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Kitsoft`s entry into the Italian IT services market

by

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I certify that in this thesis, there are no borrowings from the works of other authors without
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ЗАВДАННЯ

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1. Тема роботи: Вихід компанії Kitsoft на італійський ринок ІТ послуг(затверджена на засіданні кафедри міжнародної економіки та маркетингу «22» жовтня 2021 р., протокол № 3).
2. Термін завершення роботи: травень 2022 р.
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5. Предмет дослідження: маркетингові механізми виходу української ІТ-компанії Kitsoft на італійський ринок ІТ-послуг для держави, бізнесу та громадян.

6. Мета та завдання дослідження

Мета: теоретичне обґрунтування та розробка практичних рекомендацій щодо формування стратегій виходу компанії Кітсофт на італійський ринок новітніх ІТ послуг для держави, бізнесу та громадян в умовах післявоєнної реконструкції економіки України, глобалізації та міжнародної економічної кризи.

Завдання:













- 6.1. проаналізувати фундаментальну сутність форм виходу Українського ІТ-бізнесу на зовнішні ринки;
- 6.2. проаналізувати стан та перспективи розвитку ІТ ринку України в умовах мінливого ринкового середовища
- 6.3. провести аналіз маркетингового бізнес середовища компанії Кітсофт на італійському ринку ІТ послуг для держави, бізнесу та громадян.
- 6.4. визначити стратегічну привабливість італійського ринку ІТ-послуг для Kitsoft після проведення аналізу потенційних конкурентів.
- 6.5. розробити стратегію та визначити механізми виходу компанії на італійський ринок ІТ послуг.

здійснити оцінку економічної ефективності розроблених стратегічних заходів позиціонування.














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SUMMARY

The thesis consists of 84 pages, 9 tables, 15 drawings, a list of 65 references, 5 appendices.

KITSOFT'S ENTRY INTO THE ITALIAN IT SERVICES MARKET

The subject of the study is the mechanisms of entry of the Ukrainian IT company Kitsoft into the Italian market of IT services for the state, business and citizens.

The object of the study is the development of products by Ukrainian manufacturers of IT services in international markets in the context of globalization, international economic crisis, and post-war reconstruction of Ukraine's economy.

The aim of the thesis is to theoretically substantiate and develop practical recommendations for Kitsoft's IT products for the Italian market of IT services for government, business and citizens in the post-war globalization of Ukraine's economy and the international economic crisis.

Based on the research results, methodological recommendations for the implementation of the strategy of innovative marketing and evaluation of the effectiveness of the proposed measures have been formulated for Kitsoft.

The practical significance of the study lies in the development, organization and implementation of IT services of Ukrainian companies for new markets.

2020-2022: undertaking the thesis research.

2022: defense of the thesis.

РЕФЕРАТ

Дипломна робота містить 84 сторінки, 9 таблиць, 15 рисунків, список літератури з 65 найменувань, 5 додатків.

ВИХІД КОМПАНІЇ KITSOFT НА ІТАЛІЙСЬКИЙ РИНОК ІТ ПОСЛУГ

Предметом дослідження є маркетингові механізми виходу української ІТ-компанії Kitsoft на італійський ринок ІТ-послуг для держави, бізнесу та громадян.

Об'єктом дослідження є розробка та адаптація продуктів українським виробником ІТ сервісів на міжнародних ринках в умовах глобалізації, міжнародної економічної кризи, та післявоєнної відбудови економіки України.

Метою дипломної роботи є теоретичне обґрунтування та розробка практичних рекомендацій щодо формування стратегій виходу компанії Кітсофт на італійський ринок новітніх ІТ послуг для держави, бізнесу та громадян в умовах післявоєнної реконструкції економіки України, глобалізації та міжнародної економічної кризи.

За результатами дослідження для Кітсофт сформульовано методичні рекомендації щодо впровадження стратегії інноваційного маркетингу та оцінки ефективності запропонованих заходів.

Практичне значення дослідження полягає у розробці, організації та впровадженні ІТ сервісів українських компаній для нових ринків збуту.

2020-2022: проведення дипломного дослідження.

2022: захист дисертації.

TABLE OF CONTENTS

INTRODUCTION	3
CHAPTER 1. THEORETICAL FUNDAMENTALS OF THE STUDY OF FORMS OF UKRAINIAN IT BUSINESS ENTRY IN FOREIGN MARKETS..	6
1.1. THEORETICAL APPROACHES TO DETERMINE THE FORMS OF ACCESS TO FOREIGN MARKETS.	6
1.2. THEORETICAL SUBSTANTIATION AND ANALYSIS OF MARKET CONDITIONS.	17
CHAPTER 1 CONCLUSIONS	24
CHAPTER 2. STRATEGIC ANALYSIS OF THE ATTRACTIVENESS OF THE ITALIAN IT MARKET FOR KITSOFT	25
2.1. CURRENT TRENDS IN THE UKRAINIAN MARKET OF IT SERVICES IN A CHANGING MARKET ENVIRONMENT.	25
2.2. ANALYSIS OF KITSOFT'S MARKETING BUSINESS ENVIRONMENT IN THE ITALIAN MARKET.....	32
2.3. ANALYSIS OF THE COMPETITIVE ENVIRONMENT OF THE UKRAINIAN COMPANY IN THE ITALIAN MARKET OF IT SERVICES.	40
CHAPTER 2 CONSLUSIONS	47
CHAPTER 3. DEVELOPMENT AND IMPLEMENTATION OF A STRATEGY FOR ENTERING THE ITALIAN IT SERVICES MARKET FOR KITSOFT.	50
3.1. CHOOSING THE FORM OF KITSOFT'S ENTRY INTO THE ITALIAN IT SERVICES MARKET.....	50
3.2. DEVELOPMENT OF A PROMOTION STRATEGY FOR THE KITSOFT COMPANY	54
3.3. ASSESSMENT OF THE ECONOMIC EFFICIENCY OF THE COMPANY'S ENTRY INTO THE ITALIAN MARKET OF IT SERVICES.	59
CHAPTER 3 CONCLUSIONS	65
CONCLUSIONS	66
REFERENCES	70
APPENDICES	75

INTRODUCTION

The rapid development of technology in the twenty-first century has led to the transformation of traditional processes into newer forms. With the help of technological innovations, the boundaries between different cultures and economies began to blur. Mankind has entered a new era where the interaction between people thousands of miles apart can be done with a smartphone. Developing information technology, society began not only to develop but also to adapt and simplify. Thanks to information technology, the term informatization of society has appeared.

Informatization of society is a global social process, the peculiarity of which is that the dominant type of activity in the sphere of social production is the collection, accumulation, processing, storage, transfer, use, production of information, carried out on the basis of modern means of microprocessor and computer technology, as well as various means of information interaction and exchange.

With the development of informatization of society, the international competitive environment has also undergone significant changes. Companies began to expand their markets and spheres of influence. Using marketing approaches in global expansion, international companies have been able to generate new sources of income.

In order to remain competitive in such a tense competitive environment, companies such as Kitsoft are developing innovative approaches to various challenges. Innovations have also affected marketing approaches, and the latest technologies have opened the door to many tools to influence the consumer.

Significant contribution to the development of scientific and methodological approaches to the effective conduct and development of foreign economic activity in conditions of increasing competition on the international markets through innovative marketing approaches made by both domestic and foreign scientists: A. Starostina, I. Ansoff, V. Sereda, M. Porter, O. Kanishchenko, N. Kochkina, T. Nagachevska., O. Kuzioma, F. Kotler, O. Domina, N. Kudenko and others. They created fundamental theoretical approaches and developed tools for doing business in competitive markets. Through these approaches, companies can analyse the potential of the marketing

environment in the target markets and decide whether to enter the market or to refuse to enter the market without significant costs and risks.

The Ukrainian IT industry is not yet a global leader in key areas, but has shown significant growth over the last decade, thanks to its scientific foundation, high-speed broadband internet, significant human capital and education system. There is great potential to increase exports. Companies such as Kitsoft play an important role in the development of the Ukrainian market.

Kitsoft is a Ukrainian company founded in 2007 that develops and implements digital technology for government and commercial organizations. The Kitsoft team helps customers streamline and automate internal processes and how they interact with consumers, setting new industry standards that keep them ahead of the curve and using innovative marketing approaches. The company's mission is to build a convenient and open connection between the government and its citizens. Kitsoft is a software provider for government and enterprise. Kitsoft, after creating application Diia, which simplifies many processes of interaction with the state and is basically a digital document set that can be safely used by most government agencies, opened a wide variety of new tools.

By making efforts, the company is doing everything possible to ensure the stable operation of its services during the war and protect them from outside interference. Kitsoft's products greatly simplify interaction with many government agencies. With proper security and encryption, user data is secure and can always be accessed by owners. After the war, the company's experience in protecting terabytes of data will be extremely important, and entering the Italian market, the company can benefit from its experience.

The object of the study is the development of IT products by Ukrainian manufacturers of IT services in international markets in the context of deglobalization, international economic crisis, and post-war reconstruction of Ukraine's economy.

The aim of the thesis is to theoretically substantiate and develop practical recommendations for Kitsoft's IT products for the Italian market of IT services for government, business and citizens in the post-war globalization of Ukraine's economy and the international economic crisis.

The objectives are:

- determine theoretical fundamentals of the study of forms of ukrainian IT business entry in foreign markets
- determine the attractiveness of the Italian IT services market for Kitsoft after conducting a strategic analysis
- identify the capabilities of competitors in the selected market and compare them with Kitsoft
- develop a strategy and determine the mechanisms of the company's entry into the Italian market
- evaluate the effectiveness of the proposed strategies

In the process of research, a number of different tools were used to analyze the marketing environment, compare and synthesize, determine the nature and define strategies and forms of the company's entry into the Italian market of IT services. methods of system and structural analysis in the development of economic expansion for Ukrainian companies in the process of economic expansion in the Italian market of IT services; method of logical generalization to formulate conclusions and proposals.

The basis for the study were: scientific articles by domestic and foreign authors; statistics from international Internet resources; advertising and information materials of Kitsoft, competing companies; reports on the development of the IT industry in Ukraine and the EU; materials from the sites of selected companies and other Internet resources related to the IT market.

The practical significance of the obtained results is to develop specific recommendations for the implementation of the strategy of promoting the Ukrainian IT company on the Italian market of IT services for the state, business and citizens.

The results of the study can help Ukrainian IT companies to develop and implement an effective strategy for entering foreign markets, including the Italian IT services market.

CHAPTER 1. THEORETICAL FUNDAMENTALS OF THE STUDY OF FORMS OF UKRAINIAN IT BUSINESS ENTRY IN FOREIGN MARKETS

1.1. Theoretical approaches to determine the forms of access to foreign markets.

International experience shows that in the current conditions of financial and economic crisis and intensification of competition between national economies for better markets, access to foreign markets is one of the effective mechanisms to increase business competitiveness, efficiency and increase profits. Entering foreign markets not only serves as a source of additional income, but also opens opportunities for manufacturers to access new technologies.

In the current state of economic development and in the process of globalization, the development of foreign economic activity and cooperation with foreign partners is an essential factor in ensuring the effective operation of the enterprise. For the development of both individual enterprises and the economy as a whole, it is necessary that the activities of economic entities be efficient, carried out at minimum cost and maximum profitability.

The organization of the company's international activities involves the choice of how to enter foreign markets (Starostina A.O., 2012), which depends on the purpose of the enterprise, the scale of activities, the nature of the product and the intention to control sales. Potential sales, costs and investments in the organization of the movement of goods, the availability of trained personnel and other conditions are also taken into account. It can focus on exports, joint ventures or direct investment abroad. Each subsequent strategic approach requires more commitment and more risk, but it also promises higher returns.

An important feature of modernity is the growing interdependence of economies of different countries (Kochkina N. Y. 2019), the development of integration processes, the intensive transition of civilized countries from closed national economies to open economies.

Prerequisites for the globalization process are:

- international specialization of production and trade in goods and services;

- unification of sets of technologically connected productions by means of identical technological chains;
- competition for markets in overproduction in developed countries;
- depletion of the planet's natural resources and intensification of the struggle for their use;
- increasing the risk of a general environmental catastrophe;
- internationalization of capital;
- information revolution, which provides a technical basis for the creation of global information networks.
- obligations to international organizations.

The main purpose for which companies directly enter foreign markets is to maximize profits through the use of economies of scale. The motives for companies to enter international markets may be:

- limited and relatively low opportunities for internal market expansion;
- the level of development of the domestic market, at which it is advantageous to place capital abroad: saturation of the market with goods; increasing pressure from competitors; growing dependence on intermediary trade; increase in fees related to environmental protection; difficulties in complying with social legislation;
- overcoming dependence on the domestic market, seasonal fluctuations in demand and risk dissipation by conquering foreign markets;
- improving the utilization of existing and additional capacity;
- reduction of costs for wages, raw materials, transport, reduction of tax payments, in particular through the use of various forms of production abroad, including even re-importation with appropriate price benefits for the domestic market;
- extension of the product life cycle;
- use of state assistance programs operating in their own country or abroad;
- increasing the efficiency of sales activities by strengthening market positions through the creation of branches, affiliates, subsidiaries, expanding the network of service points, etc .;

- compensation for exchange rate fluctuations by organizing parallel production and sales in the respective countries;
- overcoming tariff and non-tariff barriers by organizing foreign production;
- the activity of a foreign competitor and its success in the domestic market forces to look for their own way to enter the foreign arena;
- increasing the prestige of the enterprise in the national market as a subject of international economic relations;
- gaining access to new tools and technologies, which is possible under the condition of long-term work in the relevant foreign markets, for example in the form of partnerships with companies;
- ensuring long-term successful sales and economic growth.

A company that has decided to enter a foreign market must take into account the existence of many restrictions and obstacles in international trade - both in the country where it is going to enter the market, and in their own (Scherbak V.G., Lozenko A. P., 1999). Such restrictions include: customs tariffs (fiscal and protectionist), currency control by the state, a number of non-tariff barriers. International marketing is very complex, as it covers not only sales but also other areas of the enterprise, including production, supply, finance, etc. in addition, it requires a deep understanding of the socio-economic and national-cultural conditions prevailing in the country where the company intends to operate .

There may be differences in distribution channels, methods of transportation and storage, legislative and legal support, customs regulations.

All these features significantly increase the overall commercial risk of doing business in the international market. Therefore, the company needs to choose very carefully the forms of entry into foreign markets (Baldyniuk A. G., Varshavska N. G., 2012).

The organization of the company's international activities involves the choice of how to enter foreign markets, which depends on the purpose of the enterprise, the scale of activities, the nature of the product and the intention to control sales. Potential sales, costs and investments in the organization of the movement of goods, the availability of trained personnel (sellers) and other conditions are also taken into account. It can focus

on exports, joint ventures or direct investment abroad. Each subsequent strategic approach requires more commitment and more risk, but it also promises higher returns (Baldyniuk A. G., Varshavska N. G., 2012).

In the case of an export strategy, production remains in the national territory, which has its disadvantages and advantages. Joint ventures and direct investment require the organization of production abroad. At the same time, some forms of joint ventures are implemented on the basis of contracts, without additional investment, and joint ownership and direct investment include investments, long-term investments in enterprises, socio-economic programs, business and innovation projects (Saylor Academy, 2012.). This leads to the allocation of certain forms of strategies for entering the foreign market.

Table 1.1.

Advantages and disadvantages of different forms of market entry

Form of entering the international market	Advantages	Disadvantages
Export Indirect exports Direct export	Fast entry, low risk	Low control, low knowledge of local, local features and market, potential negative impact of transport on the environment
Licensing and franchising Licensing Franchising	Fast entry, low cost, low risk	Lower control, the licensee can become a competitor, the legal and regulatory environment must be reliable
Partnership and strategic alliance Partnership The International Strategic Alliance	Shared costs reduce the required investment, reduce risk, are considered as a local organization	Higher value than export, licensing or franchising; problems of integration between two corporate cultures

Investments in finished production enterprises, assembly plants, sales branches, etc.	Quick entry, maximum control, the ability to bypass the established barriers to imports	High cost, high risk due to lack of information about the local market and business environment.
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Source: compiled by author based on: Kochkina N. Y., (2019); Tsyhankova T. M., (2005); Baldyniuk A. G., Varshavska N. G., (2012).

Consider the features of each form of international expansion and the conditions of their use. Export means the sale on foreign markets of goods and services produced or performed in their country. Advantages of this method:

- requires minimal changes in the product range of the enterprise, its structure;
- requires minimal investment costs and current monetary obligations;
- provides minimal risk when entering the market and ease of exit.

There are direct and indirect exports.

Direct export means that the manufacturer sells its goods and services independently. There are several ways to organize direct exports:

a) the export department or division, whose responsibilities include the sale abroad and the organization of the collection of necessary information about the market;

b) a foreign sales department or a subsidiary that provides the effect of direct market presence and control over the implementation of marketing programs; the foreign sales department sells and distributes products, sometimes it is responsible for organizing, storing and promoting goods, demonstration and service center (Saylor Academy, 2012);

c) sales representatives to search for foreign customers, ie the company uses its sales representatives;

d) foreign distributors or agents. To organize the sale of products, the company turns to foreign distributors or agents, who may have exclusive or limited rights to represent the manufacturer in a particular country.

At the same time, the application of this method of trade implies the presence of highly qualified staff and trading experience of the company as a whole. Otherwise, the financial costs of the company will not only not be reduced, but can increase significantly. In addition, international trade is more risky than domestic, due to differences in economic, legal and social conditions in different countries, their traditions and customs, as well as large distances between trading partners. As a result, it may be advisable to engage intermediaries to conduct international trade transactions. Indirect exports involve the organization of:

- trade through intermediaries (trading companies and other intermediary firms);
- trade through organized commodity markets, ie through international commodity exchanges, tenders, auctions and exhibitions / fairs.

Indirect exports are especially needed when the company does not have sufficient information about the foreign market or experience in it, so it prefers to reduce its own risk by transferring the sales function to an intermediary firm. Indirect exports have two advantages: first, they do not require significant resources, there is no need to create an export department that will sell abroad or establish contacts with foreign partners. Secondly, such exports are less risky, because intermediaries act on their own initiative, based on knowledge of foreign markets, and offer additional services to the manufacturer (Semenets V.V., Shinkarenko R.V., 2018).

The use of intermediaries in exports also has disadvantages:

- isolation of the producer from the market, lack of information about the consumer's reaction to the product;
- dependence of the exporter on the intermediary;
- insufficient attention of the intermediary to work with the exporter's goods;
- the lack of an intermediary for various reasons, the desire to promote the exporter's goods to all available segments of the target market.

The next form of access to foreign markets is licensing - joint venture (JV), which is based on the fact that the licensor (seller) transfers to the licensee (buyer) the right to use the production process, patent, trademark in exchange for a fee or license fee. Depending on the nature of the subject and the legal basis, international transactions in trade in scientific and technical knowledge are divided into two types:

- 1) transactions related to trade in patents and licenses;
- 2) operations related to trade in technical services.

The subject of the license may be: any development of constructive, technological nature; composition of material, mixture or alloy; substances; method of treatment; methods of search and development of minerals; calculation methods (including mathematical tools and computer programs); information of organizational, financial, managerial nature, etc., both those that contain inventions and those that do not have them, as well as trademarks, industrial designs, copyrights.

In this case, the subject of the license must have patent purity, ie the legal property of the subject, which means that it can be used in a particular country without violating the applicable security documents of exclusive law - patents owned by third parties (Novykov V. V., 2011). The licensor gets to market with minimal risk, and the licensee does not have to start from scratch, because he immediately gains production experience, a well-known product or name.

The use of licensing in joint ventures has economic, strategic and political motives. Economic motives are that the licensor reduces the risk of creating production abroad due to low sales, the risk of improving the product by a competitor, limited resources, etc.. Large enterprises with diversified production, reviewing the range, focus on the strengths of their activities, which give high profits. By selling licenses, they are abandoning products and technologies that are not of interest today. This is the strategic motive of the license agreement.

For the licensor	For the licensee
<ul style="list-style-type: none"> • in a short time to recoup the cost of research work used to develop the invention; • to receive additional profit due to the rapid development of the invention and the release of new products based on it; • use local, cheaper labor; • ensure proximity to sources of raw materials; • overcome currency and customs restrictions 	<ul style="list-style-type: none"> • the possibility of saving on research work; • simultaneous access to advanced scientific and technical achievements; • purchase of licenses complements and expands its own research; • the possibility of the diversification process; • buying a license saves time, which is especially important in connection with the reduction of the period of obsolescence of the product and joining the latest technological advances

Picture 1.1: Advantages of trading licenses

Source: compiled by the author based on: Kochkina N. Y., (2019); Scherbak V.G., Lozenko A. P., (1999).

The main advantage of licensed production is that apart from new technologies, no material values are exported abroad. At the same time it eliminates the need to show their own activity. That is why this area is popular among small and medium enterprises. In recent years, the most common form of economic integration of large and small production, especially in the field of services and trade, has become a system of contractual relations such as franchising (Saylor Academy, 2012).

Franchising is a business organization in which a company (franchisor) transfers to a certain person or company (franchisee) the right to sell a product or service under its trademark. The franchisee undertakes to sell this product or service in accordance with the pre-determined laws and regulations of the franchisor. In exchange for following these rules, the franchisee obtains permission to use the franchisor's name, reputation, product and services, marketing technology, expertise, and support mechanisms.

Another type of joint venture strategy is contract manufacturing, ie contracting with local producers to produce goods. Reasons for using this method:

- shortage of own capacities;

- the presence of export barriers to the country;
- high transport costs;
- savings on factors of production.

The general scheme of contract production in practice has various modifications. The production of components has become widespread. The types of contract production include the processing of toll raw materials - tolling operations. This method of entering the foreign market also has disadvantages. By using it, the company has less control over the production process, which may result in the loss of some potential profits.

However, contract production allows the company to expand its activities in the foreign market faster, with less risk and with the prospect of entering into a partnership with a local manufacturer or buying his company.

One of the forms of joint venture is Management Contracting, which is widely used in developing countries that have capital and staff, but do not have the necessary innovations and skilled workers. Proposals for cooperation involving foreign capital in these countries are often rejected for fear of allowing an immense foreign presence. The agreement to conduct a set of works in the field of management is limited in time, and at the end of the agreement foreign specialists will be replaced by local ones. Therefore, using Management Contracting, the firm does not export goods, but management services. This is most often done in the form of consultations for foreign companies (Semenets V.V., Shinkarenko R.V., 2018).

Another way to penetrate the foreign market is to create a joint ownership. Joint ownership is a form of joint venture that combines the efforts of foreign and local investors to create a local business that they jointly own and manage. This type of enterprise is created and managed jointly with foreign and local investors, usually private firms, but sometimes state-owned enterprises or even government agencies. Joint ventures can also be set up in a third country by several foreign companies.

The aim of this strategy is to penetrate companies into new markets with lower costs and risk than with other investment methods (Grozdanovska V., Jankulovski N., Bojkovska K., 2017.).

The main motives for using joint ventures as a strategy to enter the world market are:

- reduction of capital costs and risk reduction when creating new facilities;
- acquisition of sources of raw materials or a new production base;
- expansion of existing production facilities;
- realization of the advantages of lower cost of factors of production;
- the possibility of avoiding cyclicity or seasonality in the instability of production;
- adaptation to the process of reducing the product life cycle; improving the effectiveness of existing marketing;
- acquisition of new trade channels;
- the ability to penetrate a specific geographic market;
- study of needs;
- acquisition of management experience in new markets;
- adaptation to the host country.

A special place among the ways the company enters the foreign market belongs to direct investment or capital transfer.

The main features of this method:

- maximum investment costs and current monetary liabilities;
- maximum responsibility for the results of activities;
- maximum control over activities;
- complicated procedure of exiting the market.

The investment can be made by the company alone or together with economic entities of the country to which the capital is imported. In the latter case, we are talking about the above-mentioned creation of a joint venture. At independent investment of the capital abroad the firm accepts the enterprise under the full responsibility (Dunska

A.R, Stoian S.S, 2020). This method of entering the foreign market involves investing capital in the creation of their own assembly or production units abroad, ensuring the fullest involvement of the company in foreign economic activity.

When creating a foreign production branch, the firm may be guided by the following motives:

- vertical integration, when it is necessary to control the various stages of the passage of goods from the stage of raw materials to its distribution. Goods and marketing are quite complex and require the pooling of resources of several countries;
- interstate rationalization of production, when there are significant differences in the cost of labor, capital, raw materials (Shnyrkov O.I., 2009a). Manufacture of components in the exporting country, and assembly is carried out in another country where labor is cheaper;
- theory of the life cycle of the product, when it is at different stages of the life cycle in different countries;
- state incentives for investment, when certain benefits are provided to foreign investors, which motivates them to open their branches or independent enterprises;
- political motives, when investments in the economy of a country are related to its political decisions in relation to other countries.

One of the advantages of such a strategy is that the company can save money through cheaper labor or raw materials, through benefits provided by foreign governments to foreign investors, by reducing transportation costs and more. By creating jobs in the partner country, the company thus provides itself with a more favorable climate in this country. Applying a strategy of direct investment, the company establishes deeper relationships with government agencies, customers, suppliers and distributors of the country in which it enters the market. This enables the company to better adapt its products to the local marketing environment.

1.2. Theoretical substantiation and analysis of market conditions.

The basis for the information environment to enter foreign markets is marketing. F. Kotler defines the marketing environment as a set of factors that affect the company's ability to develop and maintain relationships with the target market (Kotler F., Armstrong H., Sonders D., Vonn V., 1999). Accordingly, an important stage in the implementation of foreign trade operations is the study of a set of characteristics and data that determine the properties of the world market or the markets of certain geographical regions or certain countries.

Consider in more detail each component of the study of potential foreign markets.

The study of the market business environment in foreign markets involves the analysis of a set of conditions for doing business outside of their country in a particular market space - both global or regional, and within a particular foreign country (Hrynychutskyi V. I., 2010).

There are 8 groups of factors of the external business macroenvironment:

1. Demographic - related to the characteristics of the population of the market or its segment. They include the following indicators: population and its sex-age pyramid; population density; the level and rates of births and deaths; the level of population aging; level of population migration; share of urban and rural population; changes in the perception of the family and its character, etc.
2. Natural-geographical and ecological, which are represented mainly by climatic and resource conditions of a particular region. In this part of the market environment, the task of ensuring not only the optimal natural and resource conditions of business, but also environmental protection in the organization and management of foreign economic activity, rational use and reproduction of natural resources is of great importance.
3. Economic, determined by the rate of economic growth and production and trade of relevant foreign countries and regions, the level and distribution of current

income, expenditures and savings, opportunities to use credit, etc (Starostina A.O.,2012).

4. Technological, formed by the conditions of development of STP, including: the volume of public and private investment in the development of science and technology; the number of scientists, inventors and the amount of patented inventions and improvements; popularity and equipment of scientific and technical institutes and laboratories, etc.
5. Political include: political stability or instability; the content of government programs and programs of leading parties and political groups; the main direction and nature of state regulation of economic life, export-import activities and activities of foreign entities, etc.
6. Legal norms that regulate entrepreneurship within a specific market and provide: conditions for economic contacts with foreign partners; protection of national interests; control over compliance with quality and safety standards of goods; environmental protection, etc (Starostina A.O. 2012).
7. Cultural - determine the individualization of requests from representatives of foreign firms, foreign consumers regarding foreign goods and services and are related to the following characteristics: level of education and professionalism; degree of commitment to basic traditional cultural values; religious beliefs; attitude to the universe, nature, society; self-esteem; predisposition to the influence of subcultural factors and reference groups; life position; style and way of life, etc.
8. Social factors that reflect the degree of polarity or smoothness of differences in the socio-economic status of certain groups, the level of social stability, the nature of social conflicts and social struggle, etc., and are characterized by: the state of certain social strata of foreign society; division of foreign society by belonging to different classes and groups.

Factors of the external business microenvironment include: consumers, competitors, intermediaries, suppliers, contact audiences (Shnyrkov O.I., 2009b).

In this regard, it is important for the company not only to study the specifics of the elements of the market environment and ensure their optimal combination, but also to influence it accordingly, in which a significant role is played by the public relations department.

External market requirements for goods.

Manufacturers must be able to evaluate the product from the standpoint of buyers and consumers, to determine the pros and cons of products. If we assume that "the product is a set of useful properties of the thing", then the subject of analysis of the product are its consumer properties, advantages and disadvantages compared to samples already available on the market. It is necessary to find out what the product is in the perception of the consumer (Shnyrkov O.I., 2009b). In this regard, it is important not just a set of consumer properties and characteristics of the product, but an understanding of how the product is perceived by the consumer, for whom it is important how this product can help meet a particular need or solve a problem, which stands before him.

What a particular end consumer needs in terms of the properties and characteristics of the product for the producer and seller is the concept of product competitiveness, and the task of the producer - to achieve its level that would meet the demands of a particular market and specific consumers. Sometimes a successful FEA does not require the highest level of product competitiveness (Shnyrkov O.I., 2009b).

Equally important is the identification and detailed study of the categories of persons (buyers and consumers) to whom the company's products and services are addressed, as well as their skills and motives that guide their behavior in the market. Research of this type involves the analysis of the main subjective and objective factors that shape the taste and giving the buyer a preference for a product. The demographic characteristics of buyers, the distribution of profits, social factors influencing the behavior of this population, psychology are subject to study. These areas of analysis are usually combined into the concept of "motivation research".

Study of the capacity and nature of the foreign market, the elasticity of demand in it.

The main purpose of such a study is to determine (in general or for each market in particular) the sales potential and make a forecast for the future. In other words, to quantify the existing and potential sales opportunities of the company's products (Kochkina N.Y. 2019). From the company's point of view, the sales forecast is of paramount importance to address many issues of economic activity. Therefore, some companies dare to start operations without sufficient reasonable assumptions about the prospects of selling their own products. To determine such prospects, the company usually conducts research in the following areas:

- market capacity, ie analysis of current public demand for this product (product group);
- market characteristics of the product, analysis of market competition and assessment of the impact of other economic factors on the nature of supply and demand;
- the trend of changing market capacity and socio-economic factors affecting it;
- a forecast of sales or product market share that the company plans to monitor in the future;
- analysis of regional markets, ie the state and prospects of sales of a product in a particular area.

Analysis of trends in world prices. When studying the market, the company must monitor the level and trend of price changes. The most realistic and reliable are the prices of actual agreements or contracts of significant market participants. But these documents are usually strictly confidential. Therefore, companies often use stock quotes, auction prices, reference and list prices, publication prices and those available in special sources. Price indices for the most important export and import goods are also used.

The factors that determine the level and dynamics of price changes are subject to analysis, namely: purchasing power of consumers; the level of production and marketing costs; level of competition, availability of substitute goods; state regulation of the pricing system; currency regulation in the country of import; etc.

Exporters must determine the pricing strategy for the introduction of their products in foreign markets:

1. They can follow the strategy of "price skimming", ie, a high level of prices when placing on the market a new, technologically advanced product, which has no direct analogue, and then gradually reduce prices.

2. They can pursue a "penetration pricing" strategy, that is, start selling goods at low prices and then try to raise the price. But this strategy is problematic, because in the future it is difficult to raise the price of obsolete goods.

3. They can pursue a "price leader" policy, when a domestic firm copies the price behavior (price level, pricing policy, etc., and at a lower level) of a large supplier in the world market of similar products. This saves on market research and marketing costs, but is dangerous because a leader's erroneous or deliberately wrong move can lead to the failure of the market leader.

4. They can use the policy of differentiated prices: discriminatory (inflated); preferential.

5. Psychological methods of pricing.

Research of the company's market structure and the composition of foreign partners. Companies that are market leaders, their financial and production capabilities, the stability of active and potential business partners, and other characteristics of the production and marketing activities of enterprises are subject to analysis (Semenets V.V., Shynkarenko R.V., 2018). The company should have information on buying companies, competing companies, intermediary companies, neutral companies or potential buyers, with whom the company should be particularly active in order to achieve marketing goals to expand sales.

Analysis of the degree and nature of market competition, methods of marketing work of competitors.

Methods of competition include: improving the quality of goods and services, rapid updating of products, design, guarantees and after-sales services, temporary reduction of prices, payment terms and more. At the same time, such "peaceful"

methods of restricting competition as the conclusion of secret agreements on a common policy by concerns are used.

According to Porter's theory, there are three types of competitive strategies (University of Cambridge, Porter's Generic Competitive Strategies):

- cost leadership: efforts to reduce costs, including through the expansion of production (scale effect);
- differentiation: trying to achieve uniqueness in some aspect that seems important to a large number of consumers;
- focusing: focusing on a segment of the market and servicing it better and more efficiently than competitors do.

Types of competition:

1. Substantive competition, if similar goods compete (for example, cars of our company and cars of a competitor).
2. Competition by type, if competing goods of the same type (eg buses, trolleybuses, trams).
3. Functional competition, if competing goods that are designed to perform a certain function (passenger transport: aircraft, steamers, rail transport, etc.).

When studying the degree of competition in the market should not be limited to substantive competition, it is necessary to take into account the possible impact on the development of the market of one type of product and functional competition (Grozdanovska V., Jankulovski N., Bojkovska K., 2017).

Depending on the main lever of competition used by the company, competition is divided into two types. Price, which involves the use of competing firms pricing policy as the main lever of competition. In such a struggle, the winner is the one who seeks lower than the market price of the value of their products.

This is essentially a struggle to reduce production costs through the use of scientific and technological progress, scientific organization of labor, increasing its productivity. This competition can be used directly, openly, through a public announcement of lower prices for their products, and covertly, when the limit of lower

prices is not disclosed (Saylor Academy, 2012). Non-price, which involves competition for quality, not only goods but also related services, management, marketing and commercial activities. Company uses the following methods:

1. Improving product quality. It is known that one product may have different quality at different companies. The reason for this is mainly a violation of production technology. In addition to technological discipline, it is possible to use technical innovations that constitute a trade secret.

2. Use of advertising. All promotional activities are designed to attract the attention of buyers, provide them with relevant information about the consumer properties of the product, encourage the consumer to make a purchase, remind the consumer of the existence of a product. Advertising forms an idea of the quality of the product, although its consumer value often remains unchanged. Advertising focuses on trademarks and logos.

3. Conditions associated with the sale of goods. The company undertakes to repair the product, provide spare parts, and provide free consultations on the use of its product.

In the study of competing companies, special attention is paid to the study of the specifics of their marketing policy, commercial work and market actions in parallel with the capabilities and features of their own enterprise, namely:

- methods of studying markets;
- product policy, including the technology of developing new products and compiling the optimal range;
- pricing policy;
- organization of promotion channels, advertising, means of sales promotion;
- personnel policy;
- methods of negotiation;
- features of contracts, etc.

CHAPTER 1 CONCLUSIONS

The parameters of global trade are formed in a hypercompetitive environment, and information resources become the key to achieving efficiency and long-term competitiveness in global commodity and financial markets. The formation of an international business core depends on the scale and intensity of investment and innovation processes, and the motivations of all actors in the world are common.

The distribution and redistribution of value added becomes relevant in connection with changes in the technological components of the reproduction process within large firms or countries. Today, the influence of micro and macro factors determines how international business works. International business is motivated not only by profits, but also by the creation and implementation of business innovations.

Based on the studied data, it can be stated that:

- The choice of one or another way to enter a foreign market depends on many factors: the specifics of services / products, reputation and brand awareness, budget, expected volumes of orders, features of the market and the country as a whole, desired profit, etc.
- Most of market entry options is viable and tested by many Ukrainian companies. Each of them requires understanding of the situation, the support of specialists (analysts, marketers, lawyers), studying the experience of colleagues and partners, investment and a positive attitude to the result.
- Each option has its pitfalls that change location, depending on all factors that shape supply and demand, potential risks and benefits. They should be implemented exclusively within the framework of the legislation applicable to specific business relations and operations.
- Any option can be successful, because the key to the success of any decision (both to enter a new market and start a new business) is an idea that is implemented wisely and with the qualified support of specialists.

CHAPTER 2. STRATEGIC ANALYSIS OF THE ATTRACTIVENESS OF THE ITALIAN IT MARKET FOR KITSOFT

2.1. Current trends in the Ukrainian market of IT services in a changing market environment.

The information technology industry is growing at an incredible rate around the world and plays an important role for the economy not only as a source of income, but also as a driver for further economic growth in general based on the profound changes that information technology brings to various industries. The digitalisation of the economy has reached a point where the IT industry has become a strategic sector in many ways and undoubtedly offers new opportunities for trade and development. The competitiveness of different countries is now directly linked to their ability to invest in the development of the IT sector and innovate in production and management processes. In the coming years, the digitalization of services and their provision of work will largely depend on new information technologies, namely: software and hardware, information transmission and data storage.

Technologies such as the Internet of Things, robotics, artificial intelligence, cloud services, big data analysis, three-dimensional printing and many others are already changing the way modern factories operate, as well as the ways in which products are produced and services provided. This is also the case in all sectors of the economy, including agriculture, where the Internet of Things and robotics are increasing their influence, in particular on job creation and skills that are in demand.

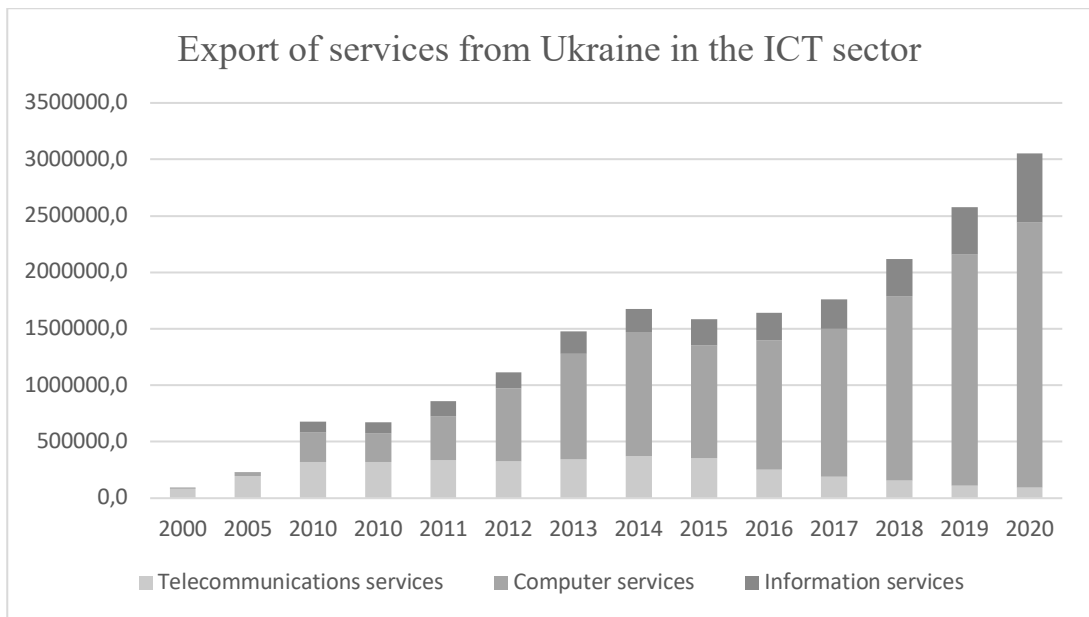
The creation of a digital economy based on the digital sector and new digital services has become a global trend, as evidenced by data on the annual growth rate of the digital sector (in double digits) in several countries (Bukht R., Khiks R., 2017.). The ability of the Internet to facilitate business operations, improve business processes, change the interaction between businesses and consumer behavior shows the unlimited opportunities for the introduction of digital technologies at all levels of production, management and acquisition of necessary skills and competencies. The digital economy encompasses the business ecosystem as a whole, including Internet

platforms, digital solutions, e-commerce platforms, digital content producers and distributors, in addition to IT and telecommunications providers.

The rapid pace of technological progress and the introduction of appropriate technologies require the solution of a number of problems. One of the challenges of using the results of technological progress is to determine how to organize the information in terms of time, and to decide how to use such information. The digital economy is growing rapidly, and the frequency of new waves of technological progress is constantly accelerating. However, this development is also a matter of great concern for data privacy and security, as the modern world is increasingly dependent on data and the quality of data processing.

Information technology accelerates the creation of added value, which requires the existence of an incentive system that would allow the country to obtain and use this resource for trade development. The digitalisation of the economy is about accelerating trade, and governments need to adapt to this acceleration and embrace it. The transition from a tangible to a digital economy will mean shifting the center of value added to the intangible sphere (software, services, data). In addition to creating added value within the country, e-government plays a critical role in reducing bureaucratic barriers and improving the efficiency of the government system, as well as indirectly in overcoming structural imbalances.

The Ukrainian IT industry is not yet among the global leaders in major areas, but has shown significant growth over the past decade (and thanks to its scientific base, fast broadband Internet, significant human capital, education system has significant potential to increase export earnings compared to other sectors economy, if it can solve the tasks set by the Strategy.



Picture 2.1. Export of services from Ukraine in ICT sector.

References: compiled by author based on: State Statistics Service (2020)

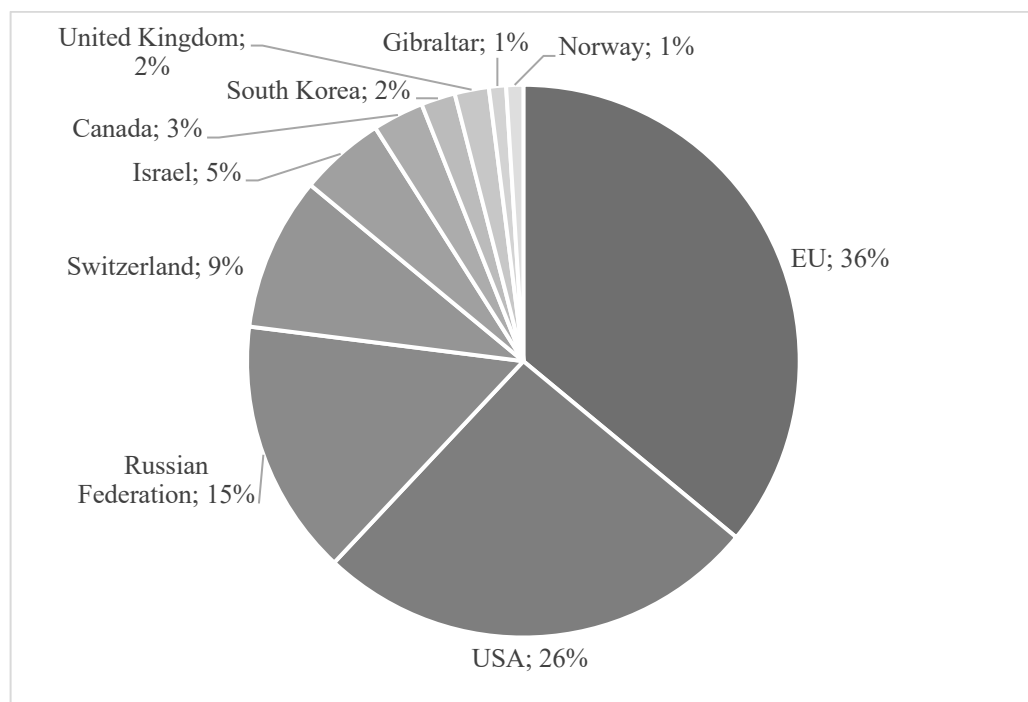
Pioneers in Ukraine's IT exports were IT outsourcing companies, which gradually became more mature providers of high value-added IT solutions. They became the main exporters of IT services and gained international recognition in 2012, the No. 1 market for outsourcing services in Central and Eastern Europe according to the Ukrainian High-Tech Initiative (Hi-Tech Initiative, 2012). It is worth noting the rapid increase in the number of IT professionals from 25,000 (2012) to 154,000 (2018) (Dou, website) .

According to the report prepared by AVentures together with partners, more than 172,000 IT specialists are already employed in the industry in 2018, and according to experts, today Ukraine is showing a growth rate of the IT services market at 20-25%. (AVentures, Aventis Capital, Capital Times, 2018). Ukraine already has more than 200,000 technicians to meet the growing global demand for software development and maintenance services. Accurate data may vary, but in any case, a trend of rapid growth can be observed (The development of Ukrainian IT industry, 2021). Other elements of the IT industry ecosystem are also gradually evolving, but their potential is not yet fully realized.

Due to a number of competitive advantages, Ukrainian IT companies providing technology services have expanded their presence in the global market. At present, it

is difficult to estimate the total number of companies in the IT sector, as many IT companies, namely technology services companies, startups and companies that develop their own software product, have their headquarters abroad. According to the latest report of the IT Association of Ukraine, there are about 4,000 companies operating in the market, of which about 2,300 are active in the labor market. The software development report, developed by AVentures in collaboration with other partners, includes 245+ companies with 50 or more employees and 750+ companies with total IT services. (AVentures, Aventis Capital, Capital Times, 2018).

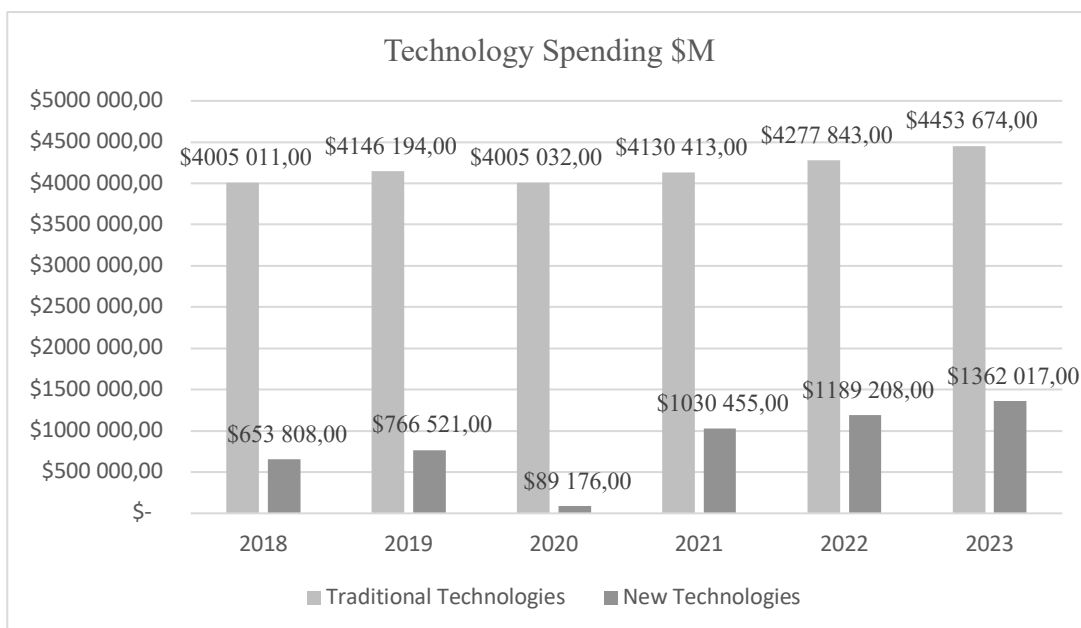
The main areas of export of information and telecommunications services of Ukrainian companies are: the EU, the United States, the Russian Federation before the war in 2022, Switzerland, Israel and others indicated in the picture 2.3.



Picture 2.2. Top importers of services from Ukraine in the sector of information and communication technologies

References: compiled by author based on; State Statistics Service (2020)

The presence in the global market, which is growing at a record pace, provides opportunities to organically increase the market share of Ukrainian IT services and products. It is important to note that the field of new technologies shows the greatest growth (Picture 2.3.), so it is not surprising that all types of companies, both service and product, focus on unlocking the potential of these technologies.



Picture 2.3. ICT spending forecast

Referenses: complied by author based on: International Data Corporation (2022)

Kitsoft is a Ukrainian company established in 2007, which develops and implements digital technologies for government agencies and commercial organizations. The Kitsoft team helps customers streamline and automate internal processes, as well as interact with consumers, and sets new industry standards that keep them one step ahead. The company's mission is to create a convenient, useful and open connection between the state and citizens (Kitsoft, official website). Kitsoft is a provider of software for government agencies and businesses. The company became famous after the creation of the state application "Diia", which simplified many processes of interaction with the state, and is essentially your digital set of documents that can be safely used in most government agencies.

The company specializes in the full cycle of development of information and analytical systems. This is:

- internal components of data storage and processing
- protection and system integration
- external interfaces

- web services
- mobile applications.

To design such products, the company conducts pre-design examinations, analyzes business processes, creates prototypes and designs solutions.

Kitsoft has experience in developing other applications related to government, more than 40 projects have been developed by the company's specialists (Kitsoft, official website).

Kitsoft is experienced in developing complex and high-loaded IT structures, low-code, BPMN, and other technologies for government and business.

“We are not just digitizing processes, but introducing new standards of interaction between the state, business, and citizens in entire industries.” said Kitsoft team on their website.

The projects developed by the company include such as:

“I have a baby” - a comprehensive service for the new-born registration.

Only one simple application and 10-15 minutes to register the birth of a child and to receive up to 9 government services from various authorities (Diia, veb-portal). Kitsoft developed the same service on DIIA both for parents and for registrars of administrative centres.

The company has also developed a range of tools for various cases:

1. Pandemic

- Entry in the vaccination waiting list helps to organize the vaccination according to age, region and risk of disease;
- Payments to entrepreneurs through lockdown — fast financial assistance for those affected by the pandemic;
- Unemployment registration — people who lost their jobs received help

2. Business

- Register business during 10 minutes for entrepreneurs and 30 minutes for corporations. No papers, clerks and lawyers needed;

- Food market services. From honey producers and coffee shop owners to large retailers, who can register their capacity;
- Services for constructors is an automatic registration of documents. Information about any object can be read by QR-code

3. Day-to-day

- Birth registration. 9 administrative services in only 1 app for a few minutes;
- Place of residence registration — applying for changing the residence with removal from the previous one;
- Public data help to interact directly with the state. The necessary information about the individual is from the public registers

The company is also involved in the development of international project. EcoSystem is a government online platform that combines both data and services for businesses and keeps society informed about ecological situation. The application has tools such as:

1. e-Forest

- electronic accounting — control of each tree
- sale of processed wood through e-auctions
- all permits in electronic format

2. Ecological map - an interactive map of the country, where citizens mark natural dumps, add photos and send appeals to the city administration in order to remove them.

3. e-Waste

- electronic waste accounting and monitoring system
- licenses for work with hazardous waste or licenses for the production of particularly hazardous chemicals
- registration of documents for transboundary movement of waste and licenses

4. e-Environment - monitoring of air, water, soil, forest fires, etc. from 60+ registers

Expertise in Interaction e-services

- Regional Project Competitions. The State Fund for Regional Development holds competitions on the platform to finance projects in the regions safely. And it distributes millions of hryvnias every year transparently.
- e-Petition for state authorities provides registration of petition, pre-moderation, monitoring of the voting process and petition review.
- e-Competitions. Non-profit organizations apply for funding for important public projects. The automatic system provides transparent selection and reporting.

To achieve its goals, the company adheres to product quality requirements and uses the latest IT and marketing tools (Cases Media, 2022):

- Accessibility standards not lower than WCAG 2.1 (W3, 2018) to take into account the interests of users with special needs
- BPM engine to manage the process of providing services and customize as flexible as possible
- Framework — Kitsoft's own product, that combines front-end and back-end. It helps create and change self-services quickly
- Low-code technologies and visual editors for creating business processes

2.2. Analysis of Kitsoft's marketing business environment in the Italian market.

The first section provides a description of the IT services market in Ukraine and key market features, as well as describes the activities of Kitsoft, its specialization and position in 2022.

To assess the company's ability to further expand, two national IT services markets were selected. To determine the prospects of the company in selected markets, this section will conduct a strategic analysis of the attractiveness of the Italian market of IT services in the business segment and the state segment.

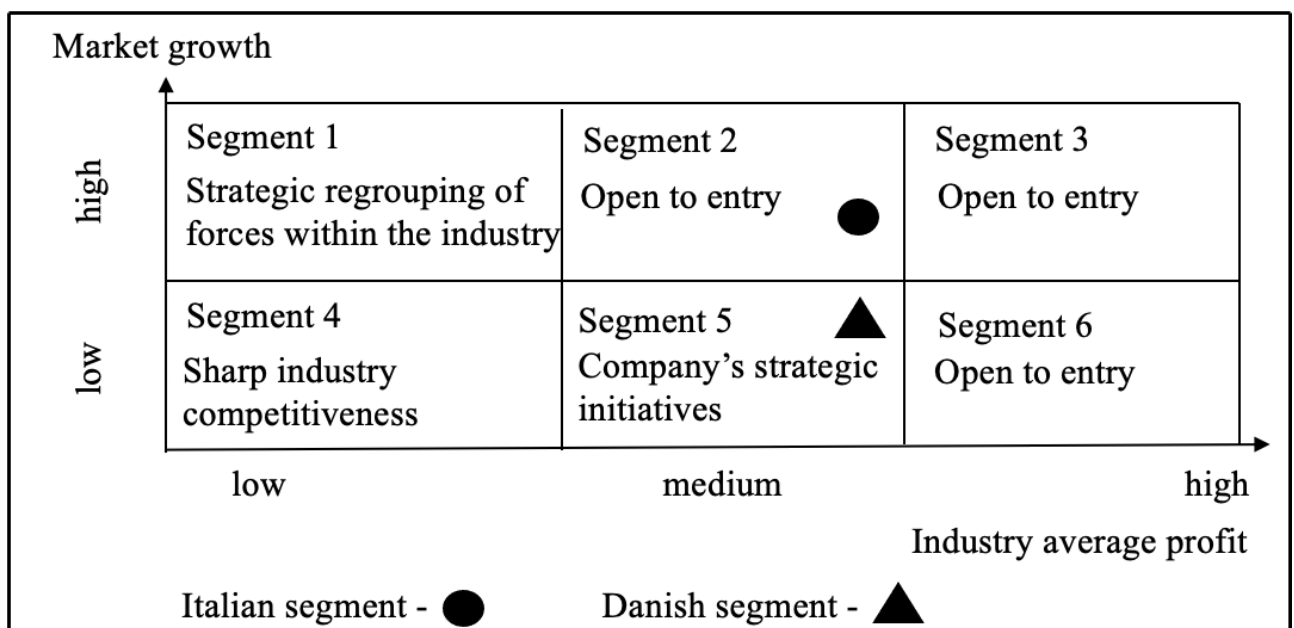
To analyze the micro environment opportunities and threats, the Porter's Five Forces model will be used. Overcoming competitive threats involves developing a strategy based on building a two-dimensional matrix to assess the strength of each threat (Harvard business review, 2022).

Porter's Five Forces is an analysis of five factors that affect a company's profits. The idea of the Porter model is that several factors affect the profitability of a business at once:

- Supplier pressure.
- Buying pressure.
- Pressure from existing competitors (domestic competition).
- The threat of new competitors.
- Substitute goods (substitutes).

The less the pressure of Porter's forces, the more chances the company has to make high profits. Conversely, the greater the pressure, the lower the profitability of the business.

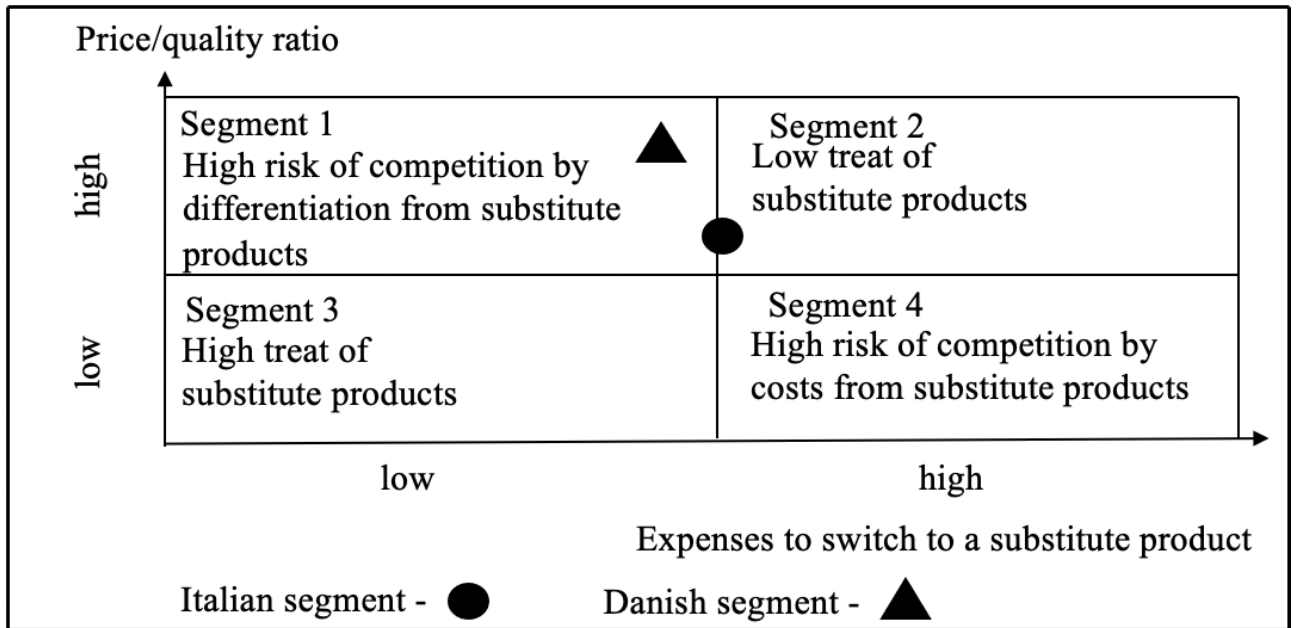
Firstly, we analyze the competitive rivalry in the industry, this will help to understand how much the market is growing and what benefits can be obtained by choosing it. Competitive rivalry within the industry is shown on Picture 2.1.



Picture 2.4. Competitive rivalry within the global market of IT services

Source: developed on the basis of author's researches

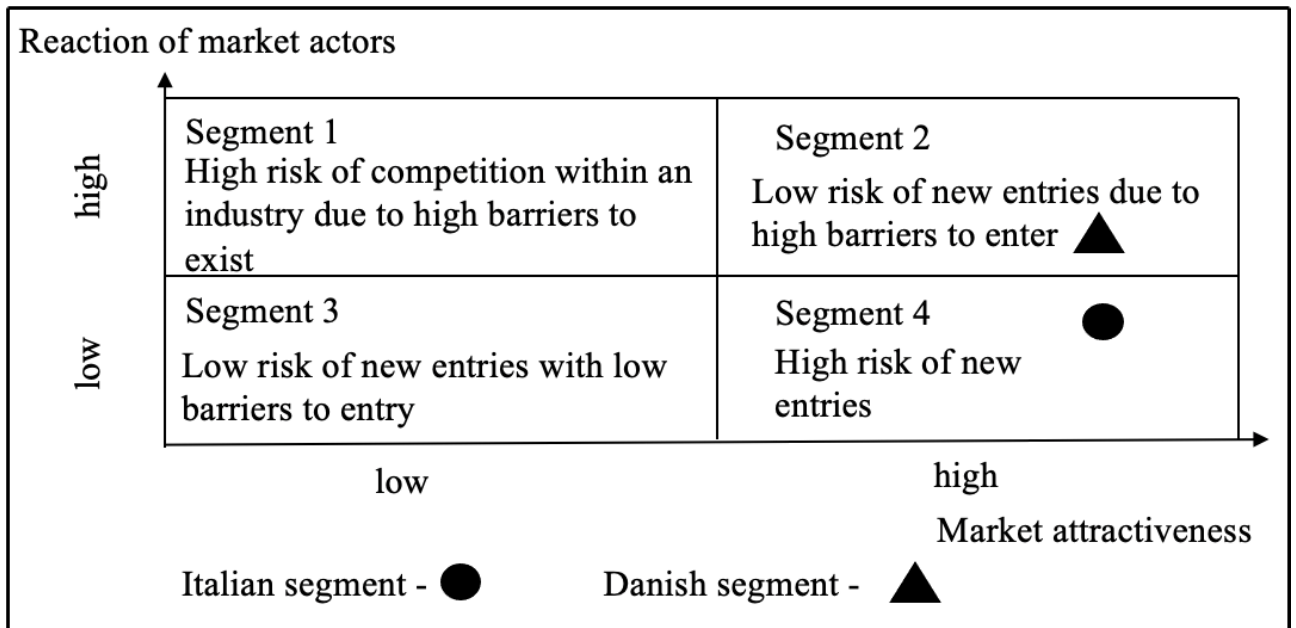
As we can see, in both markets the industry brings quite a lot of benefits, but the growth rate of the IT market is different [31]. The threat of substitute products was further analyzed Picture 2.5.



Picture 2.5. Threat of substitute products in the global market of IT services

Source: developed on the basis of author's researches

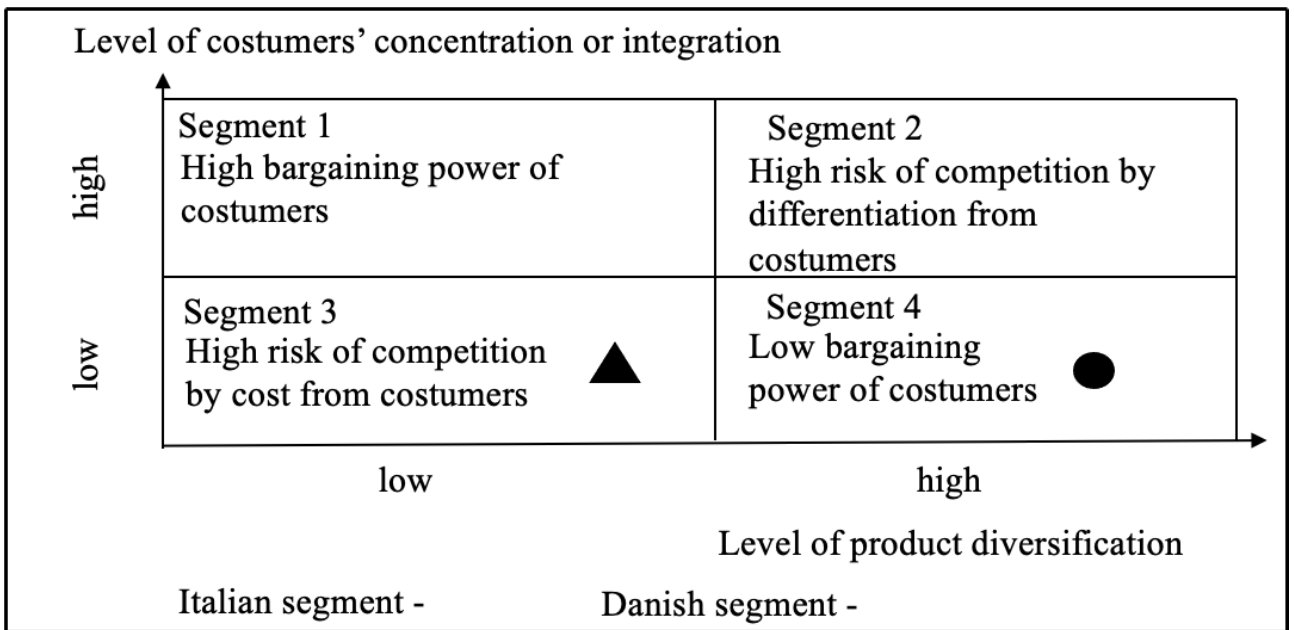
Thus, Picture 2.5. shows that the Italian and Danish markets for IT services for government and business are in different segments. The Italian market is characterized by the competitiveness of the product offer with the average cost of switching to a substitute product. Thus, the company needs to prove that its product is better and of better quality. At the same time, the Danish market is more competitive and requires more effort from the company.



Picture 2.6. Threat of new entrants in the global market of IT services
 Source: developed on the basis of author's researches

Thus, picture 2.6. shows that the Italian and IT services markets for government and business are in segments 2 and 4. The 4th segment is open to new companies. The industry is attractive, but existing businesses do not react harshly to new invasions. This is due to the development of the market, when companies focus on the rapid conquest of large market shares, rather than on the actions of competitors. In addition, they do not yet have sufficient market power to respond harshly to new invasions. In the 2nd segment, the situation is more tense, due to a large number of competitors, the reaction to the new company's entry of the market will be stronger.

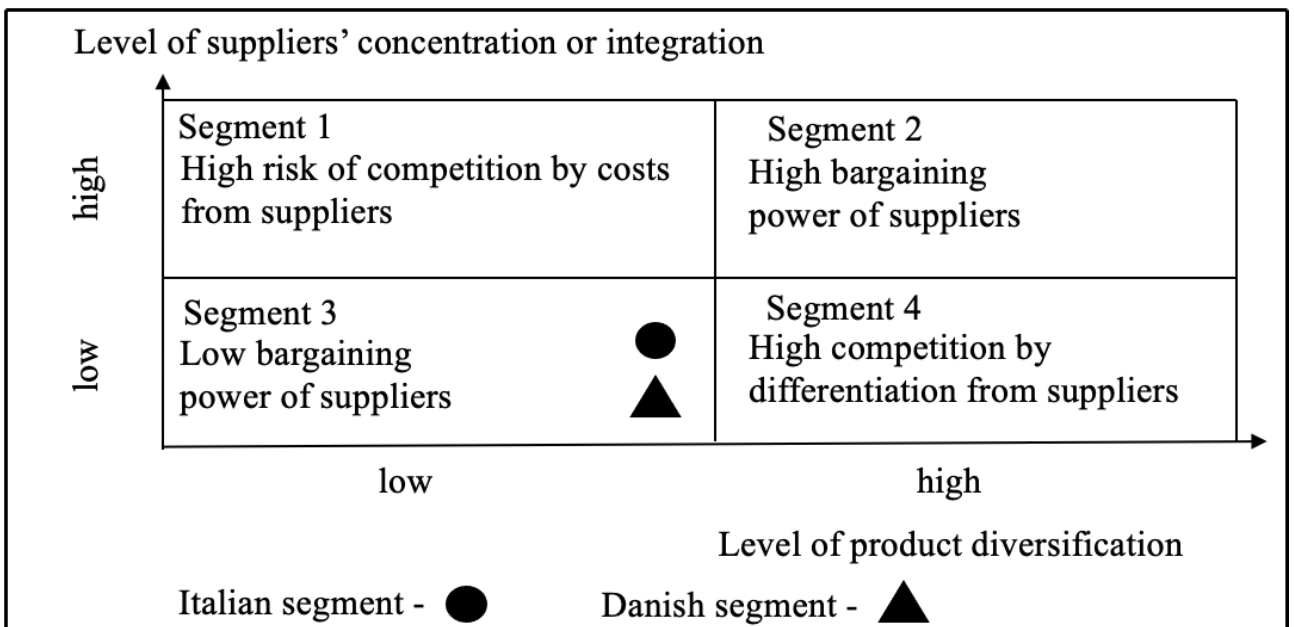
In picture 2.7. we see that both markets are in different segments, in the Italian market there are not many companies that offer similar services to those offered by Kitsoft. However, if we pay attention to the Danish market, the situation there is less favorable, because there are many more companies that have developed in this direction.



Picture 2.7. Bargaining power of customers in the global market of IT services for state and business

Source: developed on the basis of author's researches

The bargaining power of suppliers is shown on Picture 2.8.



Picture 2.8. Bargaining power of suppliers in the global market of IT services for state and business

Source: developed on the basis of author's researches

Due to the fact that the company operates in the IT sector and can work remotely, and the cost of equipment can be ordered anywhere, the market power of suppliers is

quite low and does not affect the company in selected markets (Outsourcing Process and Theories, May 4 to May 7, 2007).

Below are the results of a study of the impact of marketing factors on “Kitsoft”.

Table 2.1.

Final assessment of micro environment factors on both markets

№	Factor	Evaluation criteria			Current evaluation	
		Low (0,0-3,3)	Medium (3,4-6,6)	High (6,7-10,0)	Italy	Denmark
Market threats						
1.	Threat of new entrants	in segment 3	in segment 1, 2	in segment 4, 5	4,5	7,5
2.	Bargaining power of customers	in segment 4	in segment 2, 3	in segment 1	3	6
3.	Competitive rivalry within the industry	in segment 2, 3, 6	in segment 1, 5	in segment 4	3	5
4.	Bargaining power of suppliers	in segment 3	in segment 1, 4	in segment 2	3	3,3
5.	Threat of substitute products	in segment 2	in segment 1, 4	in segment 3	3	6
Total					16,5	27,8
0 - 15		Low level of overall threats				
16 - 25		Medium level of overall threats				
> 25		High level of overall threats				

Source: developed on the basis of author's researches

The enterprise and its suppliers, marketing intermediaries, customers, competitors, and contact audiences operate in a larger macro-environment of forces that either open up new opportunities or threaten the enterprise with new troubles. These forces are beyond the control of the enterprise, but the company can closely monitor and respond to their actions. The macroenvironment is composed of six main forces.

In our case it is better to use Starostina’s approach, which includes following groups of macro factors (Starostina A. O. 2012):

- political & legal (can be placed in one group);
- economic;

- demographic;
- sociocultural;
- technological;
- environmental (also natural).

Below are seven macro-environmental factors that can affect the company's performance in percentage terms Table 2.2.

Table 2.2.

Weighted coefficients for the groups of macro factors for Kitsoft

Factors, groups	Weighted coefficient
Political, legal	0,25
Technological	0,25
Economic	0,20
Sociocultural	0,15
Demographic	0,15
Natural	0
Total	1

Source: developed on the basis of author's researches

Based on the data in the table, we see that the greatest influence is political and technological factors. The reason for this is that the company supplies IT products and cooperates with government agencies, which makes it dependent on the level of technology development in the country and the level of government support for various initiatives related to IT transformation. The next are economic factors, they affect the financing of projects and the willingness of customers to cooperate. The third factors are cultural and demographic, they affect the readiness of the market for new IT solutions and make it possible to understand the peculiarities of the preferences of local people for certain products.

Below can be seen an assessment of the influence of factors in the macro environment of the digital transformation market of the state and business Table 2.3.

Table 2.3.

Assessment of the influence of factors in the macro environment of the digital transformation market of the state and business

№	Factor	What is the manifestation of the factor	Opportunity / Threat	Demand / Supply
1	The level of state support for business (Political)	Growing demand for services among businesses	Opportunity	Demand
2	Economic crisis (Economic)	Lack of business flexibility and resilience + high debts	Threat	Supply
3	Average age of the population (Demographic)	The possibility of an age barrier for the acceptance of the digitalized version of the state. Slow products promotion.	Threat	Demand
4	Popularity of mobile applications (Technological)	The growing popularity of mobile applications	Opportunity	Demand
5	Internet availability in different regions (Technological)	Network coverage different regions	Opportunity	Supply
6	e-government initiatives (Political and legal)	The need for digital solutions and their legal support and funding by the government	Opportunity	Demand

Source: developed on the basis of author's researches

Therefore, having studied the impact of factors on the company's activities, the Final assessment of the influence of threats and opportunities of factors with weighted evaluation has been developed (Appendix A.) with a more detailed analysis of the impact of these factors and ways to address threats

First, start with government support, as we see it is at a medium level and provides financial support to new companies, Kitsoft can use this support as a source of additional funding.

The popularity of mobile applications is an important factor for a company entering a new market, it is a platform for both active marketing and the use of the application as a whole.

Internet coverage is available almost all over the country, in fact there is no city or village in Italy where there are problems with this. This will allow the application to spread faster and more people will be able to evaluate it at launch.

The threats include two:

Economic crisis and average age of residents. During the economic crisis, there is a significant chance that funding for such projects will be greatly reduced.

If the aging population is too high, the company may face distribution problems, and by overcoming this problem, creating an application is as simple as possible.

A comparison of the impact of factors in both potential markets for Kitsoft was also made (Appendix B.)

As you can see, Italy as an entry market for Kitsoft is more promising than Denmark. Both markets offer their strengths to operate and also have their threats. Italy has good internet coverage, a fairly high level of integration of the population into the digital community and offers good support from the government, but the country has an unfavorable economic situation compared to Denmark (US. Department of State, 2021). In contrast to Italy, Denmark has slightly worse internet coverage (Our world in data, website), better support from the state and at the same time smaller aging population but overall population also much smaller (World Data, 2020.). The overall popularity of mobile applications in Denmark is slightly lower and this makes the market less favorable for the company including high competition. A significant advantage for Denmark is the lower chance of financial crisis in the country, which gives confidence in stable cash flows.

2.3. Analysis of the competitive environment of the Ukrainian company in the Italian market of IT services.

Today, Italy is a promising market for companies such as Kitsoft, because in the plan for the development of digital infrastructure for 2022-2024 (Strategic Programme on Artificial Intelligence, 2021), the Italian government said that during this period will invest a significant share of the budget in the digital transformation of government agencies and facilitate interaction. with the government. To compare the two markets,

Italy and Denmark were selected as countries with already developed IT markets in both government services and business solutions. The following are the prospects for the DPM matrix in both markets based on the company's experience in the Ukrainian market (Appendix C.)

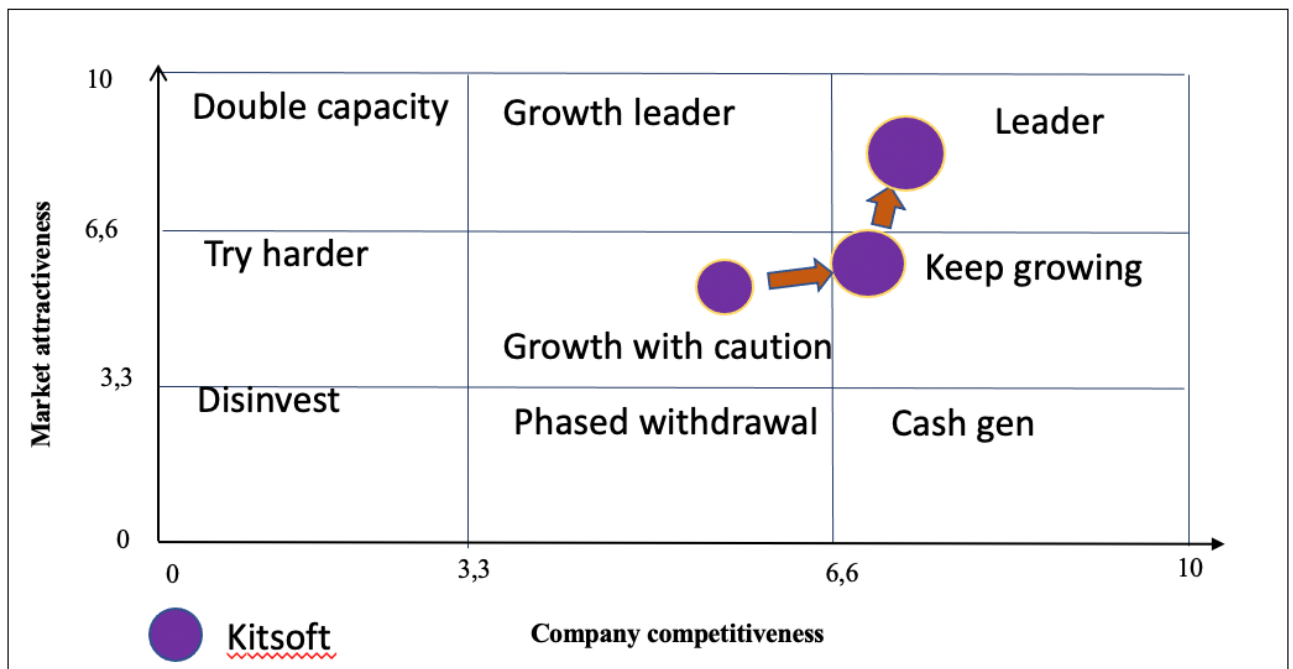
Comparing the company's prospects in the two markets, we can conclude that the Italian market is more promising for Kitsoft. In particular, the influential factor is the high level of state support for digital transformation according to the development plan, this factor is already important for a company that wants to offer a product that meets the needs of potential customers. The second no less important factor is the number of substitute products. There are many companies in the Danish market that develop solutions for government and business (Gerard O'Dwyer, 2018), and in fact it will be a leap into the "bloody ocean", but in the situation with the Italian market everything is much easier, this market is not yet developed and major players do not have enough experience to compete with Kitsoft. The third factor that influenced the choice of potential market is the level of quality of developments in both markets. Since the Danish market is already saturated with such products, there is not only a marketing war, but also a pursuit of product quality that the company can offer. In the Italian market, due to lack of experience, the barriers of quality are still low and to enter this market with a product of medium quality and finishing it later - is quite real.

Next, an assessment of individual factors to understand the company's capabilities now and in the future. Factors include: employee qualifications, price of services, level of innovation of the company, product quality, interaction with customers and the company's reputation (Meldrum, M., McDonald, M., 1995). Based on this table (Appendix D.), it will be possible to draw conclusions about the company's competitiveness in the selected market based on the DPM model.

Based on the data obtained after the analysis of competitiveness factors according to the DPM matrix, it can be concluded that the company has significant experience in creating applications focused on both business and government. Since the company is based in Ukraine, prices for services are lower than in European companies, but this does not worsen the quality of the company's products

(Cybervision tech, website; Lauren Soucy, 8 Top Countries for Outsourcing). Regarding the IT market, Kitsoft creates high quality products with the implementation of its own tools to improve the user experience of interaction. At the same time, the company has an insufficient level of interaction with customers and a fairly average development of communications and brand promotion.

Based on the data obtained from the analysis of market attractiveness and the data obtained from the analysis of the company's competitiveness in the selected market, the DPM matrix is presented below Picture 2.6.



Picture 2.9. DPM matrix for Kitsoft

Source: developed on the basis of author's researches

Picture 2.9. shows Kitsoft's position in entering the market and its further development. In the beginning, the company is in the column "growth with caution", this is the starting position because the company entering the market will meet with many factors of the competitive environment that can affect further development. At this stage, the company should focus on avoiding problems with further growth by choosing the right target market. Then the company moves to the category of "keep growing", where after successful integration into the Italian market, should expand the range of services offered. In this way, the company will be able to strengthen its market position, expand its staff and participate in more complex projects. At this stage, it is

important not to lose the initiative and invest in the development of marketing to enhance the effect of "presence" in the market. The final stage of the company's development in the market is the "leader".

The company will be able to participate in projects of high complexity, because it will have an established brand that will help promote the company's products and allow it to choose more favorable conditions. This is an important stage of development because it shows that the company was able to finally establish itself in its chosen segment and can further expand with a core specialization that acts as a cash generator which will be an important support.

Analysis of potential competitors

The following Table 2.4. is a comparison of Kitsoft with potential competitors. To better understand the company's position in the potential market, three Italian companies were selected that differ in size and capabilities. This analysis will reveal some of the weaknesses and strengths of Kitsoft and help understand the company's market potential.

Table 2.4.

Kitsoft potential competitors

Indicators	Kitsoft	Alphonic Network Solutions	Altar.io	Kuchoriya Softwares Inc.
Hourly rates	9 (20-25\$)	6 (45-65)	5 (50-99)	8 (25-35)
Market experience	7 (10+years)	7 (10+years)	3 (5+ years)	7 (10+ years)
Brand	4	6	6	6
Range(variety) of services	3 (gov and business solutions and apps)	4 (platforms dev + website)	3 (mobile + cloud)	4 (platforms dev + website)

Employees	4 (50-100)	5 (100-250)	3 (20-50)	5 (100-250)
Employee Ratings	9 (4,7 according to dou)	9 (4,8 according to glassdoor)	10 (5 points according to goodfirms)	10 (5 points according to goodfirms)
TOTAL	36	37	30	40

Source: developed on the basis of author's researches

Several comparison criteria were chosen:

1. Hourly pay in Ukrainian companies differs significantly from Italian ones (Pay Lab. Salaries on positions in Italy). First, Ukraine almost never pays by the hour and prefers a fixed salary per month, but comparing information based on companies' data on wages and giving other costs per worker, it turns out that Kitsoft wages compared to Italian competitors lower (Pay Lab. Gross salary range for people working in Ukraine in Information Technology.). This is influenced by many factors, including the fact that the IT market in Ukraine is still developing and most companies are outsourcing.
2. Experience in the IT market is an important advantage for the company. In the face of global competition, customers are more likely to prefer companies with experience, because they can hope that the project will be performed by more experienced workers and will be of better quality.
3. Nowadays, a company's brand is an important part of it, it needs to be developed so that it can later work for the company itself. Kitsoft has begun to grow its brand with the launch of the "Diia" application. This gives the false impression that the company allegedly specializes in only one area, however, Kitsoft employs experienced developers with a large number of different projects behind them. Therefore, here the company loses to competitors, because they have developed their brand more.
4. The range of the company's services and its specialization is what the company is associated with, what customers will apply for and what they expect to receive. Kitsoft has a narrower specialization, and although the company can fulfill

different orders, it is best to develop applications and services related to the interaction of business and government. The company's competitors (Good Firms, official website) have a wider range of services and are therefore more versatile, but among the nearest competitors there are those who can afford a large number of specializations, it is mostly 3-4 main areas.

5. Number of employees. This factor is very important if the company seeks to work on several projects at the same time. Kitsoft is currently working to improve the applications created for the Ukrainian government and cannot leave its major projects. However, given the number of employees, which is about eighty employees, the company can participate in joint projects with Italian customers, or provide consulting services. After the war, the company may expand the staff and then be able to fully operate in foreign markets. As for competitors, Altar has a rather small number of employees while two other companies have a large number of employees and can take more projects at the same time (Good Firms, official website).
6. The rating of employee reviews of the company is an important aspect when familiarizing yourself with the company, both for potential employees and for consumers and customers. The high rating indicates the attitude of the company's management to its employees and the atmosphere in the team. All four companies have a high rating, which tells us about the high skills of managers in building a healthy work environment.

In general, Kitsoft does not lag behind the participants, and due to the difference in wages, and experienced employees, has an advantage over competitors.

The next step will be to compare the performance of companies in the implementation of projects Table 2.5.

Table 2.5.

Projects comparison

Indicators	Kitsoft	Alphonic Network Solutions	Altar.io	Kuchoriya Softwares Inc.
Number of projects	4 (50+)	6 (200+)	4 (50+)	6 (200+)
Time spent avg	4 (3-6m)	6 (1-3m)	5 (2-4m)	6 (1-3m)
Quality	8 (high quality and stable work)	7 (good quality and stable work)	7 (good quality and stable work)	7 (good quality and stable work)
Data protection	10	6	7	6
Design	8	8	7	8
TOTAL	34	33	30	33

Source: developed on the basis of author's researches

For comparison of companies, several criteria have been selected, namely: the number of projects in the company portfolio, the average time spent on the minimum norm for launching the project and the quality of the project completed (subjective assessment)

1. The number of projects developed by the company has a significant role in the impression for a potential client. When choosing a partner or contractor, they prefer the company that has more experience in its field and will be able to accurately meet the needs of the customer. Kitsoft has completed more than fifty projects of varying complexity, at the same time, competitors have already up to

two hundred of projects, which makes them more attractive to the customer at first glance, but the company's assessment is not correct in the number of projects.

2. The second important factor is the time the company spends on average, it can vary depending on the complexity of the project, but taking into account the basic projects in which companies specialize, we have the following results: Kitsoft spends three or more months. This is due to the specifics of the area where the company operates, when creating applications that are aimed at improving the interaction of business and government agencies, you need to carefully study the specifics of the market and the legal field. Competing companies spend less time due to staffing or lower project complexity.
3. The third factor is the quality of completed projects. Returning to the above, “Kitsoft” must adhere to the highest standards when creating a product for its customer, at the same time, competitors work more on business orders and the quality bar is usually slightly lower, although again it depends on the project.
4. Information security is one of the most important parameters in the development of modern IT products, especially when they are aimed at storing and using documents. Kitsoft has proven that the company's products are well protected. During the war in Ukraine, Russian hackers tried many times to hack the state web portal and gain access to information, but they failed. Thus, it is clear that the company pays special attention to this aspect when creating its products.
5. Application design plays an important role in attracting users. Good design helps the consumer to navigate faster in the company's products and use them more efficiently.

CHAPTER 2 CONSLUSIONS

Kitsoft is a company that has been developing in the Ukrainian market for fifteen years, during which time it has developed more than forty full-fledged projects for the public sector and many smaller projects for business. The company has established itself in the Ukrainian market and has a stable profit for several years in a row.

It is clear that in recent years Kitsoft has focused more on government agencies in the development of its applications, and for this it adheres to the highest quality standards to ensure the proper functionality of its products.

When choosing a market for international expansion, the company should focus primarily on the needs of the market in its services. For countries with already highly developed IT, the company's professional experience is not much different from that of local companies, and when it comes to internal market characteristics, it will have to be a lagging player for some time. Thus, the best choice for Kitsoft is a country with a sufficiently developed market, so that there is a need for more innovative approaches, and so that there is still room for the company to implement its ideas and tools.

After assessing the attractiveness of the market according to the approach of Professor Starostina A.O., the impact of macro-environmental factors on the company was assessed when it entered the market where it became clear that the company depends more on factors such as:

- government support for IT companies in its market
- risks of financial crisis in the near future, which will also affect the demand for Kitsoft services
- technological constraints that directly affect the potential expansion of the user base.

It is obvious that the war will also have an impact on the development of the global IT industry, the development of reliable data storage systems, information transfer, etc., will be in even greater demand.

To assess the impact of microenvironmental factors, the DPM matrix was used. This approach allowed to compare certain parameters in the markets of Italy and Denmark and helped to choose a more suitable market for the company. These included such as:

- recovery rate after covid-19
- the number of substitute products on the market that will affect Kitsoft's competitiveness
- Overall demand for IT solutions in the market and others.

Thus, the choice of the Italian market became more obvious and for further evaluation, Kitsoft's capabilities were compared with local companies. The analysis of competitors showed that the Company has opportunities for successful development in the market and will be able to develop to strengthen its competitive position by moving from the category of growth with caution to the category of leader.

CHAPTER 3. DEVELOPMENT AND IMPLEMENTATION OF A STRATEGY FOR ENTERING THE ITALIAN IT SERVICES MARKET FOR KITSOFT

3.1. Choosing the form of Kitsoft's entry into the Italian IT services market.

The main purpose of this section is to choose the form of Kitsoft's entry into the selected market and the rationale for this choice. The first step is to find out what the company can do on the foreign market and what is better to keep on the market. As mentioned in the second section, the company previously specialized in products for business, and later moved to the development of products related to the digitalization of government agencies in order to improve their work and accelerate the interaction of citizens and businesses with the state.

Such developments have a positive effect on economic development because they reduce the number of bureaucratic procedures to a minimum and accelerate the development of companies in the market. Such a product of the company is the application “Diia business”, which is part of the “Diia”. “Diia business” helps small and medium-sized businesses to develop not only in the national market, but also to find ways for Ukrainian companies to enter international markets, which has become easier after the removal of barrier restrictions during hostilities in Ukraine. “Diia business” has three stages for business development:

- 1) "Dream of starting a business" - the initial stage for future business, it reveals such topics as the path of the entrepreneur, the search for ideas, advice from the business community and more.
- 2) "Starting a business" is the second stage where free online and offline consultations, a list of services and opportunities, directories for entrepreneurs, etc. are already provided.
- 3) "I manage / have a business" - the third stage where for already formed enterprises provide opportunities for self-testing, consulting. At this stage, they also offer a list of exhibitions on the topic of interest to the user, as well as a map of consumer infrastructure support.

At all three stages, a number of courses are offered at the national online school for entrepreneurs, as well as free consultations.

An analogue of such an application can be developed for the Italian market with the support of the Italian government. This is only part of the "Diia" application and opens up a whole range of opportunities for users.

In this case, the company can be represented in the Italian market in one of the following forms:

1. Indirect export, ie the provision of services by a Ukrainian company to a foreign customer who uses the result of services provided in their own activities. This option does not require opening an office in the country where the company wants to enter the market (Saylor Academy, 2012), but the range of opportunities for Kitsoft will be much smaller.
2. Licensing. This model is not traditional in the IT field, but has a right to exist. This option is especially relevant for companies that develop certain useful services that may operate in different countries, namely the services of Kitsoft

By selling its name, business process information and support, Kitsoft can gain many benefits: fast entry into a foreign market, popularity, fame, product adaptation to another country's market, and more.

An alternative to entering a foreign market is to establish a subsidiary of Kitsoft in another country. If company has sufficient financial resources, after obtaining a satisfactory assessment of the market in which it plan to enter, the option of business expansion can be considered (Dou, official website). After analyzing the market in the second chapter, it became clear that the market is promising for Kitsoft, but the question of financial nature still remains open.

In this case, there are two options - registering a new company in Italy, where potential contractors are located, or choosing a neutral jurisdiction with a solid reputation, favorable investment climate and convenient business rules (Lomyichuk V., 2015.). Unlike working with a business partner, the subsidiary company will be fully controlled by Kitsoft. The subsidiary company will be able to build its own

reputation, find customers and consolidate its status in a foreign market of interest to business in general. However, this option requires significant investment, which makes it expensive. Creating a company from scratch takes a long time (not registration, but an image that will "sell" IT services), and investment will not soon be able to justify itself. Thus, the organization of a subsidiary is rational only if Kitsoft will be able to obtain additional funding, because there is already a market analysis, potential customers are government agencies and companies. These are three options for the company to enter a foreign market in the scenario when the company will offer its ready-made products for the Italian market. The most realistic in this case will be the implementation of indirect exports and services for the development, adaptation and implementation of the company's product (Corporate Finance Institute, website). Kitsoft also has the ability to provide paid consulting services and oversee the product development process. To do this, you need to work closely with Italian specialists to properly adjust the product to market needs. When leaving the company in this scenario, the market development strategy will be used Picture 3.1.

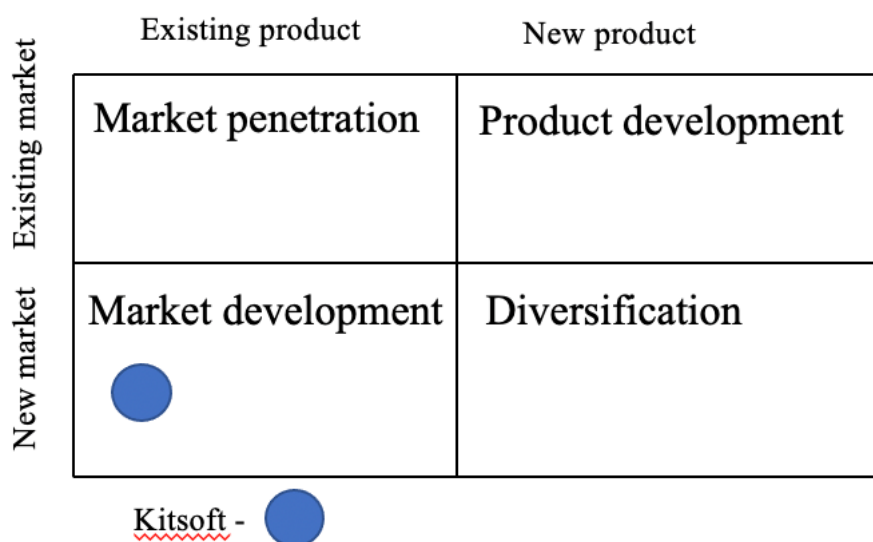


Figure 3.1: Ansoff matrix for the first scenario.

Source: developed on the basis of author's researches

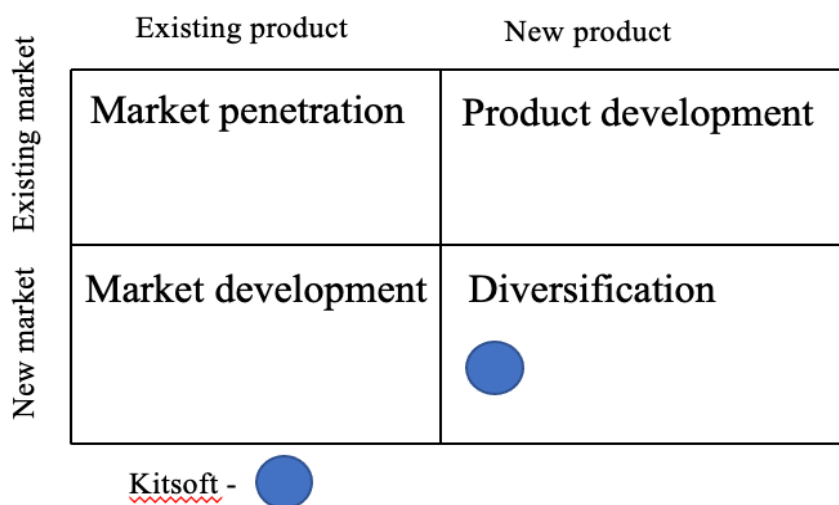
In this way, the company will significantly reduce the risk of large financial losses and will be able to successfully develop its brand until it is ready to enter the market by establishing a subsidiary.

The option for Kitsoft to enter the Italian market in the second scenario is to involve a partner in the process of providing IT services. For the effective implementation of this option, it is necessary to have a reliable partner in the country targeted by the Ukrainian IT company. This option is quite profitable for Kitsoft, because through a foreign partner, especially with a solid reputation and "name", it is easier to attract investment and sell its product abroad.

Today, attracting partners to enter the international market is especially common among B2B companies, which find it difficult to calculate all the features of another market, so it is logical to use the experience of a local partner, who will be largely responsible for marketing and sales.

This option is appropriate when there are certain barriers between the Ukrainian company and the foreign customer (political, cultural, economic). Working through a reliable partner allows you to combine resources and connections, which increases the chance of long-term and profitable play in foreign markets. However, there are some risks. In particular, a partnership always involves a divergence of opinion, which can complicate the necessary business decisions, and in some cases the partner may become a competitor (especially in the absence of a well-written detailed partnership / cooperation contract).

Based on this form of entering the Italian market of IT services for business, the strategy for entering the market is determined Picture 3.2.



Picture 3.2: Ansoff matrix for the second scenario

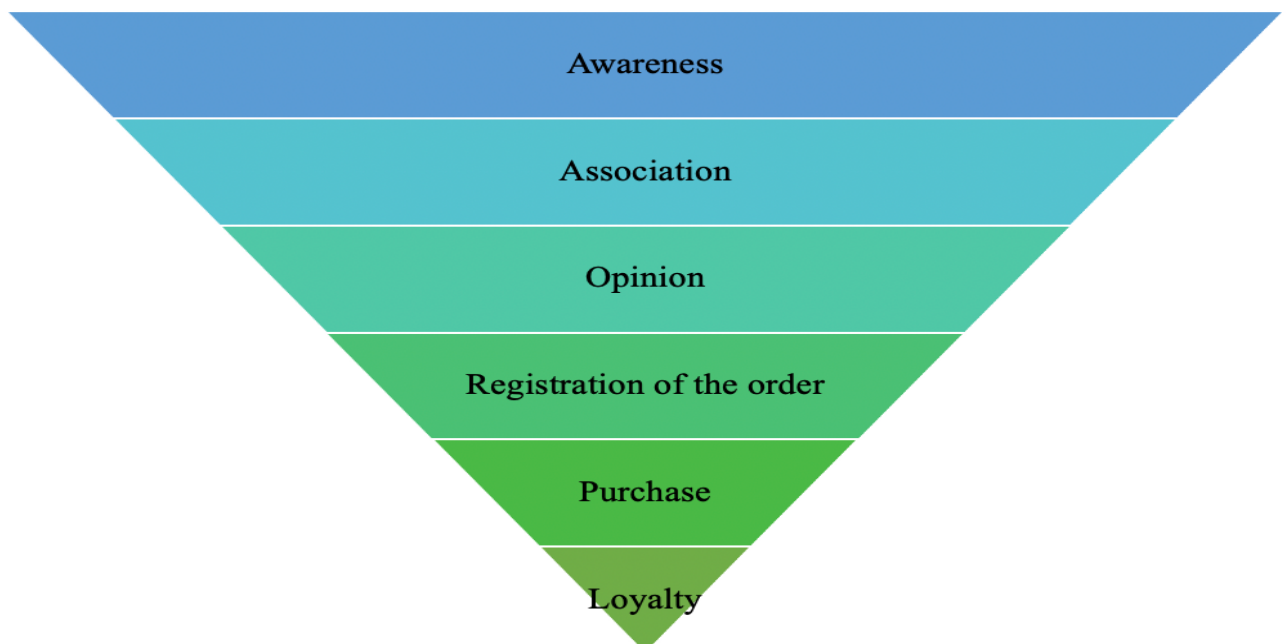
Source: developed on the basis of author's researches

Under this strategy, the company will develop a new product based on its core products (Corporate Finance Institute, website), ie create using existing tools and templates. Thus, together with the partner company, Kitsoft will be able to launch an application that will be high quality and useful for consumers and at the same time the company will save a lot of money on advertising campaigns, work with documents, market research, etc.

3.2. Development of a promotion strategy for the Kitsoft company

The difficulty of promoting an IT service is that it requires both a high level of consumer awareness of specific technologies related to the service, and a corresponding demonstration of the capabilities and unique features of IT product development (Web Machine, website). This, in turn, requires from the sales department flexibility in approaching each client, excellent knowledge of the situation, market pricing, effective selection of tools for promotion.

Based on the above, we will consider which marketing communications should support the process of providing IT services to Kitsoft. Based on this study, we apply the following model Picture 3.3.



Picture 3.3. Sales Funnel

Source: compiled by author based on: Hlushkov D., (2018)

The sales funnel is the main tool that clearly demonstrates the state of efficiency of the business process in the company. Based on the components of the business process of providing IT services, as well as the stages of the customer's passage through the sales funnel, it becomes possible to select the necessary marketing communication tools Table 3.1.

Table 3.1.

Application of marketing communication tools based on the sales funnel

Stage of the business process of providing IT services	Sales funnel stage	Marketing communication tool
Preparation	awareness	Publications in publications, placement of information materials on thematic Internet resources, speeches and presentations at thematic events
negotiations	Association	Placing information on the company's website, partnership development
Designing of the project	Opinion	Analytical reviews, presentations, demonstrations
Product creation	Registration of the order	Advising clients, selling their products / services
Product introduction	Purchase	consultations and information support
product support	Loyalty	consultations and support

Source: developed on the basis of author's researches

At each stage of the customer's passage of the sales funnel and his decision to purchase must be carefully selected means of communication, forms of submission, taking into account the conditions of communication (Hlushkov D., 2018).

The consumer needs to choose from several proposals the most suitable option that will best solve the problem. Therefore, the offer of IT services should be accompanied by detailed and individualized consultations.

By selecting relevant forms and means of communication with the consumer at each stage, company can move it faster through its sales funnel, providing specialized information and increasing motivation to place an order (Top Lad, website).

Considering the market of IT services, it should be noted that companies use similar means of promotion as other companies representing different product markets. Among the most common are: advertising, direct consulting of users, dissemination of reference information with the technical characteristics of the product.

Given the features and characteristics of IT services, we can conclude that Kitsoft should use PR tools to promote their products.

The main PR tools include specialized exhibitions, thematic seminars, various presentations, demonstrations, participation of the company's specialists in the conference, providing trial versions of applications or software developed by the company for temporary use to explore opportunities and much more.

Industry exhibitions are the most powerful tool. At such events there are both fairly large and few, mostly specialized, exhibitions. By participating in such events, it is possible to attract sponsors for future projects, enter into profitable partnerships, etc.

The exhibition for each company is a heavy workload that requires considerable expenditure of material resources and physical energy. However, all these costs are recouped with proper planning and organization of exhibition activities.

Also among the PR tools are thematic seminars and presentations. The principle of their action is similar to an advertising article in the press, which, on the one hand, talks about methods of solving the problem, and on the other hand, promotes ready-made tools to solve the problem. Here the most important is the well-thought-out choice of the invited audience in terms of further cooperation (Romanov A.A., Panko A.V., 2006.).

Promotion via the Internet (advertising, placement of information in specialized directories) is one of the most powerful. More and more companies are turning to it because, among all other methods, it is characterized by low costs, high coverage of potential audiences and a fairly quick response from the buyer. This approach can be used in both scenarios of entering the Italian market, on the one hand, to disseminate information about the latest solutions for government interaction with business and citizens, and on the other hand, to promote applications that will be created in partnership with Italian companies.

The main methods of effective Internet promotion of IT products include: placing information in specialized Web-catalogs, creating and maintaining a corporate Web-site or Web-portal with a detailed database of technical characteristics of the product and the possibility of interactive sales. This approach has shown its effectiveness in the Ukrainian market, successful adaptation will lead to results in Italy. Already, every third consumer decides to buy / download after carefully reviewing the characteristics of the product on the official website of the company.

Speaking of methods of promotion on the Internet, it should be noted that most companies successfully combine different methods of promotion, using both search engine optimization and contextual advertising on search networks. In addition, for small companies, a very effective method of promotion is direct advertising on forums and websites of web orders, where there is an opportunity to find a customer. However, such advertising is effective only for small companies that have a limited number of orders and are able to perform any task without failure. Large IT companies spend more on optimizing and updating ads on various order sites than they earn on this type of promotion.

It should be noted that Kitsoft tries to be as close as possible to its customers, so they have official pages on popular social networks. This method of communication helps the company to be open to dialogue, inform about the latest news of its activities to existing customers, as well as attract new ones, forming a positive brand image.

In addition to the above means of promotion on the Internet, managers of IT companies are developing thematic mailings of information about the company and products, the so-called e-mail marketing, which is currently one of the most effective and inexpensive advertising tools. The average number of link references in the letter for IT services is 3.5%, which is one of the highest rates among other industries (E-mailmarketing, website), in some cases Kitsoft can use this approach, but it should be done carefully, because it can be annoying potential users.

An important factor for the successful promotion of IT services is the availability of valid certificates, patents and examples of positive use. In addition to obtaining the relevant document, an important goal of certification is a thorough inspection by the

certification body, can significantly reduce the probability of vulnerabilities and ensure the provision of quality services in the implementation of the TOR.

As for the positive use, it is necessary to establish close contact with existing customers who have been provided with high-quality IT service that meets all requirements. And then demonstrate pre-orders as one of the best in the company's portfolio.

To understand the audience's attitude to existing and future projects, it is important to conduct surveys (Appendix E.) After conducting a survey among 67 respondents, we have the following results:

5.75% of respondents have 1-3 hours of screen time per day, 37.31% spend 4-5 hours, 11.94% - 6 or more hours. These data show how the audience spends their time, we can see that with the growing pace of digitalization is not surprising the fact that most use smartphones a third of the day, it can be for various reasons, entertainment, work and so on.

79.10% of respondents use applications to save their documents on the phone in digital form, so we can conclude that this is a popular type of application and there is a demand for it, and later this figure will grow.

In 51% of the answers the respondents chose the lack of advertising and the quality of the application as important factors, in 31% they chose the quality of work and design, 18% chose the reviews. As you can see, the quality of work is an important component when launching a product on the market. Design is also in demand among consumers, and the lack of advertising plays no less a role than quality for many respondents.

Assessing the importance of each of the factors on a ten-point scale, the design received 7.8 points. The average score for the reliability of data storage was 9.2 points, and optimization 5.5 points. The ability to transfer information between applications received an average of 8.5 points. Ongoing support and updates of the application amounted to 6.5 points. Thus, we can conclude that the company should focus on data processing and storage systems in the development of its product, the ability to share data with other applications and design to improve the user experience.

According to the questionnaire, 91% of respondents have not heard of Kitsoft's "Diia" application, which indicates the need to promote the company's brand through marketing tools.

The quality of the application design was rated at an average of 9 points, and other Kitsoft products have a similar design, so this is a good indicator for the company.

88% of respondents said that they would use similar quality applications, and 45% would definitely recommend them to their friends.

After conducting a survey among the audience, we can draw conclusions. The company's products may become popular in the Italian market in both of the options for entering the Italian IT services market listed in chapter 3.1. In cooperation with government organizations, the company can provide development and optimization services, and Italian specialists will adjust to market needs. In the case of a joint venture, the company can also use its partner to better adapt products and save on further market research.

3.3. Assessment of the economic efficiency of the company's entry into the Italian market of IT services.

To understand the feasibility of Kitsoft's entry into the Italian market, it is necessary to determine the company's costs at an early stage and determine potential future profits (Plikus I.I. 2012). In Ukraine, the mobile application is being developed at public expense, and the portal continues to use donor funds. In fact, budget money was not spent on the portal until the end of 2021.

At the end of 2021, the first tender for the portal was held for about 40 million UAH in order to prepare for its full transfer to the inhouse. These funds will be used in 2022.

And in addition to "Diia", Support and Development, about \$ 40 million and \$ 25 million were spent on hosting last year. One component of these costs - hosting - is starting to be very expensive, more expensive than development, as there are already more than 14 million users, and DAU (the number of unique users per day) has already reached 2 million (Deshina E). Thus, it can be understood that the software component and further support cost a lot of money and these costs increase with the further

development of the company's products. The range of companies that can provide quality hosting services is very limited (Eccomercial platfoms, website). For the Italian market, the cost of the company's services will vary significantly in both price and quality. Next, the company's costs will be presented in two scenarios.

Table 3.2.

Indirect export scenario expenses

№	Expenditure item	Project	Year 2	Year 3
1	Collection of information preparation and costs	1500	-	-
2	Operational tactical, analytics, expedition abroad, capability analysis.	5,000 €	-	-
3	Marketing activities aimed at analysing the micro and macro environment and product promotion	5,000 €	-	-
4	Project development	75,000 €	-	-
5	Project support (hosting, updates)	42,000 €	90,000 €	80,000 €
Total		127,500 €	90,000 €	80,000 €

Source: developed on the basis of author's researches

In this case, the company's products will be based on past developments and tools and will be developed as a basis for further improvement and development by Italian specialists. As there are many barriers such as political will and legal restrictions, the company will take over the technical component of the project. In this way, Kitsoft will be able to rapidly develop its brand in the Italian market and in the future move to other forms of market entry. To calculate the potential profit that the company will be able to get with this form of market entry, the ROI formula will be used.

The cost of developing and adapting a product of this level for the customer will vary from 150,000 euros to 250,000 euros (Murzanaev A., 2022.), depending on the need for assistance from Kitsoft specialists. Due to the fact that the processes will be commissioned by the Italian government, further product development will be

supported by companies that develop existing tools to interact with the government online.

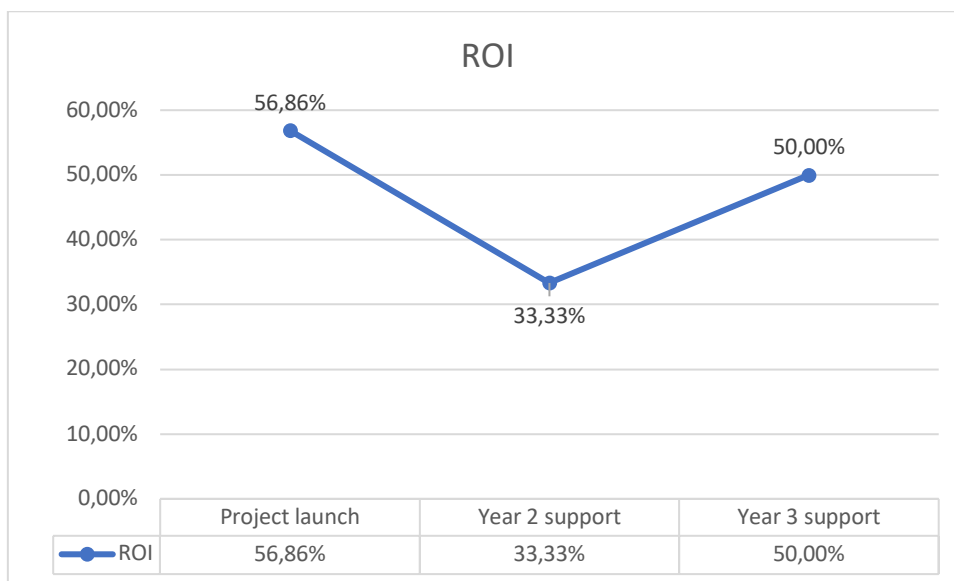
Thus, we take the approximate potential benefit of this project for the company in the amount of 200,000 euros for the launch and commissioning of the product, add a product maintenance fee for the next three years of 120,000 euros per year and have the following calculations:

$$ROI = \frac{200,000 - 127,500}{127,500} \times 100\% = 57,48\%$$

Thus, the project has an ROI of 57.48%, which is quite high and indicates the prospects for the company's development in this direction. We also calculate the ROI for product support for a certain period of time:

$$ROI(2year) = \frac{120,000 - 90000}{90000} \times 100\% = 33,33\%$$

$$ROI(3year) = \frac{120,000 - 80000}{80000} \times 100\% = 50\%$$



Picture 3.4: return on investment for the first three years

Source: developed on the basis of author's researches

In this case, we can conclude that this option for the company to enter the Italian market is profitable. However, you also need to understand the fact that this is a positive scenario and you also need to take into account the additional costs of developing a product for unforeseen risks.

The next form of company entry, as mentioned earlier, can be a joint venture. The development of a new product not related to public services implies much higher costs for development, promotion and adaptation to market needs (Habr, website). Many factors depend on the partner and during the development of the project there may be obstacles in the form of misunderstandings, different visions of the future product and more.

The following is a table of costs for project implementation in product development with a partner Table 3.3.

Table 3.3.

Costs under the joint venture scenario

№	Expenditure item	Year 1	Year 2
1	Collection of information preparation and costs	1500	-
2	Operational tactical, analytics, expedition abroad, capability analysis. Negotiations, preparation of documentation and business proposal	7,000 €	-
3	Presentation of the test sample	7,000 €	-
4	Office expenses, hiring employees, education	55000 €	120000 €
5	Legal support, project development, use of marketing tools	44,000 €	33,000 €
6	Project support (hosting, updates)	55,000 €	69,000 €
Total		169,500 €	222,000 €

Source: developed on the basis of author's researches

Under this scenario, a significant portion of the costs are for office maintenance and staff training. In order for the project to be developed without problems, it is necessary to adapt employees hired in Italy to the processes of development by Kitsoft employees. The costs of document analysis, preparation of negotiations, trips abroad

and so on are also much higher. On the other hand, the company will spend less money on product support, but this is due to the fact that the company's product will have fewer customers at the start and over time these costs will increase significantly.

To monetize the product, the company can use the model of paid subscription to the service (Campbell P., 2021). When the application is downloaded, a reduced list of features will be available, and the user will have to pay € 2.99 / month to access the full functionality. In this way, the company will be able to attract the audience to get acquainted with the product and encourage subscriptions. There will also be an option with advanced features for commercial establishments with a price of € 9.99 / month. The initial audience is involved in cooperation with an Italian partner and after the marketing events will be 10,000 customers. The effectiveness of this project is calculated below with ROI formula (Kaptieva. O., 2021), provided that 10,000 customers choose a basic subscription:

$$ROI = \frac{358,800 - 169,500}{169,500} \times 100\% = 112\%$$

In the first year, the company can benefit from 112% of the investment, which is a high result, provided that the average number of users will be 10,000.

Next, we calculate the indicators for the second year, taking into account the growth of the audience and the expansion of staff. On average, the growth of the auditor is about 30-50% depending on the cost of marketing (Cases Media [Online], 2021). According to the positive scenario, Kitsoft will have about 15,000 active users by the end of the second year. The efficiency of this indicator is calculated below.

$$ROI = \frac{538,200 - 222,000}{222,000} \times 100\% = 142\%$$

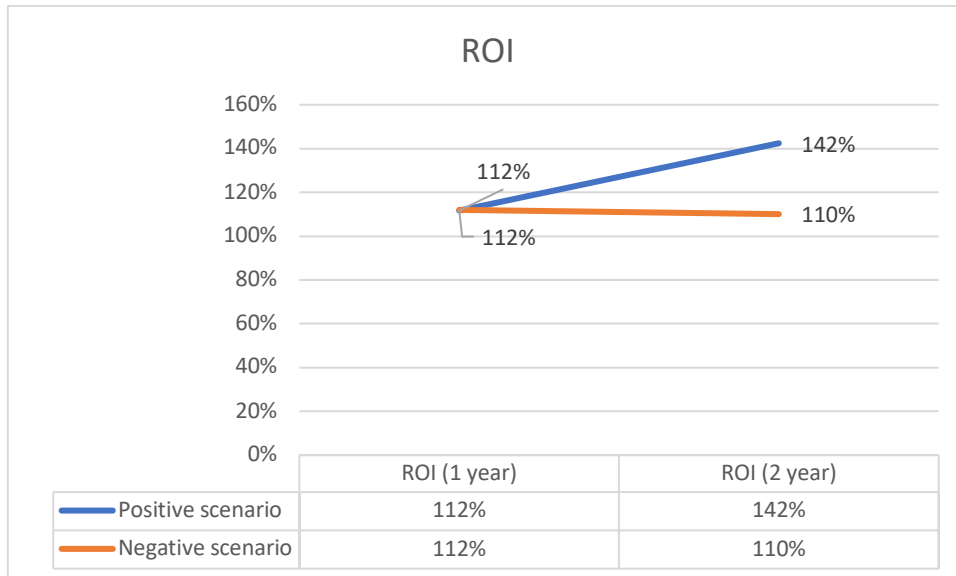
Under the positive scenario, the benefit will be 142% and in the long run this figure will increase.

Calculation according to the negative scenario:

$$ROI = \frac{466440 - 222000}{222000} \times 100\% = 110\%$$

As can be seen in both cases, the company will receive significant profits and this indicates good prospects for such a scenario of entering the Italian market of IT services in the form of a joint venture (LiveJournal [Online], 2008).

Prospects for the company's development can be seen in Picture 3.5.



Picture 3.5: Return on investment in two years.

Source: developed on the basis of author's researches

Analysing the prospects of Kitsoft's entry into the Italian market in two ways, we can conclude that entering the market in the form of joint ventures is more risky and costly, but the company's profits will be higher. A threatening factor is the low level of growth of the company's product audience, in this case, the company will spend more money on product maintenance and development, which will increase costs and reduce the level of return-on-investment costs. To avoid this situation, the company needs to conduct constant marketing research and invest in product promotion.

CHAPTER 3 CONCLUSIONS

After researching various forms of IT companies entering foreign markets, it was decided to choose two potential ways for Kitsoft. In the first case, the company provides services to order to Italian companies and government agencies while remaining in the Ukrainian market, ie works as a contractor. This method is attractive in terms of fewer risks that can affect the success of this plan. Kitsoft will have to spend less time researching the legal features of the market and promoting products in the future. In fact, in this way the company has the opportunity to focus on what it is best at, namely the development and improvement of platforms for interaction between business and government agencies. However, this method also has its problems, such as political will, legal restrictions, problems of cooperation with Italian developers and more.

Joint venture was chosen as the second form of entry into the Italian market. This approach is much riskier than the first, but the profits in this situation are much higher. The main advantages of this method are greater ability to customize the product, less dependence on government organizations, the prospect of expanding the company and the development of new products in the market already developed by the company. The disadvantages of this form of output include:

- significant costs in the initial stages of market analysis
- the need for constant legal support
- attracting additional specialists to better understand the market,
- significant product maintenance costs
- promotion costs.

Although the second option seems less attractive, it has more advantages in the long run and is more realistic in terms of entering the Italian market.

To ensure the successful growth of the company's product, an important aspect is the use of modern marketing tools such as a sales funnel. With the help of Internet sites, social networks, exhibitions and cooperation with a partner, the company will be able to strengthen its brand and, in the future, will be able to quickly bring its new products to the market of Italian IT services.

CONCLUSIONS

The parameters of global trade are formed in a hypercompetitive environment, and information resources become the key to achieving efficiency and long-term competitiveness in global commodity and financial markets. The formation of an international business core depends on the scale and intensity of investment and innovation processes, and the motivations of all actors in the world are common.

The distribution and redistribution of value added becomes relevant in connection with changes in the technological components of the reproduction process within large firms or countries. Today, the influence of micro and macro factors determines how international business works. International business is motivated not only by profits, but also by the creation and implementation of business innovations.

Based on the studied data, it can be stated that:

- The choice of one or another way to enter a foreign market depends on many factors: the specifics of services / products, reputation and brand awareness, budget, expected volumes of orders, features of the market and the country as a whole, desired profit, etc.
- Most of market entry options is viable and tested by many Ukrainian companies. Each of them requires understanding of the situation, the support of specialists (analysts, marketers, lawyers), studying the experience of colleagues and partners, investment and a positive attitude to the result.
- Each option has its pitfalls that change location, depending on all factors that shape supply and demand, potential risks and benefits. They should be implemented exclusively within the framework of the legislation applicable to specific business relations and operations.
- Any option can be successful, because the key to the success of any decision (both to enter a new market and start a new business) is an idea that is implemented wisely and with the qualified support of specialists.

Kitsoft is a company that has been developing in the Ukrainian market for fifteen years, during which time it has developed more than forty full-fledged projects for the public sector and many smaller projects for business. The company has established itself in the Ukrainian market and has a stable profit for several years in a row.

It is clear that in recent years Kitsoft has focused more on government agencies in the development of its applications, and for this it adheres to the highest quality standards to ensure the proper functionality of its products.

When choosing a market for international expansion, the company should focus primarily on the needs of the market in its services. For countries with already highly developed IT, the company's professional experience is not much different from that of local companies, and when it comes to internal market characteristics, it will have to be a lagging player for some time. Thus, the best choice for Kitsoft is a country with a sufficiently developed market, so that there is a need for more innovative approaches, and so that there is still room for the company to implement its ideas and tools.

After assessing the attractiveness of the market according to the approach of Professor Starostina A.O., the impact of macro-environmental factors on the company was assessed when it entered the market where it became clear that the company depends more on factors such as:

- government support for IT companies in its market
- risks of financial crisis in the near future, which will also affect the demand for Kitsoft services
- technological constraints that directly affect the potential expansion of the user base.

It is obvious that the war will also have an impact on the development of the global IT industry, the development of reliable data storage systems, information transfer, etc., will be in even greater demand.

To assess the impact of microenvironmental factors, the DPM matrix was used. This approach allowed to compare certain parameters in the markets of Italy and Denmark and helped to choose a more suitable market for the company. These included such as:

- recovery rate after covid-19
- the number of substitute products on the market that will affect Kitsoft's competitiveness
- Overall demand for IT solutions in the market and others.

Thus, the choice of the Italian market became more obvious and for further evaluation, Kitsoft's capabilities were compared with local companies. The analysis of competitors showed that the Company has opportunities for successful development in the market and will be able to develop to strengthen its competitive position by moving from the category of growth with caution to the category of leader.

After researching various forms of IT companies entering foreign markets, it was decided to choose two potential ways for Kitsoft. In the first case, the company provides services to order to Italian companies and government agencies while remaining in the Ukrainian market, ie works as a contractor. This method is attractive in terms of fewer risks that can affect the success of this plan. Kitsoft will have to spend less time researching the legal features of the market and promoting products in the future. In fact, in this way the company has the opportunity to focus on what it is best at, namely the development and improvement of platforms for interaction between business and government agencies. However, this method also has its problems, such as political will, legal restrictions, problems of cooperation with Italian developers and more.

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- promotion costs.

Although the second option seems less attractive, it has more advantages in the long run and is more realistic in terms of entering the Italian market.

To ensure the successful growth of the company's product, an important aspect is the use of modern marketing tools such as a sales funnel. With the help of Internet sites, social networks, exhibitions and cooperation with a partner, the company will be able to strengthen its brand and, in the future, will be able to quickly bring its new products to the market of Italian IT services. After the post-war reconstruction of Ukraine's economy, Kitsoft will be able to successfully develop in international markets using experience in the protection and preservation of information, rapid response to various factors that affect the stable operation of the company's products.

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APPENDICES

Appendix A.

Final assessment of the influence of chosen factors, threats and opportunities of factors with weighted evaluation

№	Factor	W	Evaluation criteria			Final	Ways to overcome a threat or realize an opportunity
			Low (0,0-3,3)	Mid (3,4-6,6)	High (6,7-10)		
Market opportunities							
1	The level of state support for business (Political)	0,25	Small support (500-1000EU)	3000-5000 support with tax exemption	Tax exemptions and fundings (10000+EU)	5,5 (1,38)	We can use these funds as an additional source of funding
2	Popularity of mobile applications (Technological)	0,15	Less than 20% use third-party apps	20-50% use Third-party apps	50%+ use third-party apps	9 (1,35)	Use this factor for faster and more successful penetration
3	E-government initiatives (Political and legal)	0,25	Invest 1-10 m EU No projects planned.	Invest 10-50 m EU Developing projects	Invest 50+ m EU Some projects are developed	9 (2,33)	Use a variety of funding sources to improve the performance of your projects

4	Internet availability in different regions (Technological)	0,25	Broadband coverage 10-30%	Broadband coverage 30-60%	Broadband coverage 60-100%	9,3 (2,33)	The application will be available to a large number of people without network problems
Market threats							
5	Economic crisis (Economic)	0,20	Small debt (10-30% of GDP)	Medium debt (40-70% GDP)	High debt (100%+ GDP)	10 (2)	Look for businesses that are likely to survive the crisis
6	Average age of the population (Demographic)	0,15	AVG 20-30Y	AVG 30-50Y	AVG 50-70Y	5,9 (0,85)	Make application as easy as it possible (3 clicks)
	Total		0-3,3 –high level of threats	3,3-6,6 –medium level of threats	6,6 – 9,9 – Low level of threats	4,54	

Source: developed on the basis of author's researches

Comparison of the influence of chosen factors on both potential markets now and then.

№	Factor	W	Evaluation criteria			NOW ITALY		THEN ITALY		NOW DENMARK		THEN DENMARK	
			Low (0,0-3,3)	Mid (3,4-6,6)	High (6,7-10)	CE	WE	CE	WE	CE	WE	CE	WE
Market opportunities													
1	The level of state support for business (Political)	0,25	Small support (500-1000EU)	3000-5000 support with tax exemption	Tax exemptions and fundings (10000+EU)	5,5	1,38	6,5	1,63	6,5	1,63	7	1,75
2	Popularity of mobile applications (Technological)	0,15	Less than 20% use third-party apps	20-50% use Third-party apps	50%+ use third-party apps	8	1,35	9	1,35	7	1,05	8	1,2
3	E-government initiatives (Political and legal)	0,25	Invest 1-10 m EU No projects planed.	Invest 10-50 m EU Developing projects	Invest 50+ m EU Some projects are developed	9	2,33	10	2,5	9	2,25	10	2,5

4	Internet availability in different regions (Technological)	0,25	Broadband coverage 10-30%	Broadband coverage 30-60%	Broadband coverage 60-100%	9,3	2,33	10	2,5	7	1,75	8	2	
Market threats														
5	Economic crisis (Economic)	0,20	Small debt (10-30% of GDP)	Medium debt (40-70% GDP)	High debt (100%-200% GDP)	10	2	10	2	4	1	7	1,75	
6	Average age of the population (Demographic)	0,15	AVG 20-30Y	AVG 30-50Y	AVG 50-70Y	5,9	0,89	6,5	0,97	6,2	0,93	7	1,05	
TOTAL		1,2					4,54		5,07		4,77		4,65	

Source: developed on the basis of author's researches

Market attractiveness according to the DPM matrix

Factor	W	Evaluation criteria			Italy				Denmark			
					Now		Future		Now		Future	
		Low (0,0-3,3)	Medium (3,4-6,6)	High (6,7-10,0)	CE	WE	CE	WE	CE	WE	CE	WE
Covid recovering	0,15	0-2%	3-6%	6+%	3,5	0,53	7	1,5	3,5	0,53	7	1,5
Price competitors	0,10	Low price 10000+	Medium price 50000+	High avg price 100000+	5	0,5	6	0,6	5	0,5	6	0,6
Governmental support	0,20	No support or a little	Fin. support and subsidies	Grants, fin. support, subsidies	8	1,6	9	1,8	7	1,4	8	1,6

Substitute products	0,20	5+ substitute products	2-3 substitute products	0-2 substitute products	9	1,8	7	1,4	1	0,2	1	0,2
IT solutions demand	0,20	Low level of digitalization of business	25%+ businesses presented online	40%+ businesses presented online	7	1,4	9	1,8	8	1,6	9	1,8
Quality barrier	0,15	High quality apps with modern design	Medium quality	Low quality with mostly technical problems	3,5	0,53	3	0,45	2	0,3	1,5	0,22
Total	1					6,36		7,55		4,53		5,92

Source: developed on the basis of author's researches

Competitiveness of the company according to the DPM matrix

Factor	W	Evaluation criteria			Italy			
		Low (0,0-3,3)	Medium (3,4-6,6)	High (6,7-10,0)	Now		Future	
					CE	WE	CE	WE
Employees qualification	0,20	Able to make a calculator	3+ y experience an 10+ projects	15+ projects and 5+ y experience	8	1,6	9	1,8
Price for services	0,10	100000+ per app	30000-50000 per app	10000-30000 per app	7	0,7	7,5	0,75
The innovations level in company(approach)	0,20	MacOS Mojave and Win xp, few new approaches, almost no innovations	CRM, different approaches, somewhere innovative design	Tools developed by company, new approaches, innovative design	8	1,6	8	1,6

Products quality	0,20	Error 404, try later, Poor performance	Good quality, works with rare problems	Great website performance, high quality applications	6	1,2	7	1,4
Client and prospect interactions	0,20	Poor interaction, hard to retain customer,	Correct interaction with customers, high retention rate	“Wolves from wall street”	4	0,8	4,5	0,9
Brand reputation	0,10	bad reputation, many failures	There are practically no failures, but there are problems with promotion	Well known company with new promotion tools	5,5	0,55	6,5	0,66
Total	1					6,45		7,11

Source: developed on the basis of author's research



RESPONDENT QUESTIONNAIRE

Kitsoft needs your feedback, we would be very grateful if you would take a few minutes to answer our questions.

1. How much screen time do you spend on average during the day?

- 1-3 hours
- 4-5 hours
- 6-8 hours

2. Do you use applications to digitize documents and save them on your phone, laptop, etc.?

- Yes
- No

3. When looking for a specific application for your phone, what do you pay attention to in the first place? (select two if needed)

- Convenient design
- Quality of work
- Reviews
- Lack of advertising

4. Please rate the importance of the following parameters for you when choosing an application from 1 to 10

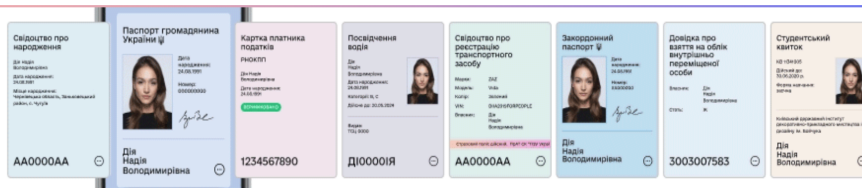
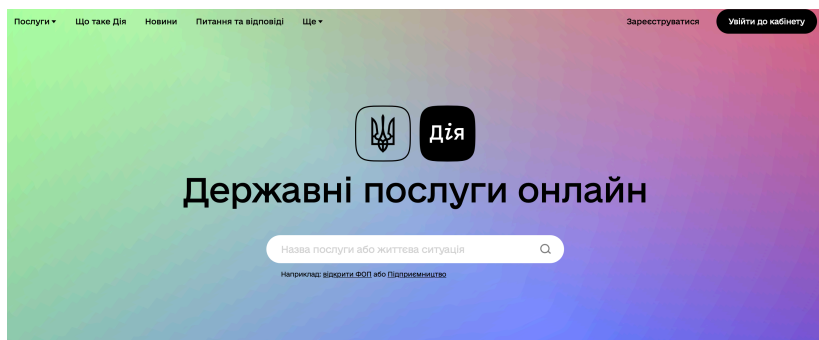
- Design
- Secure data storage

- Optimization
- Ability to transfer data between applications
- Constant support and updates

5. Have you ever heard of “Diia” from the Ukrainian company Kitsoft?

- Yes
- No

6. Look at the pictures attached



Rate the design from 1 to 10 to 1 - I would not use, 10 - I really like it

Would not use	1	2	3	4	5	6	7	8	9	10	I really like it

7. Would you use the services of a company that developed such a product?

- So
- No

8. If we were currently launching our new product on the market, would you recommend it to other people?

- Definitely yes
- Yes

- Rather yes
- Probably not
- No
- Definitely not

Source: developed on the basis of author's researches