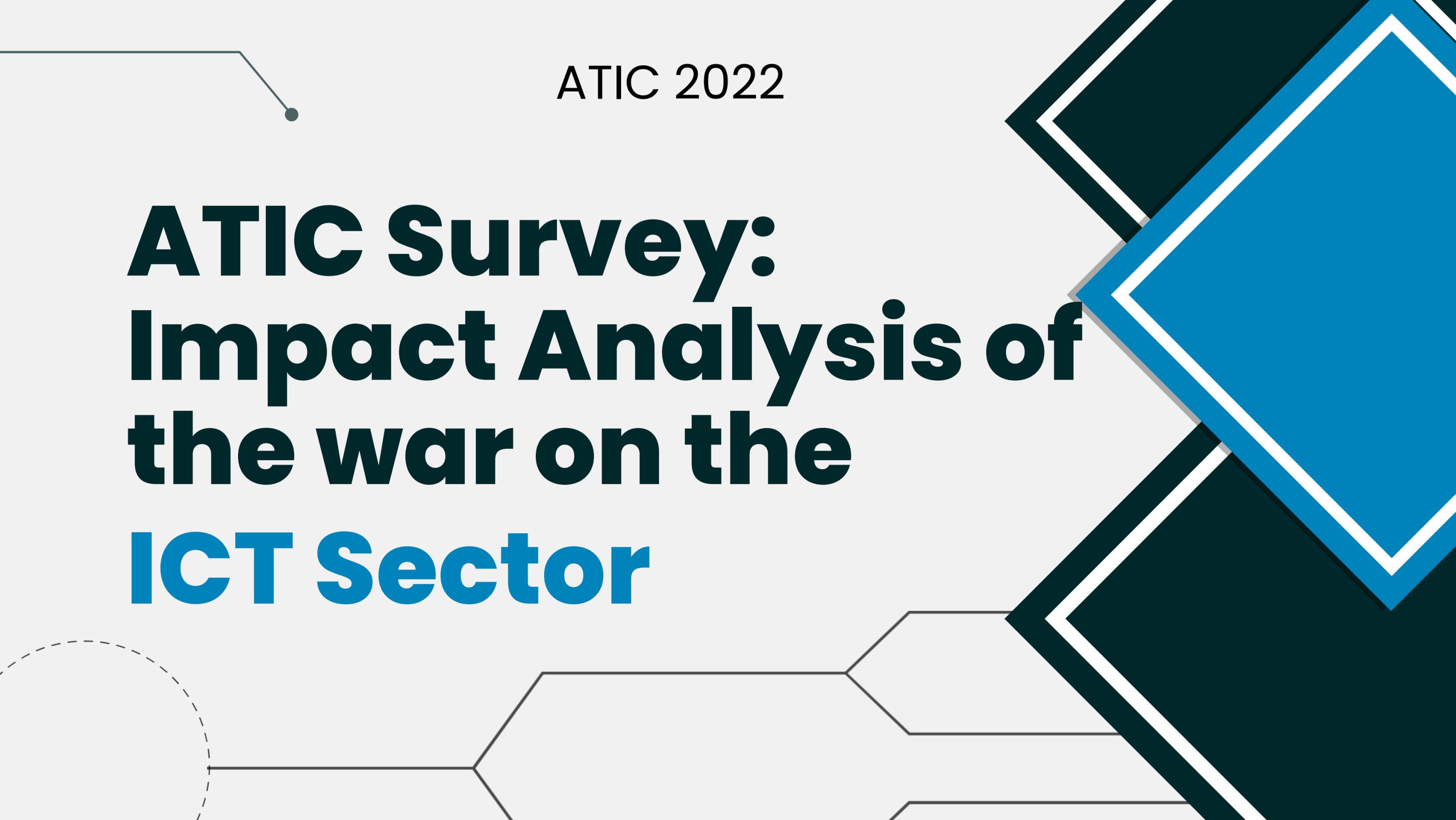


ATIC 2022

ATIC Survey: Impact Analysis of the war on the ICT Sector



About the survey

ICT priority for Moldova

For over a decade, Moldova's ICT industry has been experiencing a dynamic growth, thanks to high market demand, competition and consolidated effort. It annually generates about 7% of the country's GDP, approaching a total value of revenues of about MDL 15 billion or USD 900 million.

Survey Details

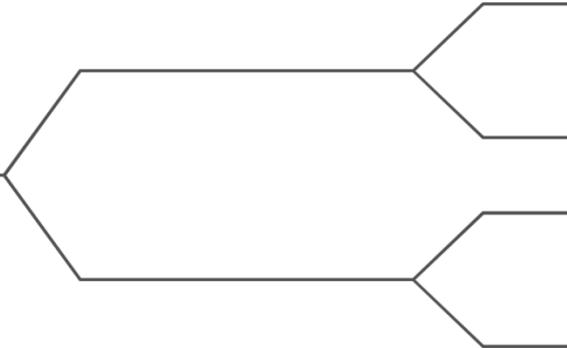
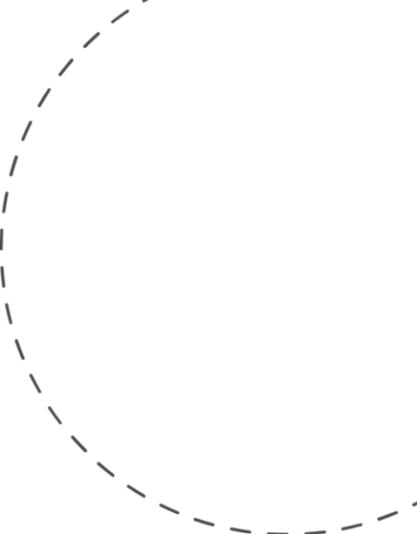
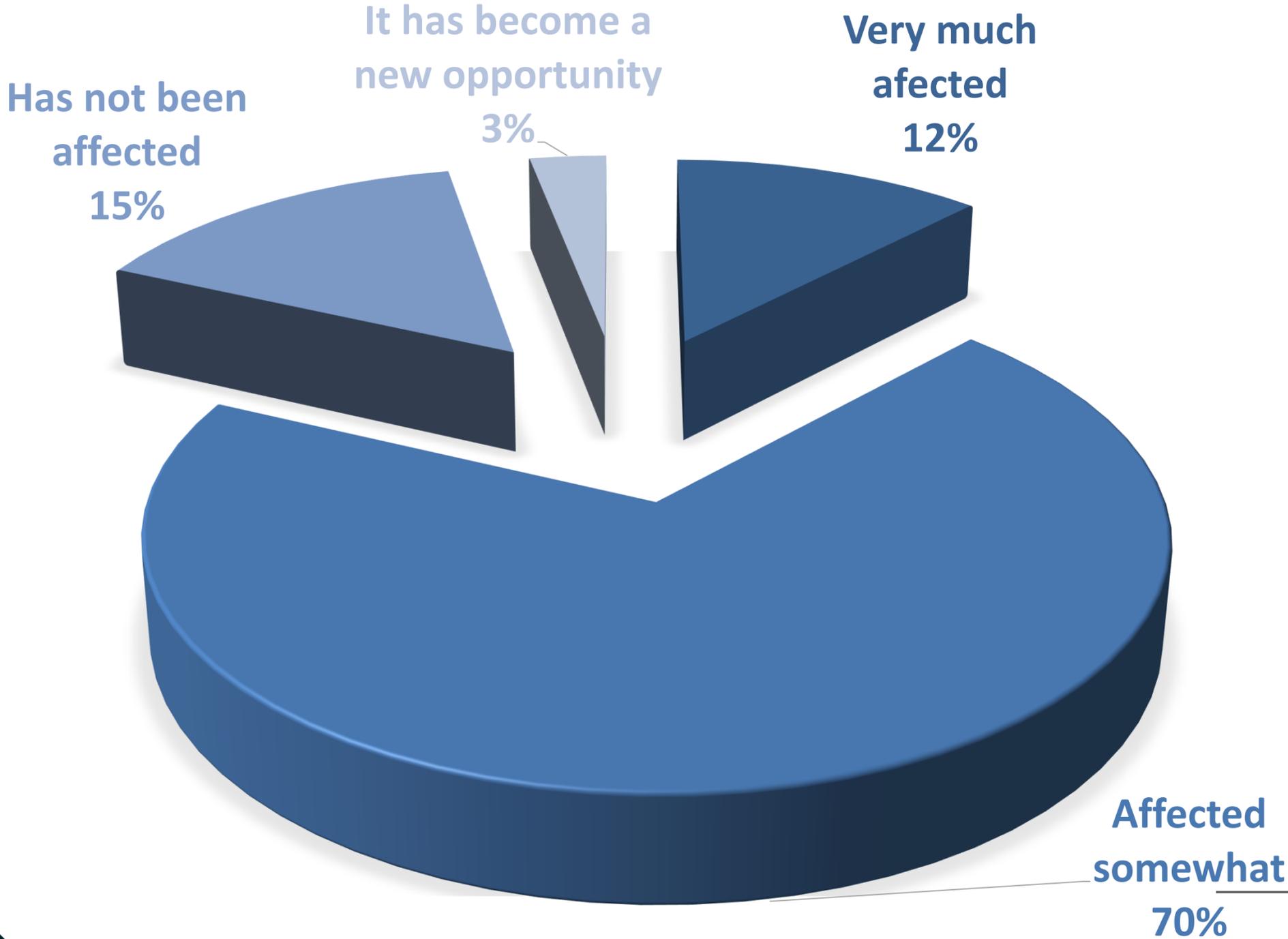
The survey was conducted by ATIC in April 2022. based on the data provided by 32 participant companies.

The main aim of this survey was to deliver updated information about the impact of the war in Ukraine.

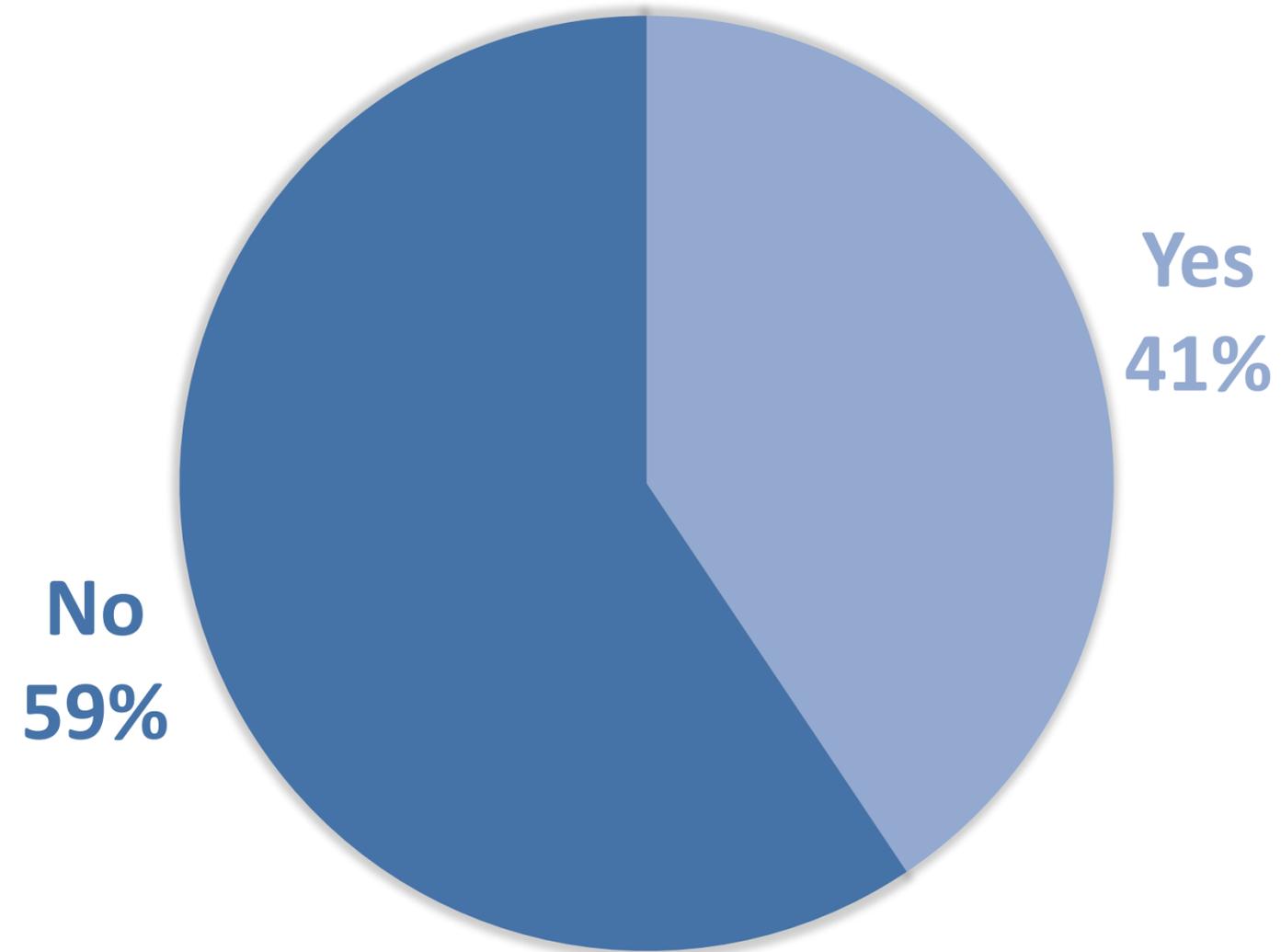
In the end of the study ATIC shares the solutions identified together with the members, intended to reduce the impact and further develop the sector.

Based on the results of the survey and additional meetings with ATIC members, the study proposes a set of solutions to be undertaken for the protection and further development of the ICT sector.

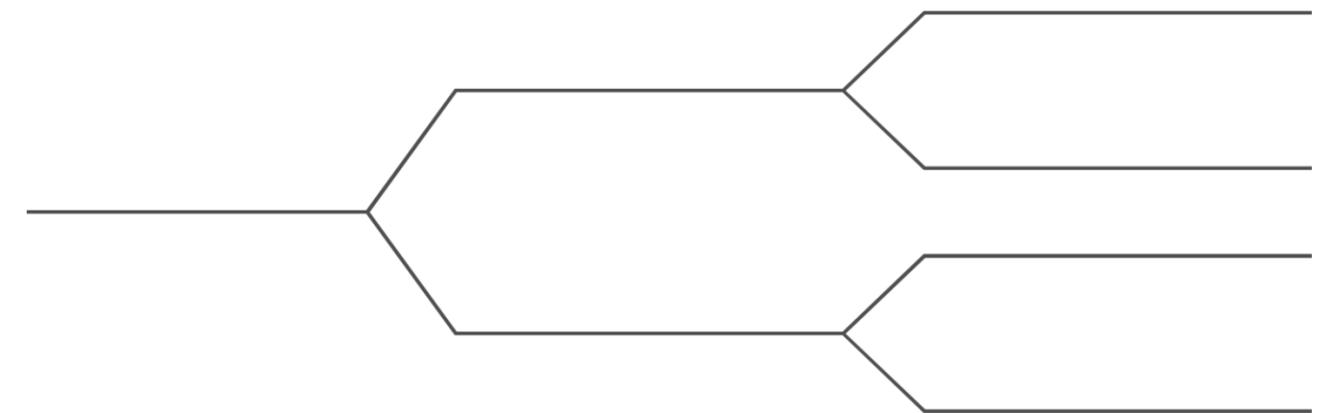
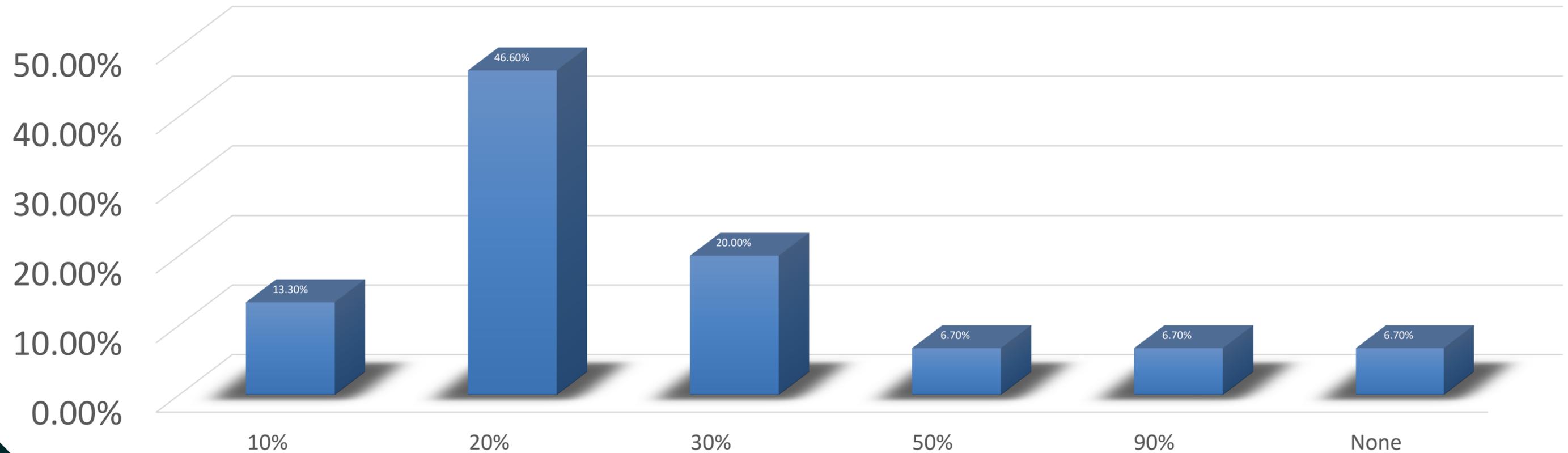
How the war crisis in Ukraine has impacted your business activity?



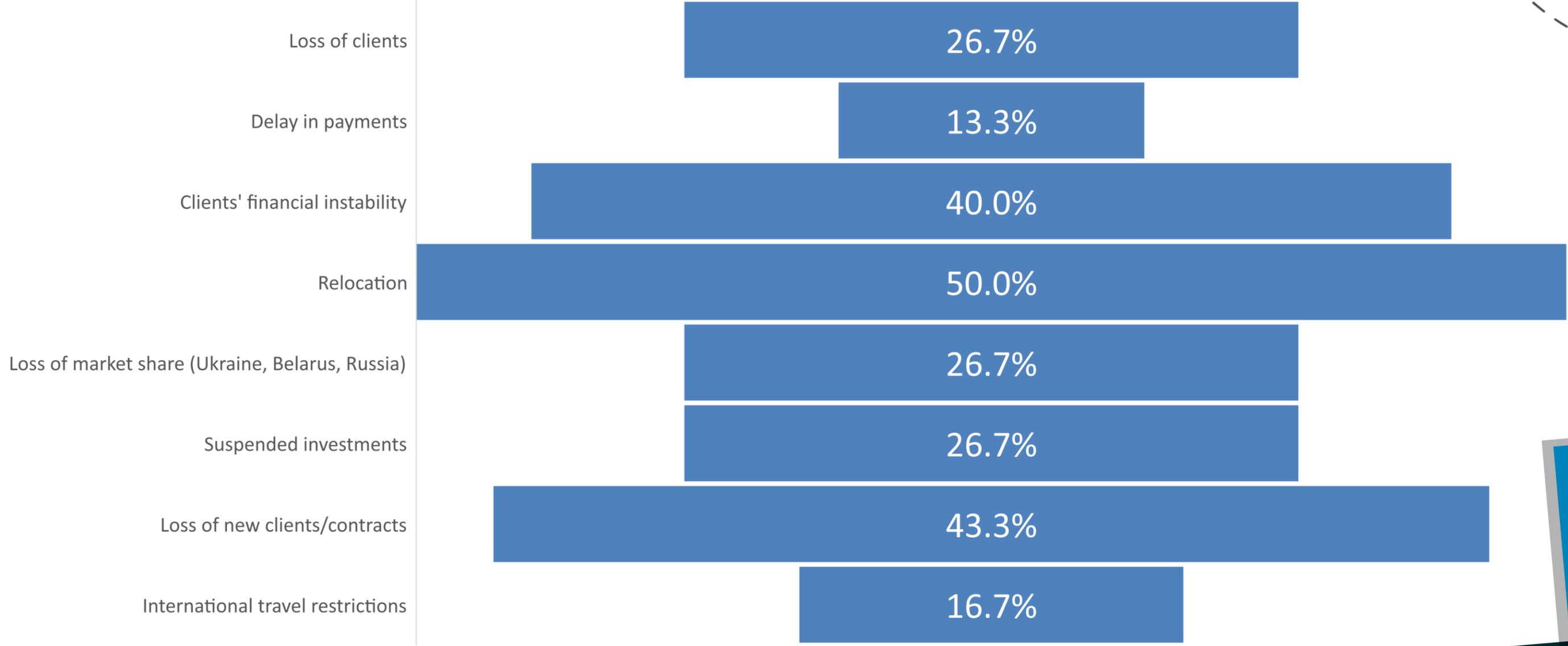
Has your company experienced a revenue drop in the past month?



If the answer was yes, how much did the revenues drop during the past month?



Please share if your company is facing any difficulties (with or without revenue drop)



Other difficulties

Escalation

International clients are worried about companies' business continuity in case if the situation would escalate in Moldova.

Logistic issues

Hardware imports are becoming a challenge and logistics related to Odessa are becoming an issue. Equipping the team or usage of new technology will probably stagnate for a period.

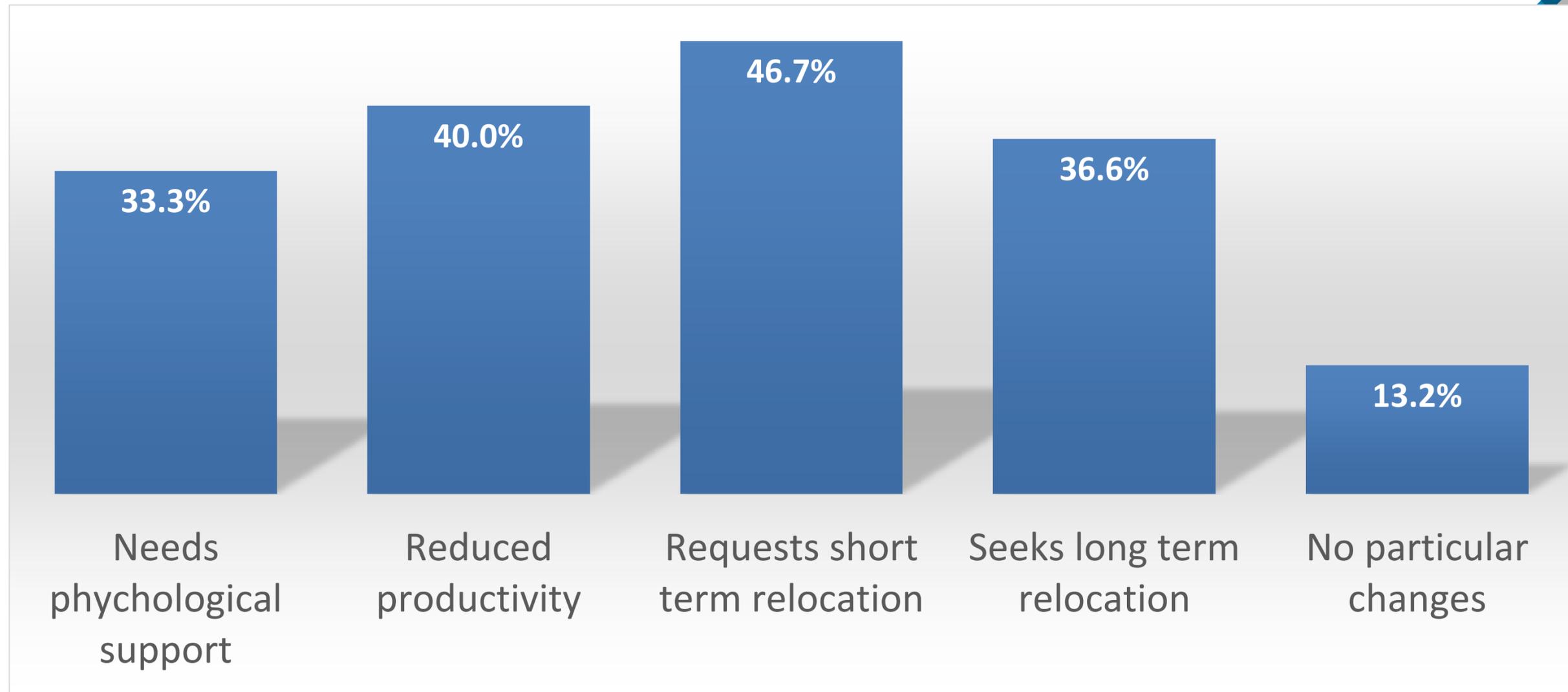
Recruitment

Candidates do not tend to change their job, unless its an opportunity abroad. Popular countries are Romania, Poland, Spain, Hungary etc.

Cybersecurity and GDPR

International clients tend to avoid Moldova due to cybersecurity risks. Some clients are requesting backup teams located outside Moldova, which leads to higher costs and challenges for local companies.

How is your staff reacting to the current situation?



The respondents flagged that employees are focused on profitable deals. Also, other companies plan or already opened companies outside Moldova to be able to keep the team members who request relocation.

How many people from your team are relocated?

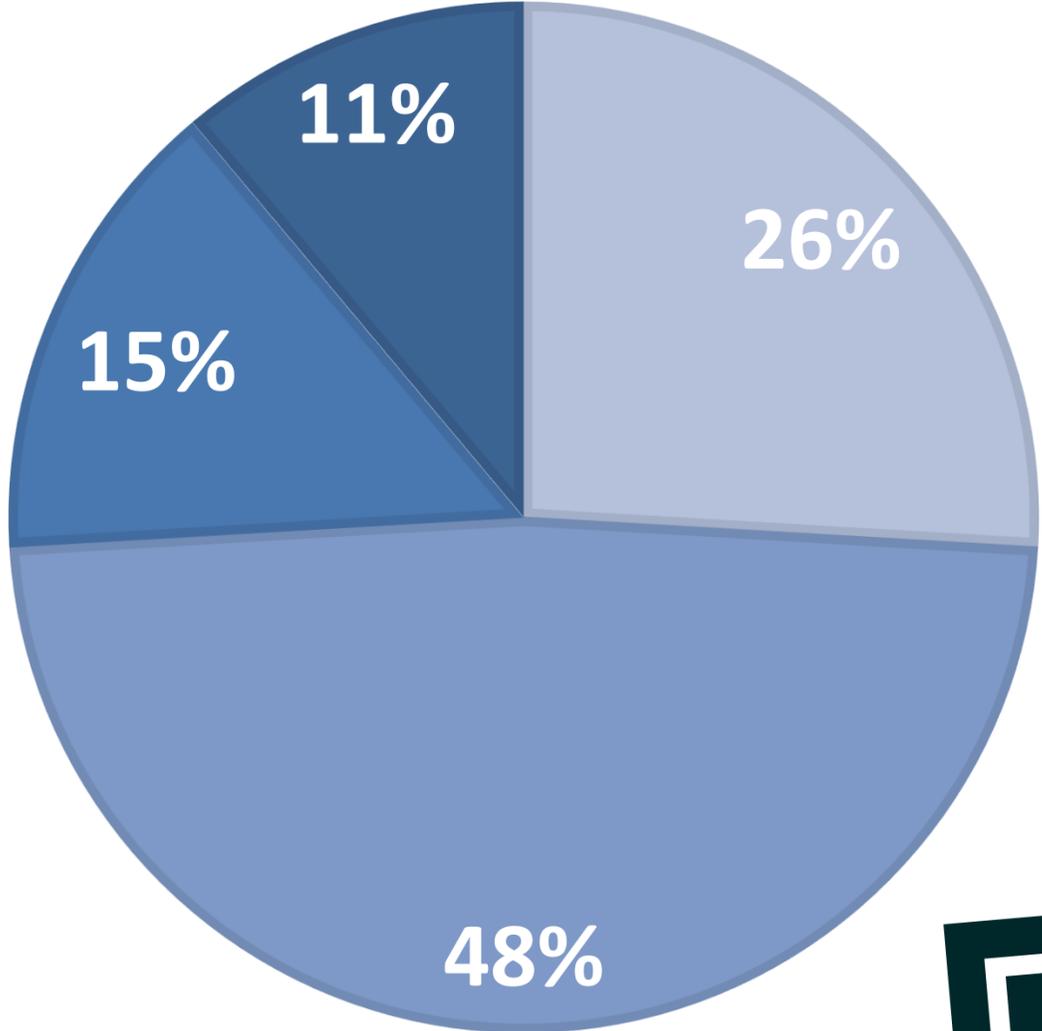


Some respondents signaled that some of the employees returned in approx. 2 weeks.



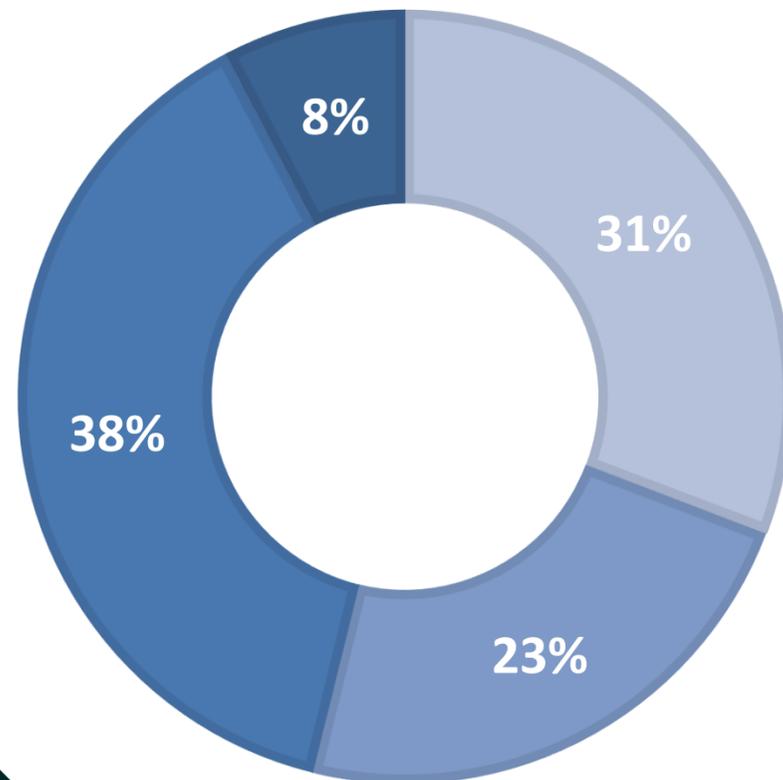
Another trend is for more employees requesting flexible schedules and the possibility to work remotely (including possibility to work from abroad).

■ none ■ up to 5% ■ 5% - 10% ■ 10% - 20%



The percentage of people in the team analyzing relocation

■ up to 5% ■ 5% - 10% ■ 10% - 30% ■ 50%



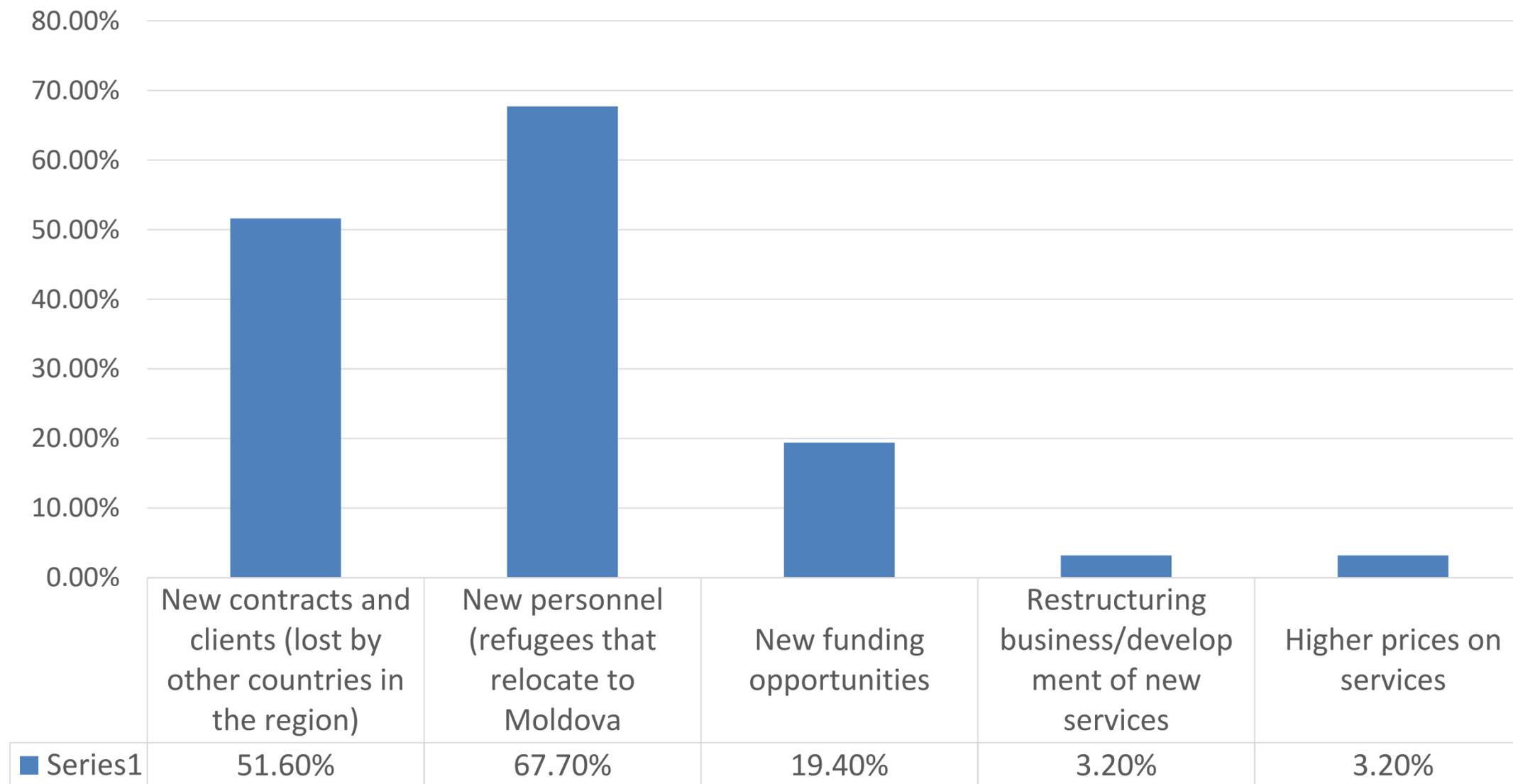
Emigration of IT specialists

Moldovan IT specialists are becoming an attractive target for international recruiting companies. At the same time, more specialists tend to start planning to emigrate due to the situation in the region.

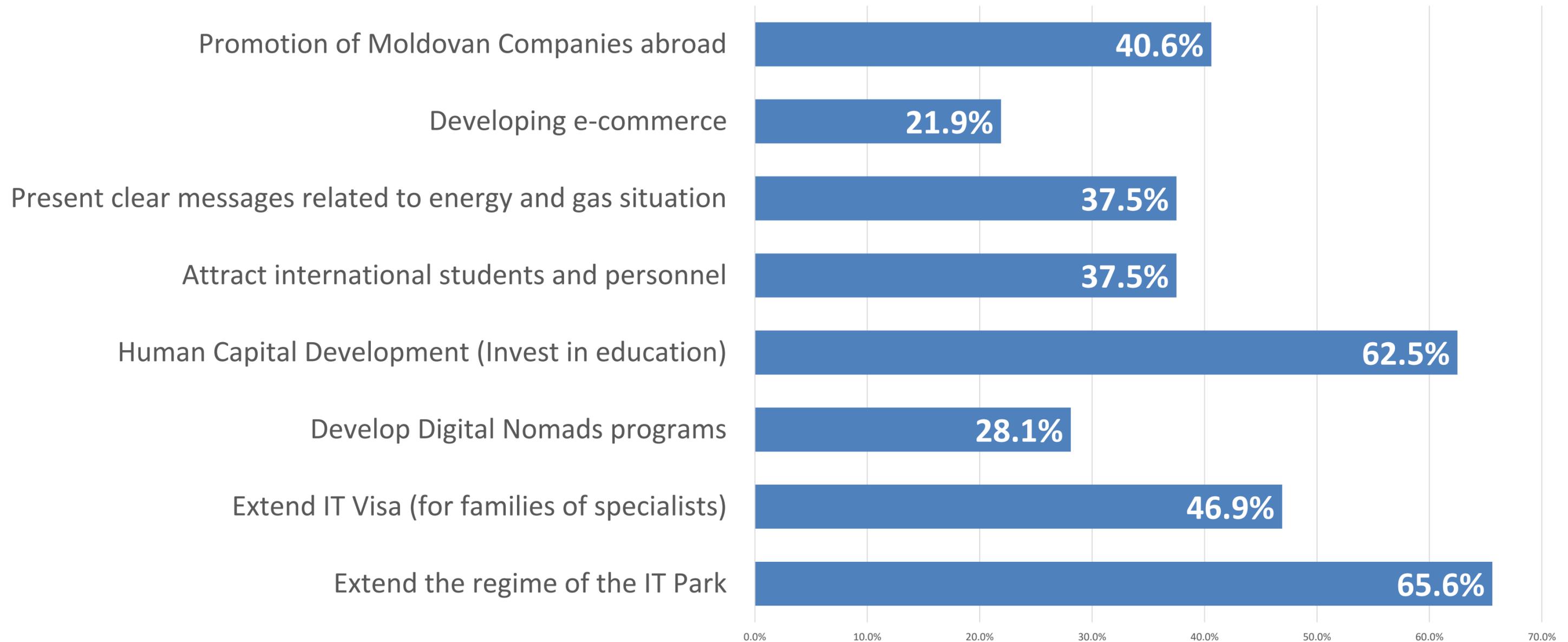
Emigration of Youth

Besides IT specialists, the private sector (according to the participants to the survey) expects a reduced number of students in the upcoming year as well as an accentuated emigration of youth.

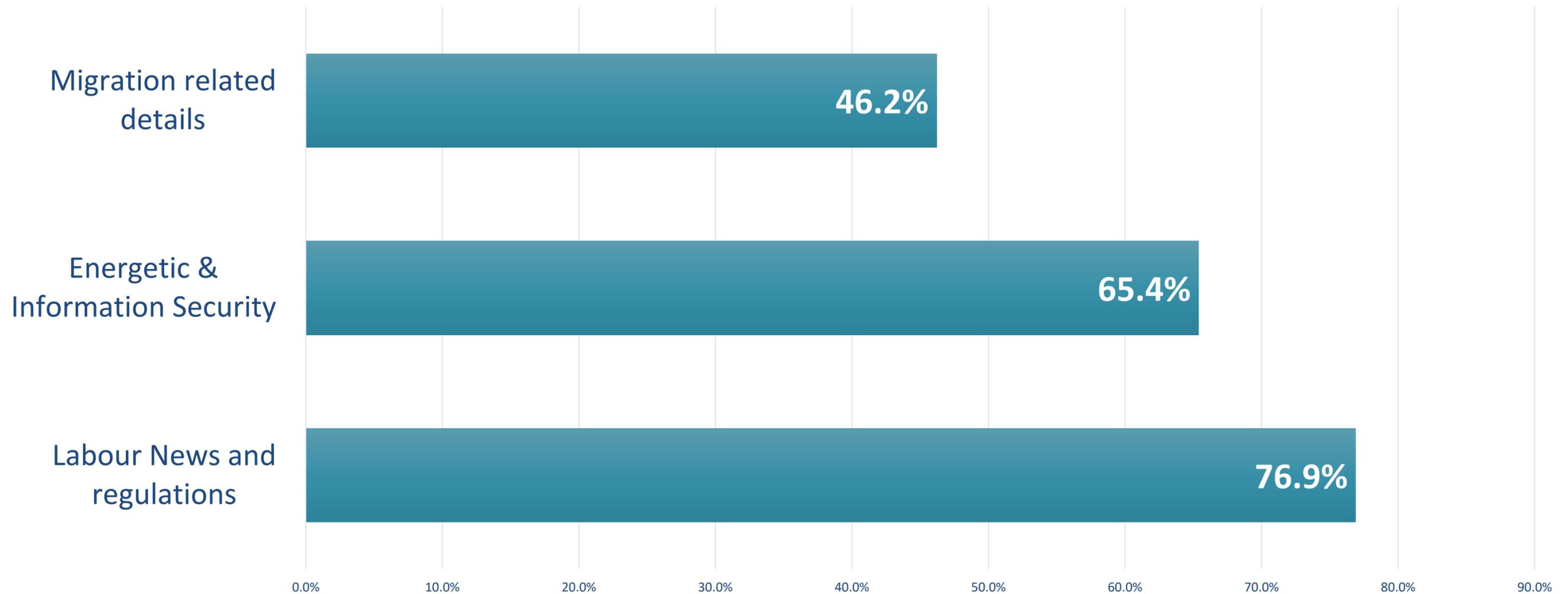
What opportunities do you see for your company, in light of the developments in the region



In your opinion, what are the actions, to be taken by the Government to protect the ICT sector in Moldova?



What information would you like to receive from the Government?



Opportunities

01 New specialists

There is a great opportunity right now to attract new specialists from different countries. Prior to the current situation, it was hard to relocate someone to Moldova, but now our country it's not so bad for numerous nationalities.

The respondents still are not confident that Moldova would be able to retain the personnel long term. We shall find solutions to scale the attraction of foreign specialists to make it a real opportunity.

03 New clients

There are a lot of companies that are affected by the current situation, even companies with their own products cut the costs, as they forecast unstable times, but at the same time, there are new opportunities to gain the market for a considerable number of clients, that was focused in the affected countries.

02 Digitalization

The digitalization of the legal process, will bring a lot of opportunities for attracting new investments, and new companies on the market.

Digitalization is especially required in the e-commerce and banking sector, to ensure flexibility and globalization of the IT sector.

04 Moldova's reputation

Outsource and promote digital transformation tools developed in Moldova, as local products to be resoled worldwide.

ATIC Proposals 1

Extend the IT Park Term

In order to restart investments and continuous plan of international companies in Moldova, we propose extension of IT Parks regime for a term of at least 10 years.

We propose also the reviewal of the IT Park objectives and to propose more reasonable budget management by the IT Park.

Focus on supporting companies rather than freelancing practices, to foster contribute to our country development including in human capital development.

Digital nomads

The concept of digital nomads is conquering many EU countries and is becoming a necessity for Moldova. We propose adaptation of existing international practices into a better offer on behalf of Moldova.

Human capital development

With the tendency for Moldova to lose more IT specialists and youth, we propose for the Government to identify solutions for incentivizing companies investing in education.

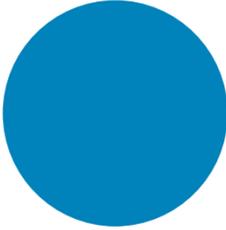
Teleworking

Teleworking is a must for Moldova, irrespective on the territory of Moldova or outside.

It's relevant to allow foreign people to become regular employees on remote base.

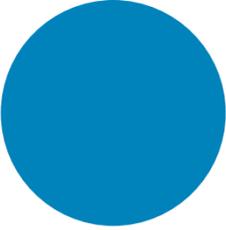
Also simplified procedures are needed for Moldovans that relocate to Romania / EU countries in order to ensure linkage to Moldovan companies.

ATIC Proposals 2



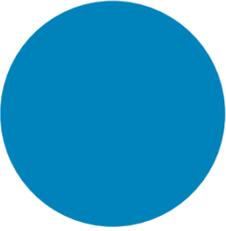
IT specialists priority for Moldova

IT sector allows for Moldovans to receive an EU salary at home and allows for continuous development of human capital in Moldova. Besides the promotion of ICT education, relocation and teleworking we propose for all students or employees in IT to be allowed to perform military service on a contract basis if they are working for IT companies.



Electronic signature

Promotion of E-Signatures validation in other countries and allow the private sector to use e-signature in any relation with the Government as well as ensuring the enforcement of such rules. Allow for e-signature to be used as valid prove of collaboration between local companies and clients from outside countries or allow the usage of any proof of acceptance for services.



Relocation

Simplification of paperwork for Belarus / Russian IT specialists' relocation. Some researches state that plenty of IT specialists are looking options to leave Russia or Belarus. Might be a chance to attract some of those to Moldova



ATIC Proposals 3

IT Solutions for the Government

Moldovan local companies shall be encouraged to participate in the local development of digital services.

We propose for acquisition contracts to allow for white label development of the products to be later sold on international market (following Estonian example).

Fintech Sandbox

Fintech sector is highly affected by the war and generally by non existing regulations in open banking. We propose the creation of a Sandbox for Fintech.

Digital by default

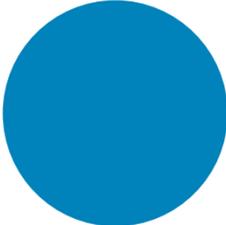
Moldova shall accept 100% virtual interaction with the authorities to ensure resilience in cases of force major. Confirmation documents in digital format to be accepted by local authorities.

GDPR implementation

For companies that process data of EU clients, the Schrems II ruling poses new challenges.

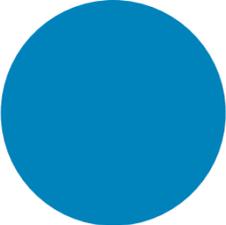
If the EU would consider Moldova's data protection regulations as adequate, it would make the activity of such companies easier. Therefore, we propose GDPR implementation in Moldova.

ATIC Proposals 4



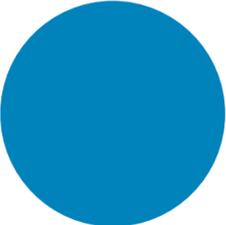
Promotion of Moldovan IT companies abroad

Moldovan IT companies are part of top tier companies on the global scale. A priority for the Government and other relevant institutions shall be the promotion of local solutions and services. Due to scarcity of the human capital we find it as outmost relevance to specifically focus on solutions promotion.



Development of E-commerce in Moldova

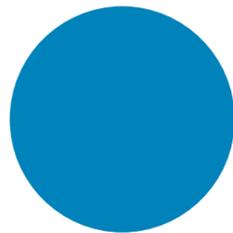
E-commerce and digital financial solutions. E-commerce is vital for the development of IT sector in Moldova. We are referring to the buying and selling of goods and **services**, or the transmitting of funds or data, over an electronic network, primarily the internet. Major interest is towards the business transactions that occur as **business-to-business (B2B)** and subsequently business-to-consumer (B2C), consumer-to-consumer or consumer-to-business.



Extend IT Visa

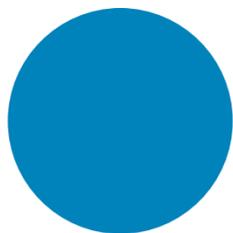
IT Visa has proven to be an attractive promotion tool for foreign IT specialists. We propose the extension of the program for all companies that are attracting IT human capital as well as their families.

General Measures



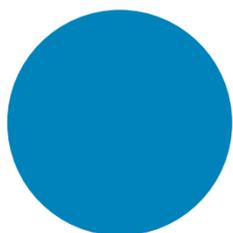
Energetic security

Ensure Energy supply redundancy to the country, manage inflation spiking up.



Support for business sector

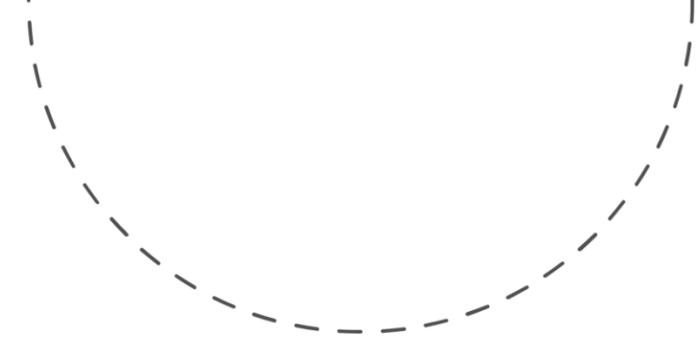
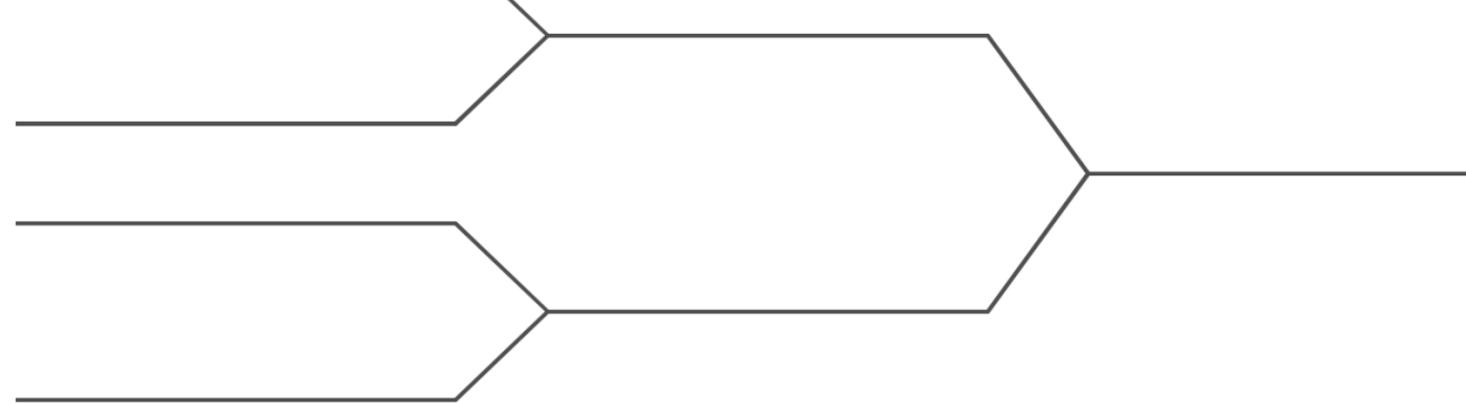
Ensure continuous dialogue with the business sector and provide solutions to ensure business continuity in Moldova.



Cybersecurity

Actions to assure our clients that doing business in our country remains secure.





Thank you!

Website : www.ict.md



MOLDOVAN ASSOCIATION
OF ICT COMPANIES

