



# BASSCOM Barometer 2018

Annual Report On The State of the  
Software Sector in Bulgaria

November 2018

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# About BASSCOM Barometer

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

# Sources

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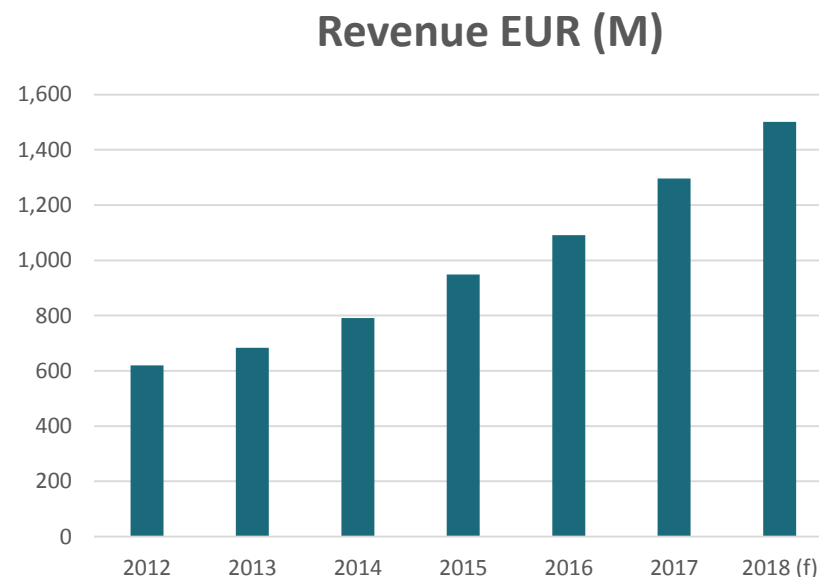
Unless expressly stated otherwise, the data is from a study of the software industry by CBN - Pannoff, Stoytcheff & Co. contracted by BASSCOM.

The study covers 2016, 2017 and 2018 – forecast. It is based on data gathered from ~ 3700 companies whose revenues are generated mostly from software-related activities.

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

# Revenues

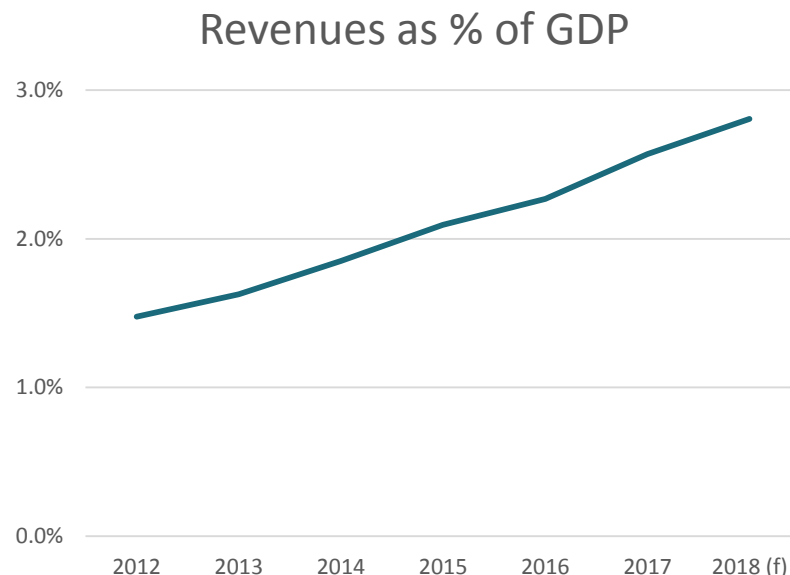
Year	Revenue EUR mln	Growth
2018 (f)	1,502	16%
2017	1,296	19%
2016	1,091	15%
2015	948	20%
2014	791	16%
2013	683	10%
2012	619	29%



- **Record growth by 200 EUR mln. in 2017**
- The industry is highly export-oriented – almost **80% of revenues are generated by export**
- Almost all revenue growth (nearly **180 EUR mln.** ) is due to **export**

# Share of GDP

Year	Total Revenue EUR mln	As % of GDP
2018 (f)	1,502	2.8%
2017	1,296	2.6%
2016	1,091	2.3%
2015	948	2.1%
2014	791	1.9%
2013	683	1.6%
2012	619	1.5%



- The software industry revenues may reach **3.0 % of GDP** sooner than the current 2020 forecast

# Jobs

Year	New Employees	% New Jobs
2018 (f)	2,855	10%
2017	3,563	15%
2016	2,138	10%
2015	2,137	11%
2014	3,483	22%
2013	1,912	14%



- **Over 30,000 employed** (including IT specialists working in other industries – e.g. banking sector, etc.);
- **A record number of new jobs** in 2017;
- The data shows that a large part of the new jobs are **entry-level** .

# Employee Compensation

Year	<u>Gross Annual Compensation, BGN</u>	<u>Net Monthly Compensation*, BGN</u>	<u>Compensation/ Average for the country (times)</u>
2018 (f)	45,962	2,811	3.4
2017	43,850	2,667	3.5
2016	44,386	2,704	3.9
2015	36,576	2,171	3.5
2014	33,331	1,959	3.4
2013	33,517	1,970	3.6
2012	29,905	1,758	3.4

- Expected growth 2018 - 5%
- Average compensation remains more than 3 times the national average

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



# Employee Compensation

Gross Annual 2018	Compensation
Average for Bulgaria	45,962 BGN
Equivalent to Bulgaria in UK (through PPP*)	49,066 GBP
Average for UK (software engineer**)	34,653 GBP
Equivalent to Bulgaria in Germany (through PPP*)	50,838 EUR
Average for Germany (software engineer**)	50,556 EUR

- Employee compensation of software specialists in Bulgaria (adjusted through PPP) remains higher than compensation of their colleagues from the developed economies

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

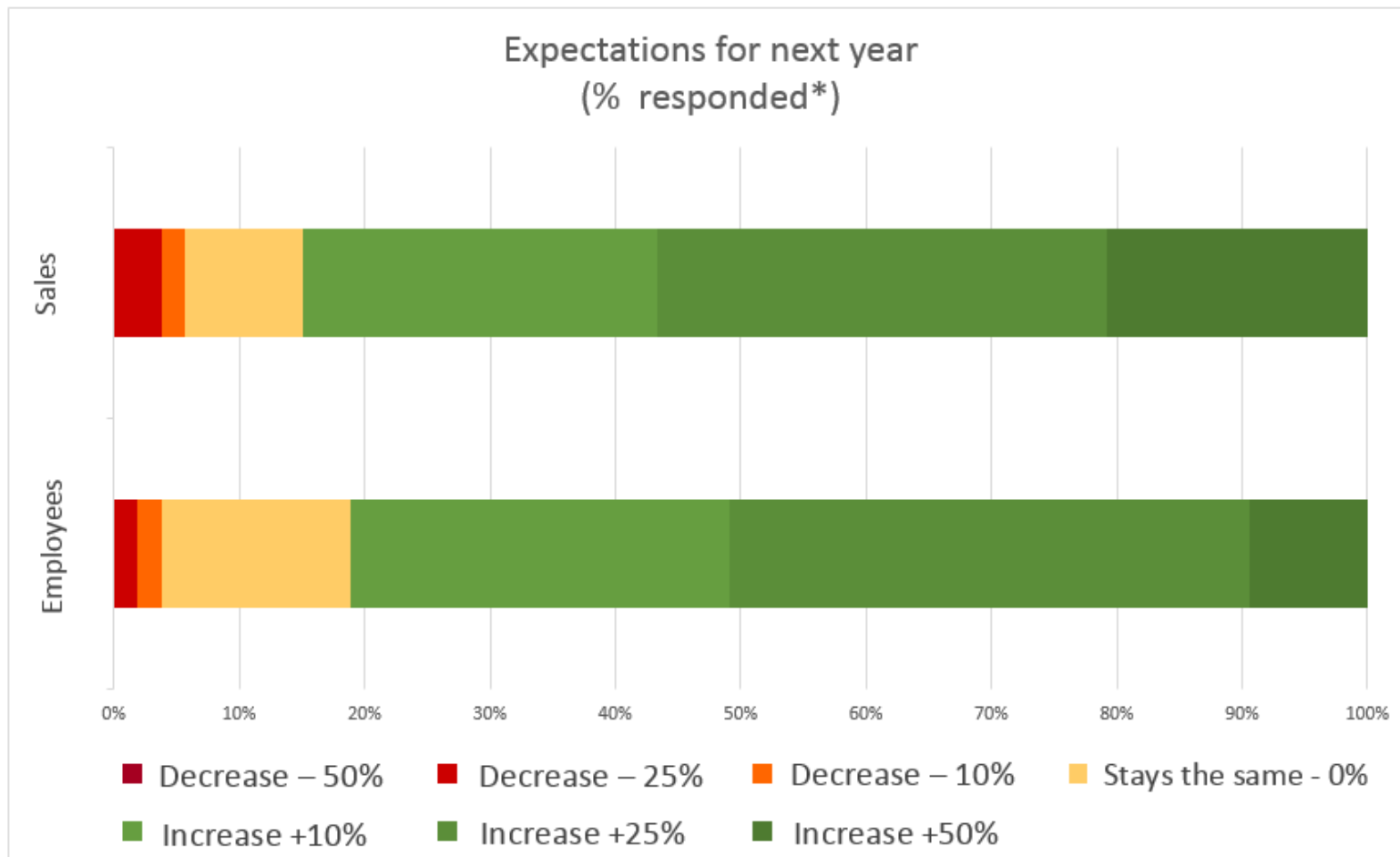
\*\* Median salary for software engineer

# Taxes

Tax	Paid in 2017 BGN (M)
VAT	110
Profit Tax	22
Social Security	138
Income Tax	122
<b>Total</b>	<b>391</b>

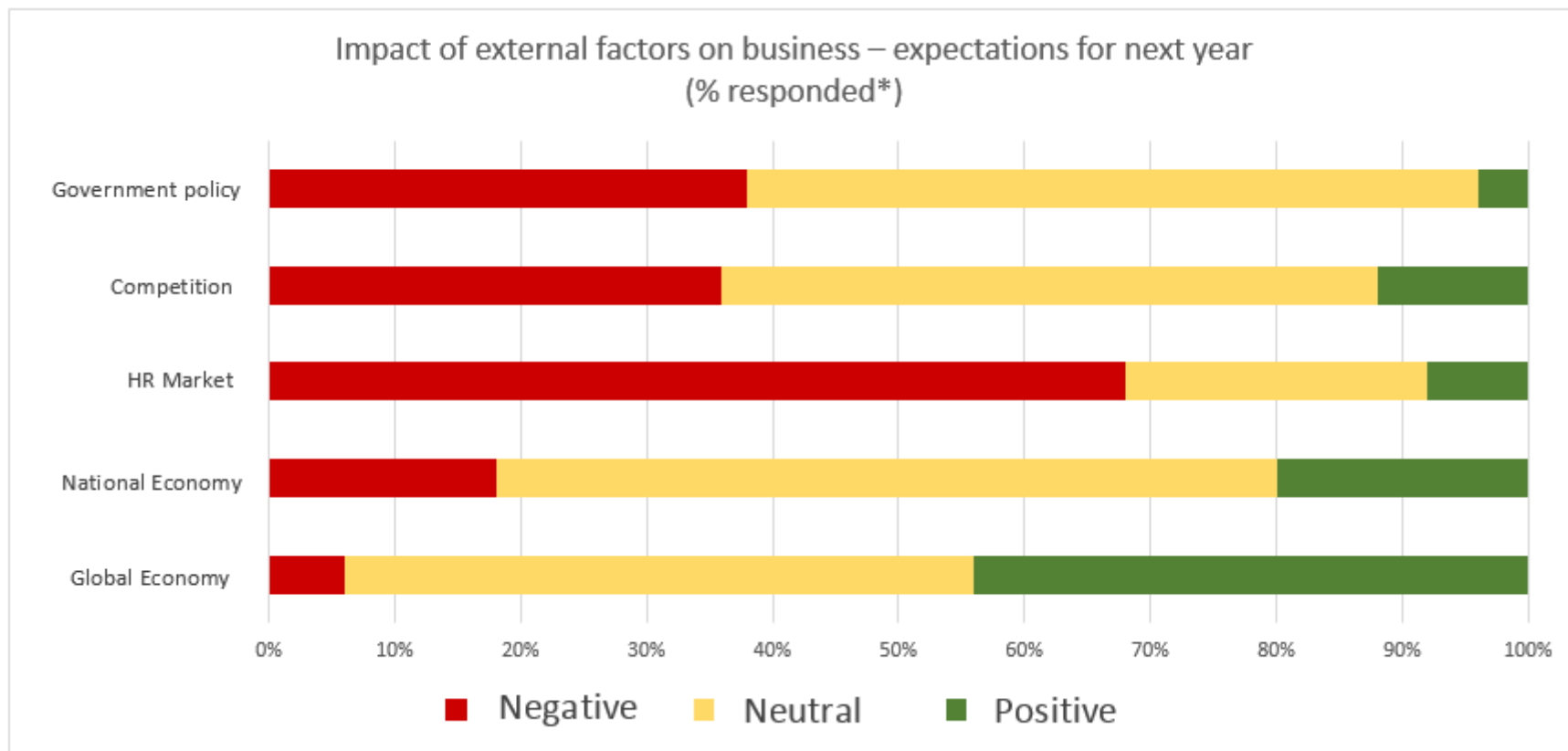
- **Nearly 60 million BGN, or 17.6% more taxes** compared to the previous year

# Forecast



\*Survey among BASSCOM members

# External factors influence



\*Survey among BASSCOM members **before the Bulgarian government announced its plans to increase the tax burden**

# Conclusions

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- The software industry revenues may reach 3.0 % of GDP sooner than 2020 (current forecast)
- The growth is restricted by shortage of qualified employees
- The targeted effort and investment in IT education starts to produce results as witnessed by the record number of newly hired junior employees
- The software sector is an increasingly important factor in the national economy not only as a key technology enabler, but also as a sector providing young people with perspectives for career and personal development in their own country