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## **News release**

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### **PwC lists the top 30 Emerging Market Software companies**

*Romanian producer Bitdefender ranked 17<sup>th</sup> largest emerging market Software Company in the world in terms of annual turnover*

**Bucharest, 21 November 2016** – With globalisation, successful software companies are no longer limited to the US and Europe. They're everywhere around the globe.

PwC, in conjunction with International Data Corp., has ranked the top 30 software companies in emerging markets and identified some intriguing characteristics.

They have some common characteristics, such as the experience and understanding of local markets, common advantages (low cost structures, entrepreneurial culture, demographics), and common challenges (such as distance, funding, trust). These leaders have overcome the disadvantages and leveraged the advantages to become companies to be reckoned with, either as competitors or partners.

Out of the 30 companies included in the global ranking, 13 are based in China and almost a third in Eastern Europe and Russia, while 7 are based in Asia/Pacific outside of China, mainly in India and Korea. Only one company is based in the Americas.

The geographical breakdown illustrates some interesting common features. The Eastern European contingent highlights the legacy of the education system of the region, with a special emphasis on math and science, which continues to this day, and the countries themselves place a high emphasis on security. Thus, it's no surprise that the list is composed of many IT security companies, including Romania's Bitdefender.

„Our IT domain expertise was developed over many decades,” says Florin Talpeş, CEO of Bitdefender. “Romania was one of the first ten countries to build and design computers, back in the 1950s” says Florin Talpeş, CEO of Bitdefender, who was interviewed in length for this PwC report. You can read the full interview of Florin Talpeş by accessing the following webpage <http://www.pwc.com/gx/en/technology/publications/global-software-100-leaders/assets/florin-talpes-ceo-of-bitdefender-transcript.pdf>

Recent estimates show that Romania is among the top10 nations in terms of certified IT professionals per capita and broadband Internet speed.



„There is significant potential in the Romanian IT sector. The market leaders, such as Bitdefender, have already shown that they have the capacity to compete with innovative products and services on a global scale. But the local software companies need to overcome obstacles in terms of securing access to funding in a financial and capital market that is not very sophisticated. They also need to invest in management teams capable to bring the business on the global stage by connecting to the right networks. Start-ups especially face a critical shortage of capital and the Romanian authorities need to devise ways to create an entrepreneurial ecosystem that can foster innovation and generate business opportunities”, believes Florin Deaconescu, Technology, Media and Telecommunications (TMT) Leader, PwC Romania.

“We could say that the golden IT generation who emerged from the Romanian traditional IT school and stepped straight into the free economy in ‘90’s has managed to inspire the next generation. This transfer was also favoured by some tax measures taken by the authorities over years, which helped reduce the brain drain to richer countries. It is now time for the Romanian authorities to encourage innovation and R&D to help the industry reduce dependence on outsourcing and move into generating more value added products and services”, completed Florin Deaconescu.

Emerging-market software vendors have several advantages. Whereas in the past, a consumer software market might have been non-existent and an enterprise software market limited, that’s no longer true. Mobile devices are Internet-enabling consumers in every emerging market, from Kenya to Korea. That opens up huge opportunities, both for consumer applications and for customer-centric applications that allow consumers to access back-end information.

The strength of these markets also derives from burgeoning millennial populations (in particular India and the South-American countries), most of which feel more comfortable with mobile devices, and many of whom might never have owned a computer. They represent significant market opportunities.

There are other advantages, the biggest of which is cost structure—an obvious advantage for emerging market companies. The software development cost in emerging markets is comparatively lower, which makes companies more competitive in the global market

These advantages, however, face counterweight disadvantages. All is not rosy. If anything, their odds for success are not high, for a number of reasons. Although the Top 30 have proven their staying power, one question regarding emerging market start-ups concerns their long-term viability—can they move beyond their start-up phase?

These players face risk in the long term. Their customers and partners have to trust that they’ll be in business next week. Given that developed countries tend to default to names they know and companies they trust, emerging-market companies may suffer from lack of visibility and brand awareness.

Other issues, mostly economic and financial, also plague them. Another major problem is the one known as ‘brain drain’—that is, the predilection of the most highly educated workers to look for work in developed countries.

„Some governments have not made the same level of investment in university that they did in the past, especially in scientific areas,” Florin Deaconescu warns, adding that migration patterns show some talented people still seek better opportunities elsewhere.

These challenges partly explain why the turnover of the top 30 emerging markets software companies represent a mere 1.4% of global software industry revenues.



### **About the report**

The report Emerging Markets Top 30 Software Companies is part of the PwC series – Global Software 100. To access the full edition of the PwC report, please access the following link <http://www.pwc.com/gx/en/industries/technology/publications/global-100-software-leaders/emerging-markets.html>

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