Member of the International Group IMCN

The ICT Market in Poland:
Opportunities and challenges for Swiss companies

Rapperswil – 02.09.2015

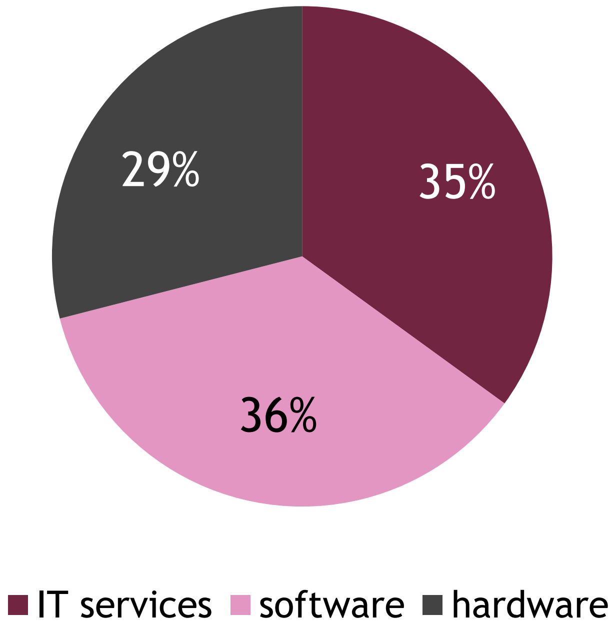
AGENDA

1.	Polish ICT market overview
2.	Evaluation of the ICT segments attractiveness
3.	Opportunities for Swiss ICT companies

POLISH ICT MARKET OVERVIEW

Polish ICT market is the **9-th biggest in Europe** and can be considered as an important development driver for the national economy - it accounts for about **8% of the GDP**. Development potential of the segment can be illustrated by expectations that till 2020 Polish ICT market contribution to the GDP creation should amount to **10% - 13%.** Poland, with its significant internal demand and well-qualified IT workforce, offers an attractive business environment for new ICT companies.

Structure of ICT expenditures of Polish companies in 2014



Key figures

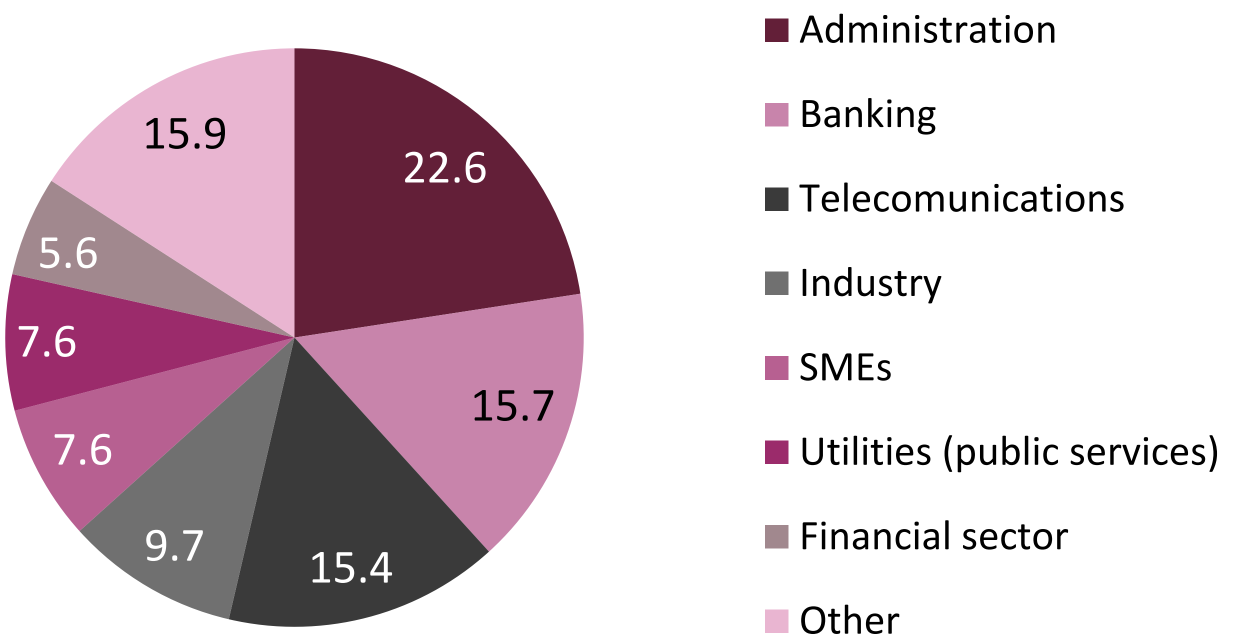
- ✓ Overall market value (2013): ca. **80 b PLN (21 b CHF*)**
- ✓ Share in the GDP: **8%**
- ✓ ICT export: **40 b PLN (10.6 b CHF)**
- ✓ ICT import: **47 b PLN (12.5 b CHF)**
- ✓ About 400 000 people are employed in the IT sector in Poland

*Average exchange rate: 3.8 CHF/PLN

POLISH ICT MARKET OVERVIEW

Regarding the structure of customers on the Polish IT market, its **most active clients are state institutions** and **large companies** (in the number of approx. 5000). 22.6% of revenues of the biggest IT companies come from sales of products and services for the administration. Other large groups of customers are the banking sector (15.7%, including the financial sector 21.3%), telecommunications (15.4%) and industry (9.7%).

Sectors with the largest share in the sales of the leading IT companies (%).



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POLISH ICT MARKET OVERVIEW

Main characteristics of the Polish ICT market which decide about its attractiveness for foreign investors are:

- strong internal demand,
- growing awareness and need for modern ICT solutions among Polish companies,
- free diffusion of knowledge/IT technologies from other countries,
- highly skilled and educated ICT staff.

Strengths
➢ Strong population of ICT firms in Poland.
➢ **Well-developed** segment of **software and data processing**.
➢ Access **to well-educated and experienced ICT staff**.
➢ Easy access to foreign ICT markets from Poland.
➢ High level of research projects concerning Internet of Things, data processing and software.
➢ Many **clustering initiatives** which facilitate cooperation between companies.
Opportunities
➢ Expected growth of the demand for ICT products (i.e. due to the Internet of Things market development).
➢ Expected further growth in a **demand for data processing** services.
➢ **Significant amount of EU funds** to be spend on innovative ICT projects and new companies.
➢ Popularization of cloud services among Polish companies.
➢ Raising demand for **IT security solutions**.

POLISH ICT MARKET OVERVIEW - MAIN TRENDS

Polish ICT **market develops** constantly mainly **towards mobile and network solutions**. Current technological market trends in Poland are similar to those in Western countries. There are several trends which will decide about the shape of the sector in upcoming years.

- **growing popularity of cloud solutions** among Polish companies – number of firms which use the public cloud, have risen by 40% in 2013. 80% of all clients are SMEs,
- growing **need for** increase of the **data security**,
- increasing **usage of mobile solutions** and their effectiveness,
- **need for consolidation of various systems** and applications used within companies,
- development of **Machine to Machine solutions** – embedded systems, control and industrial automation communicating with the environment, smart grid and smart city systems,
- simulations, visualizations, 3D - software development, data digitization, digital libraries, non-invasive diagnostic systems and monitoring of human health solutions for early detection of diseases,
- expected **high inflow of EU funds** to Poland and for ICT projects,
- saturation of main segments with both foreign and Polish largest ICT companies – **SMEs are developing or creating niches** to foster their development in the longer term.

EVALUATION OF THE ICT SEGMENTS ATTRACTIVENESS

Market analyses show that there are several ICT market sub-sectors which can be perceived as attractive by the Swiss companies (especially SMEs) in terms of entering the Polish market. According to evaluation made by APAX most promising segments are:

- ERP systems – especially for small firms with specifics needs,
- Software for production IT security services,
- Cloud computing and IT security services.

ICT segment	Sub-segments (products view)	Sub-segments (clients size view)	Categories of evaluation			Overall note
			market size and trends	market competition	ability to enter the market / segment by a SME company	
Software	Public administration systems	Central administration	2	1	1	4
		Local administration	2	1	2	5
	Finance and banking software	Large clients	4	1	1	6
		SME clients	3	1	2	6
	ERP systems	Large clients	2	1	1	4
		SME clients	3	2	4	9
	E-commerce	No matter	3	1	3	7
	Software for production	Large clients	3	2	3	8
		SME clients	3	3	5	11
	E-health	No matter	4	1	2	7
Hardware	For companies	No matter	1	1	2	4
	For individuals	No matter	1	1	1	3
Services	IT security services	No matter	5	1	3	9
	Cloud computing services	No matter	4	2	3	9

OPPORTUNITIES FOR SWISS ICT COMPANIES

Four indicated sub-segments of the ICT market pose potentially greatest opportunities for the Swiss companies in terms of entering the Polish market. Those chances derive either from the relatively low level of the market saturation or expected growing demand in some technological niches.
Main opportunity in each of these sub-segments are presented below.

ERP systems

- Still relatively small percentage of SMEs which use ERP systems (11% small-, 38% medium firms) together with high demand for upgrading currently exploited ERP systems.

Software for production

- A significant growth potential can be expected in the water and sewage sector and also environmental protection industry. Most investments should refer to software dedicated for purification plants, pump stations etc.

IT security services

- Early stage of the Managed Security Services (outsourcing of IT security systems) development in Poland – Polish companies become more eager to outsource IT security services in order to reduce internal costs.

Cloud computing services

- Suppliers operating on the cloud services market seek an opportunity especially in the development of DRC services (Disaster Recovery Center) and SaaS – supply for these services is expected to growth by 17 percentage points on average in next two years.

OPPORTUNITIES FOR SWISS ICT COMPANIES – COOPERATION WITH POLISH FIRMS

Possible way of entering the Polish market by Swiss companies is to make contact with one of the **16 ICT clusters** operating in Poland which assemble **over 830 companies**.
Several entry models can be indicated regarding presence of a Swiss companies on the Polish ICT market. However, taking into consideration the overall market situation, buying patterns of Polish companies and capabilities of Swiss companies only few can be perceived as feasible (join venture with a Polish company; Swiss firm as supplier of a specific technology/service to Polish integrator).

Requirements for Swiss ICT companies regarding cooperation with Polish firms:

- Swiss companies should have **knowledge and awareness of technological trends** in the specific segment of cooperation.
- Offered **products** should be **complementary** to what the Polish partner offers.
- Polish companies expect **strong technical, selling and implementation support** from the Swiss partner. Some respondents indicated that this issue is often problematic in cooperation with foreign partners;
- A foreign partner has to be **determined to enter the Polish market** which very often means a substantial time but also financial effort.
- Apart from offering Swiss ICT products on the Polish market local firms are looking forward to **exchange experience and best operational procedures**. Polish companies are ready for common development projects which will lead to preparing a competitive offer tailored to the expectations of Polish clients.

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