



BASSCOM Barometer 2017

Annual Report On The State of the Software Sector in Bulgaria

November 2017

In collaboration with



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About BASSCOM Barometer

- BASSCOM
 - Professional association of the software companies in Bulgaria
- BASSCOM Barometer
 - An annual report on the Software sector in Bulgaria
 - Published since 2009

Sources

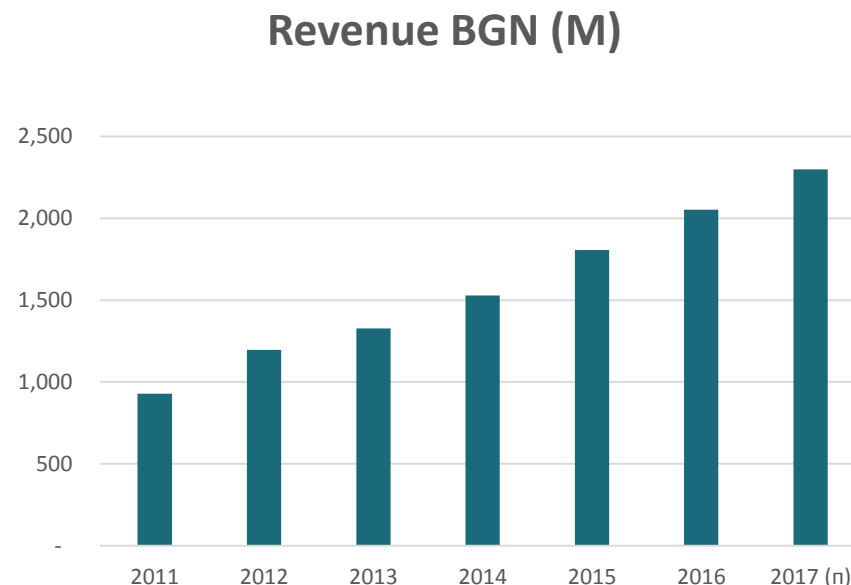
Unless expressly stated otherwise, the data is from a study of the software industry by CBN - Pannoff, Stoytcheff & Co. contracted by BASSCOM.

The study covers 2015, 2016 and 2017 – forecast. It is based on data gathered from ~ 3,400 companies whose revenues are generated mostly from software-related activities.

Data from a survey conducted by BASSCOM among its members is also used.

Revenues

Year	Revenues BGN (M)	Increase
2017 (f)	2,298	12%
2016	2,052	14%
2015	1,805	18%
2014	1,529	15%
2013	1,327	11%
2012	1,197	29%
2011	928	*

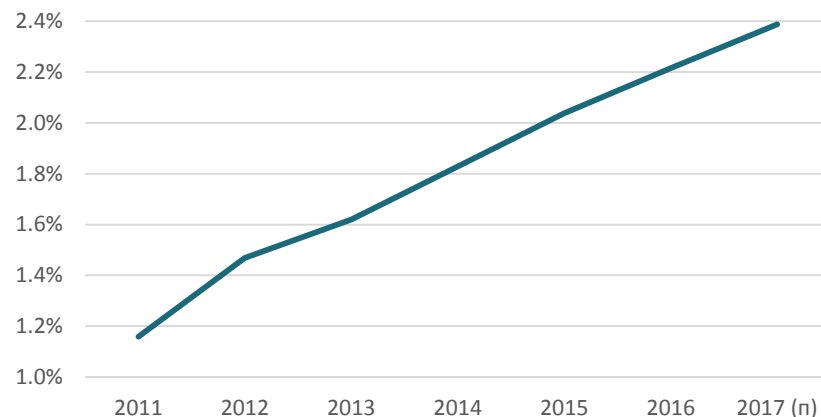


- **Double-digit growth for a 6th consecutive year** – for the last 5 years the revenues increased more than **2 times** or by **121.1%**
- The software industry accounts for almost **77 % of all exported telecommunications, computer and information services**, and **10 % from the export of all services from Bulgaria** (BNB, balance of payments, standard presentation, credit services)

Share of GDP

Year	Revenues BGN(M)	Revenues % of GDP
2017 (f)	2,298	2.4%
2016	2,052	2.2%
2015	1,805	2.0%
2014	1,529	1.8%
2013	1,327	1.6%
2012	1,197	1.5%
2011	1,197	1.2%

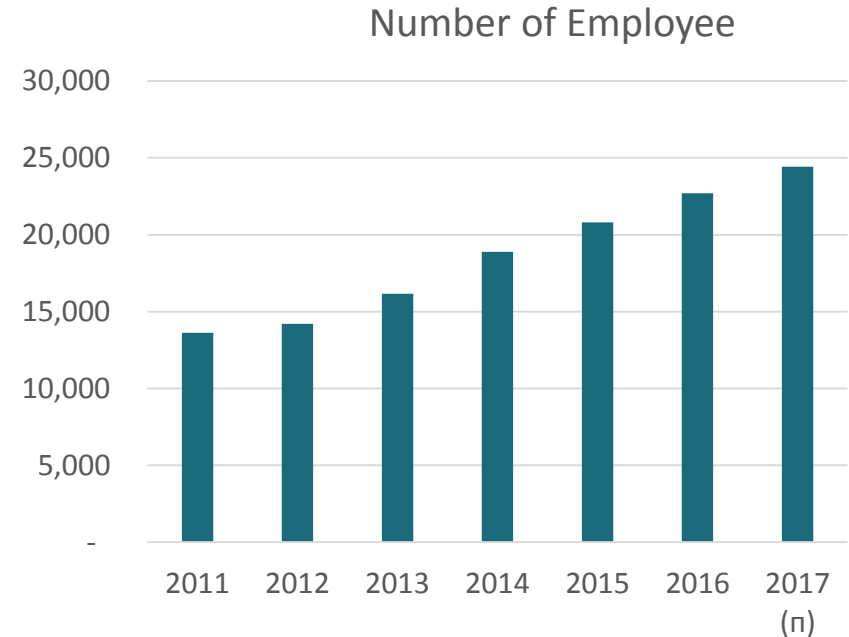
Revenues as % of GDP



- Exceeds 2% of GDP - for the last 5 years **the share of total revenues has doubled**
- **In 2020** the revenues of the software industry will exceed 3.0 % of GDP

Jobs

Year	New Employees	% New Jobs
2017 (f)	1,722	8%
2016	1,897	9%
2015	1,918	10%
2014	2,723	17%
2013	1,960	14%
2012	578	4%



- **22 700 employed** (~25 000 if IT specialists working in other industries – e.g. banking sector, etc. are included)
- ~ **8 500 new** highly paid jobs for the last 5 years
- Growth restricted by shortage of qualified employees

Employee Compensations

Year	<u>Gross Annual Compensation, BGN</u>	<u>Net monthly Compensation*, BGN</u>	<u>Compensation/ Average for the country (times)</u>
2017 (f)	46,744	2,885	3.8
2016	43,030	2,632	3.8
2015	38,010	2,290	3.6
2014	34,000	2,019	3.5
2013	33,611	1,996	3.6
2012	31,293	1,858	3.5
2011	28,086	1,668	3.4

- Expected growth for 2017 - 9%
- For the last 4 years the increase of wages in the industry is over 30 %

* Calculated on the basis of Gross Annual Compensation and the assumption that 10% of it is in the form of bonuses.

Remunerations

Gross Annual Compensation 2016	Compensation
Average for Bulgaria	46,744 BGN
Equivalent to Bulgaria in UK (through PPP*)	47,015 GBP
Average for UK (software engineer**)	37,510 GBP

- Based on median wages, the quality of life of software specialists in Bulgaria exceeds the one in countries like the UK

* Calculated through PPP coefficient using The World Bank Purchasing Power Parity (PPP) conversion factor.

** Median salary for software engineer

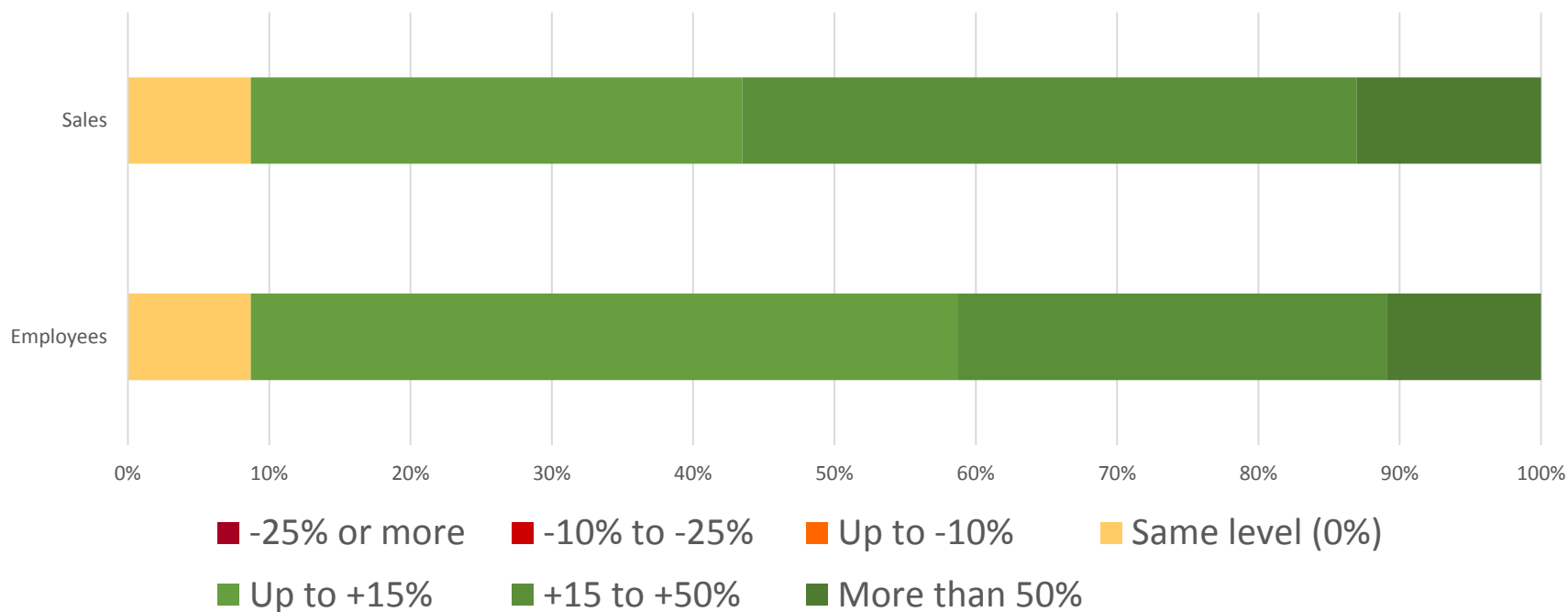
Taxes

Tax	Paid in 2016 BGN (M)
VAT	101
Profit Tax	20
Social Security	107
Income Tax	88
Total	316

- **38 million BGN** or **14%** more taxes paid compared to the last year
- For the last three years period (2013 – 2016) the taxes paid by the software industry increased by 97.79 million BGN or with the impressive 45%. For the same period total tax collected by the government increased by 20%.

Forecasts

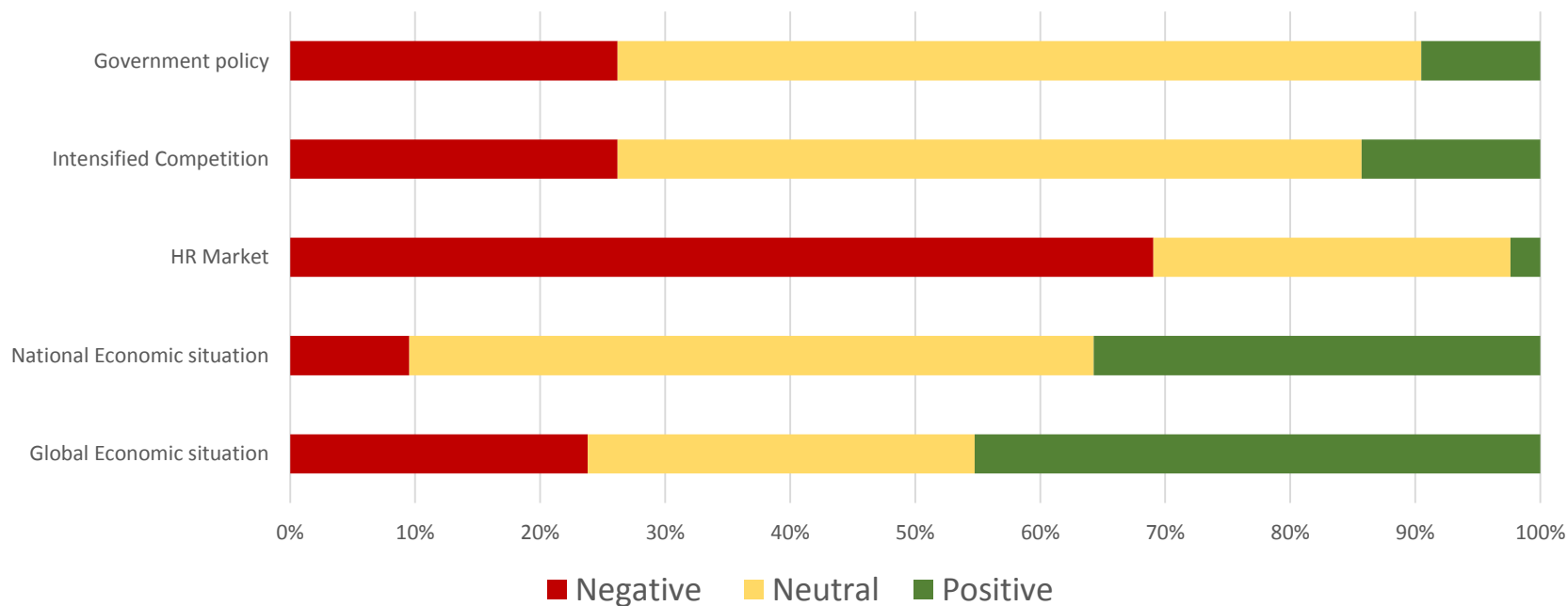
Expectations for next year
(% responded*)



*Survey among BASSCOM members

Impact of external factors

Impact of External Factors
(% responded*)



*Survey among BASSCOM members

Conclusion

- A major sector of the economy - not only by itself, but also as a key technology enabler for other industries;
- Significant growth as % of GDP;
- 38 million BGN or 14% more taxes paid compared to the last year;
- High employee compensation – 4 times above the average for the country;
- The growth is restricted by shortage of qualified specialists;
- Nevertheless, more than 90% of the companies are forecasting revenue growth of more than 10%