

SERVICES EXPORT PROMOTION WORKSHOP

DAY 1: Strengthening Ukraine's Trade in Services Ecosystem

Kyiv, Ukraine

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Канадсько-Український
проект з підтримки
Торівлі та Інвестицій



Canada-Ukraine
Trade & Investment
Support Project

CUTIS



Global Affairs
Canada

Affaires mondiales
Canada

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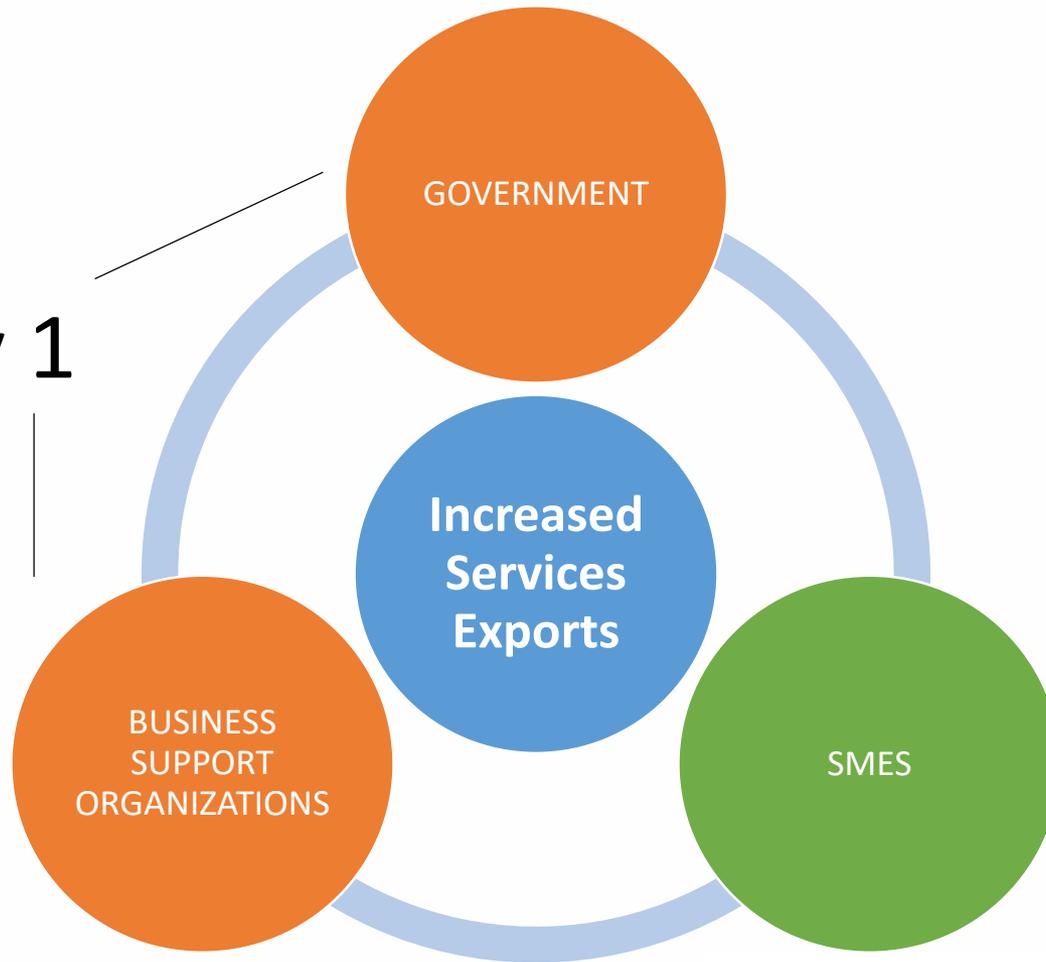
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Day 1



Day 2

Day 1 Sessions:

1. Introduction to Trade in Services and Services Export Promotion
2. Challenges from the SME Perspective
3. The Role of Government
4. The Role of Business Support Organizations
5. Roundtable Discussion



SESSION 1:

INTRODUCTION TO TRADE IN SERVICES AND SERVICES EXPORT PROMOTION

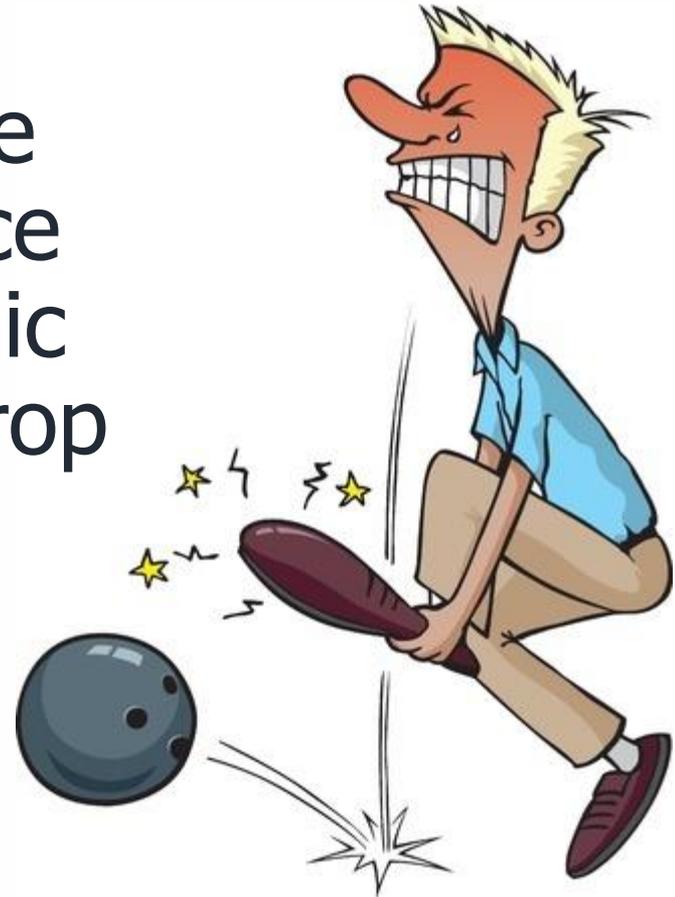
SESSION 1 – INTRODUCTION TO TRADE IN SERVICES AND SERVICES EXPORT PROMOTION

- What is ‘Trade in Services’?
- How Services are traded – The 4 Modes
- Importance of Trade in Services in Ukraine
- Drivers of Services Competitiveness
- Overview of Trade in Services
- Women’s Empowerment in Services Exporting

What is a **SERVICE?**



The Economist magazine playfully defines a service as a 'product of economic activity that you can't drop on your foot'.



Definition of a Service

A 'service' is an idea or action developed using resources, skills, ingenuity and experience.

It includes any help one person or company can offer another person or company and is usually offered in exchange for financial compensation.

SERVICES CHARACTERISTICS:

- Intangible
- Unique
- May require the service provider and consumer to be in the same place
- Requires input from the service provider and the service consumer (Customized)



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What is **TRADE IN SERVICES?**



WTO Definition of 'Trade in Services'

GATS Art. I:

1. This Agreement applies to measures by Members affecting trade in services.
2. For the purposes of this Agreement, trade in services is defined as the supply of a service...

- Mode 1 — Cross border supply
- Mode 2 — Consumption abroad
- Mode 3 — Commercial presence
- Mode 4 — Presence of natural persons

GATS' "definition" is less a definition than the **scope of application** of the GATS.

Based on **4 modes of supply**

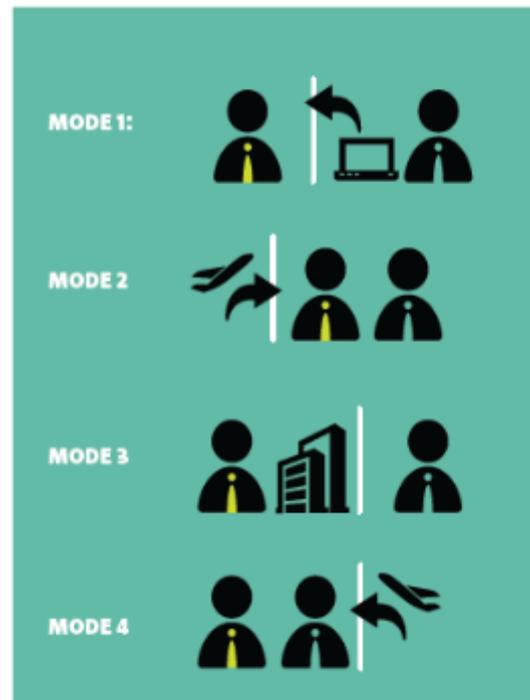
The Four Modes of Supply (in Easy Language)

Mode 1: Cross Border Supply

Cross Border Supply happens when a service is provided from a supplier in one country, to a consumer in another and **only the service crosses the border**. This is most often done using electronic delivery, namely the Internet.

Mode 2: Consumption Abroad

Consumption Abroad refers to the situation when a service is supplied in the country of the supplier, but to a consumer from another country (i.e. **the consumer goes abroad**).



Mode 3: Commercial Presence

Commercial Presence is when the supplier of a service establishes a presence in another country **by setting up a subsidiary or branch**, for example. The consumers then purchase the service from the subsidiary in their own country.

Mode 4: Movement of Natural Persons

Movement of Natural Persons is when a supplier of a service temporarily visits the country of a consumer to offer a service (i.e. **the service provider goes abroad**).

How Are Services Exported?



Video: The Four Modes of Supplying Services

(Hover on the image for video controls)

Servicification – Mode 5

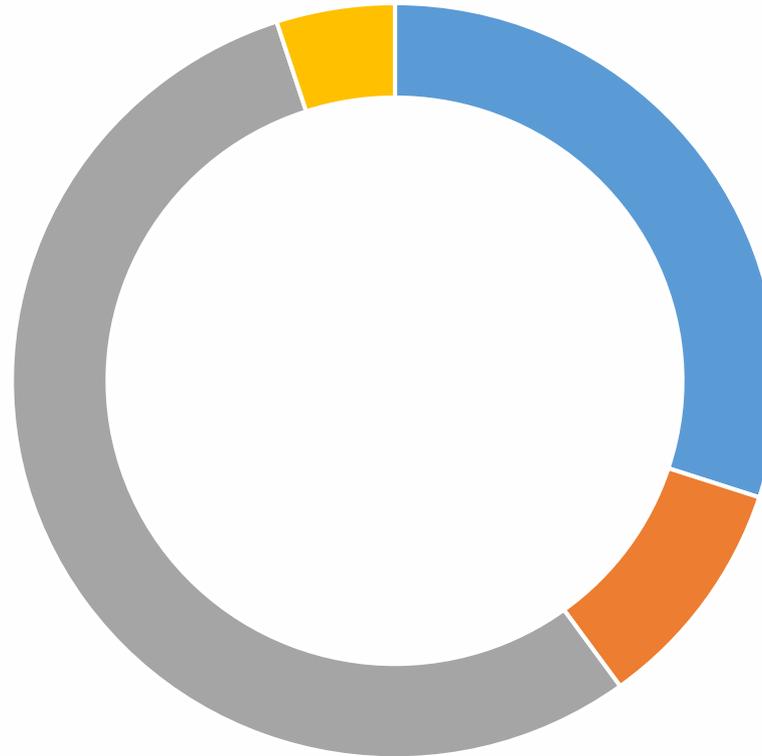
Manufacturers increasingly buy, produce, sell and export services as integrated or accompanying parts of their primary offer.

- 30 services are required to get a loaf of bread into a shopping basket, accounting for 72% of the final price
- Rolls Royce generates 52% of its civil aircraft revenue from after-sale services
- Services such as shipping, internal freight, wholesale and retail services, design and marketing contribute 90% of the final price of Barbie dolls in the United States



Share of Services by Mode

Percentage



■ Mode 1 ■ Mode 2 ■ Mode 3 ■ Mode 4

Sectoral Classification

Context

Unlike the GATT, the GATS has **no agreed nomenclature for classifying service sectors**; thus, Members are permitted to use their own definitions

Challenge

Interpreting a Member's commitment can be more difficult than for goods, especially if descriptions are unclear.

Solution

In practice, most Members use the “**Services Sectoral Classification List**”

Description

The classification list groups together **12 main service sectors** which in turn are sub-divided into a total of about **160 sub sectors**.

Services Sectoral Classification List

The GATS covers all services, with few exceptions.

- Business and Professional Services including:
 - Accountancy services
 - Advertising services
 - Architectural and engineering services
 - Computer and related services
 - Legal services
- Communication Services
 - Audiovisual services
 - Postal and courier services
 - Telecommunications
- Construction and related services
- Distribution services
- Educational services
- Energy services
- Environmental services
- Financial services
- Health and social services
- Tourism services
- Transport services

Services Sectoral Classification List and the CPC

Excerpt

CPC-based

SERVICES SECTORAL CLASSIFICATION LIST

<u>SECTORS AND SUB-SECTORS</u>	<u>CORRESPONDING CPC</u>
1. <u>BUSINESS SERVICES</u>	<u>Section B</u>
A. <u>Professional Services</u>	
a. Legal Services	
b. Accounting, auditing and <u>bookkeeping services</u>	862
c. Taxation Services	863
d. Architectural services	8671
e. Engineering services	8672
f. Integrated engineering services	8673
g. Urban planning and landscape architectural services	8674
h. Medical and dental services	9312
i. Veterinary services	932
j. Services provided by midwives, nurses, physiotherapists and para-medical personnel	93191
k. Other	

The classification list is based on the UN CPC

The sub-sectors are identified by a corresponding CPC number which gives an explanation of the type of services covered under that reference.

Which Services Can Be Exported?

Through the internet and supporting technologies, effectively ALL services have become potentially tradeable and supply and demand has become global.

- The internet enables small firms, including those in developing countries, the opportunity to export services.
- The internet allows service providers to overcome the physical barriers such as being a remote island or landlocked country.



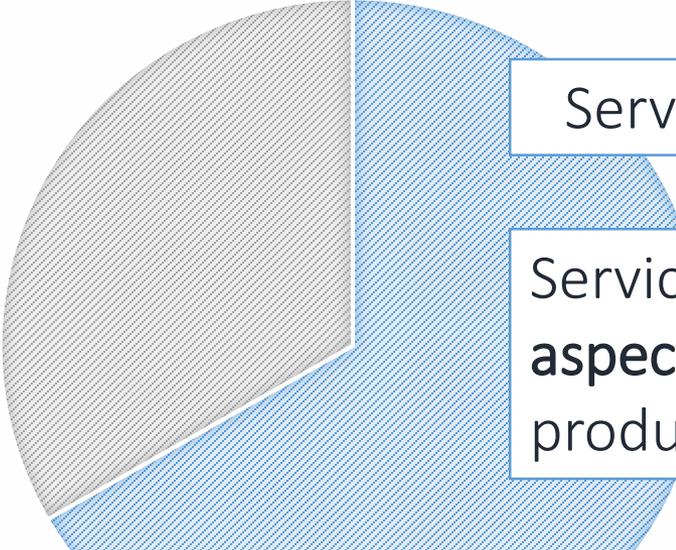
Global Value Chains

A ‘value chain’ refers to a range of activities that brings a good or service from conception to customer. A global value chain refers to a value chain whose activities are spread across international borders.

These activities are largely services – and are becoming increasingly international.



Importance of Services in an Economy



Services represent about 2/3 of World's GDP

Services play a vital role in facilitating **all aspects of economic activities**, including the production of goods.

Example 1

Transportation, communications and financial services provide the support needed for any type of business.

Example 2

Educational, health, and recreational services influence the quality of life for labour available to firms.

Source: WTO eLearning "Trade in Services in the WTO"

Economic Impact of Services

Services constitute the largest sector in the global economy, accounting for:

- 70% of global GDP
- 60% of global employment
- 46% of global exports measured in value-added terms

Services contribute to productivity growth through services innovation

Services account strongly for female participation and female wage growth



Trade in Services: Four facts for Ukraine

- **High Export Potentials**
(Goods & Services Exports amounted to 48.6% of GDP) 1
- **Services structure/GDP:** transport (7.5%), financial (4.6%), governmental (4.8%), business services (4.6%), etc. 2
- Since 2010, the number of Ukrainian **services-exporting enterprises has grown**, although trade in services decreased in 2014 3
- **Net-exporter of services**, especially in high-technology and industrial: Telecoms, IT and computers, and construction services 4

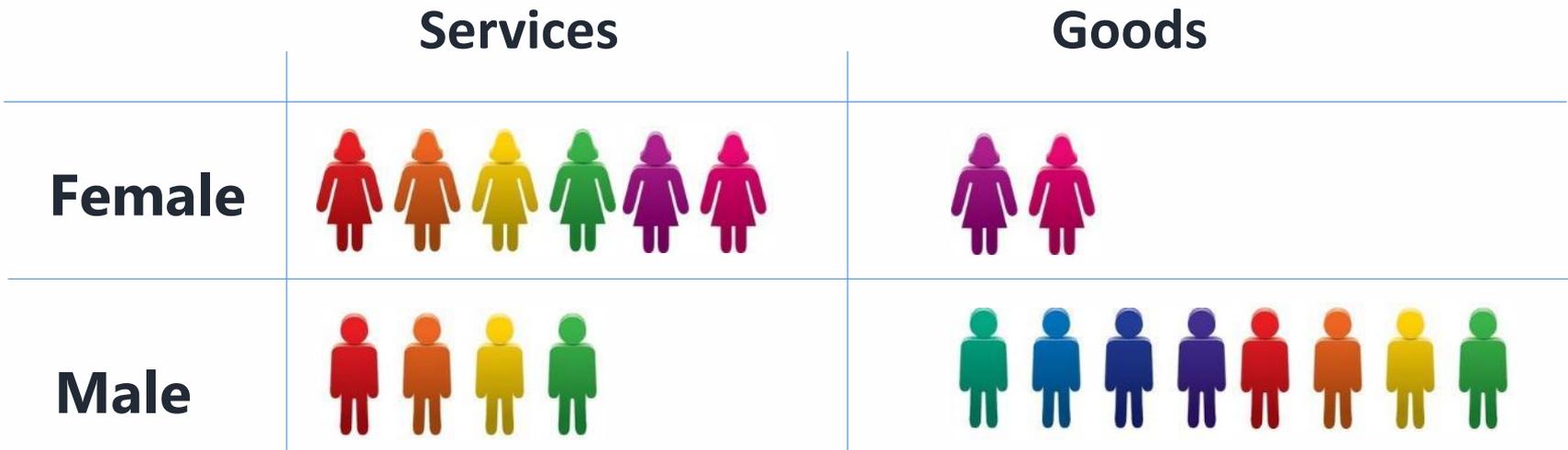
Source: Trade Policy Review of Ukraine (2016) – Report by the WTO Secretariat



Women are Particularly Important in the Service Sector

55% of all jobs in the service sector occupied by women

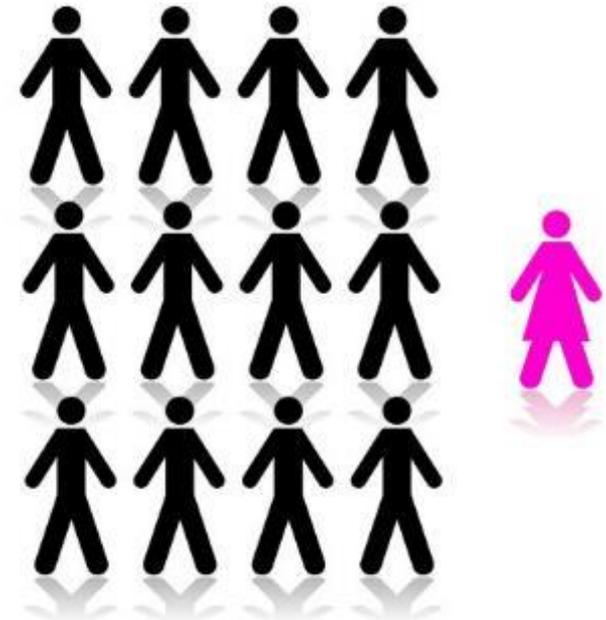
only 22% of all jobs in the goods sector occupied by women



This is the case in Canada. What about Ukraine?

Why Support Women Entrepreneurs?

- Women own 1% of the world's wealth, have a 10% share in global income and occupy 14% of leadership positions in the private and public sectors
- Of 1.4 billion people living on less than \$1 a day, 70% are women and girls
- Women do 2/3 of the world's work, but earn only 10% of the income
- Women invest 90% of their income into their families and communities



Source: WTO/UNCTAD/UNGEI

Why Services Sector Development Matters for Ukraine

Services development matters

- as an avenue for export diversification
- as an input into the production of goods and services
- as a significant contributor to inclusive growth, employment and poverty alleviation



Benefits of Services Exporting

For Countries:

- increased foreign exchange
- participation of SMEs/women
- more jobs
- lessened impact of economic downturns and seasonality
- reduced brain-drain
- enhanced competitiveness across sectors
- investment attraction
- economic diversification

For Companies:

- additional income
- the opportunity to specialize
- enhanced credibility, innovation and competitiveness through global exposure
- mitigated risks of doing business in only one country
- expanded networks
- tax/export incentives

Supporting Services is Challenging

The services sector is

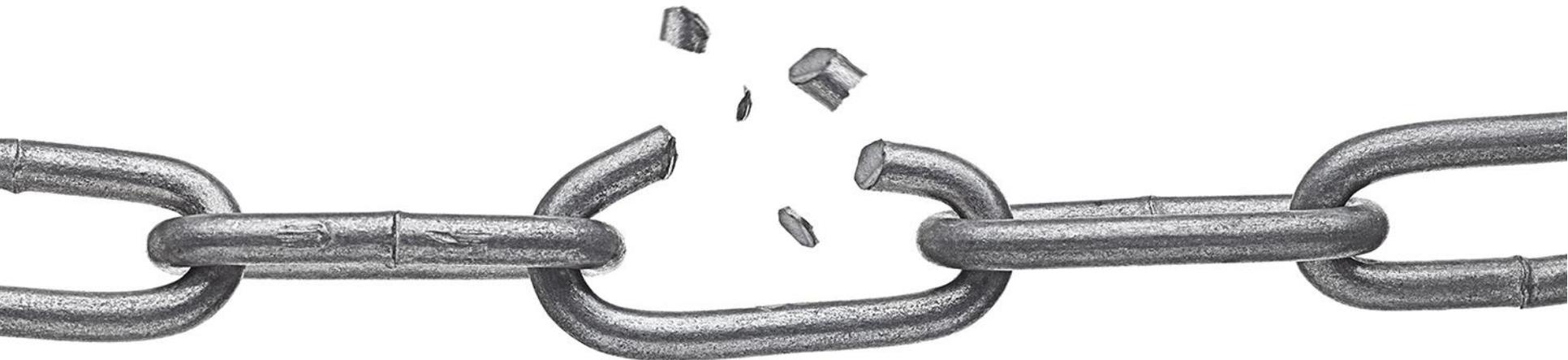
- fragmented (not only within the private sector)
- not well organized
- complex
- not well-understood
- largely 'invisible'



The Result

Governments tend to focus support on the traditional manufacturing or agricultural sectors.

This results in limited support for the services sector, including an underdeveloped policy framework, lack of tailored incentives and limited export promotion support.



Successful Services Exporting

Research by the World Bank in developing countries regarding successful services exporting has revealed:

- Services performance critically depends on human capital, the quality of telecommunications networks, and institutions for cross-border services
- Success in manufacturing is not a pre-condition for success in services
- The importance of conducive domestic trade and investment policies and labour mobility in services
- The usefulness of targeted policies (special economic zones, general incentives and export promotion)
- The importance of complementarities among services activities (clusters) and among different 'modes' of supply



SESSION 2:

CHALLENGES FROM THE SME PERSPECTIVE

SESSION 2 – SERVICES EXPORTING CHALLENGES AND OPPORTUNITIES FROM THE SME PERSPECTIVE

- Differences Between Exporting Goods and Services
- Constraints Affecting Services Firms

Differences Between Exporting Goods and Services

Factor	Goods	Services
Transportation	Products are shipped by air/sea/land	Services are sold over the Internet or customer/service provider travels
Technology	E-marketplace to show products	Essential for communication and timely delivery of services
Distribution	Importer/distributor	Local partner, service provider
Local partners	Production/distribution firms	Other service firms
Demonstrations	Sample product, specifications	Presentation of capabilities, qualifications, standards
Initial marketing by	Sales representatives	Company management – raise awareness, profile, credibility
Payment	On satisfactory delivery of product	May require guarantees, milestone payments

The support needed by service providers differs from the support needed by manufacturers.



EXERCISE

What are the constraints affecting services firms?





Constraints Affecting Services Firms

Management	Service Offerings	Financing	Marketing	
<ul style="list-style-type: none"> Primarily MSMEs (usually 1-10 employees) No clear objectives Short-term thinking No business plans Insular thinking 	<ul style="list-style-type: none"> Different quality standards Differentiation / innovation required No measures in place to protect IP Not internationally competitive 	<ul style="list-style-type: none"> High cost of travel Tenuous cash flow position Worries re. getting paid Difficulty in accessing financing (no assets) Limited ability to invest Process for developing service contracts is long 	<ul style="list-style-type: none"> Little understanding of how to market “invisibles” Tendency to rush to market unprepared Technical skills but limited marketing skills Access to market information and intelligence a challenge Limited knowledge of market access requirements Limited use of online strategies 	<ul style="list-style-type: none"> Competitiveness No strategic/international networks in place Difficulty in establishing credibility Limited knowledge re establishing partnerships Weak proposal writing skills Limited knowledge of pricing strategies
Mindset	Human Resources			
<ul style="list-style-type: none"> Lack of confidence Complacency Lack of motivation No sense of urgency Weak prioritization Weak time management 	<ul style="list-style-type: none"> No recognition of professional credentials Limited productivity Difficult to mobilize personnel Weak project management skills 			

How can you help address these challenges?

Market Barriers to Trade in Services

Service exporters face many challenges, including market access barriers.

- Non-recognition of qualifications
- Restrictions on foreign participation in the market (including public procurement)
- Licensing/quotas restricting number of operators
- Accreditation/registration/certification procedures (transparency, costs and nationality)
- Restrictions on visas and work permits
- Protection of intellectual property





It doesn't matter how good the trade agreements are, how good the inter-country relationships are, or how attractive one country's goods and services may be to the people in another country – without trade-capable people, trade won't flourish.

~ Stephen Poloz
Governor of the Bank of Canada



SESSION 3:

THE ROLE OF GOVERNMENT

SESSION 3 – THE ROLE OF GOVERNMENT

- Services Export Promotion in Ukraine: *Quo Vadis*
- 13 Strategies for Supporting Services Sector Development & Exports

Importance of Trade in Services

- Services are a major contributor to the global economy.
- In fact, worldwide, services represent 70% of GDP, 45% of employment, 64% of FDI and 49% of trade measured in value added terms.
- Today, the share of services for employment in high income countries is in excess of 70%, while for upper middle and lower middle income countries it is around 40% and 30%, respectively.
- 54% of global female employment takes place in the service sector.



“The gains from liberalizing services may be substantially greater than those from liberalizing trade in goods, because current levels of protection are higher and because [there would be] spill-over benefits from the required movement of capital and labour.”

(World Bank, 2002).



Ukraine's Commitments Within the WTO

“Many Members acknowledged that Ukraine’s accession to the WTO in 2008 provided the foundations for an open, liberal, predictable, and transparent trade regime. In particular, Ukraine was commended for its low, fully bound tariffs and for its extensive commitments under the GATS”.



Ukraine Trade Policy Review
Concluding remarks by the Chairperson
19 and 21 April 2016

https://www.wto.org/english/tratop_e/tpr_e/tp434_crc_e.htm

Ukraine's Horizontal Commitments

- Ukraine has scheduled exemptions and reservations concerning national treatment with respect to access to **subsidies** and access to **land** by foreigners.
- Ukraine reserved flexibility to regulate the entry and temporary stay of **foreign nationals** (mode 4). For intra-corporate transferees and 'other essential persons' Ukraine has scheduled the duration of stay (length of work permits).



Ukraine's Sectoral Commitments

- Ukraine undertook commitments in 11 out of 12 sectors, 148 out of 160 sub-sectors (“none”).
- Liberalization / partial liberalization / reservations (modes 1-3):
business services, communication, distribution services, education, financial services, health-related and social services, recreational, cultural and sporting services, transportation and other services.
- Mode 4 – restricted.



Ukraine's GATS Commitments

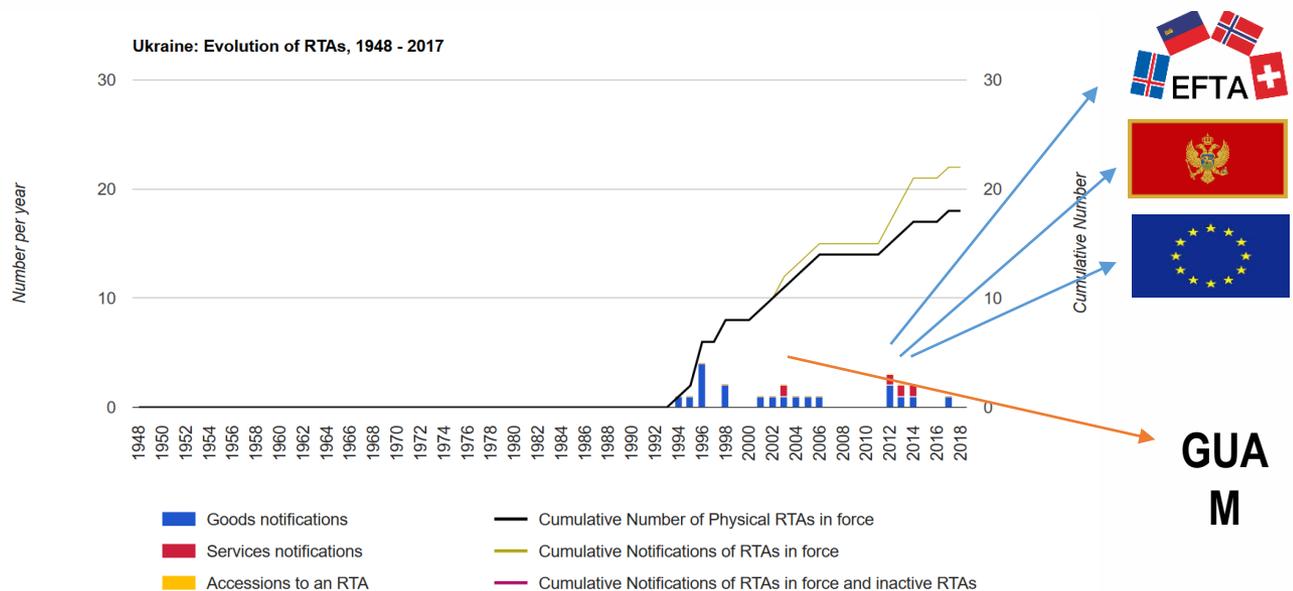
Sector	Sub-sectors with undertaken commitments
Business services	49
Telecommunications	16
Construction services	7
Distribution services	5
Educational services	5
Environmental services	7
Financial services	19
Health-related and social services	3
Tourism	3
Recreational, cultural and sporting services	6
Transport services	25
Other	13
Overall	148



Ukraine: 11 out of 12 sectors, 148 out of 160 sub-sectors.

Ukraine's Commitments within the PTAs in Force

- Ukraine: only three RTAs have provisions on trade in services, namely RTAs with the EU, Montenegro and EFTA. Canada?



Source: WTO RTA Database

CUFTA Review – Coming Soon

Article 19.2: Review Clause

The Parties undertake to review this Agreement within two years of its entry into force, in light of further developments including within the framework of the WTO Agreement, and other agreements to which the Parties are party, with a view to examining the further development and deepening of its provisions and to extending it to subject matters not covered therein, including cross-border trade in services, financial services, investment, telecommunications, temporary entry and any other subject area as decided by the Parties.



Turkey?

Trade Support Institutions in Ukraine

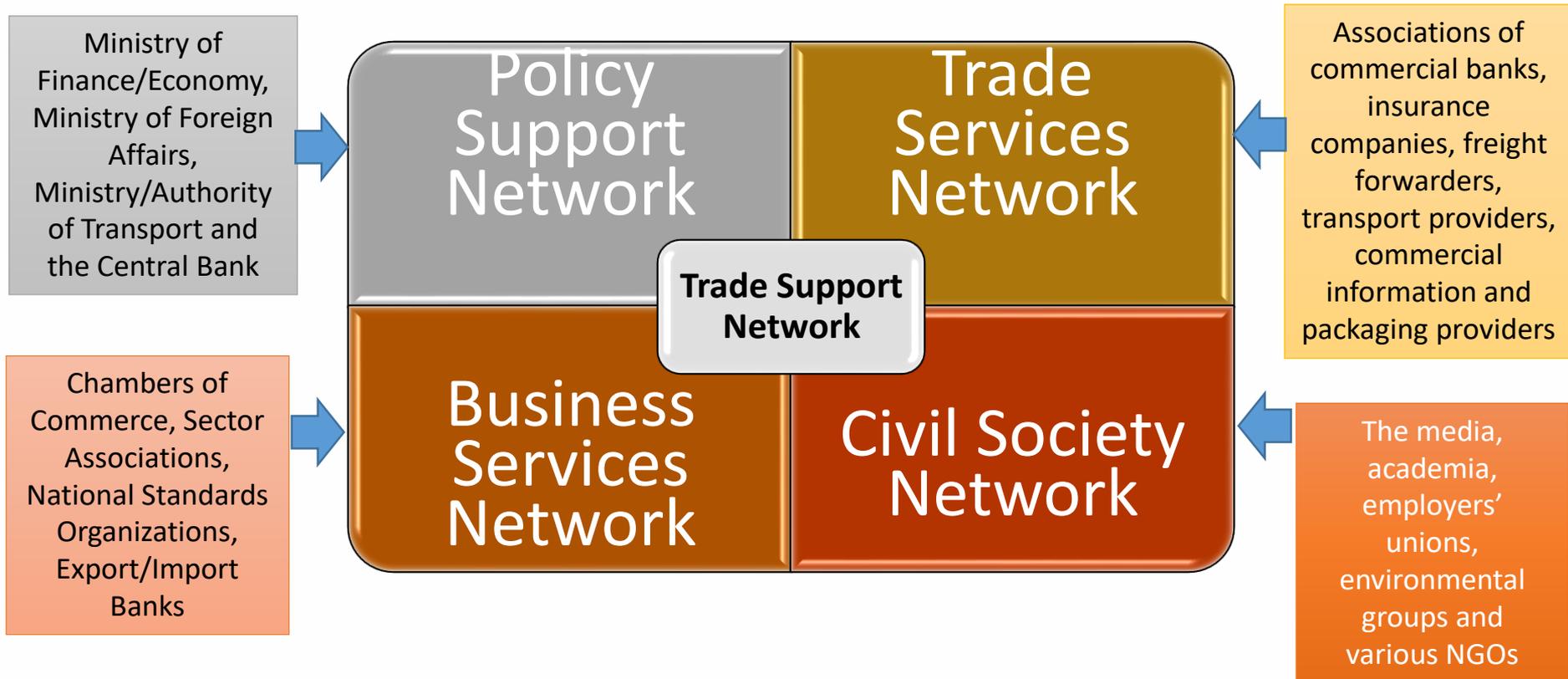
- The Ukrainian TSIs suffers from the lack of client orientation, significant service gaps and overlaps, regulatory limitations as well as insufficient geographical coverage both nationally and internationally.
- Insufficient institutional presence in key export markets coupled with limited availability of technical skills across trade support functions further complicates the implementation of a results-oriented state export promotion policy.
- The culture of trade-related services consumption in Ukraine is not well-anchored so that the segment of business services providers, such as business associations, is relatively weak in the overall trade support landscape which further limits the provision of commercial trade-support services.

Trade Support Network in Ukraine

- State Enterprise 'Export Promotion Office'
- The Ukrainian Chamber of Commerce and Industry
- Regional Chambers of Commerce and Industry
- American Chamber of Commerce (ACC), European Business Association
- Industrial associations
- Donors' projects ('SheExport', CUTIS, USAID, GIS, etc.)

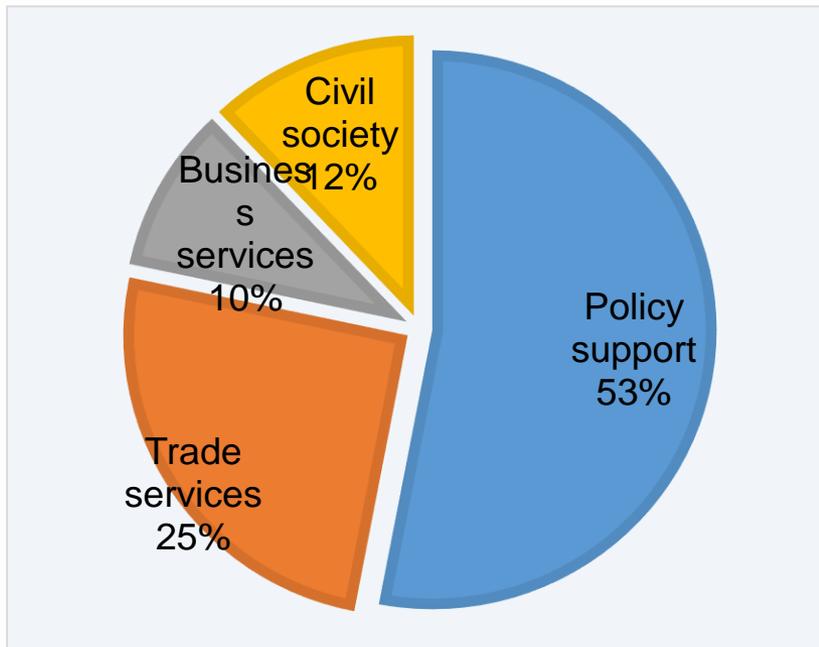


Trade Support Network in Ukraine

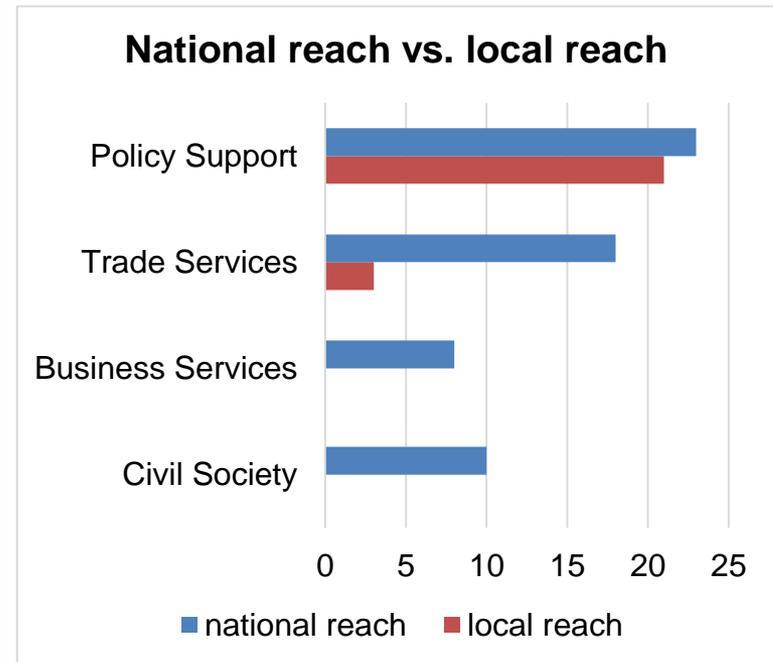


Source: Export Strategy of Ukraine (STDR)

Trade Support Network in Ukraine



Source: Export Strategy of Ukraine (STDR)



Export Strategy of Ukraine (STDR) Key Takeaways

- Service exports account for about 25% of total Ukrainian exports with very little change observed in the past decade.
- Ukrainian exports of services are largely dominated by transportation services (US\$ 5.8 billion in 2014-2015, on average, or 43.1% of total services exports).
- Incoming tourism to Ukraine collapsed with recent signs of recovery.
- Significant developments have been observed in the ICT services and business services, indicating encouraging signs of product diversification and a progressive transition toward modern services.
- **STDR priority services sectors:** ITC, aircraft maintenance, tourism, creative industries.

Export Promotion Main Constraints & Challenges

- The absence of a structured dialogue between Ukraine's state authorities and businesses hinders the development of the private sector.
- The question of the quality of the trade support provided by trade and investment support institutions.
- The international trade in Ukraine also continues to suffer from the lack of alignment and coordination of the different authorities and institutions involved in trade policies and export development, including significant disparities in the provision and quality of support services at the regional level through the network of Chambers of Commerce.
- Inappropriate protection of intellectual property rights creates unnecessary hurdles to growth.
- Overregulation and cumbersome bureaucratic procedures discourage the development of a dynamic private sector.
- An important mismatch of skills hinders labor productivity gains and economic growth.
- An inadequate innovation system in Ukraine impedes the development of new, high value added, sectors.
- The low internal labor mobility in Ukraine hinders the efficient allocation of resources in the labor market.

Source: Export Strategy of Ukraine (STDR)

Enabling Factors for Services Competitiveness

- Human capital
- Investment in intangible assets
- Enabling digital infrastructure
- Quality institutions and efficient domestic regulation
- Connectedness with international markets
- Deliberate national policy focus
- Services business stakeholder consultation



13 Strategies for Supporting Services Sector Development & Exporting

1. ICT Infrastructure
2. Development of Online Business
3. Access to Education & Specialized Training
4. Research & Analysis
5. Focal Point & Consultation
6. Strategy
7. Negotiating Market Access
8. Coalition of Service Industries
9. Raising Awareness
10. Enabling Environment
11. Incentive Regimes
12. Export Promotion
13. Investment Promotion

1. ICT Infrastructure

Service exporters require fast, reliable and cost effective internet.

- Mode 1 services exports are dependent on the internet; as is export marketing and communications.
- Internet access in rural areas supports services delivery and exports.
- IT parks support technology-based entrepreneurship and exports in high-value sectors, as well as innovation.

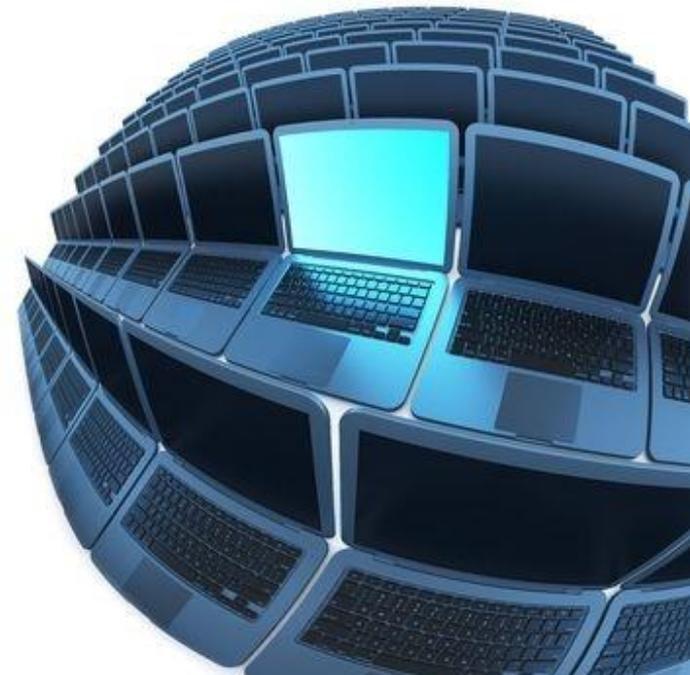


2. Development of Online Businesses

Sound internet infrastructure should be coupled with robust strategies to support online businesses.

Governments should:

- Support campaigns and training to promote the use of the internet.
- Integrate IT into teaching curriculums at all levels.
- Implement e-government systems for administration as well as the delivery of government services.
- Implement laws governing online businesses.
- Promote and facilitate e-commerce.



3. Access to Education & Specialized Training

There is a strong correlation between the level of tertiary education enrolment and services exports in developing countries

Governments should:

- Review and modernize curriculum at secondary and vocational levels.
- Ensure that tertiary level training requirements are inline with international standards.
- Support ongoing training in line with new/niche/priority areas with export potential and ensure that the training is ongoing/incremental to allow for movement up the value chain.



4. Research & Analysis

Governments should develop systems to collect and analyse data on the services sector and services exports and distribute the findings.

- Assess the state of the national services sector identifying the strengths and needs.
- Collect both qualitative and quantitative data.
- Information can be collected via surveys in collaboration with services associations, chambers of commerce, and other business associations.
- Identify priority sub-sectors and develop relevant strategic interventions to support these.



5. Focal Point & Consultation

While the services sector is fragmented, a coordinated approach is required for its development. A task force can support public-private, cross-public and cross-private sector dialogue.

- Establish a services sector task force comprised of representatives from the government, trade support organizations, and priority services sectors.
- The role of the task force would be to provide guidance to the government with respect to policy making, legislative and regulatory changes, human resource development, financing, standards, competitiveness and export development.
- Organize national consultations on a regular basis.



6. Strategy

Services strategies are more effective when they are integrated into key national strategies.

- Mainstream service sector development in national development plans, investment regimes and trade development.
- Seek technical assistance to support the development and implementation of services strategies.
- Ensure that the organization(s) responsible for the implementation of the strategy has the resources necessary to do so.



7. Negotiating Market Access

Governments should:

- Ensure that services are included in all trade agreements.
- Facilitate public-private sector dialogue to ensure that the private sector participates in negotiation processes.
- Request specific sectoral liberalisation in areas where there is comparative and competitive advantages.
- Address market access barriers relevant to service providers, including movement of persons, mutual recognition of qualifications, and government procurement.



8. Coalition of Service Industries

A services coalition is an organization of stakeholders related to the services sector. While the stakeholders may have diverse interests, they nonetheless share one key interest in common: the development of the services sector.

- Ultimately, the objective of a CSI is to enhance the competitiveness of the national services sector and improve services exports. This is done via awareness raising, education/training, export promotion efforts and lobbying and advocacy, as well as other efforts.
- Consider establishing a national CSI.





Active CSIs Around the World

- Australian Services Roundtable
- Barbados Coalition of Service Industries
- Belize Coalition of Service Providers
- Brazilian Association of IT and Communications Association
- Business New Zealand
- Canadian Services Coalition
- China Association of Trade in Services
- European Services Forum
- Hong Kong Coalition of Services Industries
- Indonesia Services Dialogue
- Jamaica Coalition of Services Industries
- Japan Services Network
- Philippine Services Coalition
- Saint Lucia Coalition of Services Industries
- Taiwan Coalition of Services Industries
- Trinidad and Tobago Coalition of Service Industries
- US Coalition of Service Industries
- The CityUK

9. Raising Awareness

Generally, there is a lack of understanding of the importance of trade in services – even by service providers themselves.

Governments should undertake an ongoing awareness campaign that would:

- Help re-focus the orientation of services providers towards export markets.
- Secure buy-in and support for the development of the sector among public and private stakeholders.
- Help establish the national services sector as credible, thereby encouraging buyers and investors.



10. Enabling Environment

A country's legislative and regulatory framework can affect its competitiveness and ability to export.

Consider:

- Does export-related legislation in the country recognize services and treat them equitably?
- Is human capital easily available through work permit regimes?
- Are there visa restrictions that can impede the access to the market by consumers?
- Are there quotas on the licensing of service providers?
- Are there Double Taxation Agreements in place?
- Is intellectual property and data protection legislation up-to-date?
- Does the government compete with the private sector for international contracts?

11. Incentive Regimes

As a start, all incentives offered to manufacturers should be extended to service providers. Services-specific incentives should also be adopted.

- Remove size requirements attached to export incentives.
- Establish export financing programmes not attached to physical collateral.
- Consider incentives including: establishing business incubators and technology parks, low-cost/free support services, use-of-technology incentives, training incentives, market research incentives.



12. Export Promotion

Resources dedicated to export promotion efforts should be proportionally shared with the services sector based on the country's export objectives.

- Participate in global/regional events and position the country as a leader through speaking and sponsorship opportunities; support trade missions and study tours; support inbound buyers missions and partnering events; participate in/host regional sub-sector conferences.
- Share export success stories via public channels.
- Support awards programme for service exporters.



13. Investment Promotion

A country's legislative and regulatory framework can affect its competitiveness and ability to export.

- Liberalize sectors (Mode 3) where there is strong potential but a need for investment.
- Actively promote domestic and foreign investment in the priority service sectors.
- Develop attractive incentives such as duty and VAT waivers on key inputs to the priority sectors.
- Promote the capacity of service providers to potential investors and host meet and greets to introduce them to services firms in the country.
- Fast-track investment proposals.





SESSION 4:

THE ROLE OF BUSINESS SUPPORT ORGANIZATIONS

SESSION 4 – THE ROLE OF BUSINESS SUPPORT ORGANIZATIONS

- 8 Strategies for Supporting Services Sector
Development & Exports

Business Associations

Business organizations that should support trade in services.

BUSINESS SUPPORT ORGANIZATIONS

- Export Promotion Organizations
- Service Coalitions
- Chambers of Commerce
- Educational Institutions
- Small Business Associations
- Business Women's Associations
- Entrepreneurship Organizations

SECTOR ASSOCIATIONS

- Information and Communication Technologies
- Management Consulting, Human Resources
- Architects, Engineers, Construction
- Health and Wellness
- Tourism
- Creative and Cultural... and many more

The Role of BSOs

Remember:

- A strong services sector positively impacts the competitiveness and export potential across all sectors.
- Even very small businesses can export services.
- Women are more actively engaged in the services sector.

A key role of a BSO is to advocate for the resources necessary to adequately support services sector development – through raising awareness and lobbying.

1. Structure & Support

In order to maximize on resources, improve success and build credibility among services-sector stakeholders, it is necessary to approach member engagement strategically.

- Keep up-to-date on the trends and best practices related to service sector development.
- Identify champions in the public and private sectors that can support your efforts through awareness raising and advocacy.
- Identify all services sector stakeholders, including other BSOs, educational institutions, public sector organizations, service providers and engage them in your efforts.
- Ensure that the services offered are needs-based.



2. Research & Analysis

Assessing the state of the national services sector results in fact-based decision making and generates support.

- Undertake quantitative and qualitative data collection that will complement the official statistical collections and provide an improved understanding of the scope and size of the services sector.
- Assess the strengths and needs of the services sector with a view to developing relevant strategic interventions/
- Identify exporting firms and priority sub-sectors.
- Provide analysis to government and other stakeholders – information should *always* flow both ways.



3. Raising Awareness

The lack of understanding about the services sector and trade in services is largely responsible for the skepticism surrounding benefits of services exporting.

- Undertake a comprehensive trade in services awareness building campaign that will encourage stakeholder support, services exports and build credibility for the sector.
- Develop a communications plan.
- Ensure that the messaging is not overly technical.
- Tailor to the various target audiences, including those in target markets.
- Vary communications channels and types of messaging.



4. Enhancing Competitiveness

By enhancing the competitiveness of services providers, BSOs can increase services exports, improve value chains, augment inward investment and, eventually, foster a positive international reputation for quality services on a national and sectoral basis.

- Successful services exporters offer high-quality services; possess business and entrepreneurial skills and possess services exporting skills. Support growth in these areas.
- Remember that export training for goods is not the same as export training for services.
- Ensure that training is needs-based.



5. Lobbying & Advocacy

Governments play a critical role in services growth, export and investment through the development of an enabling environment. Help the government, help you.

- Serve as an interlocutor between the government and the private sector, sharing and collecting information, and advocating on behalf of both.
- Document the barriers to business and trade experienced members and the wider services sector and provide this information to governments so they can work to mitigate barriers.
- Organize services sector consultations in partnership with the government in order to provide input into trade negotiations, trade policies and incentives.

6. Building Networks

Services exporting is premised on relationships. Help to build these.

- Build relationships with regional and international like-minded organizations.
- Encourage service associations to link with sister associations in target countries.
- Host regular networking events to encourage the establishment of alliances both within and cross-sector.
- Organize networking events between members and investors or those on inbound trade missions.



7. Export Promotion

- Collect and undertake market research in target markets.
- Encourage officers abroad to share export opportunities and support alliance building.
- Only take companies that are absolutely export ready into export markets to avoid damaging the reputation of the country.
- Provide a range of export-oriented services that support new exporters and successful exporters alike.
- Export success takes time – engage target markets consistently and patiently.



8. Celebrate Success

Success breeds success.

- Follow-up and document the outcome of all export promotion efforts.
- Share export success stories as an element of your communication strategies.
- Have successful exporters share their experiences at training events.
- Ensure that the government is aware of innovative, exporting companies.





SESSION 5:

ROUNDTABLE DISCUSSION: HOW CAN UKRAINE SUPPORT TRADE IN SERVICES?



How Can Ukraine Support Trade in Services?

- What has led to success in the IT sector in Ukraine?
- How can this success be translated to other services sectors?
- What reforms are required to strengthen the competitiveness of Ukraine's services sectors?
- How should government agencies and business associations promote trade in services?
- What work has been done to measure Ukraine's brand perception in major markets (such as in foreign ICT-related industries), and are strategies to be developed to enhance this?
- What foreign partnerships does Ukraine have in place to encourage bilateral trade in services relationships?
- How can Ukraine's services dialogue be improved in the future?

SERVICES EXPORT PROMOTION WORKSHOP

DAY 2: Trade in Services – Practical & Tactical

Kyiv, Ukraine

September 16-17, 2019



Канадсько-Український
проект з підтримки
Торівлі та Інвестицій



Canada-Ukraine
Trade & Investment
Support Project

CUTIS



CANADA UKRAINE
CHAMBER OF COMMERCE



The Conference Board
of Canada®



TFO
CANADA

Experts in trade
for developing
countries



GATEWAY to Trade
By Global Links Network



Global Affairs
Canada

Affaires mondiales
Canada

PRESENTERS:

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Canada-Ukraine Trade & Investment
Support Project

PRESENTERS:

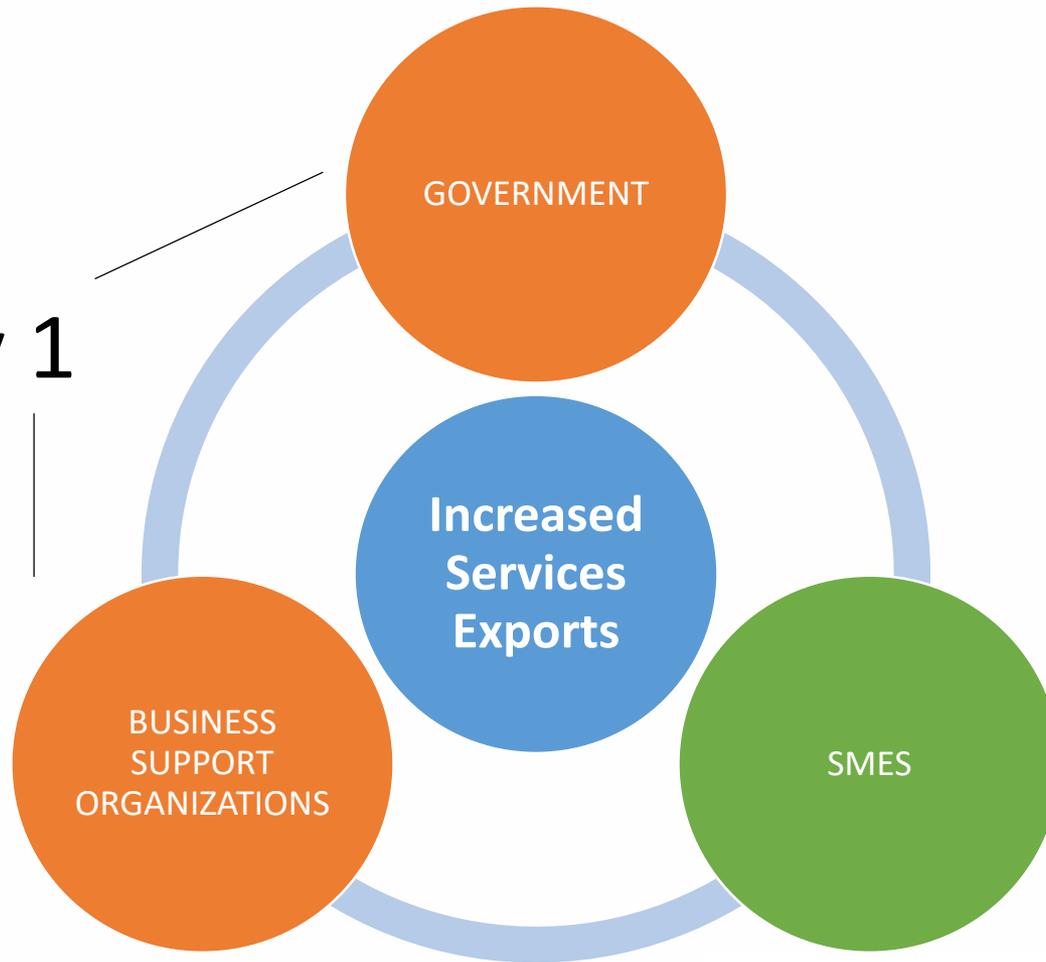
Lola Bertulfo

Principal Gender Equality Expert
Canada-Ukraine Trade & Investment
Support Project

Rita Lindayati

Senior Environmental Specialist
Canada-Ukraine Trade & Investment
Support Project

Day 1



Day 2

Day 2 Sessions:

6. Gender and Trade in Services – Opportunities and Issues
7. Environmental Services Trade Opportunities in Canada
8. A Programme Example – CUTIS Trade in Services Support Project
9. ICT Services
10. Roadmap for SME Service Providers
11. Summary and Roundtable Discussions



SESSION 6:

GENDER & TRADE IN SERVICES: OPPORTUNITIES & ISSUES



SESSION 6 – GENDER & TRADE IN SERVICES: OPPORTUNITIES & ISSUES

- Gender & Trade
- Gender Equity
- Issues & Opportunities
- Canada's Progressive Trade Agenda

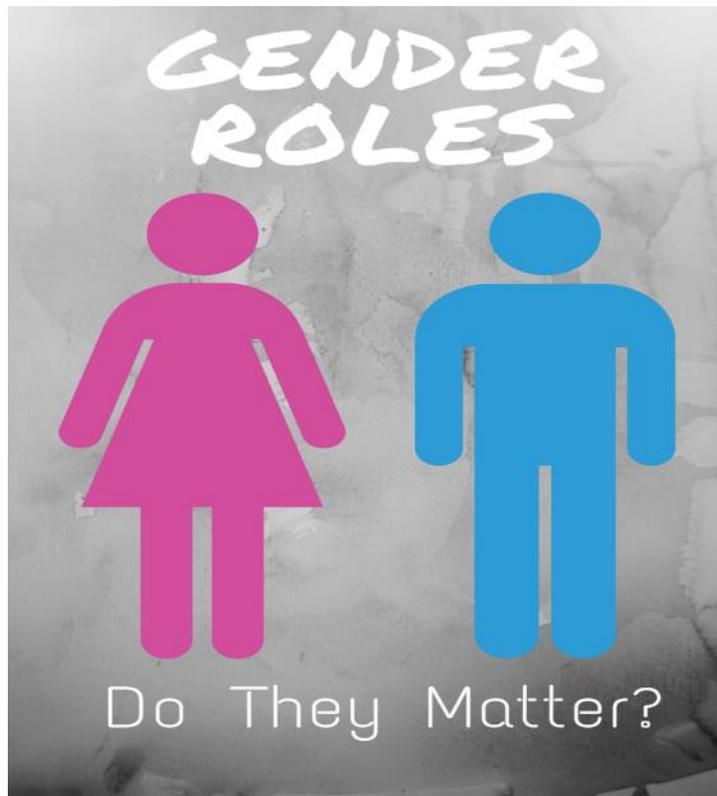
Gender and Trade

Differences between men and women in trade:

- Gender **roles**
- **Positions** of men vis-à-vis women
- What are **valued**
- Who **benefits**



Gender Roles Determine What Types of Work or Tasks are Valued



Why Gender in Trade?

Trade impacts on men and women differently.

In the economic sphere, women are in sectors that:

- require **lesser skills**
- offer **low-wages**, and
- **little opportunity for career advancement**
- care-giving (nanny, nursing)



Gender equality means that the different behavior, aspirations and needs of men and women are considered, **valued** and favoured **equally**.

Equality between men and women entails the concept that all human beings, men and women, are **free to develop** their **personal abilities** and **make choices** without the limitations set by stereotypes, rigid gender roles and prejudices.

Gender Equality





Gender Equity

- fairness of treatment of men and women
 - according to their respective needs



In the first image, it is assumed that everyone will benefit from the same supports. They are being treated equally.



In the second image, individuals are given different supports to make it possible for them to have equal access to the game. They are being treated equitably.



In the third image, all three can see the game without any supports or accommodations because the cause of the inequity was addressed. The systemic barrier has been removed.

Issues

- Many of the services suppliers (as workers and owners) are women, but women-owned businesses tend to be smaller than those owned by men.
- Need for computer and internet skills
- Financing for growth
- Constraints in undertaking foreign travel



Opportunities

- Service firms are never too small to export.
- New jobs are being created in services, with growth rates in services employment higher than for those in the economy as a whole.
- In Canada, 86.7% of women-owned businesses are in services: health, legal, architecture & engineering, consultancy and training services.



Examples of Canadian Women-owned Service Companies

Wintranslation

<https://www.wintranslation.com/about-us/>

SelfPay

<http://digitalretailapps.com/>



Canada's Progressive Trade Agenda

- **Fair share of gains** from trade
- **Focus on women**, indigenous peoples, youth, SMEs
- Specific reference to **labour** and the **environment**
- **Greater transparency**
- **Participation of civil society** in negotiations

Canada's Progressive Trade Agenda

May encompass:

human rights,

child labour,

anti-corruption, and

corporate social responsibility

in trade negotiations.

<https://www.empowerwomen.org/en/weps/about>



SESSION 7:

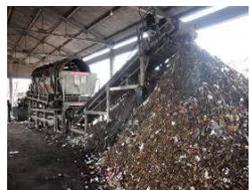
ENVIRONMENTAL SERVICES TRADE OPPORTUNITIES IN CANADA

SESSION 7 – ENVIRONMENTAL SERVICES TRADE OPPORTUNITIES IN CANADA

- What are environmental services ?
- Canada's international trade in environmental services: are there any opportunities for Ukrainian businesses?
- Canada's green procurement in services

What Are Environmental Services? Problem of Definition

Traditional categories of environmental services (focused on public infrastructure)



Solid waste management



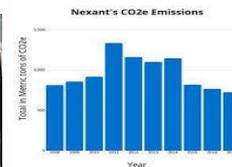
Waste water management

“Services to measure, prevent, limit and minimize or correct environmental damage to water, air and soil, as well as problems related to waste, noise, and eco-systems”.
(OECD)

Stricter environmental regulations;
increased public environmental awareness;
development of science and technology;
increased role of private sector



Emissions trading services



Preparation of emissions reports & verification services

Expanding categories of environmental services



Remediation of polluted sites

Better Understanding of Trade Opportunities in Environmental Services

Model 1	cross-border trade e.g. remote monitoring and control of air pollution levels; environmental consultancies; tests and analyses; ...
Model 2	consumption abroad e.g. solid waste treated abroad ...
Model 3	commercial presence abroad e.g. subsidiaries provide solid waste/ waste water treatment services;...
Model 4	temporary presence of natural persons abroad e.g. foreign technicians provide natural disaster assessment services; ...

Most international trade in services is based on Model 3 and 4.

Aik Hoe LIM Director, Trade and Environment Division WTO <https://www.unescap.org/sites/default/files/1-2.EGS-Trade2-WTO%20work.pdf>

Canada's International Trade Environmental and Clean Technology Products

	2007 (billions\$)	2017 (billions\$)	% Increase	Note
Export	8.3	12.4	49.6	
Import	6.6	12.1	83.2	<p>Environmental and clean technology product imports accounted for 1.7% of total Canadian imports in 2017.</p> <p>Manufactured products (goods and services) accounted for 82.8% of total environmental and clean technology imports. Imports of other services represented 8.5%.</p> <p>Examples of goods: electric motors and generators; bio-diesel; re-usable waste; waste and scrap of non-ferrous metals; turbines and turbine generator set units; wind-powered electric generating sets.</p>

Source: <https://www150.statcan.gc.ca/n1/pub/16-001-m/16-001-m2019001-eng.htm>



Canadian annual trade of environmental & clean technology services, by world region (\$ millions)

	2011	2012	2013	2014	2015	2016	2017
Exports	1,026	1,101	1,144	1,148	1,211	1,149	1,209
• US	669	665	733	717	799	744	783
• Europe	205	188	215	249	234	245	258
• Asia	52	74	69	67	63	55	58
• Other	100	174	127	115	115	105	110
Imports	1,004	1,070	1,203	1,305	1,427	1,331	1,357
• US	752	793	881	922	1031	947	966
• Europe	172	185	213	258	272	259	264
• Asia	56	59	74	93	91	86	87
• Other	24	33	35	32	33	39	40

Source: Statistics Canada, Balance of Payments special tabulations

- 3 top exports to US: R&D, management and administrative services associated with ECT, and environmental services (sanitation, waste storage, waste management services, and environmental consulting and audits).
- 3 top imports from US: environmental services, patents and industrial design, management and administrative services associated with clean technology.

Canada's Green Procurement in Services

- The Policy on Green Procurement, introduced in 2006 and updated in 2018, aims to integrate environmental considerations into procurement activities – including planning and buying, use and maintenance, and disposal to reduce the environmental impact and ensure best value.
- Environmentally preferable goods and services are those that have a lesser or reduced impact on the environment over the life cycle of the good or service, when compared with competing goods or services serving the same purpose.
- Environmental performance is considered along with other priorities such as price, availability, quality and performance.
- Environmental considerations include: the reduction of greenhouse gas emissions and air contaminants; improved energy and water efficiency; reduced waste and support reuse and recycling; the use of renewable resources; reduced hazardous waste; reduced toxic and hazardous substances; and biodiversity.

Source: <https://www.canada.ca/en/treasury-board-secretariat/services/innovation/greening-government/green-procurement.html>

Canada's Green Procurement in Services: Some Examples

Advertising Services

Some of the environmental criteria include:

- Paper should be certified as originating from sustainably managed forests (Canadian Standards Association (CSA), Forest Stewardship Council (FSC) or Sustainable Forestry Initiative (SFI), etc).
- Suppliers must submit, to the extent possible, electronic proof to their clients
- Organize meetings and telephone conference calls to reduce travel

Software

Some of the environmental criteria include:

- Electronic delivery of software and related documentation is the default method under the new Supply Arrangement method of supply
- Supplier has environmental management policies and practices that are geared to continuous improvement
- Supplier is ISO 14001 certified; Supplier uses ENERGYSTAR certified equipment.

Source: <https://www.canada.ca/en/treasury-board-secretariat/services/innovation/greening-government/green-procurement.html>



SESSION 8:

A PROGRAMME EXAMPLE – CUTIS TRADE IN ICT SERVICES SUPPORT PROJECT



Many new exporters jump into potential markets too quickly and unprepared - and fail. It is important to do the necessary preparatory work or you risk losing the investment of your time and resources.

Programme Elements for Service Providers



Roadmap for Exporting Services



CUTIS Project's Recent ICT Services Sector Support

- In collaboration with Trade Facilitation Office (TFO) Canada
- September 2018: Selection of ICT companies, 2-day Canadian market access training in Kyiv for the ICT Services sector, company interviews
 - Based on Global Links Network's Gateway to Trade model
- October – February 2019: One-on-one remote SME coaching to extend training; company profile and export planning guidance based on tools/templates
- Mid-January 2019: Selection of ICT firms for B2B mission to Canada

CUTIS Project's Recent ICT Services Sector Support

- January – March 2019: Direct outreach to southern Ontario ICT sector & related industry verticals, promoting each Ukrainian company to target & pre-arrange meetings
- Identify and collaborate with local industry/regional stakeholders
 - City of Hamilton, Ontario Centres of Excellence, Province of Ontario, Ryerson University, & more.
- April 2 – 5, 2019: B2B mission to Canada (Toronto and Hamilton); one company visited Calgary in May
 - Briefing & final prep; tech accelerator visits; business & industry information panel sessions; two pre-arranged B2B meeting sessions; time for self-arranged follow-up

CUTIS Project's Recent ICT Services Sector Support

- Canadian market information for the sector contributed to upcoming CUTIS ICT export guide
- Over 70 “warm”, pre-arranged meetings in Canada (Toronto, Hamilton, Calgary; many more with self-arranged meetings)
- New pathways to business development, partnerships, etc. (e.g. collaboration with Canadian start-up incubators)
- Greater awareness in the region of Ukraine ICT capacities and expertise
- Continued efforts to establish relationships, trust, awareness, etc. of Ukraine ICT competitiveness



SESSION 9:

ICT SERVICES



SESSION 9 – ICT SERVICES

- ICT Services & Market Access
- Ukraine ICT Services Sector
- ICT Sector in Canada
- Challenges & Opportunities
- Strategic Support for ICT Services Exports

Market Access

The conditions of market entry

When services trade agreements are negotiated, the negotiations centre around market access. Be aware that having market access is not the same as unregulated access.

There are many rules and regulations to follow when exporting.

Market access outlines government-imposed conditions under which a good or service may enter a country.

Services exporting is contingent on meeting specific conditions outlined in a trade agreement.

You also need to be aware of domestic rules and regulations that vary by country and govern specific sectors.

General Agreement on Trade in Services

Majority of Ukraine's ICT services to Canada fall under Mode 1 and some Mode 4 delivery.

GATS provisions specific to ICT apply primarily Mode 4 service delivery.

Under unique rules, Canada may grant work permits to specific, qualified services "professionals" meeting specific criteria.

A "GATS professional" is a foreign national of another member nation, providing professional services under contract in Canada, possessing credentials/qualifications officially recognized in Canada.



GATS

Movement of personnel between Ukraine and Canada

Professionals under Canada's provisions:

Group 1: Engineers, Agrologists, Architects, Forestry Professionals, Geomatics Professionals, Land Surveyors

- E.g. Software *Engineer* is a common job title, though the title is not permitted unless equivalent education and accreditation is applied

Group 2: Foreign Legal Consultants, Urban Planners, Senior Computer Specialists

- Group 2 has further criteria regarding the Canadian firm and foreign supplier, the number of personnel allowed, etc.
- Senior Computer Specialists: At least a recognized Master's in Comp. Sci. and 10 years experience, maximum of 10 personnel at a time



Canada-Ukraine Free Trade Agreement (CUFTA)

CUFTA 1.0:

- CUFTA became effective in August 2017 and covers goods only
- Two countries decided not to cover services at that time
- The primary concern of Ukraine is Canada's insistence on the negative listing approach on services negotiations
- CUFTA's two-year process: to examine the possibility of extending CUFTA to the services and investment areas



Canada-Ukraine Free Trade Agreement (CUFTA)

Negotiations of CUFTA 2.0 to Cover Services and Investment

CUFTA 2.0:

- In May, agreement is made to extend the CUFTA to cover services and investment
- The two countries should launch the negotiations soon
- Canada will insist on the negative listing approach, and CUTIS has already provided a lot of training in the area
- Ukraine should formulate its negotiating strategies and positions, particularly regarding Mode 3 and Mode 4.
- Ukraine should also consider its sectoral negotiating positions: ICT, business services and others, in order to explore the services export potential to Canada for the private sector and SMEs

UKRAINE ICT SERVICES SECTOR

ICT Services

As a Component of Ukraine Exports

Ukraine's 2017 Trade:

Merchandise exports (f.o.b.) = US \$43.2 billion

Commercial services exports = US \$13.8 billion

- Transport: 42.6%
- ***Other commercial services: 36.4%***
- Good-related services: 11.8%
- Travel: 9.2%



Data collected by the WTO Statistics Database <https://data.wto.org>

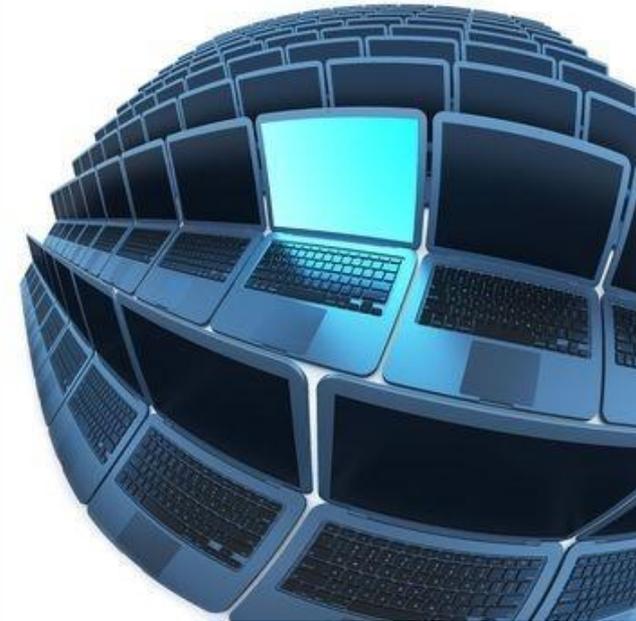
ICT Services

As a Component of Ukraine Exports

Ukraine's 'Other Commercial Services' Trade:

Approximate US \$5.0 billion in exports in 2017

- **ICTs: 55.1% (or approx. US \$2.8 billion in 2017 / 4.9% of total export value)**
- Other business services: 39.1%
- Construction: 1.9%
- Other: 3.9%



Data collected by the WTO Statistics Database <https://data.wto.org/>

The Importance of ICT Services Exports

A rapid-growth sector

- Over 184,000 software developers
- US \$265 million in start-up investment in 2018
- 18 companies in the 2018 Global Outsourcing-100 list
- Over 100 R&D centres
- In 2018, Ukraine was ranked 43rd on the Global Innovation Index out of 126 countries, up 7 spots

Source: Tech Ecosystem Guide to Ukraine 2019, UNIT.City / Western NIS Enterprise Fund , https://data.unit.city/tech-guide/Tech_Ecosystem_Guide_To_Ukraine_En-1.1.pdf

The Importance of ICT Services Exports

One of Ukraine's most rapidly-growing export sectors

Start-up investment activity:

- 2013 to 2016 – US \$365 million
- 2017 alone – US \$265 million

Ukraine's ICT services exports (world) trend:

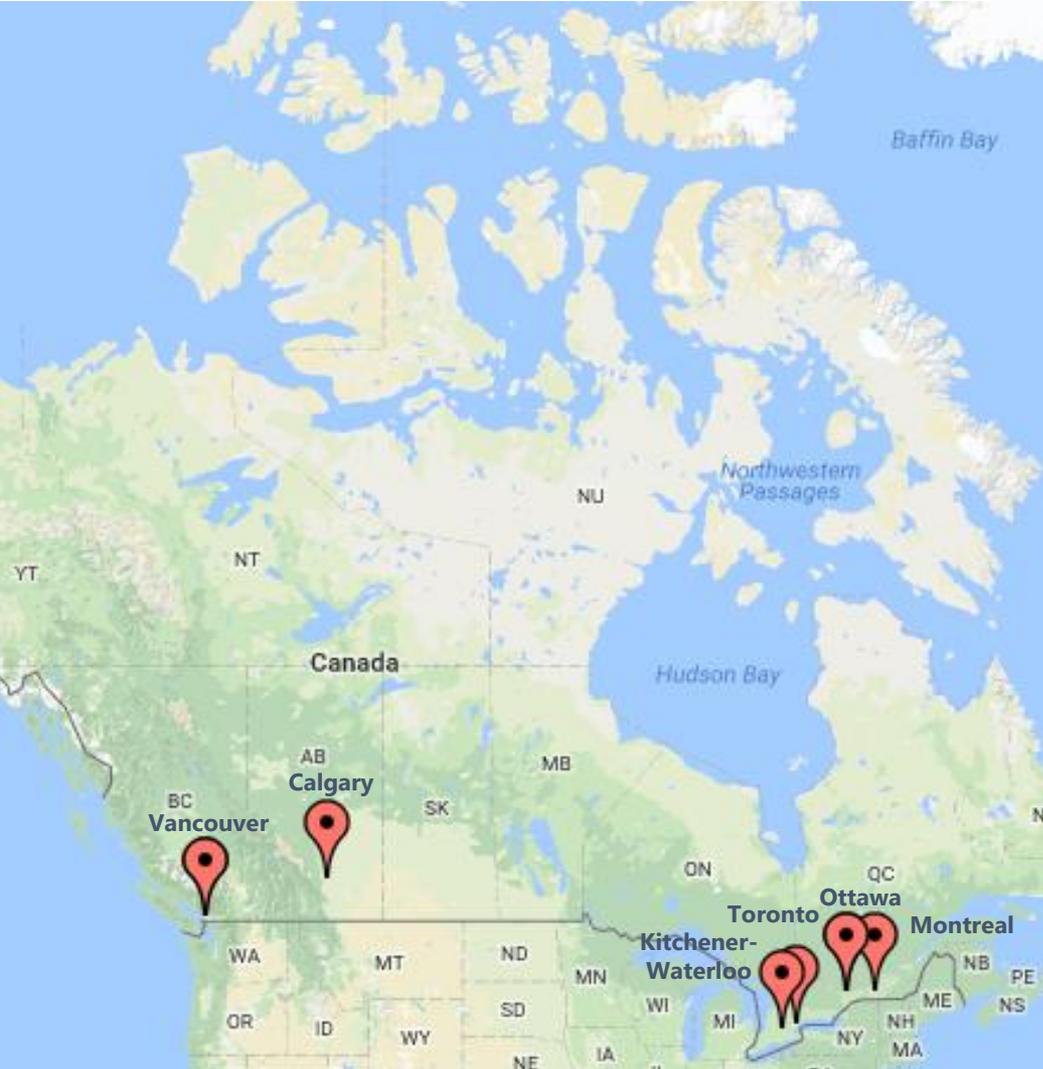
- 2016 = US \$2.3 billion
- 2017 = US \$2.8 billion
- 2018 = US \$3.5 billion



Compare that growth to Ukraine's biggest services export, Transport, at US \$5.3 to \$5.9 billion 2016-2018.

Sources: Tech Ecosystem Guide to Ukraine 2019, UNIT.City / Western NIS Enterprise Fund, https://data.unit.city/tech-guide/Tech_Ecosystem_Guide_To_Ukraine_En-1.1.pdf
WTO Statistics Database <https://data.wto.org/>

ICT SECTOR IN CANADA



Canada's IT Industry

A snapshot of industry hubs

- ✓ The Toronto-Waterloo corridor is North America's second largest IT cluster (after California).
- ✓ Toronto ranks 5th as top city at the forefront of the tech industry in the world.
- ✓ There are 34,000 IT companies in Canada (software and computer services).
- ✓ 86% of ICT companies employ less than 10 people.
- ✓ A little over one-quarter of the ICT industry workforce is made up of women.
- ✓ The top 250 Canadian ICT companies generate more than half of Canada's ICT revenues.

Canada's ICT Industry



Size of Industry

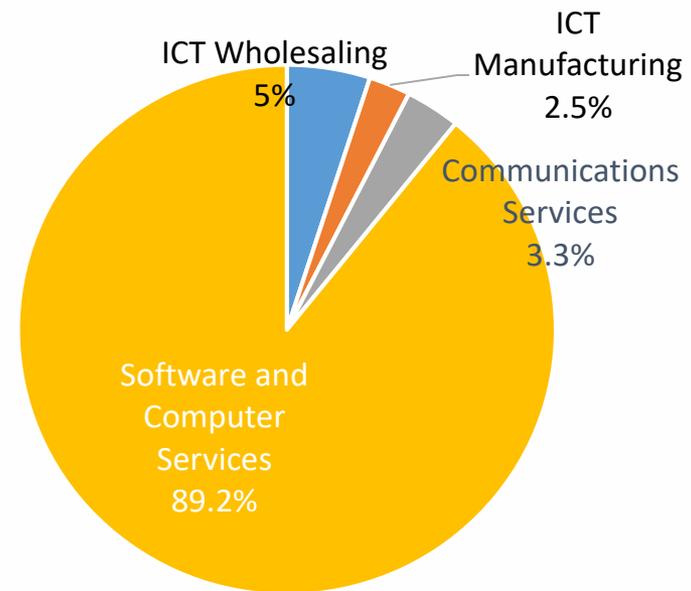
There are over 39,000 companies in the Canadian Information and Communications Technologies (ICT) sector. The large majority (over 34,000) fall within the software and computer services industries



Company Profile

86% of the companies in the ICT sector employ fewer than 10 people. Only 0.3% of the companies in the sector employ more than 500 people.

Companies by ICT Subsector



Source: 2016 Canadian ICT Sector Profile – Automotive, Transportation and Digital Technologies Branch

Canada's ICT Industry



ICT Goods & Services Exporting

While Canada exports 80% of ICT products manufactured, services are more domestically oriented. Software & Computer Services exports, for example, accounted for only 14.3% of revenues in 2015.



Imports

In 2015, Canada imported USD \$5.2 billion in software and computer services from around the world.

Countries Supplying Canada	Imported value in 2016 ('000 USD)
United States of America	2,504,100
India	516,800
United Kingdom	270,900
France	100,300
Netherlands	97,300
Germany	80,700
Brazil	78,500
Switzerland	64,900
China	40,000
Israel	40,000

Source: Code 9 - Telecommunications, computer, and information services (EBOPS 2010), 2016 imports; ITC, UNCTAD, WTO trade in services database based on OECD statistics (<http://www.trademap.org/>)

Tech Adoption in Canada



Seeing the Benefits

In a recent survey, 89% of medium-to-large enterprise executives confirmed that the digital economy and solutions such as cloud computing held benefits for their company.



... But Slow to Adopt

Despite the perceived benefits, only 38% of firms surveyed were implementing a digital transformation plan.



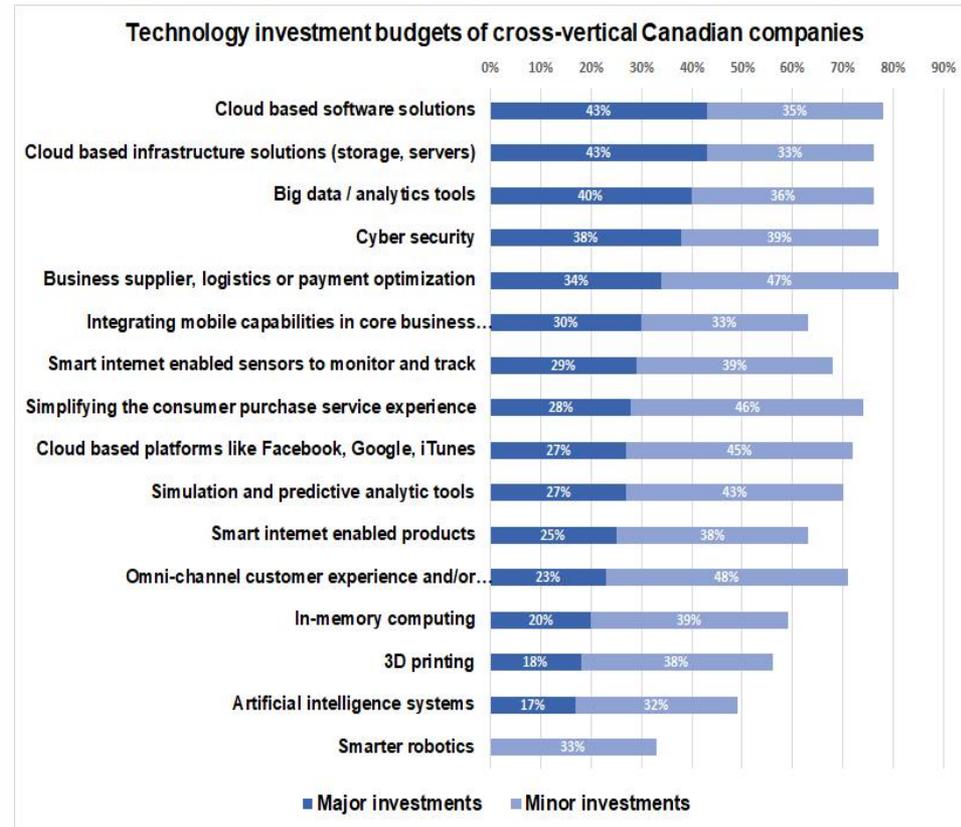
Across Industries

54% of ICT jobs are within all other industry verticals, indicating the growing presence of digital innovation across Canada's economy.



Trends

Trend is towards traditional technology, lack of desire to adopt disruptive technology.



Source: Digital Transformation in Canadian Enterprise, IDC Canada, April 2017

Canada's ICT Workforce



Employment

There were over 1.3 million ICT professionals employed across Canada's economy in 2017, with an ICT employment growth rate of 7% compared to only 1.2% across the overall economy.



By Sub-Sector

The software and computer services sub-sector accounts for 63.4% of employment in the sector.



Growing Workforce

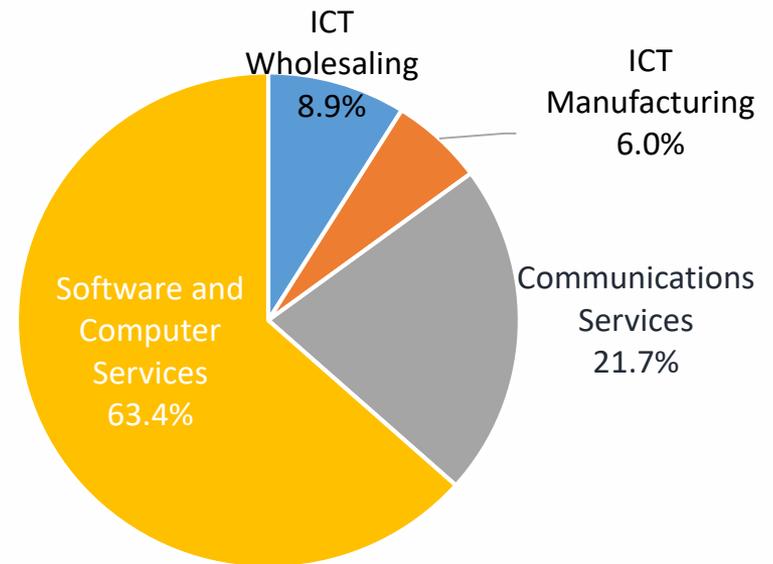
300,000 ICT jobs have been added to Canada's economy over the past 15 years.



Employment Growth

By 2021, the Information and Communications Technology Council of Canada (ICTC) further projects the need for 216,000 skilled ICT personnel.

Employment by ICT Subsector



Source: 2016 Canadian ICT Sector Profile – Automotive, Transportation and Digital Technologies Branch

Canada's ICT Workforce



Women in ICT

224,000 women were employed in ICT positions in 2017, an increase of approximately 11.3% over the previous year.



Aging Workforce

Approximately 13% of ICT professionals are over the age of 55, while only 6% fall into the age 15-24 category.



Immigrant Workforce

37% of Canada's ICT workforce was born outside of Canada.

Projected Hiring Requirements in ICT Across Canada to 2019

Province	# of Required Personnel
British Columbia	20,900
Alberta	17,300
Saskatchewan	3,900
Manitoba	4,000
Ontario	76,300
Quebec	49,600
New Brunswick	2,200
Nova Scotia	3,200
Prince Edward Island	1,500
Newfoundland and Labrador	3,800
Total	182,700

Source: 2016 Canadian ICT Sector Profile – Automotive, Transportation and Digital Technologies Branch

IT Employee Salaries

Tech sector employment rank	Employment by Firm Size				University education city / country	Avg. annual salary city / country
	< 20	20 – 99	100 - 500	> 500		
Vancouver, British Columbia						
2 nd largest	25%	35%	31%	9%	58% / 51%	\$67.8k / \$67.0k
Calgary, Alberta						
3 rd largest	22%	36%	25%	17%	57% / 51%	\$82.2k / \$67.0k
Kitchener – Waterloo - Cambridge, Ontario						
3 rd largest	19%	28%	32%	21%	49% / 51%	\$67.9k / \$67.0k
Toronto, Ontario						
3 rd largest	22%	31%	28%	19%	64% / 51%	\$72.0k / \$67.0k
Ottawa – Gatineau, Ontario						
2 nd largest	20%	28%	30%	22%	67% / 51%	\$77.7k / \$67.0k
Montreal, Quebec						
3 rd largest	16%	27%	27%	30%	49% / 51%	\$60.8k / \$67.0k
Halifax, Nova Scotia						
2 nd largest	23%	37%	30%	10%	56% / 51%	\$58.8k / \$67.0k
St. John's, Newfoundland						
3 rd largest	33%	40%	27%	n/a	44% / 51%	\$71.9k / \$67.0k

IT Employee Salaries

Median Base Salaries	Low, USD	High, USD	Median, USD
Cloud Architect	\$57,615	\$99,866	\$84,502
Frontend Engineer	\$41,483	\$99,866	\$72,979
Senior Software Engineer (P.Eng)	\$56,079	\$92,184	\$72,672
Full Stack Developer	\$34,569	\$71,443	\$49,933
Senior Graphic Designer	\$32,264	\$57,615	\$46,092
Mobile Application Developer	\$29,960	\$69,906	\$46,092
Web Developer	\$29,192	\$61,456	\$42,251
Digital Marketing Specialist	\$28,423	\$53,774	\$39,946

IT Employee Earnings

A Ukraine – Canada comparison

Comparison of Hourly Rate Ranges, by Clutch Rank on Clutch.co, USD

% of firms in...	\$25 - \$49/hr	\$50 - \$99/hr	\$100 - \$149/hr	\$150 - \$199/hr
Ukraine	70%	18%	5%	0%
Canada	15%	19%	49%	13%

Examples of Key Canadian ICT Organizations

CATA*Alliance*



Ontario Centres of
Excellence



COMMUNITECH

ITAC

INFORMATION TECHNOLOGY
ASSOCIATION OF CANADA

Branham
BRANHAM GROUP INC.



WATERLOOEDC
inventing the future

BCTECH
ASSOCIATION

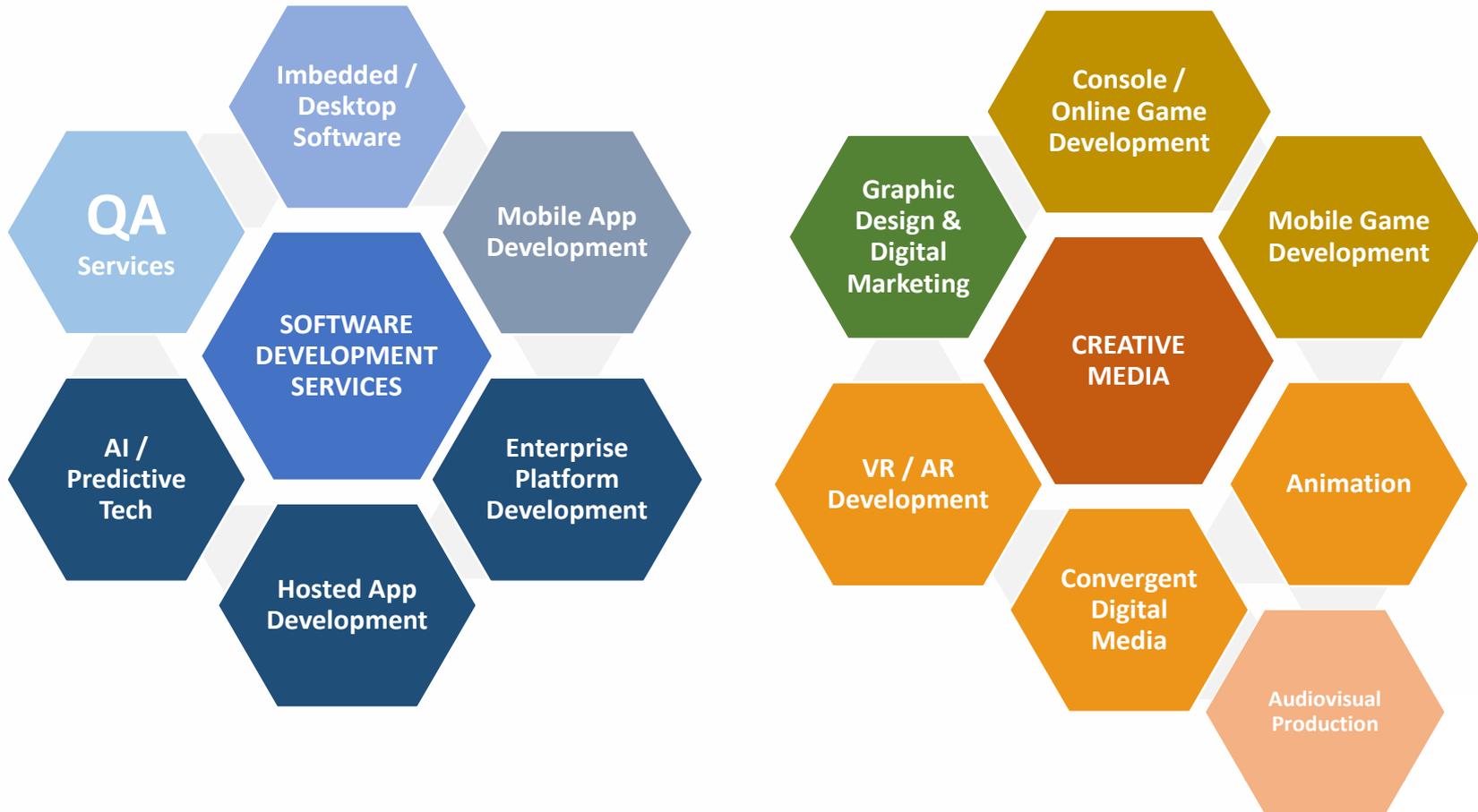


Canada's Association of Information
Technology (IT) Professionals



VANCOUVER
ECONOMIC COMMISSION

Key IT-related Sub-sectors



Video Game Development



Sector Growth

- ✓ **Number of Projects** - 2,100 video game projects were completed in Canada in 2017 – up 67% over the past 2 years.
- ✓ **Company Growth** - 66% of companies in the sector reported that they employ more people than they did in 2015.
- ✓ **Future Growth** – There are an estimated 5,900 planned new hires over the next year.
- ✓ **Company Expenditures** – Company expenditures can be broken down as follows: 61% for full time employees, 9% for outsourced services, 3% for contract/freelance employees, 2% for part-time employees (all up from 2016).

 CAPCOM

 ludia
A FremantleMedia Company

 UBISOFT



 relic
ENTERTAINMENT

 Microsoft



 glu

 GAMELOFT

Source: Essential Facts About the Canadian
Video Game Industry 2017

Sector Trends

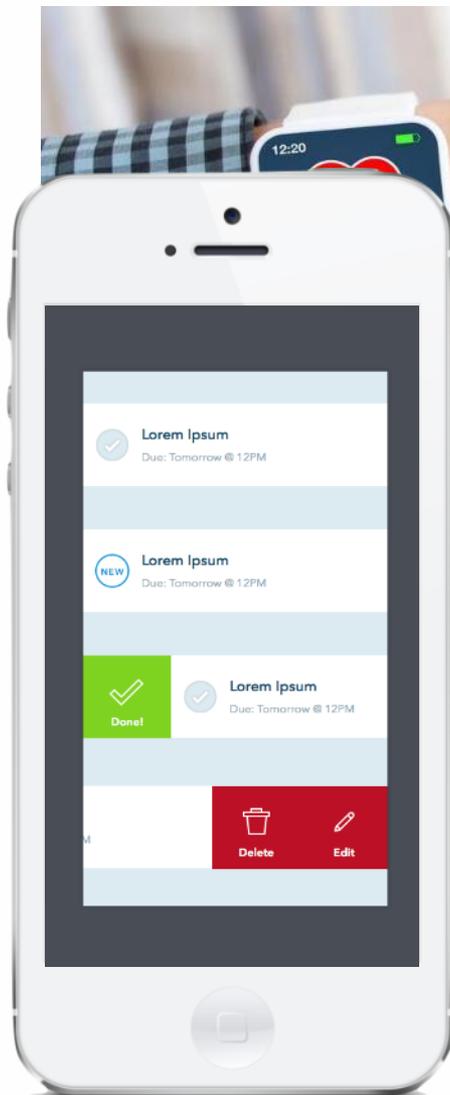
- ✓ **Platforms** - 60% of projects completed in 2017 were for web and mobile platforms.
- ✓ **Project Expenditures** – Console games account for 89% of total project spending, despite only accounting for 18% of projects completed.
- ✓ **Electronic Sports and Video Game Content** – is a growing area of interest and may account for the increase in the development of web-based games.
- ✓ **VR /AR** – VR/AR game development is growing and application is expanding outside of ‘entertainment’.
- ✓ **Genres** – 26% of projects completed in 2017 were family-oriented, 15% were serious games (i.e. edutainment) and 15% were action/adventure games.



Source: Essential Facts About the Canadian Video Game Industry 2017



Mobile App Development



Fast Growing

Over 90% of Canadians between the ages of 18 and 41 own a smart phone. 51% only use mobile to research – the highest per capita in the world.



The Trend

Over 50% of all ad spending in Canada is mobility focused. Demand for services will outstrip supply by a factor of 5 to 1.



Success

Top trends are IoT integration, mobile payments, enterprise data to mobiles, websites to mobile rather than stand-alone mobile apps.



Digital Marketing



Big Spender

\$10 billion USD is spent per year on marketing. Canada is the 10th largest ad market in the world.

40% of all spending is in digital marketing content.



The Trend

Only 25% of Canadian SMEs have adopted digital marketing.

45% plan to outsource – this means over 300,000 SMEs will need these services.



Success Story

Digital marketing software firm from Vancouver helped Papa John's pizza enter the Colombian market, chosen over US-based companies, due to understanding of needs & clear value statement





Software Development



Big Market

There are roughly 34,000 software and computer services companies in Canada, employing 377,000 skilled workers – but it's not enough.



The Trend

Of the top 10 fastest growing software firms, half are SMEs who can't fill the skills gap fast enough. Outsourcing for rapid development is becoming status quo.



Success Story

A small Vancouver software firm, recently acquired by Constellation Software in Toronto, supplies half of top 10 US broadband operators; further expansions in Asia.



Software Development

A booming market for enterprise services



Enterprise and Managed Services

Some of Canada's largest software firms are in the Enterprise and Managed Services sphere

- E.g. OpenText, Enghouse Systems, Points International



Industry Spending

Of the \$1 trillion in IT N. American spending in 2017-18 forecast by IDC:

- Industry verticals discreet manufacturing, banking, telecom will lead spending
- IT acquisition in healthcare expected to be fastest-growing
- Fastest-growing spending demographic will be SMEs
- Expenditures focused on software, especially enterprise resource mgmt., network software, collaborative applications, data access, analytics & delivery applications



- Enterprise CRM and POS developers, acquired U.S. clients from Dubai base
- Established Canada office to develop local ERM market and grow the U.S.

Software as a Service (SaaS)

From online storefronts to large-scale solutions



Shopify

A global success in Canada's capital city, 95% revenue increase 2014-15, facilitates \$24 billion in e-sales



Technology Triangle

Of Canada's top 10 firms, 60% are based in the Technology Triangle in Ontario, central Canada, close to the US border (D+H, Redknee, Descartes, Real Matters, PointClickCare, Mircom)



Rapid Growth

Larger firms continue to streamline internal IT, while SMEs increase cloud computer adoption and Data-as-a-Service (DaaS), managed solutions for business intel.

- 3rd party admin platform for health claim benefits management
- 150% revenue growth 2014-15 (~\$50 million)
- Hundreds of outsourced TPAs across Canada lacking technology solutions
- Total health claims processing environment in Canada exceeds \$60 billion

What Canada needs is efficient *access to the best and brightest internationally educated professionals* to help technology industries transform and grow here in Canada and to add value to an economy that is languishing while transitioning from resources to innovation.

~ Jayson Hilchie
President and CEO
Entertainment Software
Association of Canada





Challenges & Opportunities

There's a talent shortage



ICT Workers

There are 1,220,000 ICT professionals working in Canada. It is estimated that this number will increase to 1,637,000 by 2021



Talent Shortage

216,000 new jobs will need to be filled by 2021. Immigration and schools are only able to fill 30% of this deficit.



Outsourcing

Presently, 53% of companies cite 'attracting and retaining skilled employees' as one of their top human capital challenges. A trend towards outsourcing more senior roles is on the rise.



Needs

The top ICT occupations with labour shortages are: computer and information systems managers, computer engineers, database analysts and administrators, computer programmers and interactive media developers and graphic design technicians.





Challenges & Opportunities

Attitudes towards outsourcing



Caution

Canadian ICT companies will be cautious; many ICT executives have had a bad experience in the past.



Focus

Capabilities and industry turnover will be a focus.



Rise

There will be an increase in outsourcing in most Canadian industries – 45% of all SMEs outsource digital marketing function.



Mid-Sized

Multinational companies will most likely have internal resources that can be leveraged outside of Canada. It is the mid to large companies that are more likely to outsource.

Challenges & Opportunities

Attitudes Towards Outsourcing



Adoption of Outsourced Solutions

The trend towards outsourcing is growing in all sectors, but growing slowly...



Caution

Canadian ICT companies will be cautious. 35% of enterprise CIOs have been unhappy with outsourcing services – all have a 'story' to tell.





Challenges & Opportunities

Outsourcing Needs



Shortages

The top ICT occupations with labour shortages are: computer and information systems managers, computer engineers, database analysts and administrators, computer programmers and interactive media developers and graphic design technicians.



Top Solutions Being Outsourced

- Data / database management
- E-commerce platform hosting & administration
- Equipment – capital cost reduction
- Internal office management platforms, email, etc.



Outsourcing Statistics

- 45% of all SMEs outsource digital marketing function;
- 65% of all enterprises are now outsourcing enterprise platforms.



Challenges & Opportunities

Increasing awareness



Misperceptions

Canadians, especially smaller firms, will not know a lot about Ukrainian capabilities, and may even have misperceptions about the country.



Educate

Educate as part of your value statement

- High levels of education and talent
- Strong, dynamic ICT sector
- Good cost savings / quality balance



Location

Time zone and proximity will be of great interest after talent and cost, and solutions for addressing those challenges will be of interest.



Strategic Support for ICT Services Exports

Observations of CUTIS project activities in ICT Services

National Brand

- Strong business/diaspora networks need a brand strategy and messaging
- “Buy Ukrainian ICT” message needs to differentiate from many other, more established global outsourcing leaders, especially in Canada
- Good industry marketing metrics happening, but data needs to be better-sourced (cohesive message, ‘apples-to-apples’ comparisons)
- Ongoing work needs to be done on unique value of Ukraine ICT services (not just “We are better than...”)
- Ukraine can’t win on “cheaper coders”, especially at SME level

Strategic Support for ICT Services Exports

Observations of CUTIS project activities in ICT Services

Global Differentiation

- When the pitch is about “lower cost” alone:
 - Creates a negative impression or comparison to other offshore sources
 - Claims often don’t last through the initial meeting
 - Softens Ukraine’s competitiveness (rapidly-growing tech ecosystem, wealth of expertise in trending/disruptive tech such as security, AI, etc.)
- Focus less on being the world’s “IT department”, and more on strong value chain position: co-development, entrepreneurship, innovation

Strategic Support for ICT Services Exports

Observations of CUTIS project activities in ICT Services

Domestic Capacity Development

- “Slow and steady wins the race”
 - Short-term, high-profile gains make good ‘success stories’, but not necessarily export market-builders
 - What segment of the private sector can most benefit from public export assistance resources?
- Encourage SME growth with real-world expectations, e.g.:
 - There are no ‘overnight successes’
 - High-level introductions might open a door; they don’t close deals
- Larger ICT players can play a role in educating Ukrainian SMEs

Strategic Support for ICT Services Exports

Observations of CUTIS project activities in ICT Services

SME Export and Market Development Training

- Quantitative and qualitative: “Practical and tactical”
 - Continue to promote the need for market research and planning
 - Data and stats are important, and so is the ‘how-to’ of research, communications, clients needs assessment, relationship development, acceptable selling technique, business culture, etc.
- Don’t assume that export-experienced SMEs know how to do all of this
 - These tasks are typically handled by the owners/operators, if at all
 - SME export ‘strategy’ is usually short-term, tradeshow-focused

Strategic Support for ICT Services Exports

Observations of CUTIS project activities in ICT Services

Roles for Export Development Stakeholders

- Industry ecosystem pipeline development
 - Post-secondary educational partnerships (co-recognition; exchange)
 - Partnership with target market tech incubators' and accelerators' international programs
- More bilateral 'win-win' relationships with municipalities and regions
 - E.g. the target isn't "Canada" – it's the market-within-the-market
 - Focus on the *two-way* benefits in the trade and investment relationship; more difficult to achieve at sub-national levels

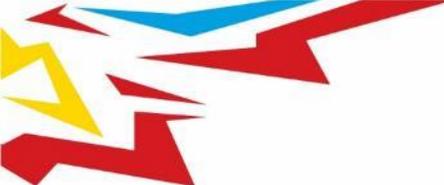


SESSION 10:

ROADMAP FOR SME SERVICE PROVIDERS – GETTING READY TO EXPORT

Roadmap for Exporting Services

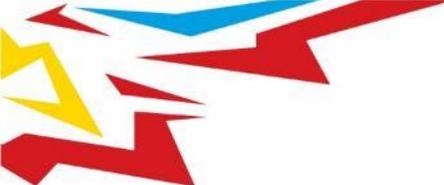




Differences Between Exporting Goods and Services

Factor	Goods	Services
Transportation	Products are shipped by air/sea/land	Services are sold over the Internet or customer/service provider travels
Technology	E-marketplace to show products	Essential for communication and timely delivery of services
Distribution	Importer/distributor	Local partner, service provider
Local partners	Production/distribution firms	Other service firms
Demonstrations	Sample product, specifications	Presentation of capabilities, qualifications, standards
Initial marketing by	Sales representatives	Company management – raise awareness, profile, credibility
Payment	On satisfactory delivery of product	May require guarantees, milestone payments

The support needed by service providers differs from the support needed by manufacturers.



Constraints Affecting Services Firms

Management	Service Offerings	Financing	Marketing	
<ul style="list-style-type: none"> Primarily MSMEs (usually 1-10 employees) No clear objectives Short-term thinking No business plans Insular thinking 	<ul style="list-style-type: none"> Different quality standards Differentiation / innovation required No measures in place to protect IP Not internationally competitive 	<ul style="list-style-type: none"> High cost of travel Tenuous cash flow position Worries re. getting paid Difficulty in accessing financing (no assets) Limited ability to invest Process for developing service contracts is long 	<ul style="list-style-type: none"> Little understanding of how to market “invisibles” Tendency to rush to market unprepared Technical skills but limited marketing skills Access to market information and intelligence a challenge Limited knowledge of market access requirements Limited use of online strategies 	<ul style="list-style-type: none"> Competitiveness No strategic/international networks in place Difficulty in establishing credibility Limited knowledge re establishing partnerships Weak proposal writing skills Limited knowledge of pricing strategies
Mindset	Human Resources			
<ul style="list-style-type: none"> Lack of confidence Complacency Lack of motivation No sense of urgency Weak prioritization Weak time management 	<ul style="list-style-type: none"> No recognition of professional credentials Limited productivity Difficult to mobilize personnel Weak project management skills 			

How can you help address these challenges?





When Should You Consider Exporting?

REACTIVE REASONS

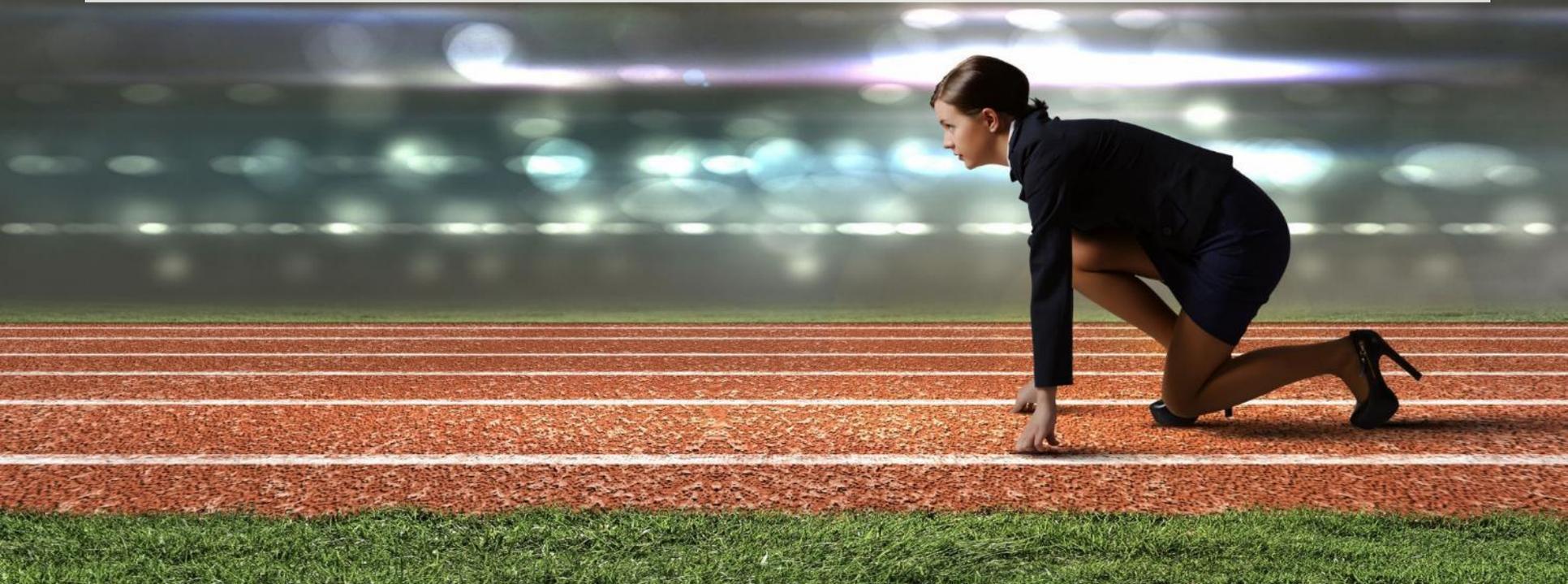
- You receive an unsolicited enquiry from a potential customer or partner abroad
- Demand for your services in your domestic market are low
- Your competitors are exporting and you want to stay competitive
- You need to spread your risk across different geographic markets
- You have excess capacity
- You want to extend the life-cycle of a service offering

PROACTIVE REASONS

- You see a unique opportunity emerging in a foreign market
- You see an opportunity to exploit a unique competence your firm has
- You see an opportunity to increase your firm's profitability
- You see an opportunity to enhance your firm's competitive advantage
- Your current clients are expanding internationally

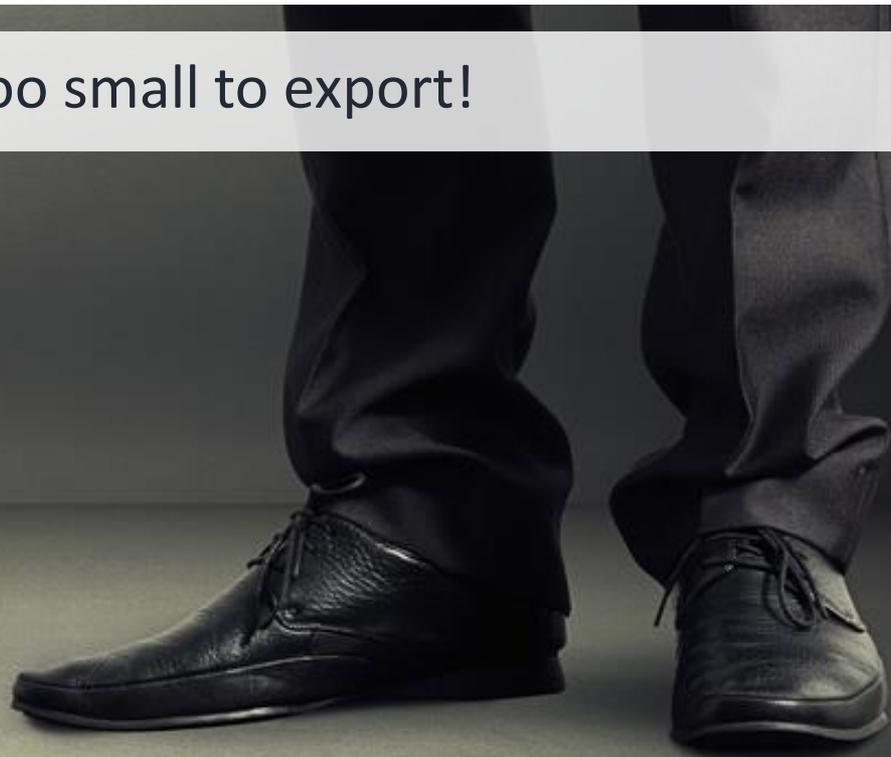


An export-ready business is one that has the capacity, resources and mindset to deliver a marketable product or service on a global scale at a competitive price.





You are NOT too small to export!





Is Exporting Right For You?

Many questions need to be answered. Taking the time to reflect on the answers will put you on the right path.



Do I have a marketable service?

When should I travel to my target market?

Is my management team committed to exporting?

How do I find opportunities?

Who can assist?
My government?
My association?

Do we have the resources we need to export?



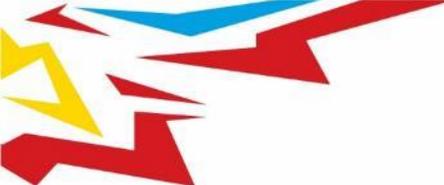
Assessing Resource Requirements

Your
Expectations

HR
Requirements

Financial and
Legal Resources

Competitiveness

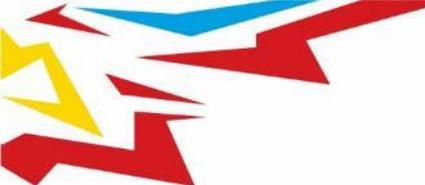


Your Expectations

DO YOU HAVE:

- Clear and achievable business and export objectives?
- A realistic idea of what exporting entails and the timelines for results?
- An openness to new ways of doing business?
- An understanding of what is required to succeed in the international marketplace?
- Is 'exporting' recognized by the full staff as a priority of the organization and is everyone prepared to work towards this goal?



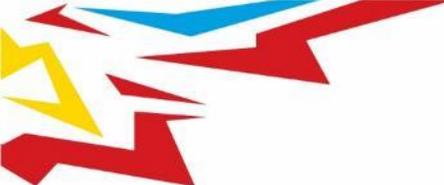


HR Requirements

DO YOU HAVE:

- The capacity to handle the extra demand associated with exporting?
- Senior management's commitment to exporting?
- Efficient ways of responding quickly to customer inquiries?
- Personnel with culturally-sensitive marketing skills?
- The necessary skills: market research, proposal-writing skills, project management, language and networking skills?



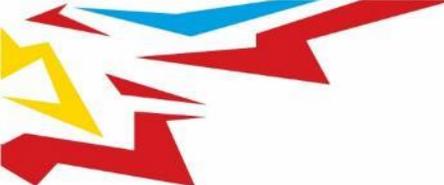


Financial & Legal Requirements

CAN YOU:

- Obtain enough capital or lines of credit to cover the costs of market development and the management of cash flow?
- Find ways to reduce the financial risks of international trade?
- Find people to advise you on the legal and tax implications of exporting?
- Deal effectively with different monetary systems and ensure protection of your intellectual property?





Competitiveness

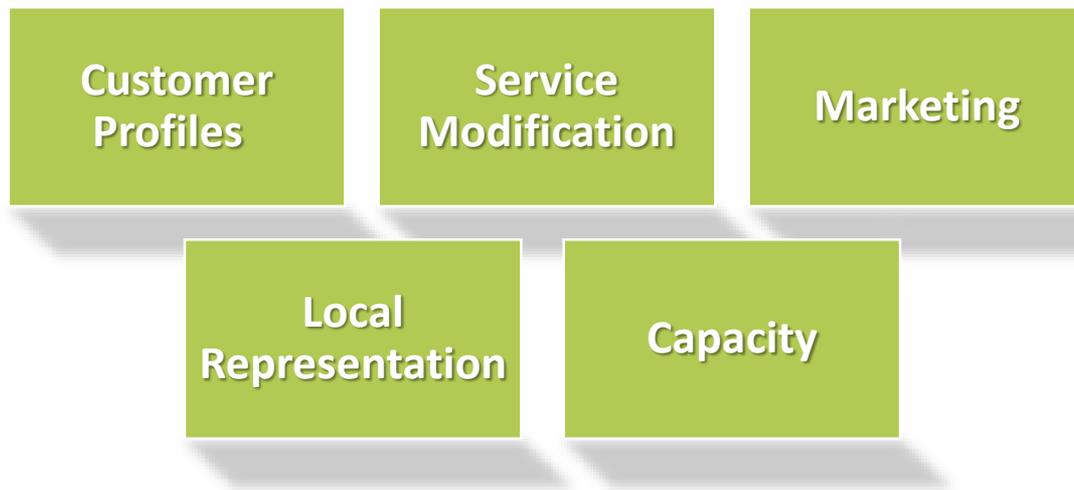
DO YOU HAVE:

- Services that are viable in your target market?
- Services with unique features?
- Services with quality marks?
- A strong competitive advantage (e.g. staff, technology, networks) and can you exploit these advantages in overseas markets?
- World class marketing materials and modern communication tools?
- A proven and sophisticated market entry method?





Evaluating Export Potential





Customer Profiles

- Do you know who already uses your service?
- Do you have adequate information on who uses the services you provide in your target market?
- Are there significant demographic patterns to the use of your services?
- Do you know what factors are important to your customers?
- What climatic or geographic factors affect the use of your services?
- Do you know your customers preferred marketing channel?





Modification of Your Services

- Do your services need to meet any technical or regulatory requirements?
- Will your credentials be recognized or will you require re-certification?
- Are modifications required to make your services appeal to foreign customers?
- Do you need to modify your services to allow for differences in language, culture and business environment?

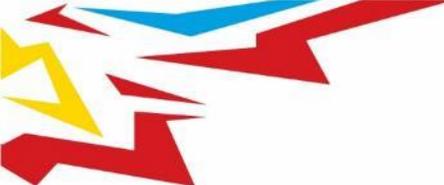




Marketing

- Do you thoroughly understand the needs of potential clients in this market?
- Has your marketing message been shaped for the export market?
- Has your promotional material been adapted to the export market, including the incorporation of any cultural considerations?
- Is there someone in the export market who can support and monitor your marketing efforts when you're not there?





Local Representation

- Will you need to be in the target market personally to deliver services?
- Will you need to set up an office in the target market?
- Can you service clients via electronic means?
- Do you require a local representative to support marketing efforts?
- Is a strategic alliance the most promising market entry option?

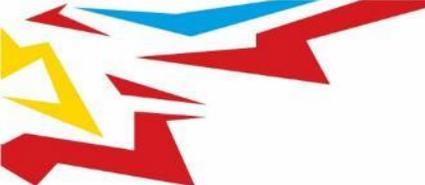




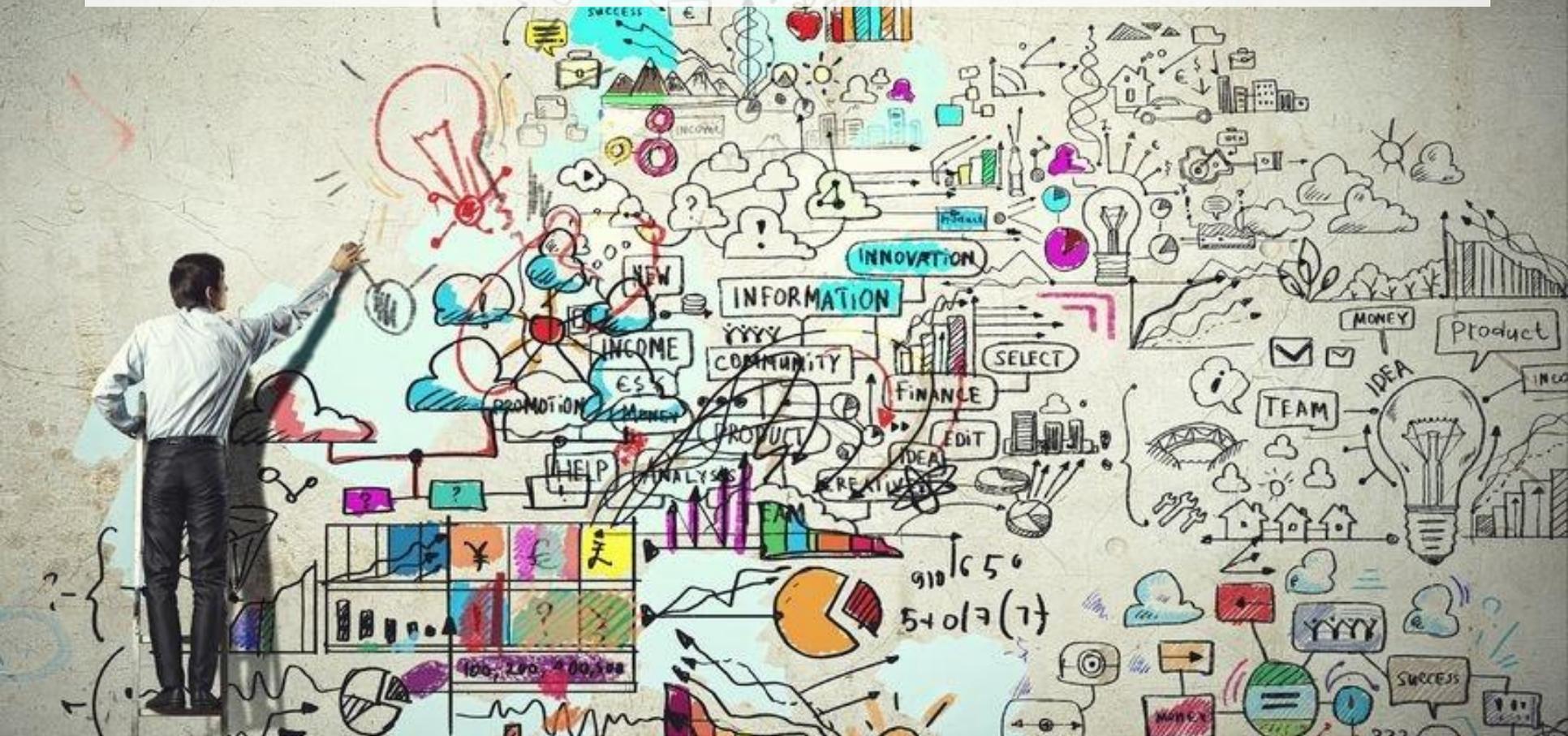
Capacity

- Will you be able to serve both your existing, domestic customers and your new foreign clients?
- If your domestic demand increases, will you still be able to look after your export customers and vice versa?
- Is your company committed to providing at least the same quality of customer service offered in the national market in foreign ones?





Your export plan is your map. It is your tool.





Elements of an Export Plan

- Executive summary
- Company description, including SWOT analysis and services offerings
- Value proposition
- Customer description, including ideal customer
- Export objectives and expectations
- Export capacity
- Management commitment
- Market/sector research and intelligence
- Competitiveness assessment
- Target markets
- Market entry strategy
- Marketing strategy
- Resource requirements
- Financial plan
- Action plan



An export plan need not be a hundred-page document; the right 5-10 pages will do – even if just in a PowerPoint format.

An export plan is a living document and should be updated as needed.

EXERCISE



Know before you go.



What is Market Research?

Market research is the collection of information and intelligence that enables a business to make informed and intelligent decisions about entering new markets.

- Statistics on your service industry
- Information on political, economic, social and business environment factors
- Indication of fast-growing markets and trends
- Understanding of competition
- Access to incentives (domestic and/or foreign) to promote exports and investments





Market Research and Exporting

A lot of time can be spent on market research but... if you spend that time wisely, it will save you time and money in the end.

Market research can help:

- determine if you should or should not export
- guide you towards *your* “best markets”
- determine service suitability
- identify potential customers
- illustrate how business is conducted (in particular purchasing practices)
- analyse the competition
- determine market entry strategy





Sources of Market Information



ORGANIZATIONS

Domestic & International

- Trade promotion organizations
- Government line ministries
- Business support organizations
- Industry and sector associations
- International financial institutions
- Bilateral trade associations
- Banks and investment agencies
- Educational institutions
- Market research firms
- Competitors



PUBLIC DOMAIN

Print, Online & Other Media

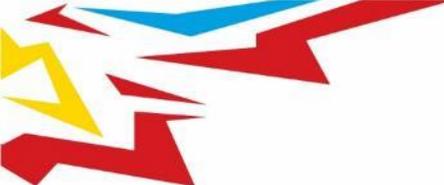
- Newspapers (online and print)
- Trade journals
- Commercial market studies
- Trends monitoring
- Electronic bulletin boards
- Radio and television



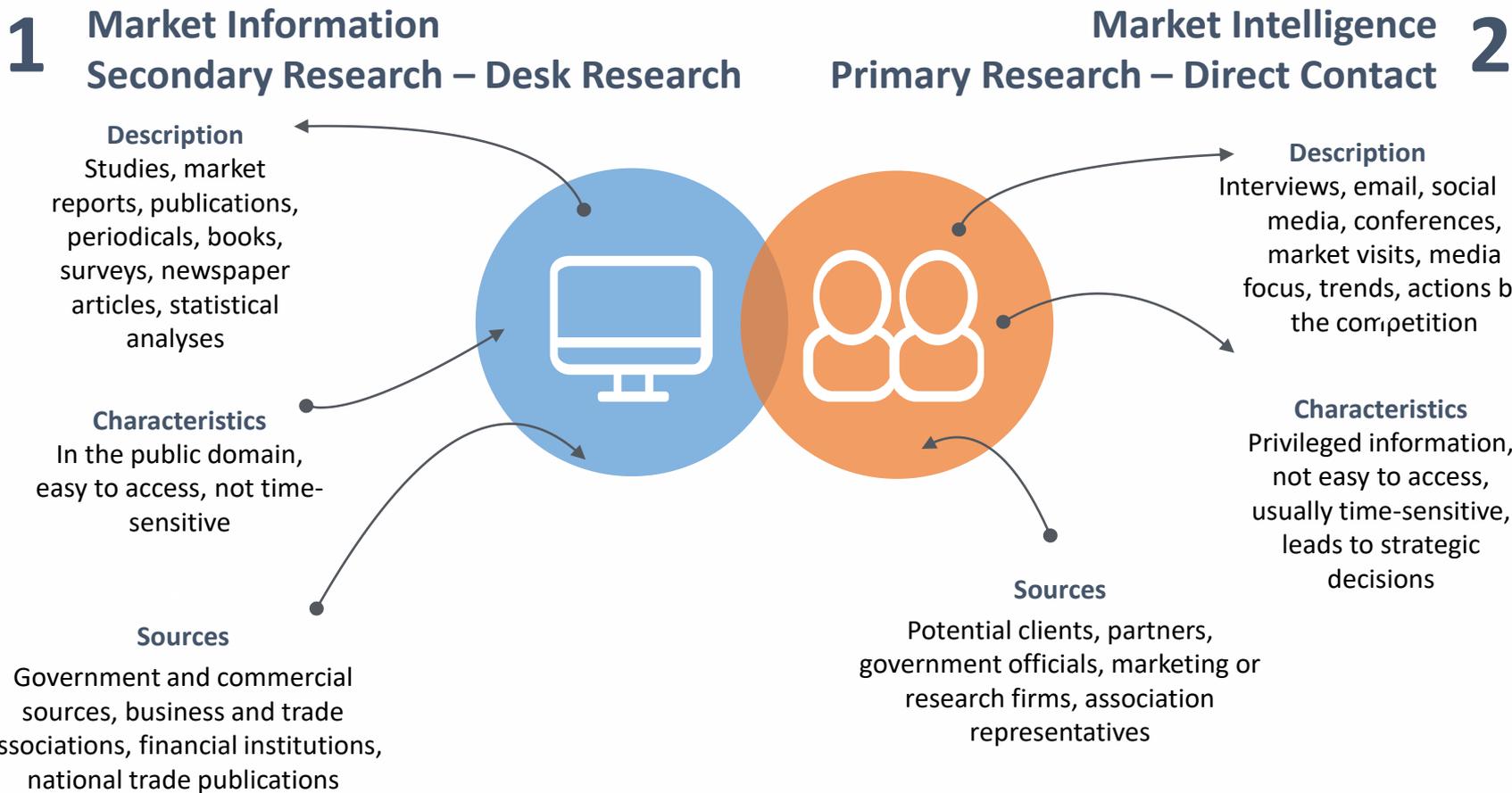
NETWORKS

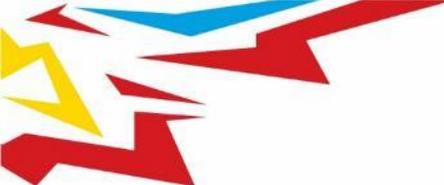
Past, Present & Future

- Social media
- Other exporters
- Partners
- Alumni
- Diaspora
- Overseas students
- Overseas family members
- Surveys



Market Research vs Market Intelligence





Sector Information

The same reasons given regarding the importance of researching target markets, also applies to researching your services sector – both generally, and with specific reference to your target market.

Information that increases the understanding of a sector includes:

- Market size
- Demographics
- Key players
- Buying patterns
- Growth trends
- Opportunities
- Challenges
- Competitors
- Strategies



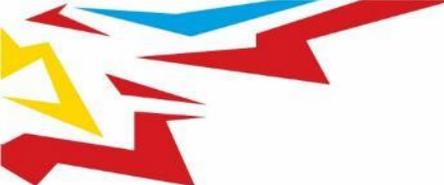
Sector Intelligence

Being an active player in your sector can help you to better understand your market, while at the same time, position you as an industry leader.

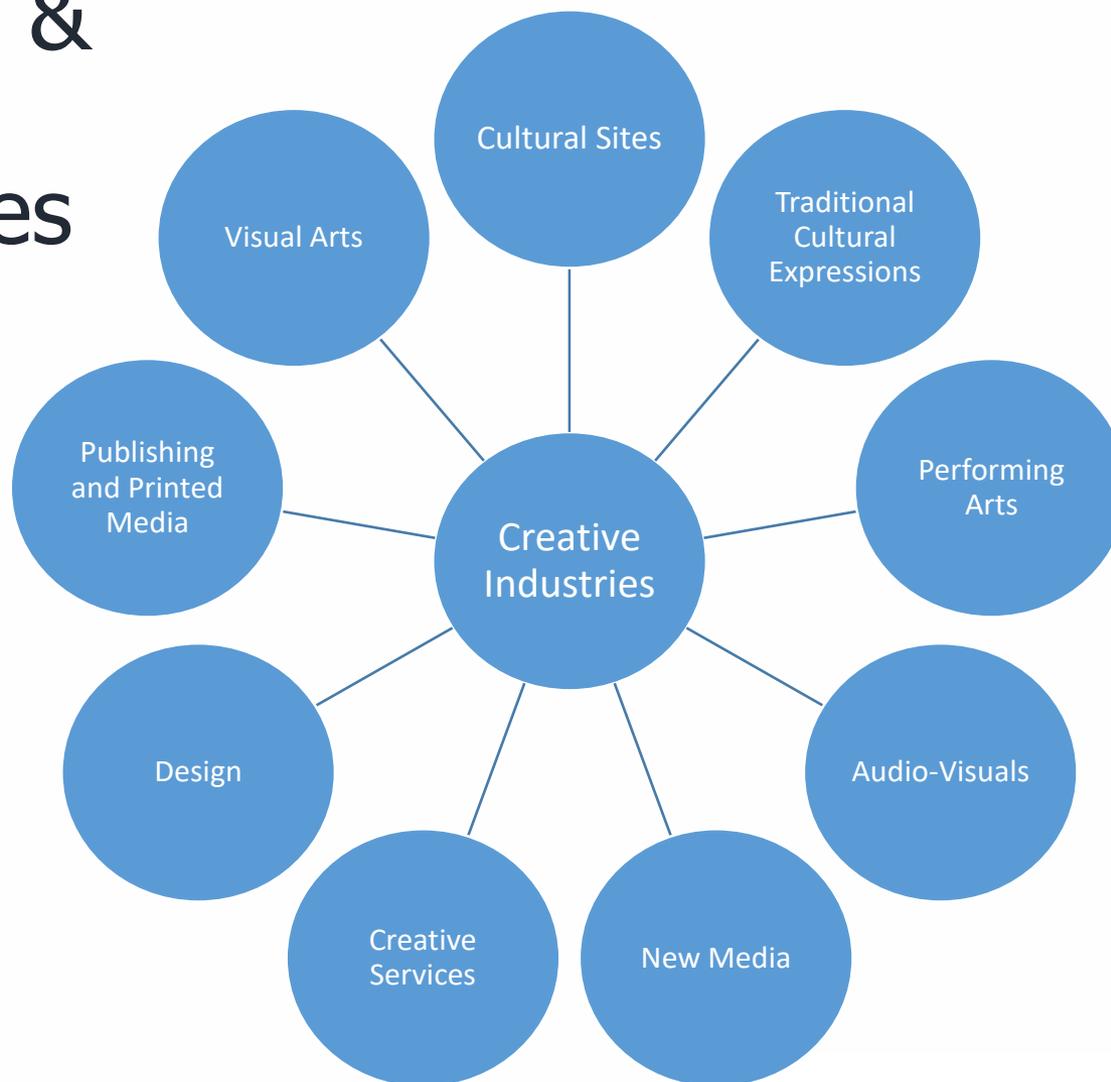
Market research can help:

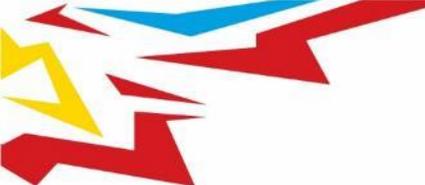
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Creative & Cultural Industries





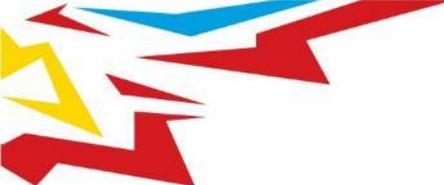
Creative & Cultural Industries Statistics

The global creative and cultural industries revenue tops USD \$2,250 billion dollars and accounts for 3% of the world's GDP.

- The global CCI accounts for 29.5 million jobs or 1% of the world's active workforce
- In 2015, the value of trade in creative goods amounted to USD \$510 billion dollars – the Caribbean's share was 0.02%
- 8 of the 20 main exporters of creative goods are developing countries including Singapore, Turkey, Thailand and Malaysia
- Developing countries accounted for 45% of global trade of cultural goods in 2014, compared to 25% in 2005

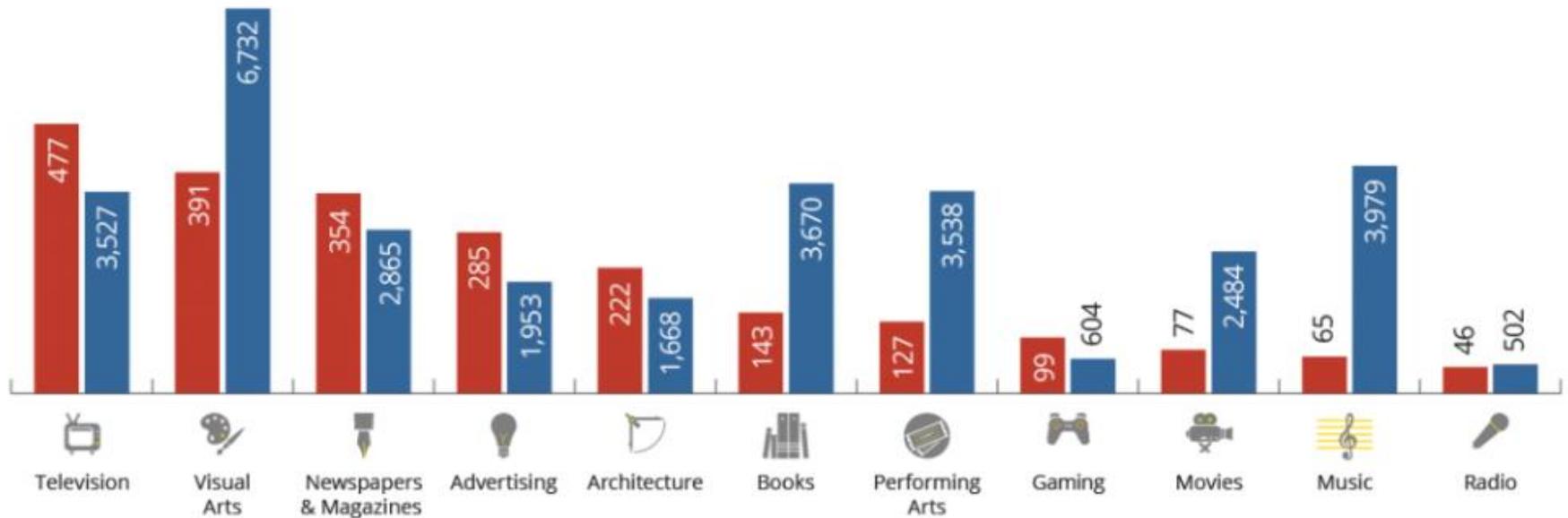


Source: EY Cultural Times, UNCTAD, UNESCO



Creative & Cultural Industries Contribution by Sector

■ Sectors by revenues (US\$ bn) ■ Number of jobs (in '000)



Source: EY Cultural Times





Creative & Cultural Industries Drives the Digital Economy

The creative and cultural industries is becoming increasingly digitized. CCI drives the digital economy.

- CCI contribution to global digital sales is USD \$220 billion
- Cultural content has a direct impact on the sales of electronic devices used to enjoy it
- Cultural content is the key driver for the demand for high bandwidth internet services



Source: EY Cultural Times, UNCTAD, UNESCO

Wellness

Wellness is a USD \$3.72 trillion global industry.



Source: Global Wellness Institute

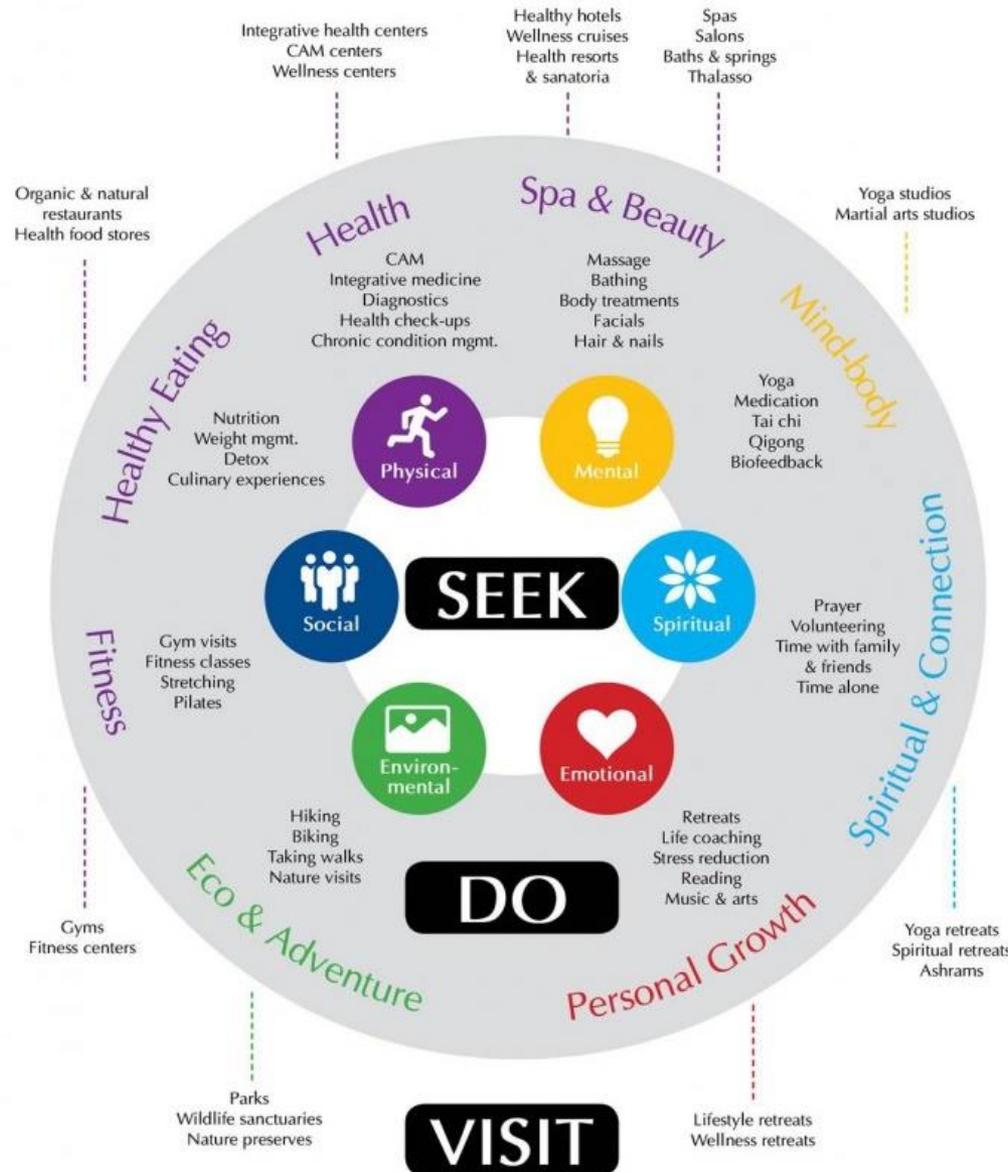


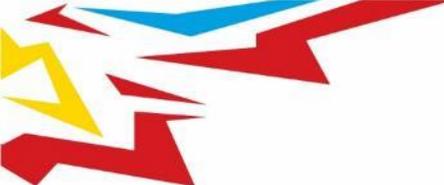
Wellness Tourism

- Represents 14.1% of the wellness industry amounting to USD \$563.2 billion
- Is projected to grow to USD \$808.0 billion by the year 2020
- Accounted for 116 million trips and USD \$187.1 billion in expenditure in 2015
- Accounts for 15.6% of total tourism expenditures - nearing 1 in 6 of total 'tourist dollars' spent. International wellness tourists spend 61% more (\$1,613/trip) than the average tourist.
- Wellness tourism is responsible for 17.9 million jobs worldwide



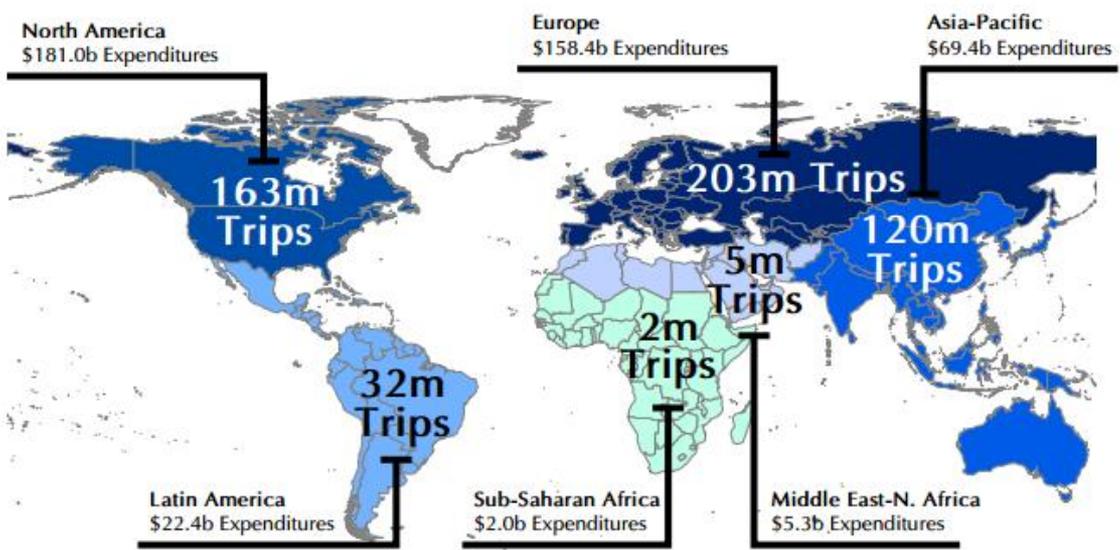
Source: Global Wellness Institute

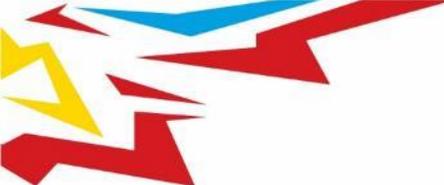




Wellness Tourists

15 countries account for 75-85% of outbound international wellness trips, led by Europe, North America, and wealthier/developed Asian countries.





It's A Big World Out There

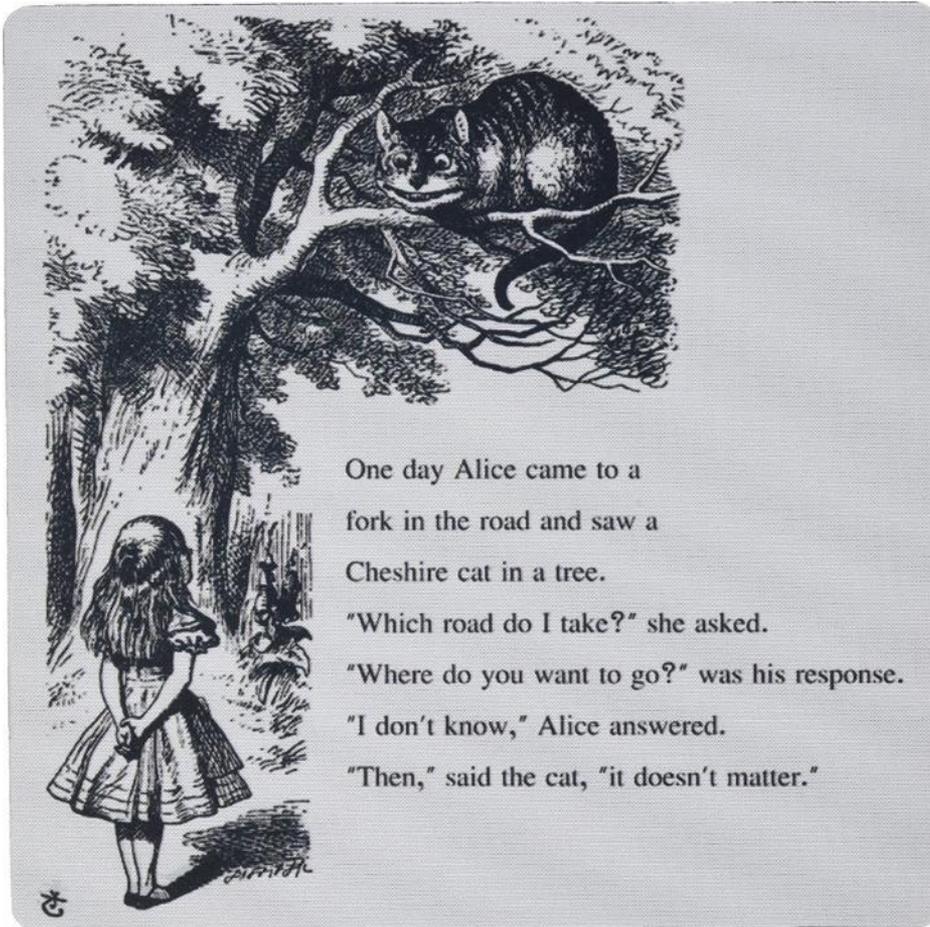
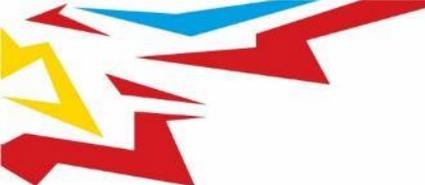
Market research is the collection of information and intelligence that enables a business to make informed and intelligent decisions about entering new markets.

Question:

**195 countries to choose from...
but which is right for you?**

**Market Information
+ Sector Information
+ Market Intelligence
= Informed decision-making**





When asked where they want to export to, some companies will answer 'the whole world'.

The problem with this statement is that there is no focus and no strategy and will not be successful.



Information v.s. Intelligence

Market Information:

Market information promotes understanding

- ✓ secondary research
- ✓ is in the public domain
- ✓ easily accessible and not time-sensitive
- ✓ usually free
- ✓ frequently requires analysis in order to be useful

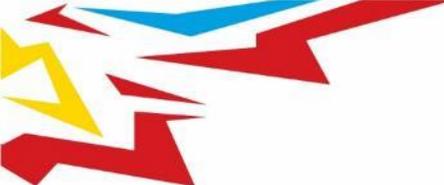
Market Information → Sector Information

Market Intelligence:

Market intelligence determines strategy

- ✓ primary research
- ✓ is privileged information, usually time-sensitive
- ✓ available on a limited basis, sometimes from confidential sources
- ✓ may or may not be free
- ✓ useful for making strategic business decisions

Market Opportunity → Market Penetration → Market Development



Forms of Competitive Intelligence

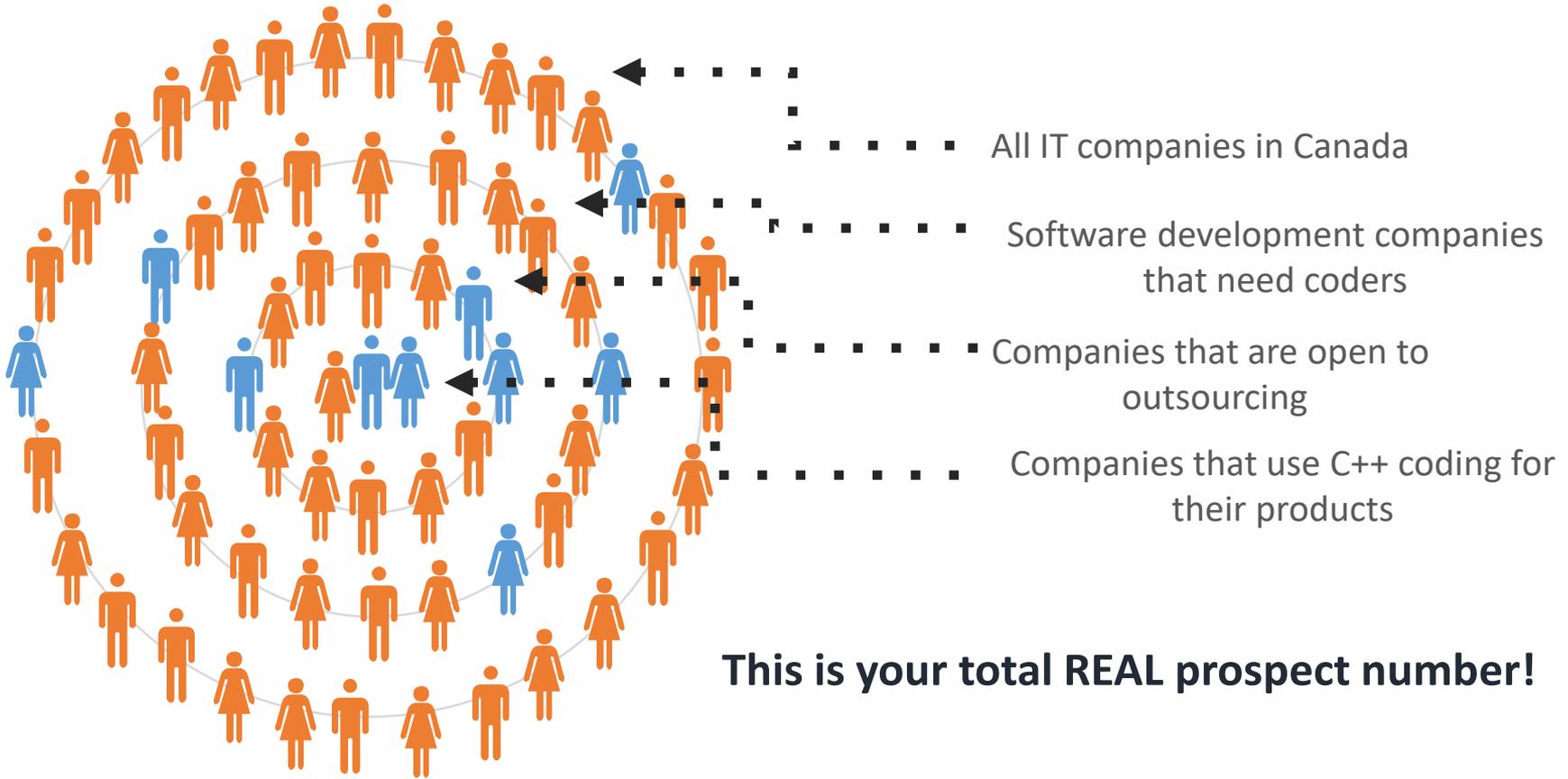
The combination of intelligence on your market, your customers, your industry and your competition will lead to you making the right decisions.



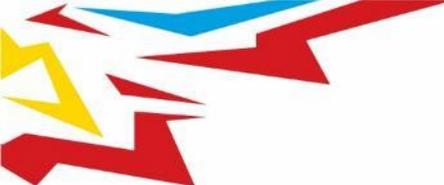
- Will inform:**
- Greatest benefit, lowest risk
 - Best fit with company's capabilities
 - Suitability of services
 - Potential clients
 - Existing competitors



Your Target Market



This is your total REAL prospect number!



Client Intelligence

Client intelligence is the process of gathering and analyzing information regarding clients - their details and their activities - in order to build deeper and more effective customer relationships and improve strategic decision making.

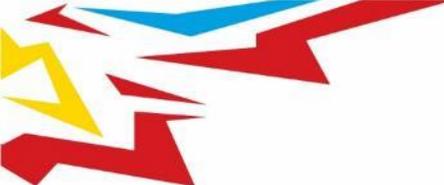
Information Gathering



Strategic Decision-Making

- Unmet needs
- Current buying patterns
- Factors affecting decisions
- How to initially target
- Methods of communicating
- Willingness to switch suppliers

- Customized solutions
- Focus on providing value
- Strong customer relationships



Where to Find Client Intelligence

What are the best sources of information on clients and prospective clients?

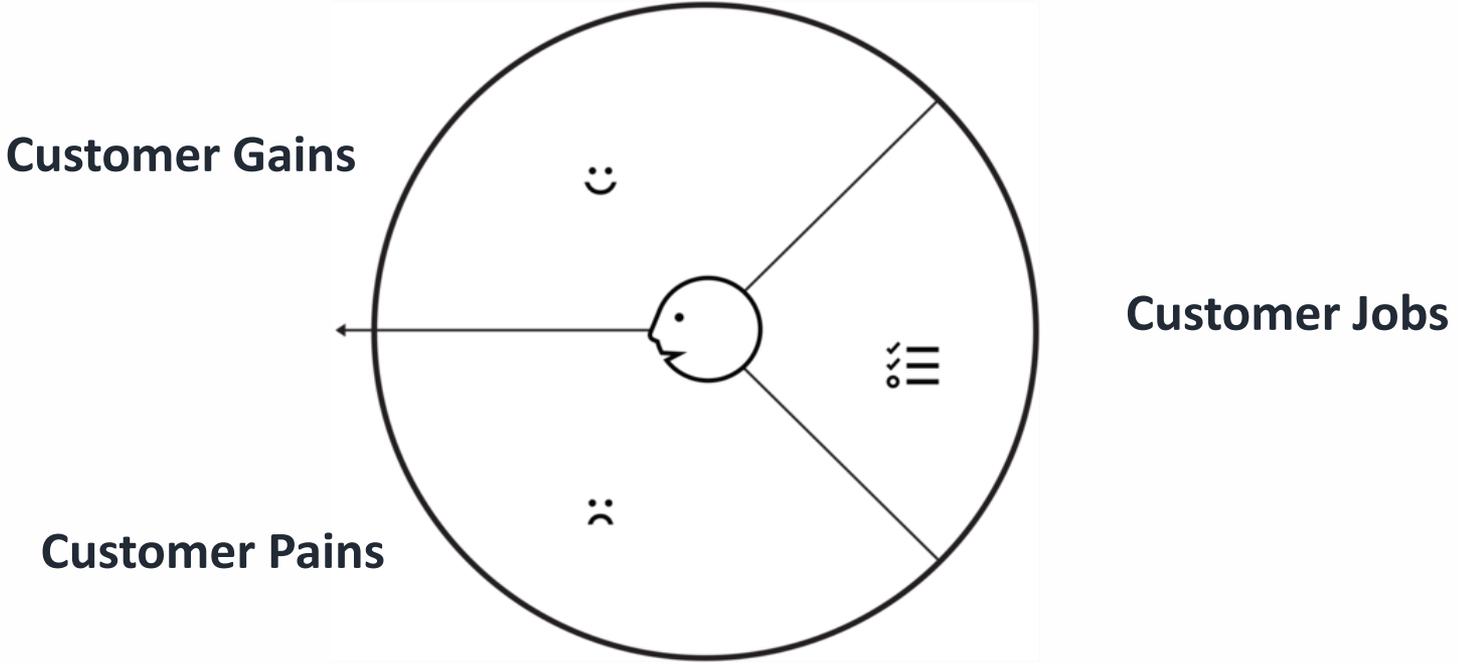
- The clients themselves
- Your network of contacts
- Word of mouth referrals
- Online research, including online reports
- Social media
- Association membership
- Opportunity listings
- Conferences and events
- Government trade offices



EXERCISE



Customer Profile Value Proposition Canvas Pt. 1





Competitor Intelligence

Analyzing your competition will help you to make decisions, anticipate and position your company effectively in your target market.

- Identify competitors in your domestic market and target markets, including new competitors and potential competitors
- Analyze your competitors' services offerings, geographical reach, capabilities, goals, strengths and weaknesses, strategies and how they are marketing themselves
- Use this information to differentiate yourself and to improve your position in the market



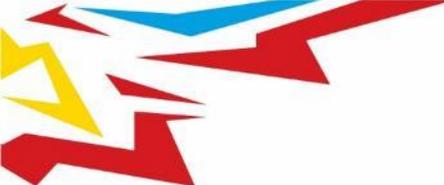


Sources of Information

Analyzing your competition will help you to make decisions, anticipate and position your company effectively in your target market.

- Competitor directly
- Social media
- Website
- Competitor customers
- Collateral material
- Pricing information
- Press releases
- Job listings
- Media
- Webinars

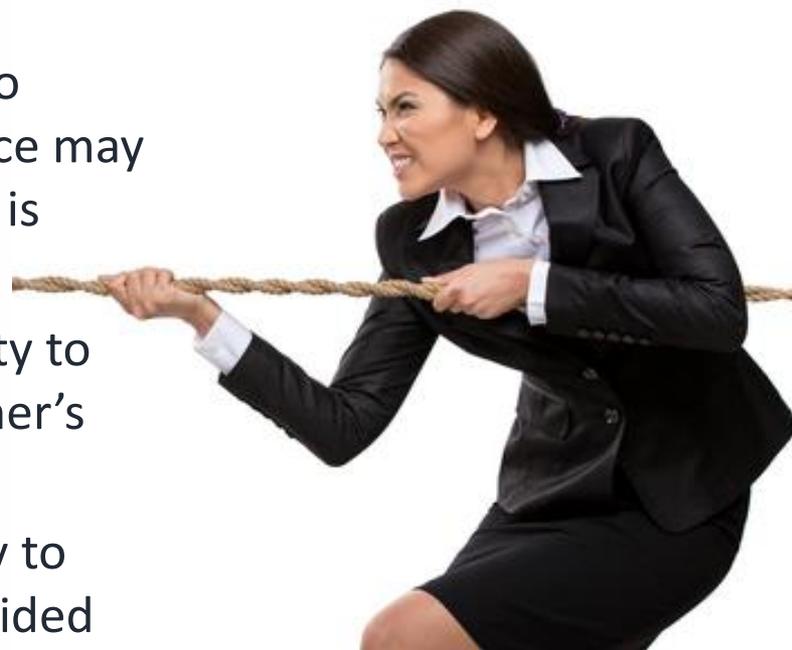




Your Competitiveness

Intelligence on your competitors can help define your own competitiveness.

- **Competitive based on quality** - your ability to provide the highest quality standards
- **Competitive based on price** - your ability to provide better value for money (lowest price may not always be differentiating factor if need is better met)
- **Competitive based on solution** - your ability to customize your service to meet the customer's specific needs
- **Competitive based on supply** – your ability to provide a service not otherwise being provided





Summary of Factors to Consider When Selecting an Export Market

Market Information

- Political stability
- Legal framework
- Market access (trade agreements)
- Entry requirements
- Economic trends
- Business practices
- Cost of doing business
- Language and cultural similarities

Sector Information

- Known demand for your service in the market
- Easy market access (standards, requirements, accreditation)
- Potential partners
- Industry standards
- Adaptation requirements

Market Intelligence

- Customer needs
- Existing contacts
- Competition
- Opportunities/threats
- Sources of assistance

Determining the Best Strategy

Problems are unique – solutions must also be unique



Understanding Needs

Do you thoroughly understand the needs of potential clients in this market? Spend some time really getting to know them. A face-to-face is an effective way of building trust and making sales.



Shaping Your Message

Has your marketing message been shaped for the export market? Identify what makes your company or your service offering unique.

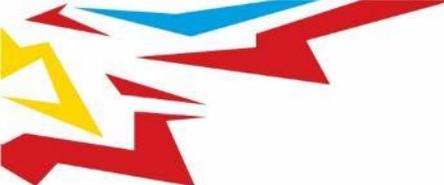


Adaptation

Has your promotional material been adapted to the export market? Is it culturally appropriate? Are you utilizing the right marketing channels?



Master the basics! They work every time.



Elements of a Marketing Strategy



SITUATION ANALYSIS

Where are we now?

Current Performance (SWOT) / Customer Insights / Market Trends / Competitor Analysis / Market Research

TACTICS

How exactly do we get there?

The details of the strategy – what happens when (general) – e.g. Media Schedule / Digital Calendar

OBJECTIVES

Where do we want to be?

Mission & Vision / Business Goals / SMART Objectives / CSFs & KPIs

ACTION

What is Game Plan?

The details of the tactics - who does what when - Responsibilities / Resources / Processes / Timelines

STRATEGY

How do we get there?

Value Proposition / Segmentation, Targeting & Positioning / Marketing Mix / Channels / Tools

CONTROL

Did we get there?

KPIs / Analytics / Customer Satisfaction Surveys / Frequency and Process of Reporting / Refine Plan

Put pen to paper; a marketing strategy should be well thought out and documented.



Determining the Best Strategy

Marketing strategies should be tailored to the export market.



Understanding Needs - Do you thoroughly understand the needs of potential clients in this market? Spend some time really getting to know them.

Shape Your Message - Has your marketing message been shaped for the export market? Identify what makes your company or your service offering unique to the export market. What are the competitors in your target market doing?

Reach out - Has your promotional material been adapted to the export market? Is it culturally appropriate? What is the best way of reaching your target customers?

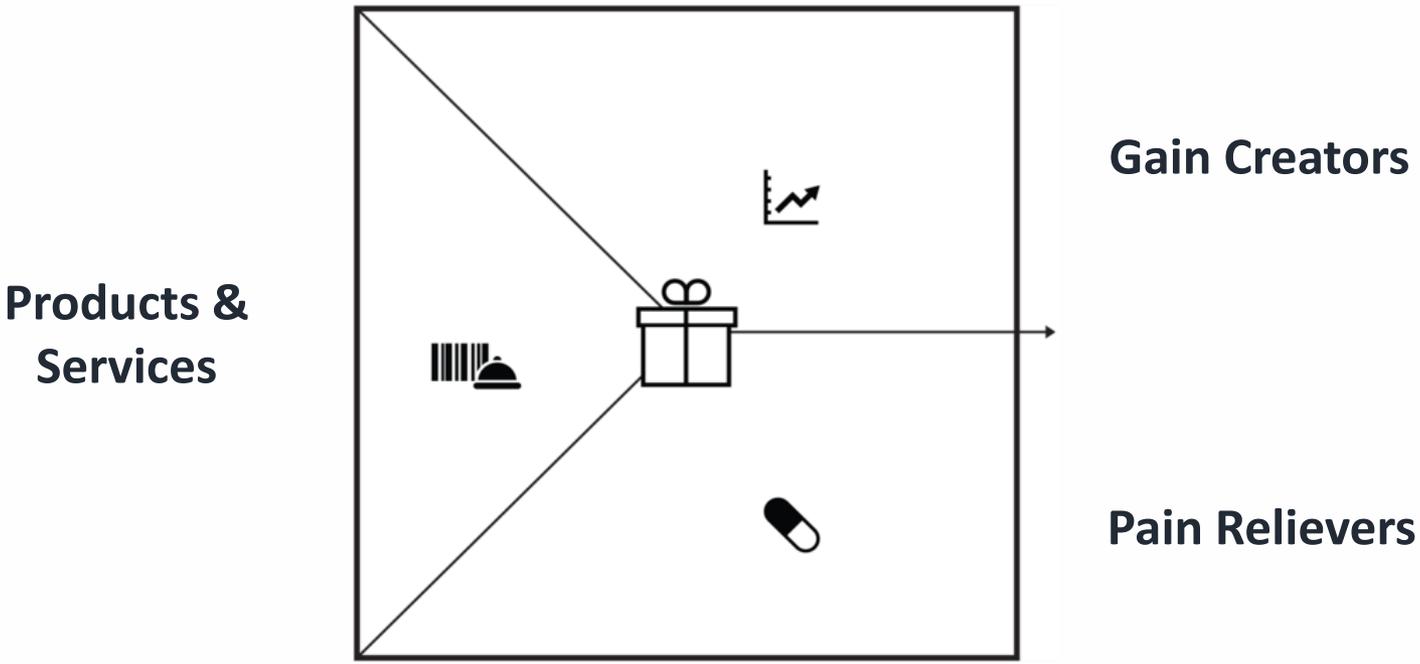
Master the marketing basics... they work every time!

EXERCISE

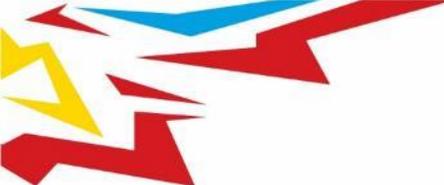


Value Map

Value Proposition Canvas Pt. 2



EXERCISE



Value Proposition

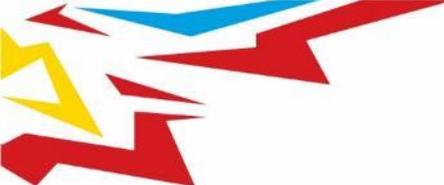
A value proposition is a statement/promise of the value the company will deliver. It's the main reason a potential customer should buy from you and not the competition.

There are 3 components to a value proposition:

- ✓ What service are you selling?
- ✓ Who is your target audience?
- ✓ What value do you provide + unique differentiation?
(problems solved, benefits delivered, competitiveness improved)

A value proposition is not:

- A tagline or catch phrase ✗
- A positioning statement ✗
- A confusing mix of technical phrases ✗



Value Proposition

For _____
(target customer)

who _____
(customer jobs)

our service is _____
(describe service)

that _____
(statement of benefit – gain creators/pain relievers).

”Ukrainian services SMEs

interested in penetrating
export markets

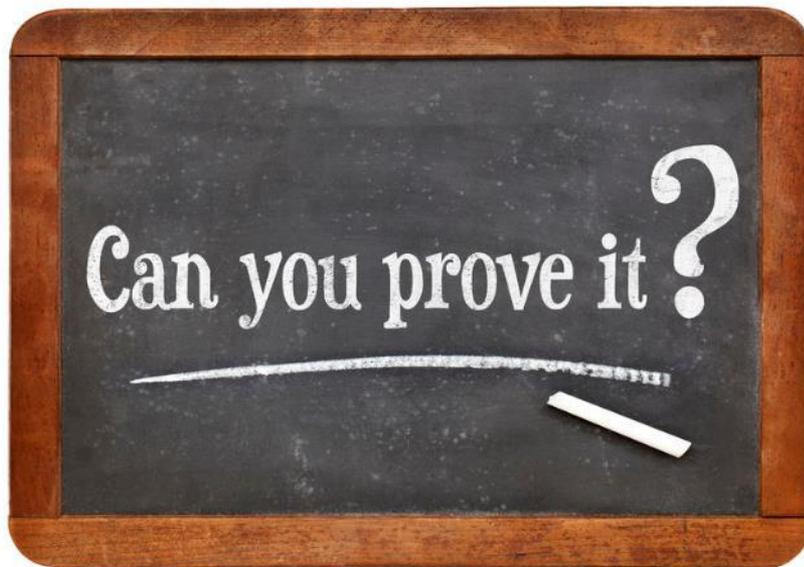
will benefit from
Gateway’s targeted and
hands-on training
programme

which will assist in
reducing risks, costs and
time and enhance chances
for success in the export
market.”

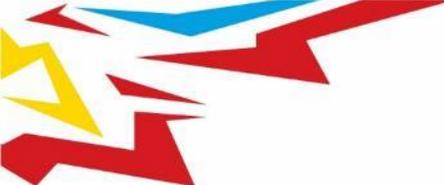


Prove Your Claims

Back up your value proposition and USP by proving your claims. This boosts credibility.



- Testimonials
- Case Studies
- Portfolio
- Performance Comparison Data
- Demonstrations
- Trials



International Marketing Mix

The many 'Ps' of international marketing



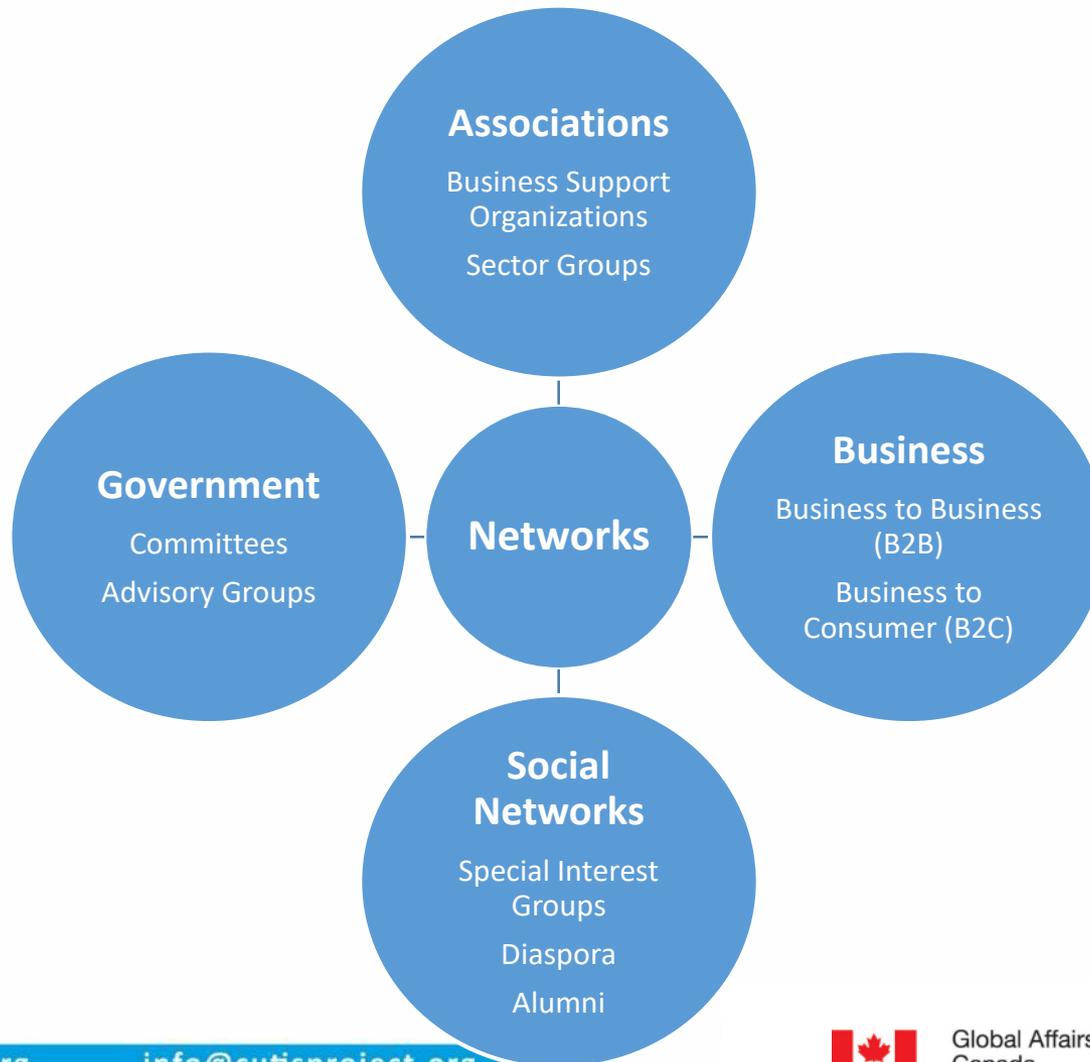


If you want to go fast – go alone.
If you want to go far – go with others.





Groups of Networks





Preparing for a Networking Event

Before

- ✓ Do your research
- ✓ Ask for a participant list
- ✓ Write or call key contacts
- ✓ Set goals
- ✓ Prepare marketing material
- ✓ Bring business cards

During

- ✓ Arrive early
- ✓ Mingle and work the room
- ✓ Listen
- ✓ Remember names
- ✓ Share information

After

- ✓ Make notes
- ✓ Follow-up
- ✓ Stay in touch





Relationship Marketing

Remember: You only get one chance to make a good first impression.



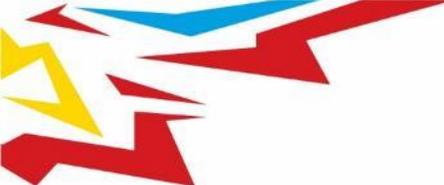
DO's

- Build trust then talk business
- Listen before you talk about your service
- Focus on client needs
- Position yourself as wanting to help and solve problems for the potential client
- Communicate effectively
- Exceed expectations
- Showcase your credibility
- Be aware, sincere, empathetic and personal!



DONT's

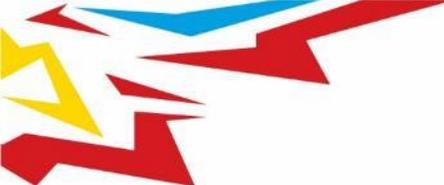
- Assume you are going to get a contract right away
- Give away too much information
- Be manipulative or aggressive
- Forget to understand the business culture
- Forget your business cards
- Forget to take note of non-business related information - it may come in handy
- Treat a potential customer 'generically'



Relationship Selling Wheel

If you only have one hour, structure your time to achieve results.





Strategies for Establishing Profile & Credibility



Credentials

Feature credentials on all marketing materials



Public Speaking Appearances

Identify international speaking events in your sector. Share tips and information that will demonstrate your knowledge of the subject matter.



Referrals and Testimonials

Testimonials are an unbiased and therefore powerful way to build credibility. Be sure to collect them from all satisfied clients.



Strategic Alliances

Partner with a known/respected company to enhance credibility by association with them



Join Business Associations

Membership in an industry association demonstrates that you have attained a recognized standard of achievement and that you are a serious player in the industry



Your Website

A world-class website is key



Participate in Networking Events

Gain visibility/profile and join committees and sub-groups



Your Portfolio

Your client-facing materials, whether print or digital, should reflect your quality and demonstrate your expertise.



Flipping the Sales Funnel



Identify

Establish what your ideal customer looks like and qualify potential customers against this criteria. Develop a list of ideal prospects.



Expand

Identify decision makers, users and influencers within this company. Account-based marketing theory is based on the premise that most B2B buying decisions are not made by a single person.



Engage

Engage with these contacts through website, email, social media, blogs, videos, webinars, targeted ads, etc. in highly tailored and personalized marketing campaigns.



Advocate

If you are able to turn your customers into fans of your business, they will become your advocates. Word of mouth will spread through reviews, ratings and referrals.

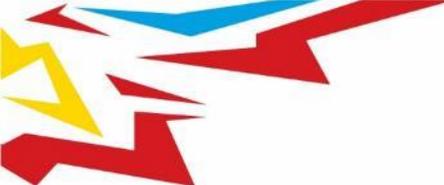


Technology: the Transformation of Business & Trade

If it's not on the internet it doesn't exist.

- Global business is impacted by the 'global network mindset' of consumers/customers
- SMEs can become global without leaving home
- SMEs can compete effectively with large, international firms

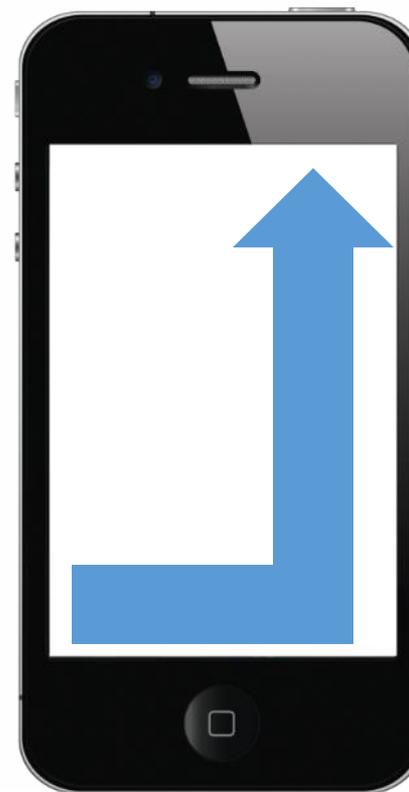




Benefits of Being Online

A successful online presence enhances profits through increased sales, improved savings and more efficient management.

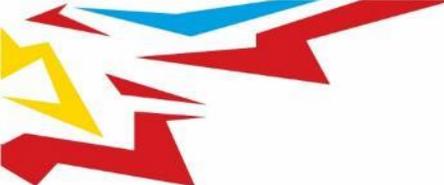
- Expanded market reach
- Advertising savings
- Boosted brand recognition
- Enhanced credibility
- Increased opportunities for collaboration
- Improved/cheaper business inputs
- Enhanced innovation and competitiveness
- Improved customer relations





Your Online Strategy

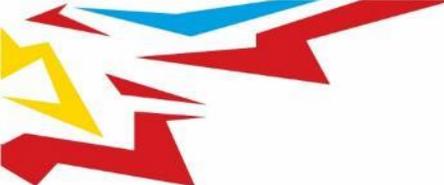




Research has shown that, with respect to websites, there is a gap between what buyers want and what sellers want to provide.

Look at the world through the eyes of your customers.



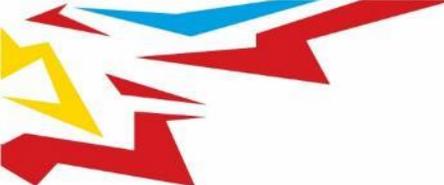


Form Over Substance

Design of a website is the most important factor in determining whether people will find your site credible or not.

- Adhere to standard web layout conventions.
- Adhere to standard design conventions.
- Use meaningful navigation labels so people can find the information they want easily.
- Ensure that your website is fully responsive.
- ‘Contact Us’ should always be accessible.
- Ensure that there are no broken links.
- Use images, but avoid stock photos where possible.



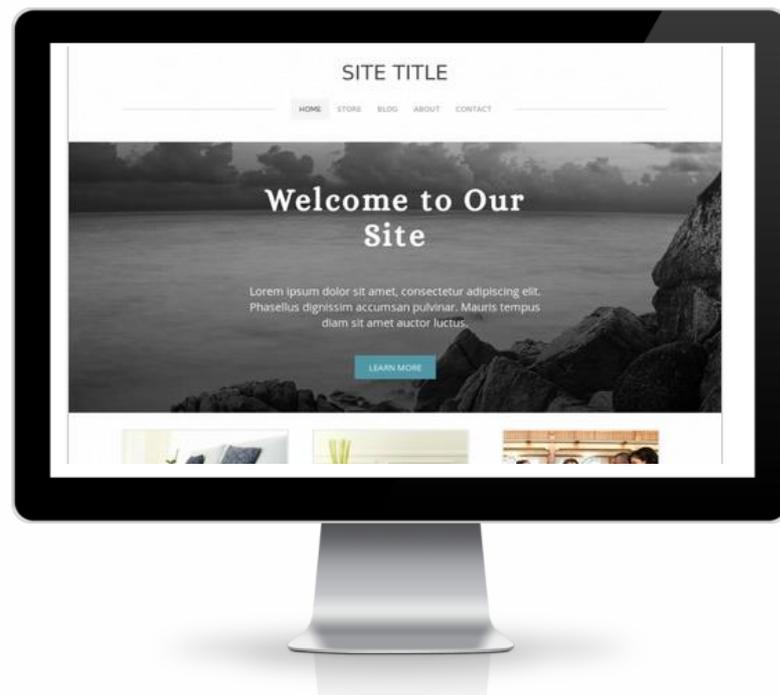


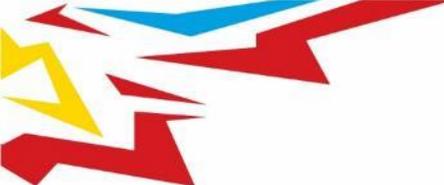
No Website! No Problem!

One no longer needs to know code to set up and manage a website. Nor does one need to spend thousands to have a site developed. There are many options available for small business owners.

Try:

- Website builders
- Website development communities





Why Social Media?

Social media is websites and applications that enable users to create and share content or to participate in social networking.

Social media is useful to service exporters because it:

- offers wide, international reach
- enhances credibility
- collects feedback and improves service offerings and delivery
- enhances customer relations
- bolsters sales



Word-of-mouth marketing conducted via social media platforms is a highly convincing form of marketing.



Best Practices

Once you have chosen social media platforms, learn how to use them effectively. There will be differences in best practices between platforms.

General Tips:

- Keep your personal and company accounts separate.
- Pay attention to your profile and make full use of the template offered.
- No matter the platform, engagement increases with the use of videos and photos.
- Be interesting! Make users feel good. Be relevant and timely.
- Use proper spelling and grammar. Text talk is never appropriate.
- Be honest. Untruths have a tendency to be found out in cyberspace.
- Solve customer service problems but do not engage internet ‘trolls’.
- Be persistent and consistent. Post often.
- Add value, not noise.
- Most of all – be social!



Cloud-Based Productivity Tools

There are endless cloud-based tools, covering every element of business management. These tools can make doing business and especially exporting much easier.

- Business Intelligence
- Collaboration
- Customer Relationship Management
- Finance and Accounting
- HR
- Communications
- Marketing
- Project Management
- Sales

Tip

- ✓ Be open to continuously trying new tools and adopting the tools that are right for your company.
- ✓ When you see something you like (a business video, a well-designed Facebook post, an interesting presentation, an infographic), find out what tool was used to create it, and then test it out.



Customizing Solutions for the Market

Customers do business with people they are comfortable with. Services, therefore, often need to be customized to a specific market in order to meet business and cultural norms or customer preferences.

- Languages for customer service delivery
- Customer and technical support channels
- Compliance with foreign laws, including tax laws
- Service standards
- Market driven standards
- Business hours





Customizing Solutions – Cultural Considerations

What values are important in the export market and how do these values affect service delivery?

- Become more or less formal and deferential?
- Treat all clients and staff as equals or respect differences in status and title?
- Focus primarily on rapid service completion or on strengthening client relationships?
- Ensure that the service offered is absolutely consistent over time or experiment with new ideas?
- Expect staff to follow a set of procedures and instructions or take initiative?
- Help staff focus on group goals or on individual objectives?



Export-Related Costs

Strategic pricing is one of the most important factors in achieving financial success. To price strategically one must also cost strategically.

Be aware of export-related expenses:

- Cost to customize your services
- Market research
- Business travel
- Translation, interpretation
- Local representation
- Currency exchange rates and fluctuations
- Risks and receivables insurance
- Communication costs
- Withholding taxes
- MARKET DEVELOPMENT



Pricing Factors in Export Markets

Determine a price from a marketing perspective and then test the price by doing a cost and break-even analysis.

Price determinants in export markets:

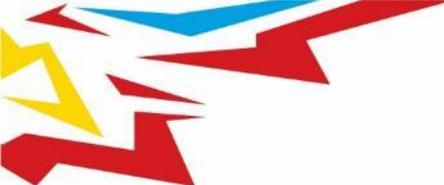
- Customer demand
- Competitor prices
- Image you wish to create for your service
- Market penetration strategy
- Type of market/Per capita income



Do You Have All the Answers?

- How much will I charge?
- What is the basis of this figure?
- How will payment be made?
- Where will payment be made?
- When will payment be made?
- How will I communicate prices?





Working With Government

Government is the largest purchaser of goods and services. The process for securing government contracts depends on the export target market. Do some market specific research.

General Tips

- Obtain the government procurement policies and procedures manual, often online.
- Become active within the local Chamber of Commerce.
- Where relevant, register online. Treat the registration process the same way you would any sales pitch – highlight experience, skills, special equipment, etc.
- Some governments maintain an online portal of opportunities and future plans; monitor often.
- Be confident that you can do the job well before bidding. If you fail, it is unlikely that you will be able to secure another government contract.
- Always follow the rules and regulations for writing a bid.
- You may encounter single source contracts, or an in-depth competitive bidding situation.

Winning Business Proposals

- Include a concise but powerful summary that will encourage your client to read on.
- A good proposal does not need to be really long. Focus on quality over quantity.
- Focus on the client – their needs, their challenges, their success.
- Only after you have addressed your clients needs should you include a description of your company's capabilities.
- Tailor your response to your client. Outline how you have helped solve similar problems in the past, but demonstrate innovation and service customization, if possible.
- Pay attention to details. If you are using client data, double check it to ensure its accuracy. Ensure that there are no spelling or grammar mistakes. Make the proposal visually appealing with headings, sub-headings, adequate white space and even images.
- Let some personality shine through. In this day, where social media dominates, give your client a sense of your personality and what it will be like to work with you.



Successful Negotiations

PLAN

- Be prepared.
- Identify and prioritize objectives.
- Consider the objectives of the other party.
- Know what is negotiable and what is not.

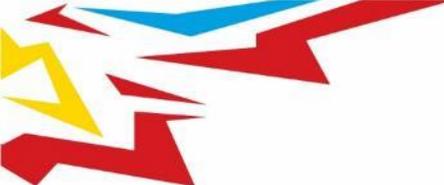
CONDUCT THE NEGOTIATION

- Use an agenda.
- Set the right tone.
- Exchange information.
- Focus on objectives.
- Use strategy, tactics and countertactics.
- Make counteroffers.

- Make interim summaries to keep on track.
- Document agreement throughout the negotiation.
- Know when to walk away.

DOCUMENT AND PREPARE CONTRACT

- Prepare negotiation results summary.
- Get the necessary approvals.
- Prepare contract.
- Document lessons learned.



Market Access

Market access is a foundational concept of international trade.

There are many rules and regulations to follow when exporting.

Market access outlines government-imposed conditions under which a good or service may enter a country.

Services exporting is contingent on meeting specific conditions outlined in a trade agreement.

You also need to be aware of domestic rules and regulations that vary by country and govern specific sectors.

Source: World Trade Organization, Dictionary of Trade Policy Terms, 5th Edition

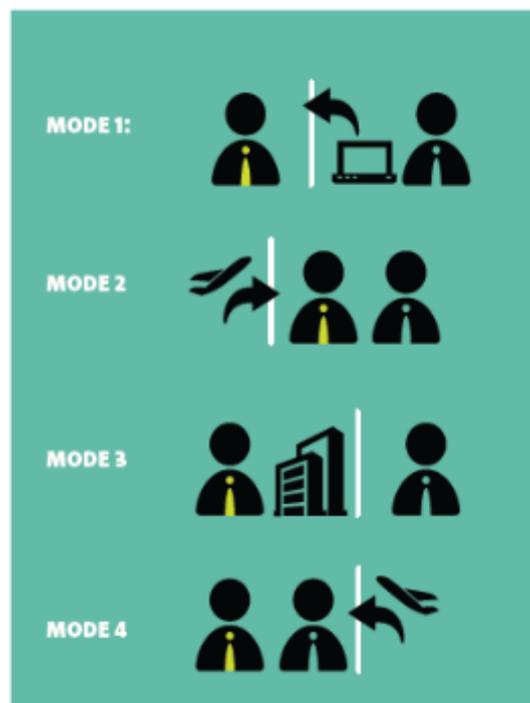
The Four Modes of Supply

Mode 1: Cross Border Supply

Cross Border Supply happens when a service is provided from a supplier in one country, to a consumer in another and **only the service crosses the border**. This is most often done using electronic delivery, namely the Internet.

Mode 2: Consumption Abroad

Consumption Abroad refers to the situation when a service is supplied in the country of the supplier, but to a consumer from another country (i.e. **the consumer goes abroad**).

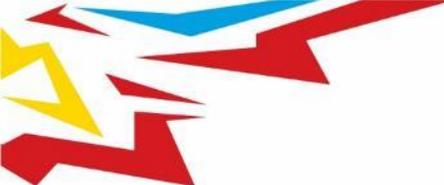


Mode 3: Commercial Presence

Commercial Presence is when the supplier of a service establishes a presence in another country **by setting up a subsidiary or branch**, for example. The consumers then purchase the service from the subsidiary in their own country.

Mode 4: Movement of Natural Persons

Movement of Natural Persons is when a supplier of a service temporarily visits the country of a consumer to offer a service (i.e. **the service provider goes abroad**).



Market Access Strategies

Market access is a foundational concept of international trade.

Tips	
✓ <u>Familiarize yourself with important trade agreements.</u> Many easy-to-understand summaries are available online.	✓ <u>Reflect on your network.</u> Do you have colleagues in your target market? They are likely a great source of information.
✓ Do some <u>online research to establish what the regulations</u> are in your target market with respect to your industry.	✓ Check out the <u>procedures for obtaining a work visa</u> in your target market. Visit <u>online forums</u> where others in your position will have shared their experiences.
✓ <u>Speak to the chamber of commerce</u> about your export plans. They can help.	✓ <u>Strategic alliances</u> is one of the most effective market penetration strategies for overcoming any challenges or barriers to trade.



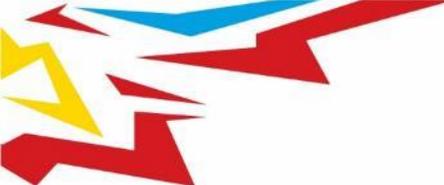
Choosing a Mode of Delivery

Certain services are better suited to specific modes, however many services can be delivered via all four modes.

When determining how you might provide your service, there are important considerations to be made:

- Market access
- Cost of delivery
- The time it will take to deliver the service
- Practicality
- Customer base





Exporting Easily

Certain services are better suited to specific modes, however many services can be delivered via all four modes.

The easiest and cheapest ways of exporting is by not having to physically move into another market.

This can be achieved by, selling services online, or by selling services to visitors in your market.

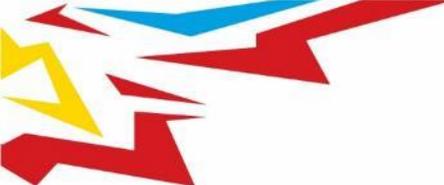
Consider strategies for both!





Services by All Four Modes

Service	Mode 1	Mode 2	Mode 3	Mode 4
Architect	Sell design services internationally on an online marketplace	Provide support to an American construction firm undertaking a large local project	Establish an office in the UK that specializes in green home design	Oversee the construction of a home in France
Musician	Sell music on iTunes	Entertain at a private party hosted by visitors to the Ukraine	Set up an office in Toronto that sources Ukrainian dancers for events	Deliver a performance at a music festival in Germany
Software Development	Provide software development outsourcing services	Provide services to an American hotel chain in Ukraine	Set up an office in the US to source provide software development services	Deliver short-term IT consultancy services in Canada



Business Visitors

A person may enter Canada as a business visitor, without a work permit, if the person seeks to engage in international business activities in Canada without directly entering the Canadian labour market.

A business visitor can include those:

- ✓ Looking for ways to grow their business or advancing business relationships
- ✓ Going to meetings, conferences, conventions or trade fairs
- ✓ Providing or receiving training
- ✓ Buying Canadian goods or services
- ✓ Taking orders for Canadian goods or services

Conditions of a business visitor:

- ✓ You plan to stay for less than six months
- ✓ You do not plan to enter the Canadian labour market
- ✓ Your main place of business, and source of income and profits, is outside Canada,
- ✓ You have documents that support your visa application
- ✓ You meet Canada's basic entry requirements for business visitors



Ukrainian Entry Into Canada

Accessing the Canadian market

Ukrainians require a visitor visa for entry into Canada. Effective 31 July 2018, European citizens are required to give fingerprints and photos (biometrics) at a Visa Application Centre when applying for a visitor visa.

- ✔ In many cases, a temporary, highly-skilled worker can work for up to 15 consecutive days within a 6-month period without applying for a Canadian work permit
- ✔ A valid U.S. visa does not grant entry privileges to Canada



Applying for a Canadian Visa

Ukrainian contact point



More information:

www.cic.gc.ca/english/visit/business-who.asp

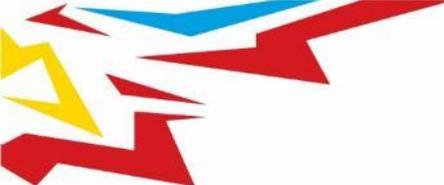
<https://www.vfsglobal.ca/Canada/ukraine/english/index.html>

Call:

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+38 050 323 85 72

Email: info.canukr@vfshelpline.com



Top 10 Reasons Companies Export

- Save on operational, infrastructural and labour costs
- Ability to focus on core tasks
- Invest more time and money into higher profit-producing activities
- Maintain staffing flexibility
- Access expertise
- Expand into new markets
- Enhance speed and efficiency
- Reduce risks by outsourcing to specialized experts
- Quickly tackle new opportunities and start new projects
- Access new insights and skills



Craft these reasons into marketing messaging.



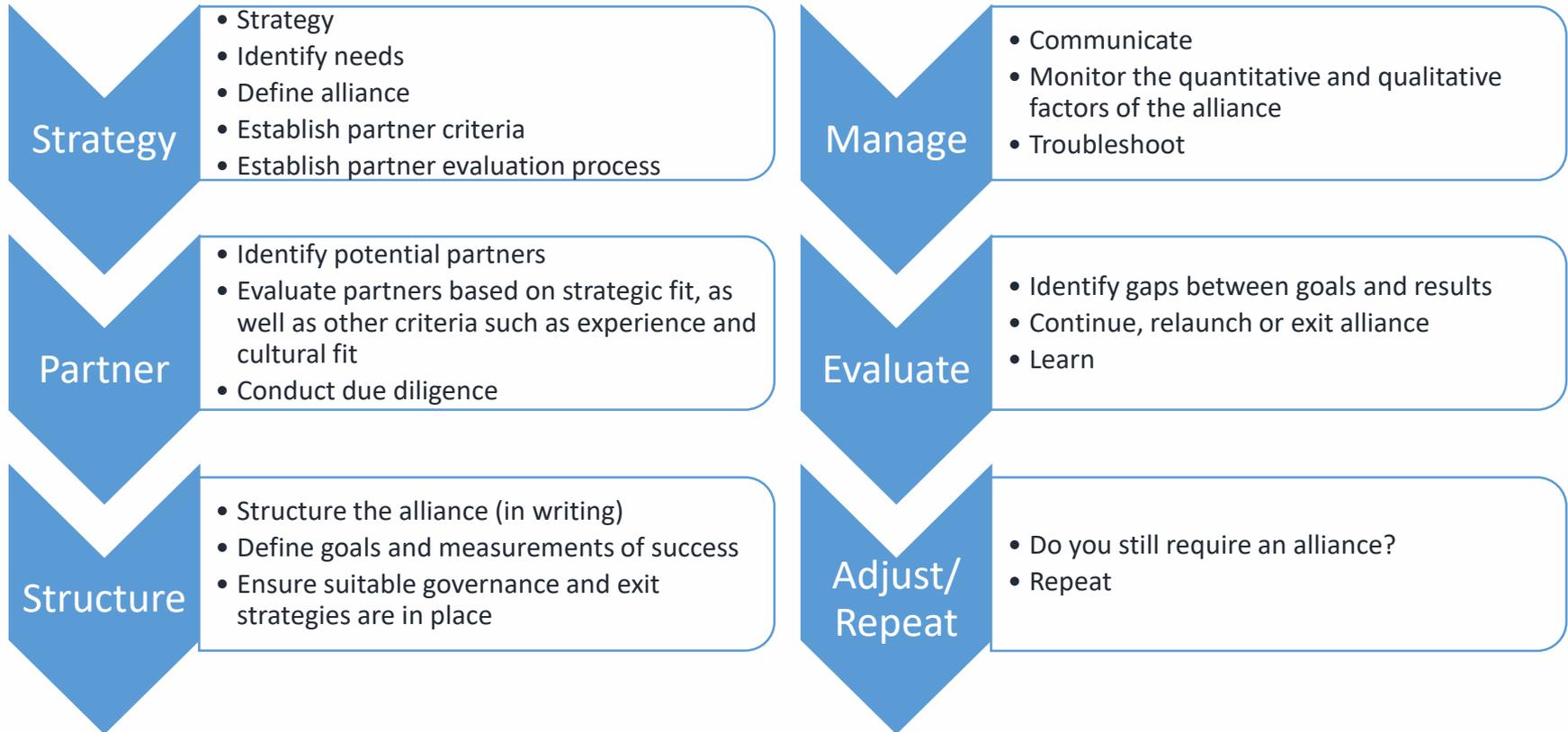
Why Strategic Alliances

There are many reasons to establish a strategic alliance.

- Diversify services
- Accelerate speed to market
- Reduce costs
- Support rapid business growth
- Reduce risks
- Increase opportunities
- Gain credibility with a well-respected partner
- Ability to focus on core competencies
- Access to capital
- Access to technology

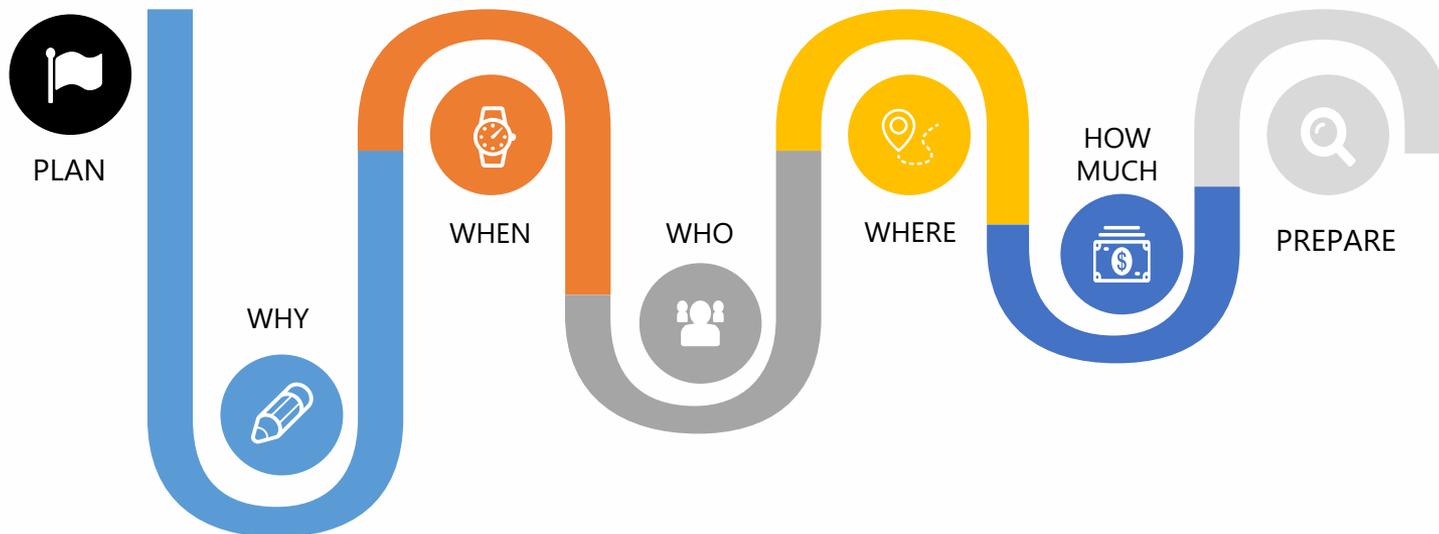


Establishing a Strategic Alliance



Many firms establish a strategic alliance by ‘finding’ a partner, then developing a strategy that fits. Start with a strategy instead.

Market Visit Strategy



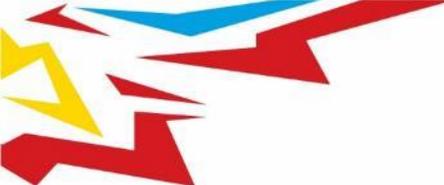
... and don't forget to follow up!



Typical Financial Challenges of SMEs

- Securing Funding
- Over-reliance on Credit
- Debt Repayment
- Unexpected Expenses
- Mixing Business & Personal Finances
- Not Receiving Payments on Time
- Sticking to a Budget
- Lack of Cash Flow
- Export Expenses





Financial Institutions Don't Understand SMEs Services Companies

- Financial institutions are risk-averse, ultra-conservative and do not understand trade in services
- Most financing mechanisms are set up for trade in goods
- Service businesses typically do not have physical assets (building, equipment, inventory) to secure a loan
- Banks do not recognize intellectual capital as an asset
- Even with an order in hand, banks often will not count foreign receivables as an asset

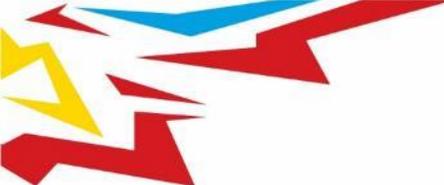


Market Development Financing

Marketing internationally requires additional funding in order to carry out activities such as:

- Market research
- In-market visits
- Participation in conferences and events
- Preparing detailed proposals
- Setting up partnerships





Improving Profitability

Consider options for improving your profitability.

Maximize Profitability

- Analyze profitability for each project and/or line of business
- Increase prices to customers if feasible
- Negotiate lower prices from suppliers
- Reduce operating expenses
- Outsource non-core functions where feasible (accounting, ICT, specific project-related expertise)
- Maximize staff productivity by analyzing workflows
- Offer incentives to your sales team





Improving Cash Flow

International trade payments usually take longer to arrive than domestic ones, so allow for this in your cash flow planning.

Manage Cash Flow

- Bill promptly
- Collect faster or on time
- Offer incentives for advance payment
- Purchase on credit if terms are favourable
- Do not pay bills earlier than required
- Rent or lease instead of purchasing
- Consider utilizing online marketplaces via which to sell your services – they collect payment in advance



Be aware of exchange controls that may complicate payment.

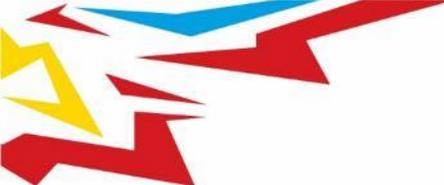


Managing Foreign Exchange Risks

Exporters being paid in foreign currency are exposed to fluctuation risks, but these can be mitigated.

- Depending on the location of your client, quote in the most widely accepted currency (US, Euro, British Pound)
- Build in a buffer to allow for currency fluctuations, as it may take several months before you are able to finalize the project and collect payment
- If your contract is sizeable, (i.e. over \$50,000 per invoice), some banks offer hedging options.
- Insert a clause into your export contracts, allowing price re-negotiation upon currency fluctuation





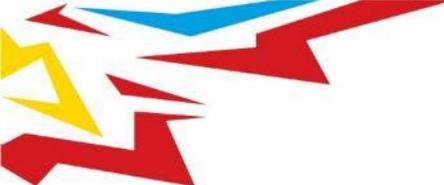
Legal Considerations

Know before you go. Take time to consider legal implications and other potential issues and how you will mitigate risk.

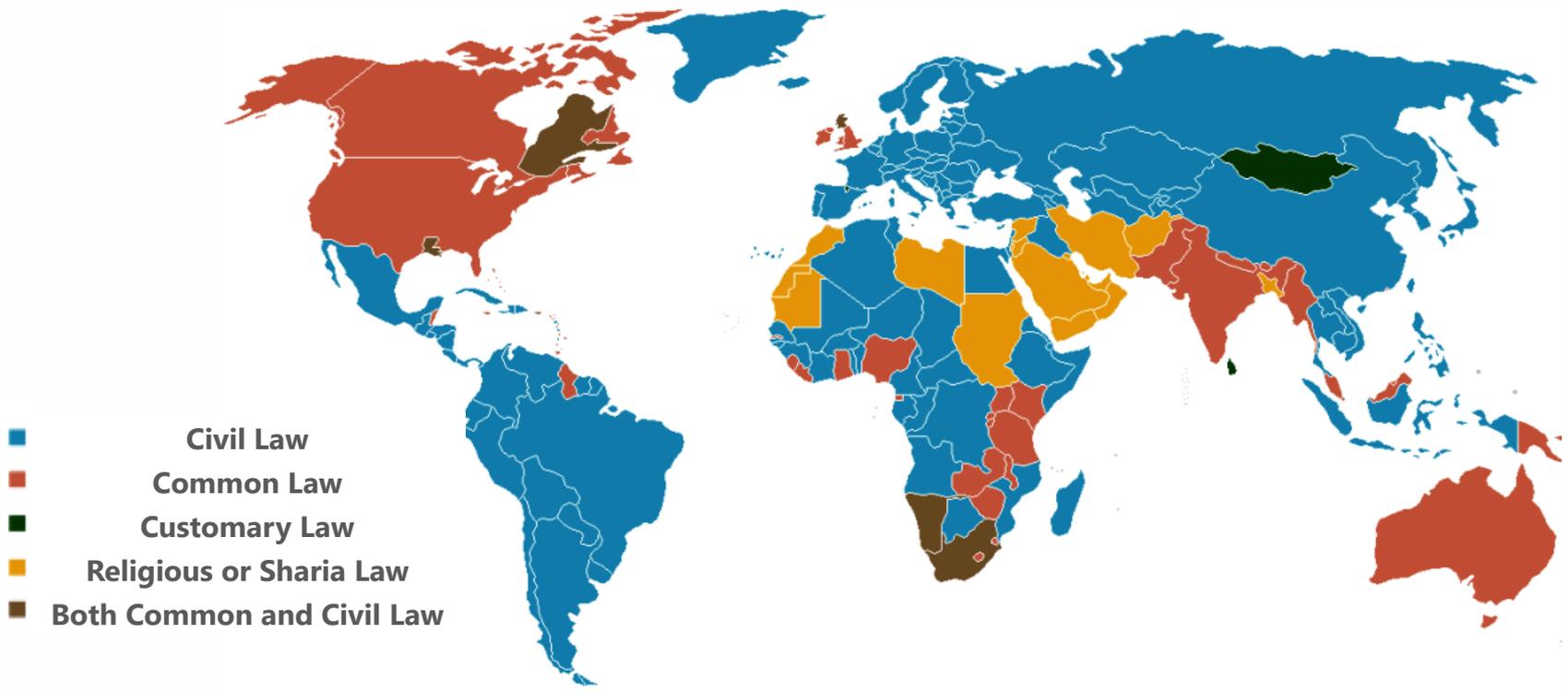
Some of the considerations include:

- Policy, legal and regulatory environment
- Legal system and jurisdiction
- Intellectual property
- Privacy and data protection
- Importing and exporting legislation
- Dispute resolution, mediation, arbitration
- Health and environmental regulations
- E-commerce
- Business visits and relocations
- Employment and labour
- International trade agreements





International Legal Systems & Jurisdictions



Steps to Protect Your IP

There are many facets to international trade law.

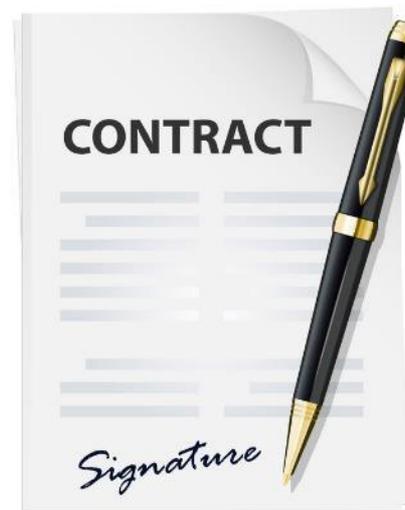
1. Conduct an audit to identify all your registered and unregistered IP, including patents, trademarks and copyrights.
2. Educate yourself and your team on the basics of trademarks, copyrights, patents, and trade secrets in your target markets.
3. Review the IP of competitors – this might provide you with some competitive intelligence about their future plans.
4. Select markets and partners carefully and only after conducting due diligence
5. Register trademarks, copyrights, designs, etc. when appropriate – not only those that are important to you, but those that are important to others as well.
6. Establish an IP policy within your organization. Consider non-disclosure agreements (NDAs) and IP clauses in all contracts and agreements.
7. Provide ‘just enough information’ - you are at risk when you put information on the Internet or into proposals.
8. Include an IP clause in your contractual agreements.



Standard Contract Elements

Contracts and Agreements for the provision of services can take many forms, depending on the size, nature and scope of the project. The following elements are fairly standard in contracting, regardless of the sector or mode of delivery.

- Scope of work and deliverables
- Timeframe and milestones
- Contract amount and payment terms
- Roles and responsibilities
- The circumstances under which the contract may be terminated
- Clarity on ownership of IP
- Conditions for holdbacks
- Procedures for resolving disputes
- Applicable law governing agreement





SESSION 11:

SUMMARY & ROUNDTABLE DISCUSSION