

PROBLEMS AND DEVELOPMENT PROSPECTS OF THE UKRAINIAN IT OUTSOURCING AT THE FOREIGN MARKETS

Odesa National Polytechnic University

Abstract: *The article analyzes the current market of outsourcing IT services in Ukraine, the factors that negatively affect the IT industry, and the measures that need to be implemented to optimize this area. The main problems hindering the development of outsourcing of the IT services market in Ukraine are unfavorable business climate, decreasing the importance of the IT industry & lack of quality specialized education. One of the essential areas of development of IT services outsourcing in Ukraine is the service business, which has replaced traditional outsourcing. It is also called PDS - Product Development services. These are end-to-end solutions that address specific business issues and are essentially a vital component of the industry. This outsourcing model's main feature is that the decision is not made for the customer but for his client. For the effective development of the IT market in Ukraine and attracting foreign investment through outsourcing of services by the state, it is necessary to have a holistic vision of the IT industry; to single out the IT industry as a priority industry; to develop state incentives to support the development of enterprises in this industry.*

Keywords: IT-services; outsourcing; outsourcing market, foreign investment.

Problem statement. As a result of the implementation of digital management, the technical sphere of production is intensively developing. The intellectual resource is being introduced as the main component of the development of economic processes. These factors are giving impetus to globalization and as a consequence of the proliferation of remote services. As noted by K.V. Kovtunencko [1], "this is since today's managers are a generation of people who, almost from an early age, are accustomed to using digital technologies that allow convenient processing of information, communicate freely without geographical restrictions, and respond quickly to any what changes".

Nevertheless, in a continually changing world, the outsourcing market in Ukraine has also undergone many modifications that need to be analyzed further to form an understanding of common paths and market needs.

Analysis of recent publications. Today, a small group of researchers deals with staff leasing and outsourcing. Among foreign and Ukrainian scientists who to some extent analyzed this issue in their works, we should mention M.I. Karlin [2], O.V. Borisiuk [2], N.O. Zadorozhnyuk [3], N.M. Sukurova [4], H.O. Plevako[4].

The purpose of the study is to identify prospects and problems of the IT services outsourcing market in Ukraine to optimize and ensure sustainable development in this area.

Presentation of the primary research material. The Ukrainian IT industry is the "black swan" of the domestic economy. In contrast to the incentives and government programs that were introduced in the 1980s and 1990s in India, Brazil, and the Philippines, Ukraine's IT sector has evolved on its own, continuing to this day.

For Ukraine, the IT market is one of the fundamental areas of development because, in the general economic and political crisis, this market is developing rapidly and ensures many related industries' functioning. One of the IT sector's main advantages is that intensifying production volumes do not require significant investment in fixed assets because the industry's primary asset is the human factor.

A considerable number of economic activities, functions, business processes of customers can be outsourced. However, in contrast to employment, outsourcing is almost unresolved, and therefore there may be conflicts between outsourcers and employees who work under an employment contract. The world of information technology is changing rapidly due to the requirements for service providers are also changing, and the pace of development of the outsourcing market is gradually increasing. One of the positive features of outsourcing is the opportunity to continually improve your skills to be competitive in the market and the prospect of fully discovering your talent, including abroad.

Thus, based on the study of the current state of the IT market of Ukraine [5], among the key achievements

of the IT industry are the following:

- Leading outsourced IT companies of Ukraine - EPAM, Luxoft, Ciklum, SoftServe, and Sigma Software, under the auspices of the IT Committee of the European Business Association (EVA) and with the involvement of the international consulting company PwC conducted the first in the country's history of Ukrainian IT prospects and identified possible strategies for this development. EVA offices are located in such large Ukrainian cities as Kyiv, Lviv, Odesa, Dnipro, Kharkiv and unite companies engaged in producing IT products and software services. The mission of the EVA IT Committee is to promote the development of the IT sector in Ukraine per European business practices and protect the professional and collective interests of the IT community [6];

- Nationalization of PrivatBank, which, among other things, was reflected in the IT-sphere. As you know, the main asset is Privat 24, which raises the question of the ability of the state to effectively manage such a complex IT product, which is working on hundreds of highly qualified IT professionals. Besides, there is an opportunity for other companies to create new innovative banking institutions, such as Monobank, which operates without fixed branches or a bank focused on small and medium-sized businesses and young people who are attracted by the speed of the card and customer loyalty program. For example, the availability of cashback for various goods and services, etc.

Outsourcing IT services for companies have several advantages:

1. Focusing own resources on the main goals of the business, which becomes possible by delegating certain functions to third-party organizations that provide outsourcing in a specific area. There may be a redistribution of resources previously involved in secondary areas;

2. Access to the latest technologies. Outsourcers have greater access to the latest information technology developments, their acquisition, and development due to the narrow specialization. Instead, it is usually unprofitable within an individual enterprise.

3. Rational distribution of investments, i.e., the concentration of investment resources on core business functions and reducing the need to invest in support of secondary in-line functions and the development of areas that do not provide the bulk of profits companies.

According to the head of EPAM Ukraine Y. Antonyuk [7], one of the essential areas of development of IT services outsourcing in Ukraine is the service business, which has replaced traditional outsourcing. It is also called PDS - Product Development services. These are end-to-end solutions that address specific business issues and are essentially a vital component of the industry. This outsourcing model's main feature is that the decision is not made for the customer but for his client. Such a model requires much more trained personnel to provide the entire product development cycle - not only programmers and testers but also architects, designers, and consultants.

The main problems hindering the development of outsourcing of the IT services market in Ukraine are:

1. Unfavorable business climate. The biggest obstacle is the dire economic climate, which is determined by the ease of doing business, the imperfection of the legal framework that would support the development of the IT industry.

2. Decreasing the importance of the IT industry. Government agencies and entrepreneurs still ignore the possibility of introducing any innovative innovations that involve working with technology.

3. Lack of quality specialized education. Ukrainian universities are still working on an outdated teaching program, and the modern labor market needs specialists who understand the new trends. To catch up, the Ukrainian higher education system needs to be reformed and improved to international standards.

4. Lack of qualified personnel. No matter how popular this field is, there is still a lack of IT specialists. The main reason for this is the education system, which cannot train enough staff to meet demand. Many also work in foreign markets, and some IT professionals have migrated.

An important global factor influencing IT development in Ukraine is the signing of the Association Agreement with the EU. Within the framework of this agreement, it is necessary to ensure the implementation of several steps related to the IT-sphere, in particular:

1. Implementation of the Convention on Cybercrime; recognition of European digital signatures;

2. Development of a draft law aimed at adaptation to the norms of European law in the field of IP (Internet Protocol);

3. Improvement of labor legislation;

4. Involvement of Ukraine in the COSME program (Competitiveness of Enterprises and SMEs);
5. Introduction of e-government and individual elements (e-court, e-procurement, etc.) (in 2016, for example, Ukraine ranked 118th out of 138 government e-readiness countries and 72 places for government use of computer information technologies [8];
6. Legislative stimulation of research centers and new IT enterprises;
7. Reducing the number of regulatory and supervisory bodies, eliminating duplication of their functions;
8. Development of cooperation in the field of innovation between the state, business entities, educational institutions, and research institutions;
9. Reform of tax policy (the first step is the adoption of laws "On state support for the development of the software industry" and amendments to the Tax Code of Ukraine, which establish a special tax procedure for the IT sector, etc.

Conclusions

Thus, analyzing the leading current trends in the development of the IT services outsourcing market, it is determined that this industry is developing the fastest and is the most promising. The development level is one of the critical aspects that determine the country's overall level of development. However, in Ukraine, the support of the IT industry by the state is not sufficient enough. Only close cooperation between the IT industry and the government, assistance, and stimulation by the state of the development of this sphere can improve the current situation and promote involvement in the transformation of the country's economy, including in the direction of digitalization.

For the effective development of the IT market in Ukraine and attracting foreign investment through outsourcing of services by the state, it is necessary to have a holistic vision of the IT industry; to single out the IT industry as a priority industry; to develop state incentives to support the development of enterprises in this industry. Associations, clusters, and other IT companies' associations should be formed on IT market representatives; delegate its representatives to the authorities; develop their initiatives and promote them through relevant unions.

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Kravchenko Oksana M. – Doctor of Philosophy of Economic Sciences, Associate Professor of Department of International Management and Innovation, Odesa National Polytechnic University, Odesa, e-mail: o.m.kravchenko@opu.ua

Anastasiia Shuba A. – Student of Department of International Management and Innovations, Odesa National Polytechnic University, Odesa, e-mail: shubaanastasiia@gmail.com