



Metasoft Ltd.

## **Ukraine IT Myths Dispersed**

*White Paper by Metasoft*

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While Ukraine is becoming a new popular IT outsourcing destination, there are still many myths about it and no clear understanding of the opportunities outsourcing to Ukraine can present. Let us look closely at some of those myths and find out whether there is any truth behind them.

### ***Myth No. 1 – Ukraine is politically unstable***

This myth has seen its rise in November-December 2004 during the events around the presidential elections that led to the Orange Revolution. However, presently there are no grounds for concerns. During the Orange Revolution, the Ukrainian people have shown their devotion to the democratic ideals and prevented the worst scenario from happening, bringing the legitimately elected president to the power. The new Ukrainian government has clearly voiced its intentions to move towards the goal of joining the EU and is making logical steps in that direction. The overall political situation in the country is stable and predictable. Unlike some popular Asian outsourcing destinations, there have never been any threats of terrorist acts in Ukraine.

But even during the most critical events in November and December, no threat existed for the clients of the Ukrainian outsourcing services providers. There were no power shortages, Internet and telephone lines functioned as usual, and no danger was posed to the outsourced project. Many companies did join the national strike that was going on, but the most urgent tasks could still be done uninterrupted. Ukraine has proved that it is a civilized 21-century European nation.

### ***Myth No. 2 – Ukraine's IT infrastructure is poorly developed***

Ukraine's IT infrastructure is rapidly developing. As the recent research conducted by the Ukrainian Democratic Initiatives Fund and Kiev International Sociology Institute has shown, 13.1% of Ukrainians have a computer. 14% use Internet and/or email either at home or at work. Internet connectivity, being one of the primary concerns, is also developing rapidly. Telecom is one of the fastest growing markets in Ukraine, and fibre optics are continually being laid and new companies are continually opening new connectivity services, which continually lowers cost. For example, monthly fees for a DSL connection are lower in Ukraine than in India. It is considered indispensable for an IT company to have a broadband Internet connection and several telephone lines. Furthermore, there is no shortage in high quality hardware, and IT companies provide their development teams with powerful, modern computers and servers.



### ***Myth No. 3 – Ukraine is software pirates' paradise***

WTO ascension is a top 2005 priority for Ukraine's government. As Ukraine moves towards this, its intellectual property laws are being revised to comply with WTO standards. While a lot of private users may still be using the cheap pirated copies of the most popular software products on their home computers, companies specialized in software development are under severe control, and to avoid problems with law, switching or have switched to licensed products. Those companies who can't afford the price of more expensive software products choose Open Source solutions, but the problem is being tackled in one way or another anyway. Ukrainian companies are looking to work legally and don't want to risk their good reputation.

Moreover, a large part of professional software aimed specifically at software developers has **never** been available as pirated copies in Ukraine, hence it has always been used in its legal, licensed form (take IBM Rational™ products as an example, as well as many others).

### ***Myth No. 4 – Ukraine is not secure when it comes to sensitive information***

Special measures must be taken to protect sensitive information no matter where your project is developed. However, according to the recent reports, India is much more dangerous than Ukraine when it comes to sensitive information leaks or theft. While it is reported that it is difficult to run background checks on employees in India, it is not that problematic in Ukraine. It has become a common practice in Ukraine for the outsourcing customers to sign NDAs with every member of the development team. Additional security policies can also be implemented to protect your sensitive data.

### ***Myth No. 5 – Ukraine's IT sector lacks support from the government***

The new Ukrainian government is showing its extreme interest and support to foreign investments into the country's economy and international cooperation. While Ukraine moves towards joining the EU and WTO, the laws, including those covering the IP issues, are being revised to create better environment for the economy's development and growth. This applies to the software development as well, IT being the most rapidly developing sphere of the Ukrainian economics.

According to the reports, the volume of export of Ukrainian IT services and products rose by US\$ 40 million or 57% to US\$ 110 million in 2004. The export of



the IT sector of the Ukrainian economy is the most dynamically developing. At the same time, the total number of IT specialists operating on the market reached 15,000 toward the end of 2004. This was an increase of 50%, compared with 2003.

### ***Myth No. 6 – Ukraine’s IT workforce is cheap***

Ukraine’s IT salaries level used to be low, but as the country’s economy develops and integrates into the European and world market, it is growing, even though it is still lower than the salaries of EU and US IT specialists. The Ukrainian programmers possess high level of education and skills, as the IT sphere of the Ukrainian economy develops the demand for them increases, hence their highly intellectual labour cannot be cheap. However, outsourcing customers need to realize that cheap workforce is not a good reason to choose an outsourcing provider, as it is likely to cause problems in the long run that will lead to an increase in expenses instead of savings. The reason behind many outsourcing failures is actually the customers going for cheap workforce and overseeing the quality and efficiency issues.

Outsourcing is seen as a way to cut down the development costs, but this should not be done at the expense of the developers’ salaries and therefore, quality. There are better and more effective ways to save. If a company employs methodology allowing for faster development, better quality source code, automated code generation, less developers involved, etc., this actually does reduce the development costs while still providing a satisfactory software solution.

### ***Myth No. 7 – The language and cultural barrier***

It is certainly important to be able to communicate with your outsourcing development team on a level allowing for a smooth development process, and the language and culture differences can be an obstacle.

However, Ukraine is a European nation, and the mentality of people does not differ greatly from that of your country, be it anywhere in Western Europe or the US. There is no striking difference as you would encounter in some Asian countries. Besides, before outsourcing software development came to Ukraine on a large scale, many Ukrainian IT specialists used to go to the Western Europe and USA and work for IT companies there, which means they are familiar with the approach traditional for Europe and America and the procedures used for software development in those companies. Moreover, different international agencies are now offering courses in management providing necessary management skills to the Ukrainian specialists. Thus, all the business processes



in a development team can be organized according to the international standards.

While English is not the native language to the Ukrainian developers, this issue is also being actively dealt with. English is the language of choice in the universities and in the schools it is now required from an early age. Several universities are conducting their entire programs in English. Oral and written comprehension is high among software engineers, given the amount of text they have to read for their degree and work programs and the amount of English language programming available in the country. Communicating with the Ukrainian developers through online chats, instant messaging and e-mail in English should not be a problem. While not all the development team members might be completely fluent in English, those who communicate directly with the international customers will speak, read and write in English at the proper level. Many companies conduct in-house English language training programs to improve the language skills of their personnel. Specialists speaking other languages, such as French or German, can also be found, though these languages are not as popular as English.