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ANALYSIS OF IT SECTOR DEVELOPMENT IN UKRAINE

The Ukrainian IT sphere is called the most promising sector for the development of the domestic economy. According to the Cabinet of Ministers, in 2019, information technologies accounted for 3.9% of GDP - UAH 138 billion.

The main positive and significant news for the Ukrainian IT industry in 2020 was the continuation of the optimistic dynamics of growth in the export of Ukrainian IT services. Due to data of Ministry of Economics of Ukraine [1], in 2020 this figure for the first time reached a record level of more than 5 billion US dollars, which is almost 20% more than the same indicator of the previous year (figure 1).

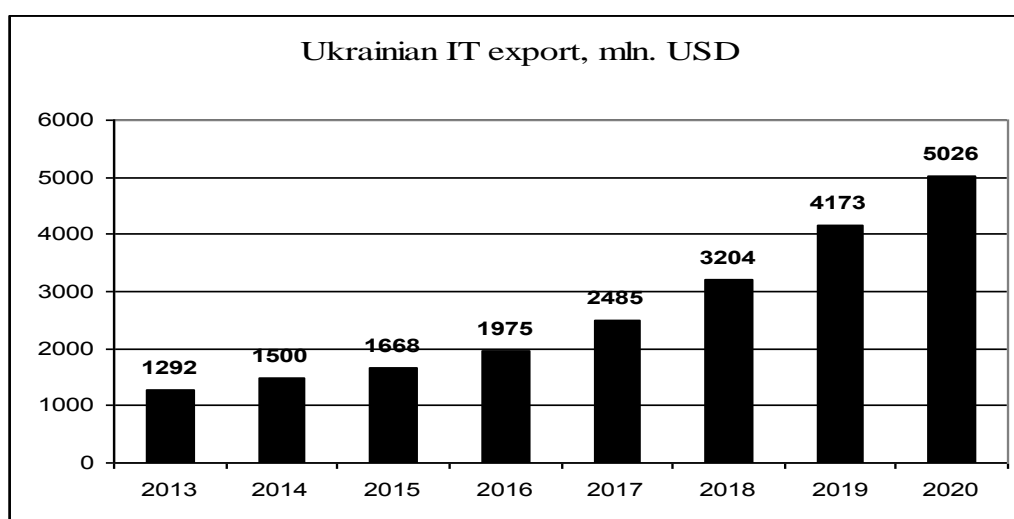


Figure 1 – Dynamics of Ukrainian IT export

Source: built by authors on data [3]

From 2013 the IT industry confidently demonstrates positive dynamics from year to year – at 2020 the share of IT in the country's total exports has reached 8.3% (1.58% in 2013) [3].

Also the important question is salary of IT specialists in Ukraine. This question is the core element of planning costs for company.

In 2020, the average software developer salary in Ukraine fluctuated between \$780/mo at an entry-level and \$4,000/mo at a senior level. A mid-career developer typically earns from \$1,500 to \$2,600 per month, which amounts to 18K-33K USD annually. The average monthly salary of a senior software engineer in Ukraine is \$4,000, with this number rising to \$4,550 and \$5,600+ for the Tech/Team Lead and System Architect roles, respectively [3].

As about perspectives for IT sector in Ukraine, experts predict Ukraine's tech companies to focus on fintech, medicine, virtual reality, and online education as the most profitable industries in the post-pandemic paradigm. AI is another sector that Ukraine is looking to prioritize in 2021 [3].

IT sector also involves the significant volume of foreign direct investments. More than 100 Fortune 500 companies cooperate with Ukrainian IT firms. Ukraine is home to more than 100 R&D centers owned by or working with global companies, including Google, Samsung, Siemens, and Huawei [4].

However, now on the global arena, Ukraine is becoming an regional non-significant player with great potential. The main player on global IT-market are United States (36.8%), followed by China (11.3%) and Great Britain (5.8%). Due to Top Lead agency report, the main competitors of Ukraine are Poland and Romania, but all these countries evidently being dealt with by India and China [1].

Current low levels of IT consumption in Ukraine are both a consequence and a reason for the low level of economic prosperity (GDP per person). The Ukrainian economy is based on raw materials but the underdeveloped technology industry has created a gap between Ukraine and developed countries. The volume of the domestic

IT market is an important economic indicator, reflecting the level of a country's information technology development compared to other countries: volume of Ukrainian domestic IT market is very small, comparing not only leaders (USA, China, Germany, Great Britain), but also Poland [1].

IT sector can be a driver for economic development of the country and basis for digital transformation of industry, fintech, infrastructure and agriculture spheres. But IT sector needs balanced stable and constant legal and investment support.

References

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