

Ukraine-Russia War Impact on Engineering and IT Services Availability



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Ukraine is one of the top locations for offshore and near-shore third-party services, especially for engineering and IT skills. Thus, Russia's invasion of Ukraine this year has had a significant disruptive impact on American and European companies. The disruption in global service delivery from the war in Ukraine will affect three types of service situations:

- ⇒ American companies with workflows outsourced to service providers in Ukraine, Russia, or Belarus.
- ⇒ American companies with work outsourced to service providers in India or other countries, many of which supplement their capabilities by using resources in Ukraine or by acquiring provider firms in Ukraine.
- ⇒ American companies that have their Global Business Service (GBS) centers that use workers in the war region

Ukraine is a key global delivery location for IT and engineering R&D services, so the war creates widespread uncertainty and significant concerns for companies with service operations in the region.

Impact on Service Pricing- Unfortunately, this war and the consequent services market disruption are happening simultaneously as the acute global talent shortage. That shortage was already affecting the price of talent. Be prepared for an increase in pricing now, as the impact of the war adds to already strong inflationary pressures.

The Impact Numbers-

- ⇒ 30,000+ estimated people working for third-party service providers (many in the hot digital engineering space) with clients in the banking, retail, automobile, and healthcare industries.
- ⇒ 20,000 estimated people employed in GBS centers in Ukraine
- ⇒ 20,000 estimated people working for third-party service providers in Belarus and Russia
- ⇒ 10,000 estimated people working in GBS centers in Belarus and Russia