

Why IT investments in Central and Eastern Europe (casus: Poland)

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Poland: Information society **is** here!

- Poland 2005: **28%** of Poles use PC everyday
 - **40%** of households with PC
 - 49% cities > 100k population, 30% countryside
 - 56% when children at home,
 - 77% when monthly per capita income > EUR 840, 48% when > EUR 360
 - **30%** of households connected to Internet
 - 40% cities > 100k population, 19% countryside
 - 38% when children at home,
 - 67% when monthly per capita income > EUR 840, 37% when > EUR 360
 - **93%** of all companies used computers
 - **87%** connected to Internet (43% broadband)

Poland: Information society **is** here!

- Approx. **2 milionów** internet bank accounts
- Over **5 milionów** instant messaging users
 - **400 milionów** messages daily on Gadu-Gadu only
(GG: most popular IM in Poland)
- IT penetration speed in 2005:
 - **850** new PC/hour, including
 - **295** PCs for home users,
 - **430** PCs for SMB market
 - **1,000** new PC/hour expected in 2006

Poland: IT Industry and Potential

- Approx. **100 000** employees
 - Telecoms not included!
 - Approx **30 000** people in top 100 companies,
 - Nearly **5 000** people in Prokom group (IT only),
 - Comparison: coal mining is 148 000 workplaces
- Over **3 000** new workplaces as an effect of DFI in last 24+ months – dedicated to BPO and R&D
 - Motorola 700+, Siemens 700+, IBM ok. 500, Intel 300+, HP BPO Center 1000+, ADB 300+; also: **Microsoft**
- **105 500** students on computer science 04/05
 - Including 13 300 women
 - 13 100 graduates
 - Winning worldwide international computer science contests: Imagine Cup, Top Coder, Google Jam...
- Professional certificates – e.g. **9 000** certified Microsoft professionals, almost **1 000** certified Cisco professionals etc.

Why ICT should invest in Poland?

Why ICT should invest in CEE?

- Still young societies
 - Rich pool of talents
- Well educated workforce
 - Math, engineering and computer science are very popular professional career for young people (comparing to WE/US)
 - Computer/IT literacy of all employees
 - Foreign languages knowledge
 - Proven local managers
- Stable and predictable investment conditions
 - Political and geo-political stability: candidate countries and/or Member states of European Union
 - Labor cost lower than WE/US
 - Growing internal markets
- No cultural barriers
 - From shared culture codes to similar understanding of business
- No time zone or distance barriers

So, it's great!... Where's a catch?

- High tech is not flying high in government agenda
 - Limited understanding of knowledge based economy importance among top policy makers (value for local economy, amount of investments, etc.)
 - No or limited dedicated programs for hi-tech DFI support
- Bureaucracy
 - Long and time consuming administrative processes
 - Limited eGovt
- Brain drain
- Labor cost growth in the future
- Education level decline
 - E-inclusion on Western Europe level - necessary
 - Low state investments into science and research
 - Generation change
- IP protection failure
 - Low government support and understanding
 - Legal and structural problems

Resume

- CEE is not to totally exchange Asia ICT investments,
- CEE is safe and very attractive region to invest for ICT companies,
- Two most attractive scenarios are:
 - ICT services
 - R&D
- The CEE governments should pay much more attention to ICT investments because the lower labor cost advantage will be over and knowledge based economy should be in the center of economic strategy

Sources

- Central Statistical Office:

http://www.stat.gov.pl/dane_spol-gosp/spoleczenstwo_informacyjne/2005/index.htm

- Computerworld Top 200, ranking 2004

- IT Reseller, January 23, 2006

- MS Index reports, Warsaw School of Economics, Microsoft

- Microsoft