TRŽIŠNA ANALIZA SISTEMA ZA PLANIRANJE RESURSA SA FOKUSOM NA UKRAJINU

MARKET ANALYSIS OF ENTERPRISE RESOURCE PLANNING SYSTEMS WITH THE FOCUS ON UKRAINE

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Summary

Transformational conversions of the Ukrainian enterprises caused by the market economy reforms and globalization processes are of paramount importance due to the joining of Ukraine to the World Trade Organization (WTO). A great number of the Ukrainian enterprises has been owned by transnational companies or have drawn the foreign capital investments. It stipulates a certain change in enterprise management approaches which are like those of the Western managers. It concerns, largely, the implementation and the use of modern information systems and technologies.

Russia has the biggest IT market from amongst all the analyzed countries: in 2012 the market accounted for almost 50% of regional IT market sales. By contrast, the Romanian market in 2012 created little more than 3% of the market value represented by the analyzed countries of Central and Eastern Europe (CEE) and the Commonwealth of Independent States (CIS). In 2012, the IT market in Poland, considered to be the second-largest market among these CEE and CIS countries, amounted to 20% of regional IT market sales. Despite the country's huge population, Ukrainian market value only reached about 4% of the total. The Czech Republic, by contrast, is doing pretty well: its population (almost five times smaller than that of Ukraine) accounted for a share valued at almost 12% of the total analyzed market.

In Russia, computer hardware remains the largest segment within the IT market: it has a market share by value of almost 58%. IT services has a market share of approximately 27%; software follows with more than 15% market share. This market structure is only partially explained by the ongoing high rate of software piracy in the segment of home users and small businesses. The main reason for this structure is the investment orientation of IT spending in the country. Russian IT

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companies still earn most of their sales from the implementation of new IT systems (or upgrades and expansion); hardware is the largest budget expense in these IT projects.

The IT market structure in Ukraine is dominated by the hardware market, whose market share is more than 77%, followed by IT service market share of more than 13.5%, and the software market share of more than 9%. Other countries have similar market structures: the hardware market has the highest market share of more than 40%; the software market share accounts for around 20%; IT services maintains a market share of approximately 30-40%.

The major problem is non-stability of running business in Ukraine which often results in the absence of real long term strategic plans of the enterprise development. This is a real problem for the use of informational technologies. The fact is that while the informational technology is in use only to solve local tasks and improve some business processes, it does not require the strategic approaches and fits completely the common pattern of national enterprise management when its activities are planned maximum for a year period. When an enterprise wants to implement the ERP system in full scale and not for solving local tasks, some problems may arise. The implementation of such a system is a constituent of the business development strategy. If this factor is not taken into consideration by a company, the negative consequences are evident. The only way out for this is to agree about the strategic goal of the company with the purposes of implementation of the informational system. In any other case the purposes of ERP system implementation will have a declarative character, thus the project is doomed to be a failure.

The IT market of Ukraine has been characterized by the consulted Ukrainian experts as the one market sector in Ukraine that has been developing with highest capacities and speed compared to international standards over the last years. Within the IT sector the telecommunication market has been described to cover the biggest segment with 56% of the annual turnover followed by the hardware market with 25%. The third position is being taken by services with 14% including software developers and outsourcing. A considerable part of the market with 5% of the annual turnover is generated by game developing enterprises in Ukraine.

The speed of growth of IT-market outperforms GDP growth. This means that the tendency of saturation of the global market, are not typical for Ukraine.

Foreign ERP-systems appeared in the Ukrainian market in the early '90s. The first office was opened by the company SAP AG. After it other Western ERP-developers and consulting companies began to work in Ukraine and by the end of the 90 in the Ukrainian market there were present nearly all the leading Western ERP-vendors. After several years of experiments and failures associated with the development of "Ukrainian (post USSR) conditions" (weak regulation and standardization of business processes, a very specific kind of accounting and frequent changes in laws) the companies began successful implementation of Western systems, constituting a serious competition to the domestic "Parus" and "Galaxy".

In the early 2000s, the domestic IT market, contrary to global trends, grew rapidly. In this period ERP-systems were one of the most attractive segments of IT-market. The market of corporate software in Ukraine is also influenced by general economic situation.

A considerable part of incomes within the ERP market is achieved by direct sales. At the same time a significant growth of income from license sales, involved systems and IT consulting support has been noticed by the Ukrainian experts. The license sales contributed significantly to the dynamic growth of 2010 and the increase of incomes from technical support of constantly growing clients base was especially pointed out as noticeable for those companies that have been long established within the Ukrainian market, and were able to form a substantial number of customers.

Discuss the main trends and forecasts of the domestic ERP-market.

-According to the research agency Gartner commissioned by SAP, the high demand from Ukrainian companies in the ERP-system will continue in 2014-2015, considerable growth in most sectors of the economy and political stability will stimulate the interest of both foreign and domestic investors to long-term investments in production.

-An important factor in the demand for ERP-systems is ongoing processes of consolidation within industries: the newly created group of companies and holdings need software that allows integrating disparate information systems into a single management tool.

-The rise of demand of ERP-systems is expected from the companies preparing for the placement of shares on the foreign stock markets and seeking to improve the investment attractiveness for investors through transparent business practices. According to the experts, in 2014-2015 more than 20 Ukrainian companies will spend initial public offering (IPO) which provides the additional impetus to the development of ERP-market and increased demand for systems that support a Western accounting standards. For the same reasons, the Ukrainian market branches and representative offices of foreign companies will demand for ERP-systems.

-According to IDC, as consumers of ERP-systems industries such as retail, banking and public sector have significant potential for growth. The growth rates of these segments will outpace the growth of much of Ukrainian ERP market as a whole. The main candidate for the role of "locomotive" of the market of ERP-systems is considered to be the public sector. Today, government agencies show increased interest in the systems of corporate governance. It is worth noting. It is worth noting that among the new SAP customers in 2010 are: "Prominvestbank", "Naftogaz of Ukraine", "Credit Dnepr", "Farmak", "First Ukrainian investment bank".

-When choosing a partner, customers pay more attention to the presence in a consulting company and the experience in projects.

-Today customers are interested in primarily proven industry solutions used by similar businesses not only in the world, but also in Ukraine. Risks of introduction such software are much lower than in the implementation of standard ERP-systems.

-One of the bottlenecks impeding the development of ERP-systems market in Ukraine remains a shortage of skilled workers: consultants, programmers, designers of business processes.

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