



SECTOR OVERVIEW

IT Sector

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Keywords: Serbia, Embassy of Denmark Belgrade,
IT, Market indicators, Market trends

Date April 09. , 2015
File No. -
Our ref. -
Case No.

Basic country indicators

Indicator	2010	2011	2012	2013	2014
GDP, in bn USD	37.0	43.3	38.2	42.6	44.1
GDP growth, in %	1.0	1.6	-1.5	2.4	-2.0
GDP per capita, in USD	3,837	4,510	4,002	4,481	5,708
Unemployment rate, in %	20.0	23.6	24.6	24.0	19.7
Foreign direct investments, bn EUR	0.86	1.83	0.24	0.80	n/a
Inflation, in %	10.2	7.0	12.2	2.2	1.8
Population, in mn	7,200,666				

Basic sector indicators

Indicator	2010	2011	2012	2013	2014
% of households having a computer	50.4	52.1	55.2	59.9	63.2
% of households having an internet connection	39.0	41.2	47.5	55.8	62.8
% of households having a broadband internet connection	27.6	31.0	38.0	43.4	55.1
% of companies that use internet in their business	96.8	97.2	97.7	99.6	100
% of companies that have their own website	67.5	67.6	79.8	73.8	74.0
IT market value estimate for 2013				EUR 540 mn	

1. KEY SECTOR INFORMATION

The new economic reforms and EU candidate process affects all the sectors, among them IT. The IT-sector in Serbia is one of the most prosperous sectors with the highest potential for growth. The highly skilled labour force combined with the low salary level makes Serbia a potential hub for IT start-ups and the call centre industry.

In 2013 software exports of amounted to approximately EUR 300mio. The structure of the software industry in Serbia is characterized by local companies that conduct projects for foreign partners. The potential for the export of software from Serbia could reach as much as EUR 3bn over the next 5 years.

Software development

The northern province of Serbia, Vojvodina, and especially its capital Novi Sad, have become an IT hub for Serbia in the past decade given the efficient cooperation between academia and business. Annual turnover in Novi Sad has thus surpassed EUR 100mio and today employs over 2,500 people in the IT-sector.

The attractive conditions offered in the IT sector has contributed to a further push of young students to choose this path. This again is bound to stimulate the sector further.

As an example of typical salary levels, the average monthly net wage for Java/.NET programmers are roughly the following:

- Beginners, fresh graduates with no experience: EUR 350-450
- A couple of years of experience: EUR 500-1000
- Seniors, team leaders: EUR 1000+, maybe EUR 1500+

On top of this, approximately 60% should be added which includes all the taxes and contributions.

2. FOREIGN INVESTORS

Since 2005, Microsoft has its only development center in Serbia which now employs 150 people and has a network of over 1000 partners throughout the country.

Examples of extremely successful startups and local subsidiaries are companies Nordeus, Schneider Electric, RTRK, GTECH, PS Tech, etc. the

number of Danish IT-companies present in Serbia is still fairly modest, but has been growing the past years. Lately Danish software companies have also started to make use of Serbia as a production platform.

3. REFORMS AND POLICIES

There is institutional support from the government to the IT sector and awareness about its current and future importance. In June 2013, the government adopted the program for support to the development of the IT industry which includes subsidies for startup companies, support to outsourcing companies, support for development and export of original programs, and efforts on attracting large foreign companies to open development centers in Serbia.

The Serbian government has plans to introduce eGovernment solutions both at the state and local levels – this will be supported and enhanced through the EU accession process and usage of pre-accession funds.

The Serbian government as well as foreign aid organisations have supported the Serbian IT-sector. Among the beneficiaries have been start-up projects, investors into IT-office parks etc. Government sector support is expected to continue due to the fact the Serbian government considers IT a focus area and key to economic growth.

4. DANISH OPPORTUNITIES

As of today the market for software is smaller than the EU economies. The banking and telecom sector should be targeted. Also larger infrastructure projects such as the planned airport expansion or privatization of Telekom Srbija have potential for Danish producers of software and related technology.

The public sector is in dire need of introducing and implementing IT systems throughout the whole sector. The lack of funding is a barrier for Danish exporters. But the EU accession will be a new driver for export opportunities to Serbia.

As of today the sale of Danish software in the Serbian market is fairly limited. The Danish export mainly consists of a smaller number of niche oriented software products for specific sub-sectors in the economy. But as the economy is reforming, state companies are expected to be privatized the need for technology optimizing processes in the companies including software will increase.

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