

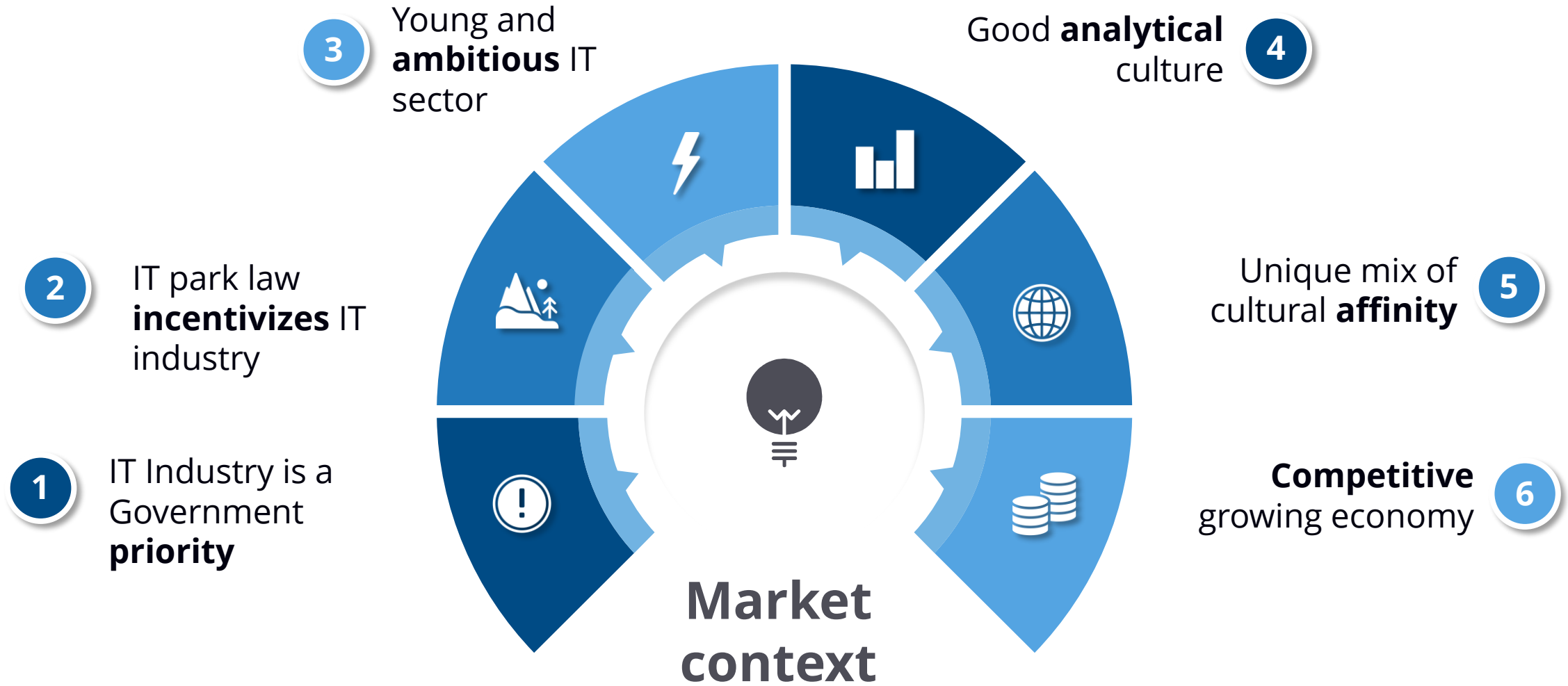


Moldova IT Market 2019 - 2024

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Market context and drivers



Overview and structure of IT Services Market

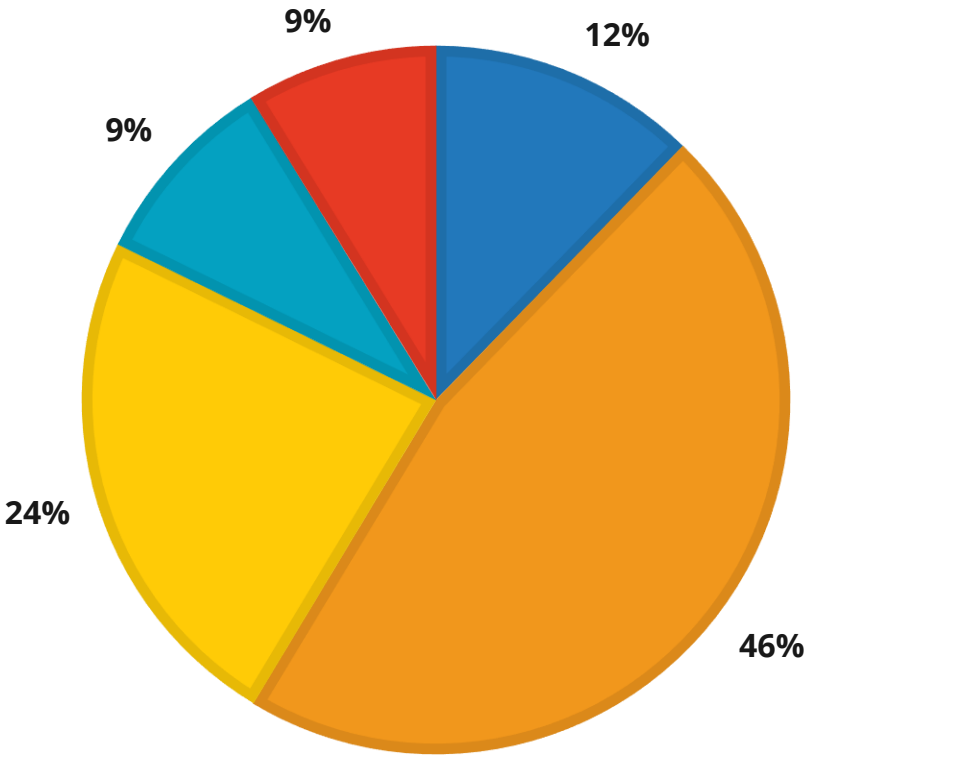
Domestic market (m\$)	2018	2019	2020	2021	2022	2023	2024	CAGR
IT Consulting	4.11	4.56	4.93	5.09	5.11	5.16	5.19	3.38%
Implementation	15.53	17.35	18.39	18.81	19.08	19.31	19.40	3.23%
Support Services	7.91	8.98	9.50	9.81	10.10	10.20	10.45	4.05%
Operations Management	3.02	3.84	4.59	5.31	5.98	6.69	7.46	13.81%
Training & Education	2.93	3.54	3.95	4.01	4.32	4.48	4.56	6.52%
Domestic total	33.50	38.27	41.35	43.04	44.58	45.84	47.06	4.97%

Outsourcing market (m\$)	2018	2019	2020	2021	2022	2023	2024	CAGR
IT Services	84.83	99.45	110.49	117.61	124.70	130.79	136.63	7.05%
BPO	14.45	17.66	20.47	23.15	26.30	28.24	30.42	11.21%
R&D / Engineering	13.79	17.31	20.28	23.03	25.42	28.12	30.94	12.24%
Others (Management, Quality Assurance)	7.83	9.76	11.38	12.77	15.06	16.09	17.22	11.92%
Outsourcing total	120.90	144.19	162.62	176.57	191.48	203.25	215.20	8.59%

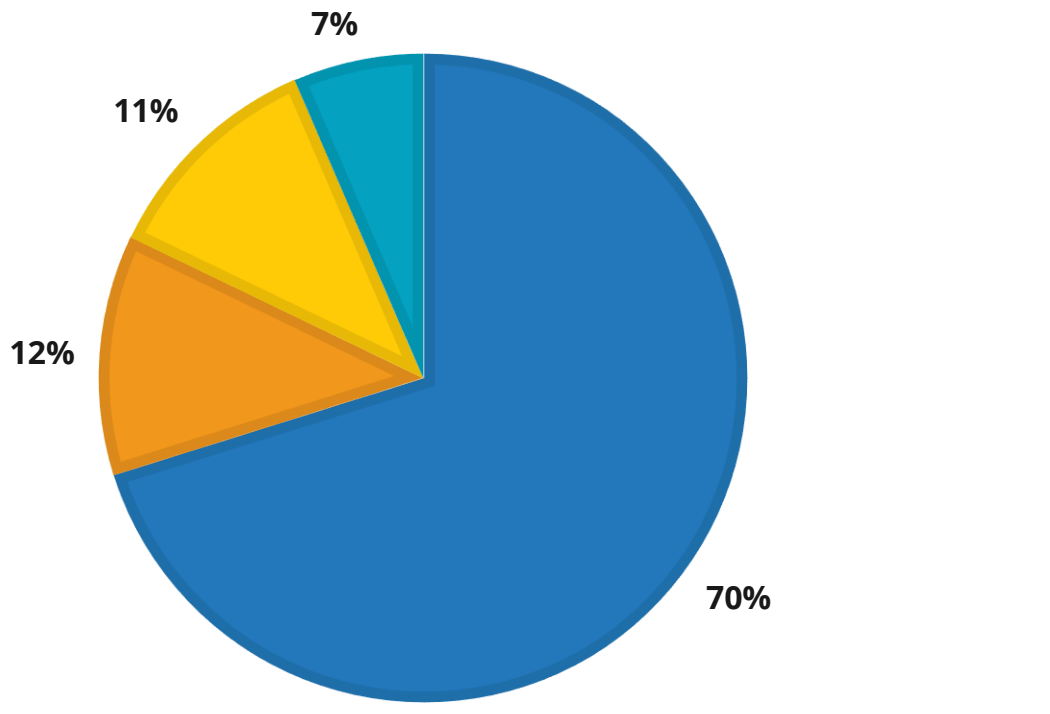
Total (m\$)	154.40	182.46	203.97	219.61	236.06	249.09	262.26	7.86%
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Current market distribution

DOMESTIC. TOTAL = \$33.50 M



OUTSOURCING. TOTAL = \$120.90 M

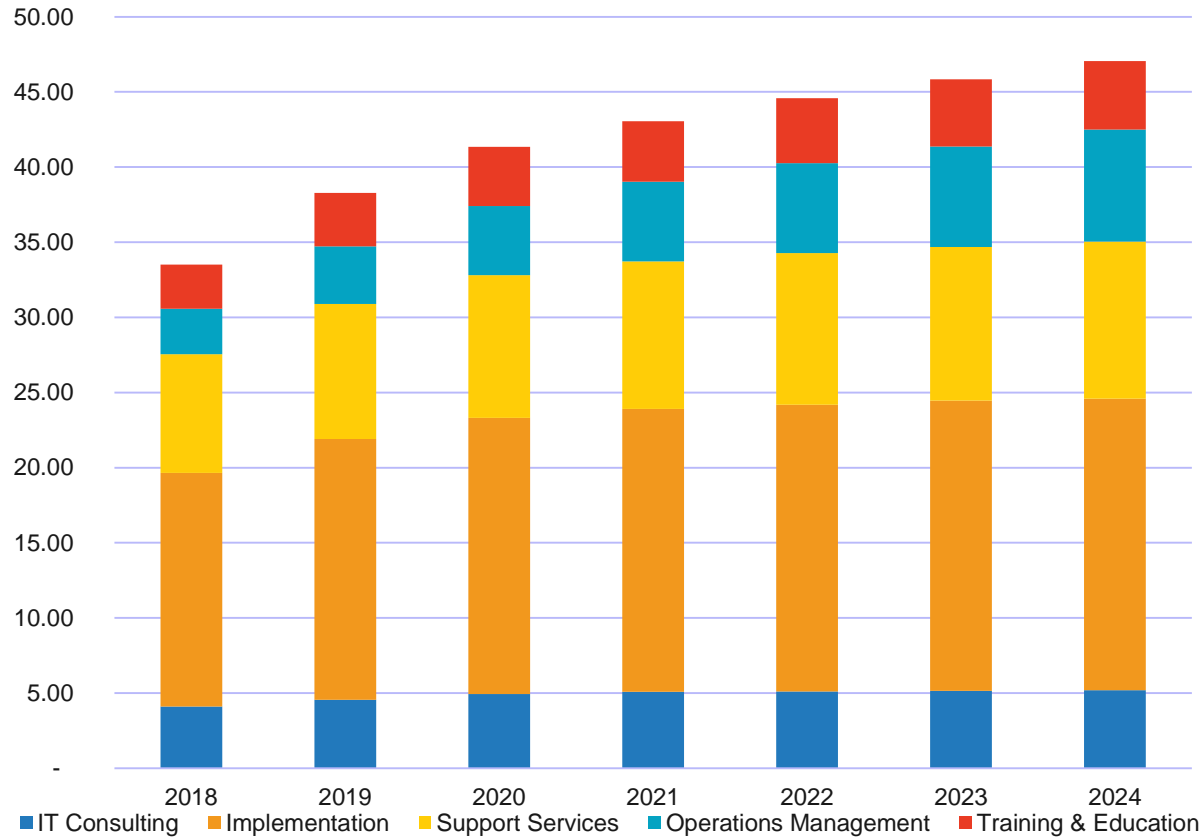


- IT Consulting
- Implementation
- Support Services
- Operations Management
- Training & Education

- IT Services
- BPO
- R&D Engineering
- Others (Management, Quality Assurance)

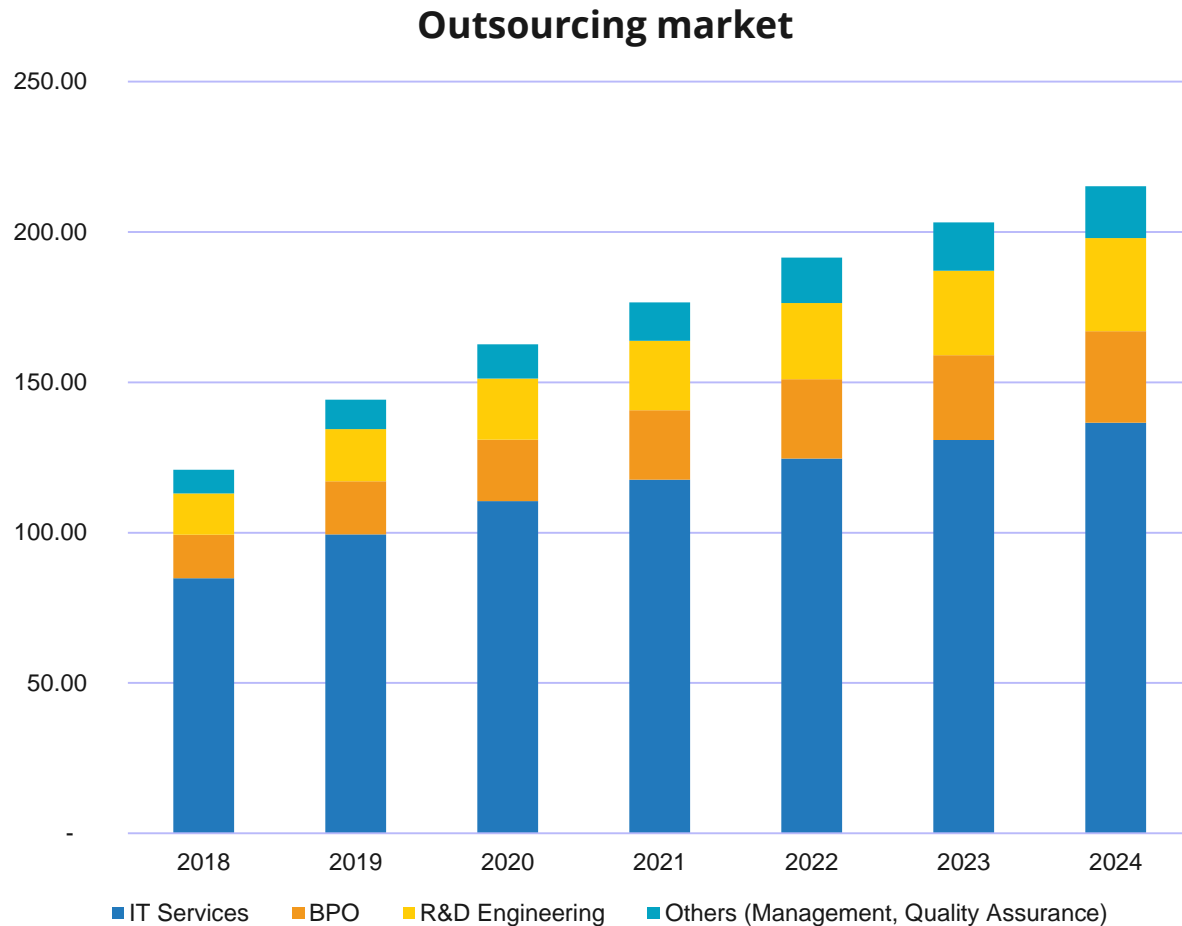
Domestic market overview

Domestic market



- IT Consulting and IT Implementation markets have an associated growth
- Operations Management (Hosted Application Management and Hosted Infrastructure Management) are going to expand more rapidly than traditional support services
- Implementation will remain the main domestic market driver, at an estimated 45% of this segment
- Training & Education sub-segment is going to increase due to its association with both domestic and international markets

Outsourcing market overview



- Outsourcing represents 78% of the total IT Services market in 2018, expanding to 82% by 2024
- The growth will slow down in forecasted period, after the rapid expansion in 2018 and 2019 generated by the IT park law
- BPO segment has a large associated potential, as resource availability is higher or easier to convert
- R&D / Engineering is another sub-segment with high potential, rising at an estimated CAGR of 12.24%
- Others (UX, Quality Assurance, Product Management) have the largest potential and closest proximity with IT Services

IDC Findings



- Good **mix of companies** – both in terms of size and market approach (ISVs, SIs, Vendors, Startups, Niche, Services Providers, Outsourcing etc.)
- Solid **work-life balance** for the employees results in low attrition rates
- Sustainable targets for companies (employee and revenue) improve the **working climate and team build-up**
- Satisfying **salaries and benefits** for people working in IT
- Emphasis on **education**, through online courses or knowledge transfer
- Smaller market means that **people are connected** and discrepancies and problems are fixed faster
- Working on **new technologies** is a main benefit for developers
- Companies used to working for US, Western Europe and CIS states and they have an **international mindset**



Opportunities



Long-term partnerships with companies able to keep knowledge in-house



International-aligned working culture, suitable for **employee-conscious partnerships**

IDC Findings



- Highest competencies and knowledge in **Finance** (including Fintech), **Automotive**, **Telecommunications** and **Government** verticals
- Good range of **project sizes** (from 20K USD to 3M USD, from 1 month to 5 years)
- Good range of **project types** (person-leasing, turn-over solutions)
- **Reduced lead-time** (2 months) for new resources
- **Reduced ramp-up** time (4-6 months) for initiation in projects
- International references with **good outcome**, across various solutions
- Companies have a strong **focus on quality**, rather than time



Projects

Verticals and types

Opportunities



Ability to **start small and scale-up** with new demands

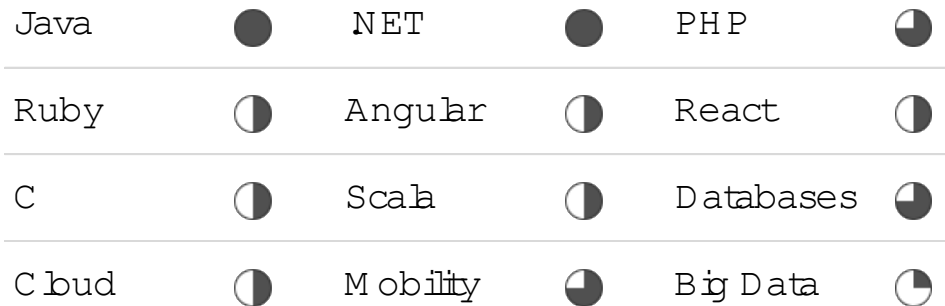


International-level expertise on selected industries with quality-focus

IDC Findings



- **Agile and DevOps** are standard approaches for Moldovan IT companies
- **Professional reconversion** is starting to rise, as IT sector gets more focus
- **Creative industry** has been associated with the IT industry, resulting in an innovation potential
- Technology competencies chart



Opportunities



Large potential to reconvert existing employees to **higher-yield jobs** (UX specialists, Product Managers, Data Scientists)



High potential for **innovative programs** / projects

IDC Findings



- IT Park law offers a **predictable and competitive** government incentive (taxes are 7% of sales)
- **Simplified visa process** for employees of IT Park companies
- Simplified process for **joining the IT Park**
- At least 40% of IT employees have **double citizenship**, making it easy to travel for training & hands-on
- Good ICT infrastructure and **broadband penetration**
- Government e-Services are **widely used by companies** and incentivize digital literacy
- **Rising Moldovan economy**, with trade agreements between EU and CIS
- Moldova is a good **testing ground** for new applications, especially innovation



Opportunities



World-class **financial incentive** for IT companies under IT park law



Rising economy will fuel **SMBs and other industries**

SWOT Analysis of Moldovan IT Sector

STRENGTHS

- ▼ Maturing IT sector becoming **more stable**
- ▼ IT Park law offering **competitive advantages**
 - ▼ Well-trained staff with **focus on quality**
 - ▼ Good working environment and **culture**
- ▼ **Internationally-tested** projects and resources

WEAKNESSES

- ▼ **Rising pressure** on resource availability and costs
- ▼ **Small pool of available students** each year
 - ▼ Low visibility on **end-to-end** project scope



OPPORTUNITIES

- ▼ Develop **innovative solutions** and products
- ▼ Focus on **solution packaging**
- ▼ **Pilot new services** in the smaller Moldovan market
- ▼ **Train higher-skilled personnel** (Architects, Data Scientists, Product Managers, UX specialists)

THREATS

- ▼ **Better outsourcing potential** in Asia
- ▼ **Employee migration** to other countries
- ▼ **Rising salaries** could become un-productive