



Assessment of the Competitiveness and Financial Sustainability of the Main Market Leaders in Customized Software in the Republic of Moldova

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Abstract: The purpose of this paper is to assess the financial position and performance of the main market leaders in the customized software sector in the Republic of Moldova for the period 2022-2023, based on the main financial indicators of their assessment. The research methodology consisted, in the first stage, in the manual collection of financial-accounting information from the financial statements published in the public depository of financial statements, in the second stage, this primary information was subjected to mathematical algorithms for determining financial indicators and which were subsequently used in economic-financial analysis. Our results revealed the specific trends associated with financial performance, competitiveness and sustainability as well as the determinants influencing the competitiveness and sustainability of the leaders in this sector. We believe that our results can be useful to investors who can guide their investments in companies in this sector, to the management of these companies who can base their management strategies on the results obtained, and to the state or regulatory bodies who can adopt public and fiscal policies specific to this sector.

Keywords: competitiveness and financial sustainability; customized software companies; financial analysis; Republic of Moldova

JEL Classification: M41; L86

1. Introduction

In 2023, the Republic of Moldova recorded the fastest growth rates of IT services exports in the region, outpacing countries such as Ukraine, Romania, Estonia, Latvia and Lithuania. According to data provided by the National Bureau of Statistics³, the Information and Communication Technology (ICT) sector contributed 8.3% to the Gross Domestic Product (GDP), of which the IT sector, excluding telecommunications, accounted for 5.3%. For these reasons, the information technology sector, recognized as a key driver of economic growth, has acquired a strategic role in Moldova's

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³ <https://statistica.gov.md>.



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economic policies. These aspects are also confirmed by the study conducted by Hămuraru and Gavrilaş (2017), which demonstrates that the use of information technologies leads to the creation of innovation opportunities and implicitly leads to sustainable economic development as well as by the study conducted by Cervac (2015), which identifies already this year, the major potential that the IT sector can have on the development of the economy of the Republic of Moldova. Also in this regard, the work by the author Bădicu (2022) emphasizes that, in order to strengthen the investment attractiveness, the Moldovan authorities have implemented an innovative fiscal framework, evidenced by the establishment of the organization called Moldova Innovation Technology Park (MITP) in 2018 (Bădicu, 2022), by its establishment the Republic of Moldova, becoming a true IT Hub and managing to consolidate a privileged position on the IT services market in the region. This innovative fiscal framework derives from the fact that this technology park operates under a unique tax regime, characterized by the application of a 7% tax rate on turnover, a measure that has been extended until 2035 as a fiscal measure to attract potential investors, encouraged by the advantageous tax regime. Under the same aspect, in the research by Cojocaru et al. (2023a), the authors conclude that this distinct tax policy positions the Republic of Moldova as an emerging pole for investments in the IT sector, stimulating the regional and global competitiveness of companies in this field. The low tax burden for this sector, together with the superior training of the labor force as well as relatively low operational costs, were also identified by the study by Hîncu and Litocenco (2019) as determinants in increasing the attractiveness of this sector for foreign investors. The authors also draw attention to the need for the products and services subject to innovation in this sector to be implemented on the local market, rather than for them to be exported in their entirety, as an essential condition for the progress of the Moldovan economy. These advantageous fiscal policy measures have also led to economic growth in the Republic of Moldova, so according to preliminary data provided by the National Bureau of Statistics, the Gross Domestic Product (GDP), at current prices, in 2023, was 300,466.3 million MDL (National Bureau of Statistics), the average effective tax rates being also demonstrated by Popescu and Stanciuc (Socoliuc, 2022) as the most important indicator with an impact on GDP. For our research it is of interest to identify the share of MITP resident companies in the national GDP, and whether these companies are registering increases in their share in the GNP. To find the answer to these questions, we have studied, the latest MITP annual report, i.e. the one for the year 2023, according to which the share of MITP resident companies in the national GDP is 4.2%. It is also relevant to note that this share is constantly increasing, contributing significantly to the expansion of the IT sector in the formation of the national GDP. Thus, if in 2018 the resident IT companies covered only 36% of the market, in 2022, this percentage reached 75% (MITP Annual Report, 2023). Our research also found that the launch of MITP led to the establishment of 1,621 companies. After analyzing this, in dynamics, it resulted that the number of companies in 2023 in the MITP increased by 24% compared to 2022, which in absolute terms means an increase of 313 residents, practically the most significant increase since the MITP was established in 2018. In other words, according to the MITP Annual Report, the year 2022 saw the largest increase in the number of companies, reaching 348 active residents, which denotes a steady and dynamic growth compared to the first three years of MITP's existence. Another interesting aspect resulting from the analysis of the MITP Report shows that at the end of 2023, companies with foreign share capital constituted 15% of the total MITP residents, i.e. 237 entities and they come from 38 countries, some of which were previously absent on the local market in the IT sector, which again denotes the attractiveness of this innovative hub for international investors attracted by the low tax level. The aspects presented above can also be visualized in the figure below as follows:



Figure 1. Geographical location of MITP residents by invested capital

Source: Annual Report, 2023, MITP

In terms of countries that invested in the IT industry through MITP, the report revealed that the number of countries of origin of social capital during the analyzed period decreased by 3, namely Latvia, Uruguay and Vietnam, while another 2 new countries, namely Slovenia and Mexico, entered the local IT market, which makes that in 2023, the total number of countries of source of foreign capital, is 38. The report also reveals a significant increase in MITP residents from Ukraine, from 8 in 2022 to 17 in 2023, and from Romania, respectively, from 27 in 2022 to 32 in 2023, the investment leader being still represented by the USA, where most investors come from, respectively 34 resident companies. Regarding the turnover achieved by these residents, in 2022 it was 12,563 million MDL (i.e. 671.17 million Euros), and in 2023 a slower growth rate of sales revenue was recorded compared to the previous year, namely +23% compared to +48% in the previous year, most of these gains being invested in fixed assets specific to the main activities authorized in the park (Annual Report, 2023, MITP). The above mentioned aspects denote the importance of the IT sector for the economy of the Republic of Moldova, which was also our motivation in the present research, i.e. we will focus in this paper on the evaluation of the competitiveness and financial sustainability of the top companies in the field of customized software in the Republic of Moldova, in order to identify, with the help of financial analysis tools, which are the determinants of competitiveness, performance and financial sustainability of these companies, from where we can identify the “best practices” strategies that led to the achievement of these indicators. Starting from this purpose, the following section is dedicated to a brief review of the literature, on this research topic, carried out especially in the context of the economy of the Republic of Moldova, with the aim of localizing the present research in the niches of research carried out on the same topic.

2. Literature Review

As mentioned in the previous section, in this section, we will summarize some specialized studies conducted on the same field of activity and in the same economic context of the Republic of Moldova, with the aim of identifying the research niche covered by our work. Thus, under this aspect, researching several studies that focused on studies centered on this sector of activity, we can state that the IT sector has been the subject of extensive research and reporting, channeled on various research topics, namely on the recognition and evaluation of IT products and services (Cojocaru & Bădicu,

2022a), particularities of MITP park residents' activity and their influence on accounting (Cojocaru & Bădicu, 2022b), costs of developing customized software products (National Bureau of Statistics), impact of business environment challenges on IT accounting (Cojocaru et al., 2023a), and the interdependence between IT and the digital economy (Cojocaru et al., 2023b).

This aspect is also demonstrated by the study conducted by Gujuman and Sava (2019), who emphasize in their research that the IT sector is the most suitable sector in the Republic of Moldova to attract foreign investment and can compete in a significant share in GDP and implicitly in the economic development of the country. The authors draw attention to the need for the state to implement public policies in this sector, so that it becomes attractive for investors to invest in these technologies. These aspects are also reinforced by the research carried out by Stratan et al. (2024), which reveals that Moldova holds a lower position compared to reference countries, relative to innovation indices, also emphasizing the importance of implementing public policies aimed at stimulating exports, as an essential requirement for increasing the competitiveness of strategic sectors and implicitly of national welfare and wealth. In this regard, the research carried out by Cojocaru et al. (2023) reveals that this subsector is distinguished by solutions adapted to the specific needs of customers, which significantly contributes to strengthening the position of the Republic of Moldova as a competitive provider of IT services in the region. Also, another aspect that should be noted is that a key role in this performance was played by the custom software segment, which has become a growth vector in IT services exports due to the increasing demand for these products from foreign markets.

Therefore, it follows from what has been stated previously that identifying and analyzing market leaders in this sector can provide valuable insights into the factors that influence the position and financial performance of companies operating in this sector. Therefore, the present study focuses on analyzing the financial data of the top five companies in this sector, categorized by sales revenue, in the period 2022-2023, through the platform Data2B¹, with the aim of assessing their sustainability and competitiveness in the medium and long term. Therefore, the purpose of this research is to evaluate the financial position and performance of the main leaders in the customized software sector in the Republic of Moldova, through specific methods of economic-financial analysis and aims to identify the impact of financial factors considered relevant by us (key performance indicators) on the competitiveness of these companies and identify directions for strategic development. Thus, in order to achieve the research purpose, the research also aims at the following specific objectives: SO1- to analyze the key financial indicators of profitability, liquidity, solvency, profitability for the companies in the study sample; SO2 - assessment of sales revenue dynamics and identification of factors influencing these trends; SO3 - benchmarking analysis for the sampled companies in order to identify their strengths and vulnerabilities; SO 4 - identification of managerial strategies aimed at increasing the sustainability and competitiveness of these companies.

3. Research Methodology

In order to achieve the research goal, in this research we used a mixed research methodology, which involves both fundamental research techniques of the specialized literature, in order to realize and identify the current state of knowledge on the topic under study, and quantitative research techniques, which mainly involves mathematical calculations used in the economic and financial analysis. Thus, by using the methods of analysis, synthesis, comparison, induction and logical deduction, statistical

¹ <https://www.data2b.md>.

data and specialized works were analyzed in order to frame our research in the same research field and to identify the less exploited research niche. Subsequently, the research methodology, aimed quantitative research, by calculating specific financial indicators to assess the financial performance and sustainability of the pilot companies. For the calculation of these indicators, financial-accounting information, useful for this purpose, was extracted from the financial statements published in the public depository of financial statements¹, applying various techniques of economic-financial analysis. Also, bibliographic data sources and information available on official websites such as MITP² and financial data collected through the free B2B database of the Republic of Moldova³ were researched. All these research techniques were used to highlight the trend of financial performance, recorded by these companies, as well as to identify the determinants of financial competitiveness and sustainability for the top 5 companies in the customized IT services sector in the Republic of Moldova.

4. Results and Discussions

This section is dedicated to presenting the most relevant results of the economic-financial analysis and benchmarking undertaken by us on the sample chosen for this study. The research allowed us to analyze the total revenues of IT entities in correlation with the structure of activities carried out by MITP residents, highlighting the five main sectors of activity and their share in the total eligible sales in 2023. These aspects are summarized in chart number 1, below, where we have captured a top five of the five types of activities carried out by MITP residents.

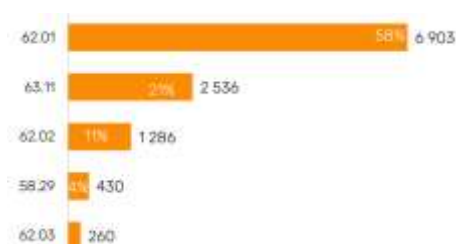


Figure 1. Top 5 types of activity carried out by MITP residents (thousand MDL) and their share in total eligible sales, 2023

Source: Annual Report, 2023, MITP

The figure above shows that the Custom Software segment (classified in sector 62.01, according to the legislation of the Republic of Moldova), continues to rank first among the eligible activities, in terms of the volume of sales realized, generating a total of MDL 6.9 billion in 2023. Thus, as can be seen from the chart above, this sector covers 58% of sales revenues of resident companies. According to the CAEM-2 and CSPM rev. 2 classification, the specific activities of this sector are writing (programming), modifying, testing and supporting software products. Given that this sector dominates the market in terms of sales, the focus on customized software (62.01) allows the leading companies to be analyzed not only by the volume realized, but also by their ability to provide solutions tailored to the needs of customers in various industries, which led us to focus our attention on this sector in this research. We believe that the analysis of the top companies in this sector is relevant, because these top companies may have access to greater R&D resources, giving them a competitive advantage over their competitors. Therefore, in the following, we will present, the most relevant results of the analysis

¹ <https://depozitar.statistica.md/>.

² <https://mitp.md/p/web/webHome>.

³ www.data2b.md.

carried out, on this sector of activity, which represents, as we have seen the sector with the highest impact in terms of MITP residents’ revenues. Thus, in the following, we will focus our attention to the analysis of this sector of activity. Thus, in Figure no. 2, we have represented the market leaders in the custom custom software sector in the Republic of Moldova, based on turnover, for the year 2023.

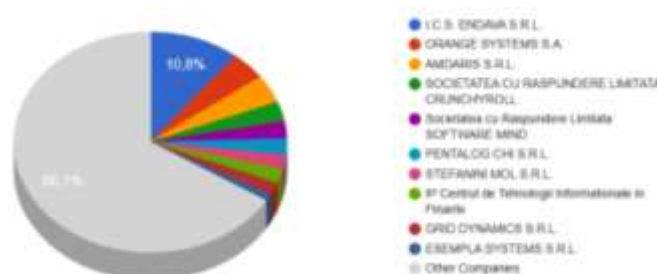


Figure 2. Market leaders in custom software development activities by turnover for 2023

Source: Annual Report, 2023, MITP

Analyzing the share of these companies, on the total turnover of the MITP park, we observe that I.C.S. ENDAVA S.R.L. has a significant share (10.80%), followed by ORANGE SYSTEMS S.A. (4.20%), AMDARIS S.R.L. (4.10%), CRUNCHYROLL SRL (2.90%) and SOFT MIND SRL (2.50%), thus these companies can be considered as market leaders, having the biggest impact on the IT field. Thus, in the following, we will analyze these 5 companies according to the number of employees, because, in our view, they reveal another important dimension of their impact on the IT sector.

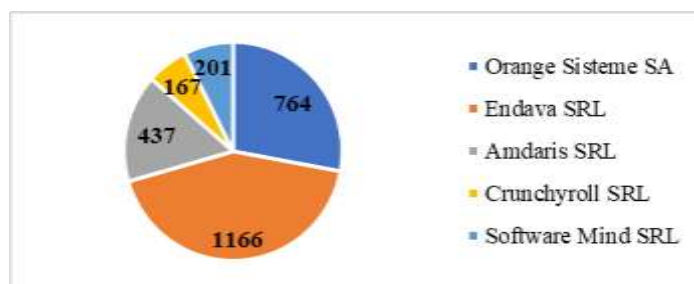


Figure 3. Top 5 companies in the Republic of Moldova developing customized software, ranked by number of employees in 2023

Source: Annual Report, 2023, MITP

Analyzing the above figure, we deduce that the top five companies total 2,735 employees, which represents about 12.85% of the total MITP employees in 2023 (21,283 employees), which underlines the importance of these companies in the sector, but also the fact that a large part of the IT industry in the Republic of Moldova is formed by other entities (smaller and in other subdomains). The remaining about 18,548 employees (87.15%) work in other companies in MITP, which indicates a high diversity of actors in the industry. This shows that, in addition to the large leaders, there are numerous small and medium sized firms specific to the Moldovan economy. The most employees belong to Endava SRL, i.e. 1166 employees, which suggests that it dominates the sector in terms of human resources, followed by Orange Sisteme SA with 764 employees, Crunchyroll SRL and Amdaris SRL have significantly fewer employees 437 and 201 respectively, which places them in the next places, but still in the top of the entities in this sector. Software Mind SRL, with 167 employees, closes the ranking, being the entity with the lowest share among those analyzed. It can be observed that the first two companies ranked in the top have attracted a significant proportion of the labor force in this sector, which means that these two companies have become the absolute leaders in these services. In the

following, in accordance with the proposed purpose, we will analyze the financial position of these entities, through the balance sheet items. This initial stage of the analysis involves calculating the absolute deviations as well as the relative ratios, i.e. the rate or increase in the growth of available assets compared to the previous period. The assessment of the information obtained from the calculations carried out makes it possible to assess the evolution of the financial position. Thus, we consider that normally, following the normal course of economic and financial activity, the size of the assets controlled by the entity should increase, due to the expansion of the company's business and the increase in its economic and financial potential. On the other hand, a reduction in the economic and financial potential of the entity means an inability to continue the activity at the same level. We also consider that a decrease in the available assets signals the existence of negative trends in the entity's activity, caused by various situations, such as the restriction of activity due to lack of orders and other reasons, accumulation of losses, repayment of borrowed funds drawn over the safety limit, etc. We also consider it relevant for the assessment of the balance sheet situation to examine the evolution of available assets in line with the dynamics of the entity's volume of activity. Thus, the comparison of the evolution of available assets with the dynamics of revenues and net profit allows us to assess the efficiency of the use of existing assets. This indicator is considered to be positive if the rate (increase) of increase in revenues exceeds the similar indicator of change in assets, which reveals the efficient management of the company's assets. Thus, considering the above, in the following, we will focus our attention on the most important indicators of financial position and performance assessment for the chosen sample of companies. Thus, in the table below, we have structured the value of total assets, sales revenues and net profit, considered by us as the most synthetic indicators in this respect.

Table 1. Evolution of the financial position and performance of the largest Moldovan companies developing customized software: 2022-2023 (MDL)

Entity	Total Asset Value		Sales Revenue		Net Profit	
	2022	2023	2022	2023	2022	2023
Endava SRL	370.671.255	424.512.996	857.133.719	853.691.558	106.178.841	59.186.010
Orange Sisteme SA	135.117.453	149.144.633	275.448.872	332.021.280	29.123.885	22.868.397
Crunchyroll SRL	49.285.245	61.043.296	184.747.618	230.514.014	9.234.338	10.826.727
Software Mind SRL	39.478.475	55.189.423	175.898.754	202.158.574	5.801.117	16.906.141
Amdaris SRL	22.724.279	32.570.054	245.973.119	328.225.776	2.279.865	5.166.886
Total top 5 entities	617.276.707	722.460.402	1.739.202.082	1.946.611.202	152.618.046	114.954.161

Source: financial statements reported by the 5 entities placed in the public depository¹

Thus, from the data presented, it results that companies that hold a significant share of assets tend to generate higher revenues, but this relationship is not always linear. An example in this regard is Endava SRL, which holds the largest assets, but its revenues decreased in 2023 compared to 2022, by a percentage of -3.40%. Therefore, Endava SRL remains the leader with a total asset value of 424.5 million MDL in 2023, with an increase of 15% compared to the previous year, which indicates strong financial stability. This fact may indicate either more intense competition or a reorientation towards other sources of income. In contrast, Amdaris SRL and Crunchyroll SRL demonstrate that a more

¹ <https://depozitar.statistica.md/>.

modest and uneven growth in assets, respectively 43.3% and 23.8%, can have a significant impact on revenues. Thus, they reported significant revenue increases, by 24.7% and 33.4%, in 2023, compared to 2022, which indicates an expansion of the customer base or an increase in the volume of projects. From our point of view, the growth of assets and revenues can be closely linked to investments in human capital, as the custom software industry directly depends on the skills of IT specialists. In terms of the net profit of the top five entities, the results of the analysis highlighted a reduction from 152.6 million MDL in 2022 to 114.95 million MDL in 2023, which represents a reduction of 24.6%. Software Mind SRL had the most spectacular increase in net profit (191.4%), which may suggest cost optimization and a higher profitability margin. A very interesting aspect that results from our analysis refers to the relationship between revenues and profit. Thus, from this aspect, although revenues have increased overall, the decrease in total net profit indicates significant pressure on profit margins.

The analysis reveals that companies such as Endava SRL and Orange Sisteme SA are more vulnerable to such pressures, while Software Mind SRL and Amdaris SRL have managed to improve their profitability, aspects that can be considered by potential investors when making their investment decision. Another aspect that we considered relevant in our analysis is the one that derives from the analysis of the efficiency of asset use for the top 5 entities, which can be achieved by comparing the growth rates of total assets, sales revenues and net profit. This approach provides an image of each company's capacity to transform available resources (assets) into revenue and, ultimately, into net profit. Thus, in table no. 2, we have performed a dynamic analysis of these aspects.

Table 2. Growth in total assets, sales revenue and net profit of the largest companies in the Republic of Moldova that develop customized software

Entity	Asset growth 2023/2022	Sales revenue growth 2023/2022	Net profit growth 2023/2022
Endava SRL	+14,5%	-0,4%	-44,3%
Orange Sisteme SA	+10,4%	+20,5%	-21,5%
Crunchyroll SRL	+23,8%	+24,7%	+17,2%
Software Mind SRL	+39,8%	+15%	+191,4%
Amdaris SRL	+43,4%	+33,4%	+126,6%

Source: authors' elaboration

Thus, according to the information in the table, we observe that the efficiency of asset utilization varies significantly between companies. We remark that Software Mind SRL and Amdaris SRL stand out for a very efficient utilization of assets, having significant increases in net profit, respectively an increase of +191.4% in the case of Software Mind SRL and +126.6% in the case of Amdaris SRL, compared to the increase in assets and revenues. Thus, these figures show that these companies were able to improve their profit margins and maximize profitability. Crunchyroll SRL shows a balanced asset utilization, with similar growth rates for assets and revenues (+23.9% and +24.7%), but with a moderate increase in net profit (+17.2%), suggesting a stable but not fully exploited profitability. In terms of the financial performance of these companies, the data signal a decline for the market leaders. Thus, Endava SRL, despite having the largest assets and revenues (Table 1), recorded a significant decrease in net profit (-44.3%), which raises questions about operational efficiency and cost pressures. For this company, the increase in assets (+14.5%) did not translate into an increase in revenue (-0.4%) or profit.

Although Orange Sisteme SA recorded moderate growth in assets (+10.4%) and revenues (+20.5%), net profit fell considerably (-21.5%), suggesting suboptimal cost management and a decline in profit margins. This may signal an inefficient use of invested resources or a slowdown in growth in their

target market. Software Mind SRL and Amdaris SRL have had impressive percentage increases in net profit, showing effective cost management and targeted expansion. This positions them as emerging companies with high growth potential. From the above, we can draw conclusions for each individual company, and also issue recommendations, depending on the results obtained. Thus, for the company Endava SRL, we can state that it has failed to effectively utilize its assets to generate increases in revenues and net profit. Thus, the company needs to review its cost optimization strategy in order to identify strategies that will lead to cost reduction in order to achieve higher profits. In the case of Orange Sisteme SA, there is a need to optimize margins, even if revenues are increasing, high costs reduce the efficiency of asset utilization in generating profit. Crunchyroll SRL efficiently utilizes its assets to generate revenue and profit, but we recommend identifying strategies that lead to increased profitability. Software Mind SRL is an example of growing financial efficiency because it has significantly optimized costs, offsetting the discrepancy between the pace of asset and revenue growth. Amdaris SRL has the potential to become a leader in financial performance as it has been able to utilize assets efficiently to generate significant increases in both revenue and profit. Next, we present the entities by key financial indicators, namely number of employees, asset value, sales revenue, return on sales revenue (profitability), ROE (return on equity), ROA (return on assets), and financial self-sufficiency. We have chosen these indicators as we believe they provide a comprehensive picture of the performance and stability of each entity.

Table 3. Key indicators of the largest Moldovan companies developing customized software

Entity	Number of employees	Value of assets, mln. MDL	Sales revenues, mln. MDL	Return on sales, %	ROE, %	ROA, %	Financial autonomy, %
Endava SRL	1166	424	853	27,97	15,06	13,94	92,58
Orange Sisteme SA	764	149	332	21,49	18,17	15,33	84,39
Amdaris SRL	437	32	328	15,93	33,17	15,86	47,83
Crunchyroll SRL	167	61	230	25,52	22,95	17,74	77,30
Software Mind SRL	201	55	202	17,10	43,12	30,63	71,04

Source: authors' elaboration

After analyzing the data in the table, Endava Ltd. has the highest number of employees, i.e. 1.166, assets of 424 mln. MDL, revenues of 853 mln. MDL and a high financial autonomy of 92.58%, which positions it as a leader among large companies. Orange Sisteme SA is characterized by high revenues of 332 mln. MDL, a good financial autonomy of 84.39% and a consistent profitability of 21.49% return on sales. Software Mind SRL has the highest return on equity as measured by ROE of 43.12%, indicating efficiency in the utilization of shareholders' investments, a return on sales of 17.10% and a very good return on assets (ROA) of 30.63%. The financial indicators analyzed for Amdaris SRL, indicate a lower financial autonomy, which could reflect a higher dependence on external sources of funding. Crunchyroll SRL has high revenues of 230 mln. MDL and a solid profitability of 25.52%, which demonstrates a high performance in resource optimization. Thus, we also consider it relevant in the context of our analysis to perform a ranking of these entities according to the analyzed indicators. Thus, on the basis of the analyzed data, we made a ranking of the chosen sample of entities, according to a series of indicators, considered by us as relevant, namely the number of employees, value of assets, sales revenue (turnover), return on sales, return on equity (ROE), return on assets (ROA) and financial autonomy. These are summarized in Table 4 below.

Table 4. Ranking of the 5 entities according to the analyzed indicators

Indicators	Ranking				
	1	2	3	4	5
Number of employees	Endava SRL	Orange Sisteme SA	Amdaris SRL	Software Mind SRL	Crunchyroll SRL
Value of assets (mln. MDL)	Endava SRL	Orange Sisteme SA	Crunchyroll SRL	Software Mind SRL	Amdaris SRL
Sales revenues (mln. MDL)	Endava SRL	Orange Sisteme SA	Amdaris SRL	Crunchyroll SRL	Software Mind SRL
Return on sales (%)	Endava SRL	Crunchyroll SRL	Orange Sisteme SA	Software Mind SRL	Amdaris SRL
ROE (%)	Software Mind SRL	Amdaris SRL	Crunchyroll SRL	Orange Sisteme SA	Endava SRL
ROA (%)	Software Mind SRL	Crunchyroll SRL	Amdaris SRL	Orange Sisteme SA	Endava SRL
Financial autonomy (%)	Endava SRL	Orange Sisteme SA	Crunchyroll SRL	Software Mind SRL	Amdaris SRL

Source: authors' elaboration

Thus, in our view, the five companies can be categorized according to their size and stage of development into two categories. The companies Endava SRL and Orange Sisteme SA are at the top of these companies and we consider them to be large companies, while Software Mind SRL, Crunchyroll SRL and Amdaris SRL can be placed in the second category, i.e. companies that tend to fall into the first category, which we have called “emerging”. Endava SRL and Orange Sisteme SA are categorized as large companies, due to very high sales revenues, respectively 853 mln. MDL and 332 mln. MDL, the large number of employees 1,166 employees for Endava SRL and 764 employees for Orange Sisteme SA, due to their high financial autonomy, 92.58% for Endava SRL and 84.39% for Orange Sisteme SA, which gives them stability in variable economic conditions and consistent sales profitability and ROA, suggesting solid financial performance. These two large companies, have large revenues, which allows them to have significant influence in the market, have a consolidated market position with a solid business model and a wide network of partnerships. Amdaris SRL, Crunchyroll SRL and Software Mind SRL are “emerging” companies because their sales revenues are lower compared to the large but growing companies. ROE and ROA profitability indicators demonstrate their operational efficiency. Among these, Software Mind SRL stands out with the highest ROE (43.12%) and ROA (30.63%), although revenues are the lowest among the five companies analyzed. Amdaris SRL has a lower financial autonomy (47.83%), which may indicate a higher dependence on external funding. Another finding that we consider to be relevant in the context of our analysis is that emerging companies are usually in fast growth stages, can invest in diversifying their customer portfolio and improving operational efficiency to strengthen their market position. In conclusion, large companies are characterized by financial stability, extensive resources and a strong market position, emerging companies are in a rapid process of growth and expansion, and small or medium-sized companies have more limited resources, focusing on internal optimization and gradual growth of their business.

5. Conclusions

Our study has revealed some key points based on the results obtained. Thus, in the context of the IT sector in the Republic of Moldova, the sub-domain of customized software plays an essential role in

its contribution to the gross domestic product, but it is only a part of a broader ecosystem. Comprehensively analyzing the results of the five analyzed companies, it emerged that the five analyzed companies demonstrate a consolidation trend, contributing almost 13% to the total MITP workforce in 2023. This highlights both the importance of these companies to the IT economy and the growth potential of the sub-domain relative to other industry segments. We believe that a key aspect to these figures is also due to the tax facilities provided by the Moldovan legislator, which has identified the enormous potential that the IT industry can bring to the development of the country, compared to other sectors. These tax measures have achieved their intended effect, as shown by the remarkable and exponential growth of this sector on the IT services market in the region.

In terms of the analyzed sample, we can conclude that the market leaders in the custom software sector in the Republic of Moldova showed a significant increase in sales revenues during the analyzed period, but there were also significant fluctuations in their profitability. These results demonstrate that although revenues are increasing, the decrease in total net profit underlines the need for cost optimization and operational efficiencies, especially for the market leaders. Therefore, companies need to identify strategies aimed at reducing operating costs to compete for higher net profitability. The +11.9% increase in total revenues for the 5 companies analyzed, during the period under analysis, indicates a growing demand for customized software solutions in the Republic of Moldova. Software Mind SRL and Amdaris SRL demonstrate that with an effective strategy, smaller companies can compete and even outperform industry giants. Endava SRL and Orange Sisteme SA could be affected by increased costs, intense competition or a rigid business model, which explains the decrease in profitability. We therefore recommend that these companies rethink their strategies to protect their dominant positions. One strategy that we consider relevant for these companies is to diversify the portfolio of clients and projects in order to reduce the risks related to the decrease in revenues, as we observed in the case of Endava SRL. An example of good practices in financial management we could observe in the case of Software Mind SRL and Amdaris SRL, which demonstrated that through an effective strategy, smaller companies, or “emerging” as we called them, can compete or even outperform the giants of the IT industry. Thus, another conclusion derived from our study stems from the need to optimize costs, especially operational costs, which must be a priority in order to maintain long-term profitability, for Endava SRL, Orange Sisteme SA and Crunchyroll SRL. The companies Software Mind SRL and Amdaris SRL had impressive percentage increases in net profit, showing effective cost management and targeted expansion. This positions them as emerging companies with high growth potential. The research has allowed us to establish a clear prioritization, providing an overview of the performance of each of the 5 entities analyzed. We believe that our research can be useful to the management of these entities, who can base their strategic decisions on our results, to investors who can recalibrate their potential investments, but also to the state and regulatory bodies, which can develop public policies appropriate to the sector, an example of successful policy in this sector being the attractive tax policy for MITP member companies, which have generated unprecedented development of this sector in the Republic of Moldova. Thus, we believe that the results of our study can be useful to the legislator in making strategic decisions and sustainable development of the customized software sector in the Republic of Moldova. As future research directions, we propose to extend our research to other sectors of activity, in an attempt to identify those strategic sectors that contribute most to the economic development of the Republic of Moldova.

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