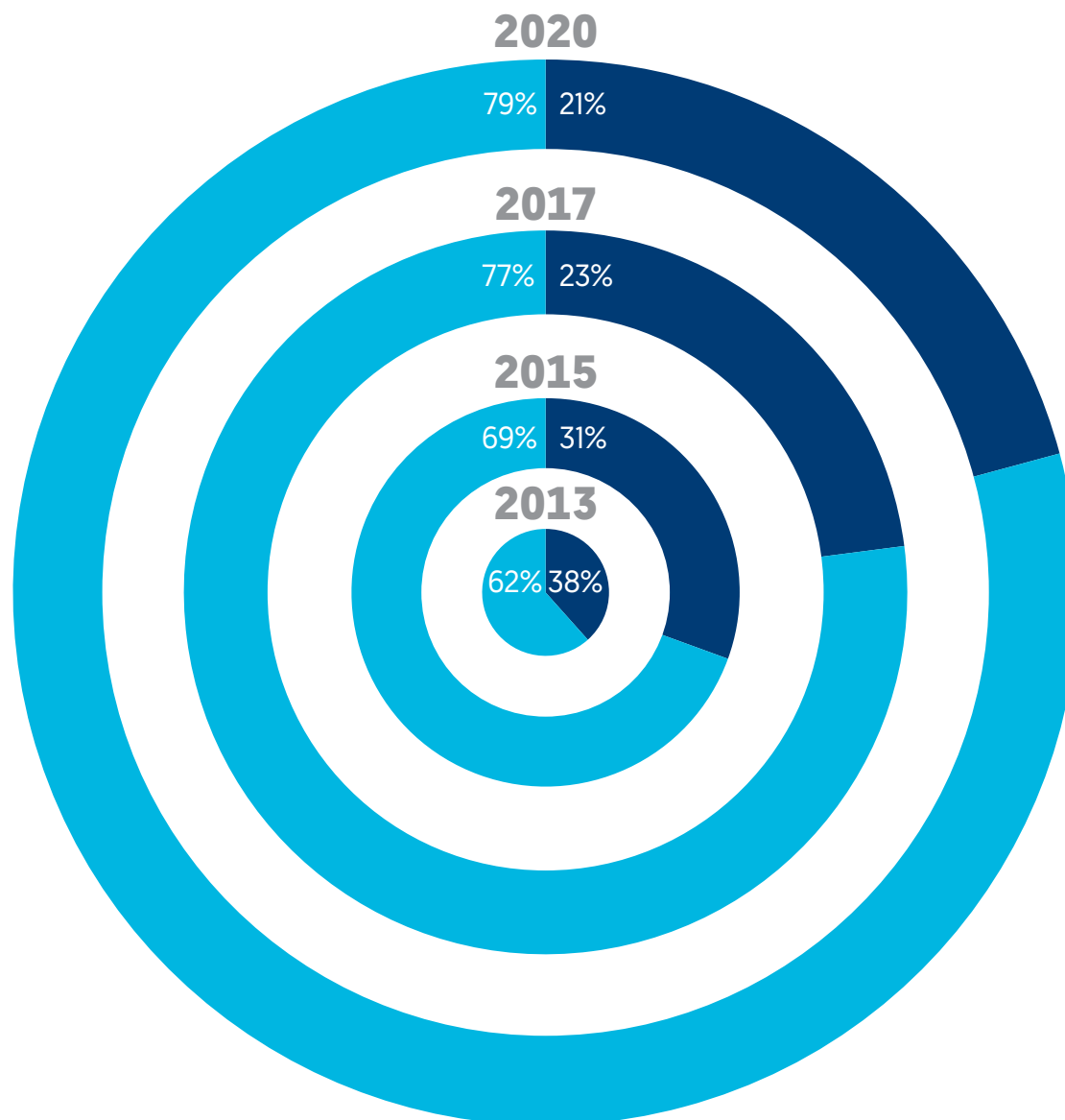


Domestic Market vs. Export

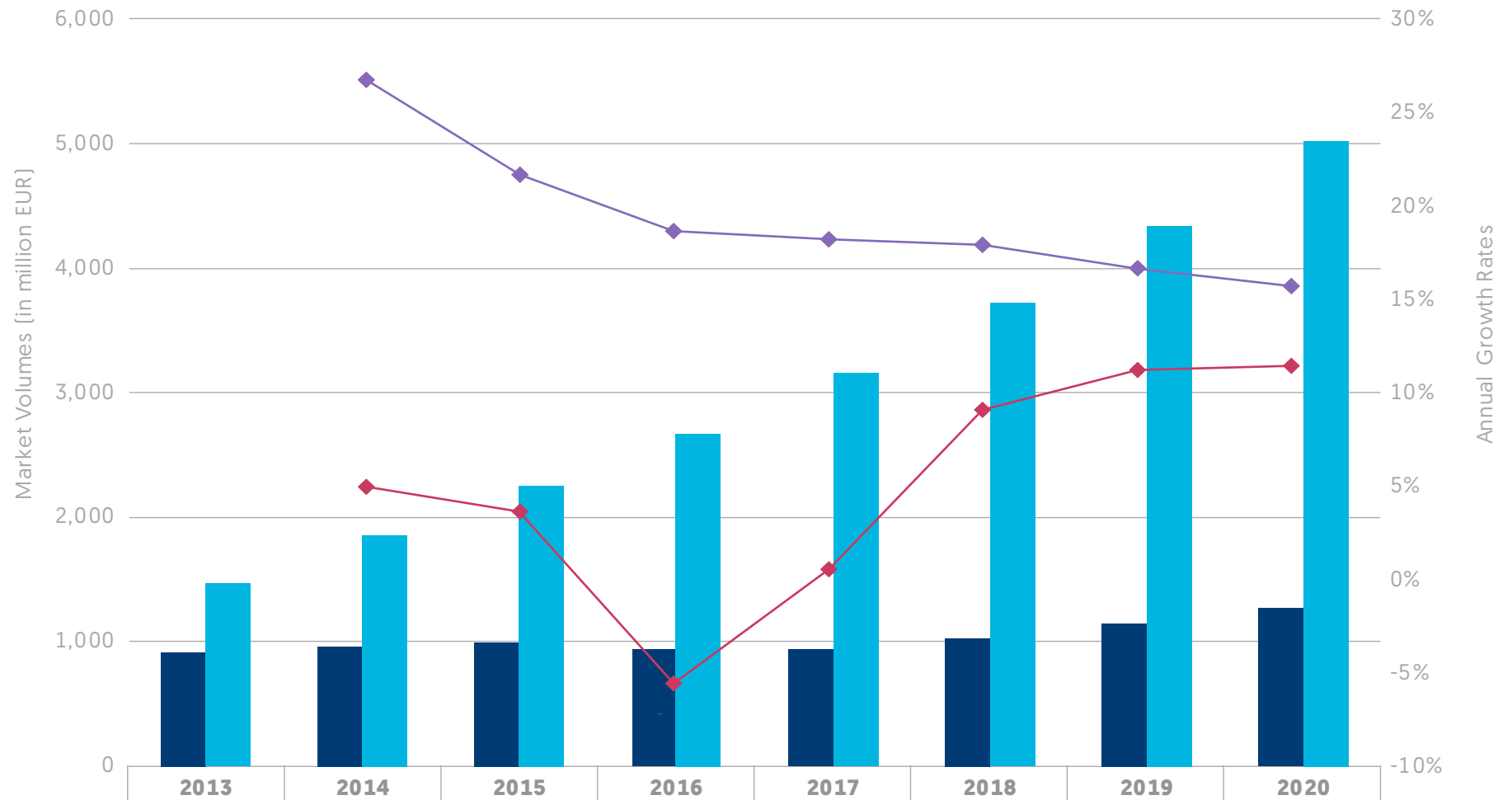


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	Foreign Market	Domestic Market
2013	1,460	910
2015	2,250	990
2017	3,155	940
2020	4,340	1,140



Revenue Breakdown by Destination Market - Romania vs. Export



	2013	2014	2015	2016	2017	2018	2019	2020
Domestic Revenue	910	955	990	935	940	1,025	1,140	1,270
Foreign Revenue	1,460	1,850	2,250	2,670	3,155	3,720	4,340	5,020
Domestic Growth		4.9%	3.7%	-5.6%	0.5%	9%	11.2%	11.4%
Foreign Growth		26.7%	21.6%	18.7%	18.2%	17.9%	16.7%	15.7%



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ANIS represents the interests of IT companies in Romania and supports the development of the software and services industry, as well as the growth of companies involved both in outsourcing projects and in developing proprietary applications.

The Association was founded in 1998 and now includes approx. 130 members – companies with both Romanian and foreign capital, small and medium companies as well as multinational ones, with presence in the main technical universities in the country.

ANIS focuses on promoting Romania as a regional leader for software development and established exporter for high quality software products and services. ANIS acts as main point of contact for information regarding the industry.

3 PILLARS STRATEGY

Our 3-pillars strategy is set to encourage a business model based on creating intellectual property by:

- Supporting the growth of the local software market by encouraging technology spending both in the public, as well as private sector, especially SMEs, to increase productivity and competitiveness;
- Encouraging the creation of local proprietary software products through programs of entrepreneurial education and by creating a favorable environment for startups, accelerators and incubators;
- Supporting the development of R&D and outsourcing companies based on creativity and added value.

ACTIVITIES



Advocacy



Business Opportunities



Industry Marketing



Events



Training



Access to information



Community

SOME OF OUR PROJECTS



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For more information on our projects and activities, please visit our website: www.anis.ro