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THE GLOBAL IT SERVICES MARKET: TRENDS, STRUCTURE AND STRATEGIC RECOMMENDATIONS FOR UZBEKISTAN'S INTEGRATION INTO GLOBAL VALUE CHAINS (2025–2030)

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ABSTRACT

The Market of global IT services is undergoing a structural change, driven by remote computing, implementation of the international digital channels, and the faster offshoring of digital labor. The present article explores trends of the industry globally, relative competitiveness, and reconfiguration of the industry value chains in the years 2020-2024 with further projection up to 2030. Based on online data from Gartner, IDC, Statista, the World Bank, the author has identified the major vectors of industry growth and assessed the positions of rising economies within the international IT delivery landscape. Special attention is given to the digitally focused economy development strategy in Uzbekistan, and the existing performance of the domestic IT industry, as well as practical policy advice for unlocking the country's potential to serve as a global IT services offshoring hub by 2030.

Keywords: *IT services market, global value chains, digital economy, Uzbekistan, IT outsourcing, cloud computing, artificial intelligence, emerging markets*

1. INTRODUCTION

Over the last twenty years the information technology (IT) services industry has become one of the most rapidly growing sectors within the world economy. The combination of cloud computing, AI, IoT, and the rapid rise in demand for digital transformation across industry has dramatically reorganized the architecture of IT service provision, sourcing and value capture. The pace of change was achieved even more rapidly during the COVID-19 period which compressed years' worth of digital innovations into month sand created new structural dependencies for public and private sector IT services across the world.

Gartner estimated the world's total IT spend to be around $5.1trn in 2024, of which the largest and fastest growing element was that of IT services, which accounted for a

significant proportion of total spend. In this context, the significant new trend that has been established is that of geographic redistribution of IT service delivery capacity from Indian and Philippines before-centric locations, to a wider set of emerging delivery markets, including Central and Eastern Europe, Latin America and Central Asia. This redistribution has been prompted by increasing labour costs in legacy delivery centres, the need to de-risk geo-political concentration, and the democratisation of technology.

For Uzbekistan, this presents a strategic opportunity. Despite having initiated a major programme of economic modernisation since 2017, the IT sector has been identified as an official national priority as part of the Digital Uzbekistan 2030 strategy. Initiatives such as the development of the IT Park Uzbekistan, tax incentives for IT companies and targeted investments in technical education, demonstrate a concerted effort to establish the country as a economically viable IT services player. Nevertheless, the path to incorporation in global value chains is wide and strategic development must be firmly rooted in rigorous analysis.

The paper is organized as follows: Section 2 discusses the size of the global IT market, growth factors, and structural trends; Section 3 analyzes the competitive environment and value chain structure of the global IT services industry; Section 4 reflects the current situation, strengths and limitations of Uzbekistan; Section 5 offers policy options for 2025-2030; Section 6 summarizes conclusions and a list of policy options and areas for further research.

2. GLOBAL IT SERVICES MARKET: SIZE, STRUCTURE AND GROWTH DYNAMICS

2.1 Market Size and Historical Growth

Between 2018 and 2024, the worldwide market for information technology (IT) services is expected to have grown at a compound annual growth rate (CAGR) of 8.2%, reaching a projected market size of $1.42 trillion in 2024, including broadly-defined service areas such as managed services; IT consulting; systems integration; cloud-managed services; Business Process Outsourcing (BPO) enabled by IT and application development and maintenance (ADM).

Segment	2022 Market Size (USD bn)	2024 Market Size (USD bn)	CAGR 2022–2024 (%)
Cloud-Managed Services	410	580	19.0%
IT Consulting & Strategy	215	265	11.1%
Application Development & Maintenance	310	370	9.2%
Business Process Outsourcing (IT-enabled)	290	335	7.5%
Systems Integration	165	195	8.7%
Infrastructure & Managed IT	280	320	6.9%
Total IT Services Market	1,670	2,065	11.2%

Table 1. Global IT Services Market by Segment, 2022–2024 (Estimated). Source: Gartner (2024), IDC (2024), author's calculations.

Offering the most significant growth rate has been those services focused on cloud management, culminating from enterprise cloud migration and movement away from the CAPEX-heavy on-premise infrastructure toward cloud‘s OPEX-based consumption model. The hyper scaler market still largely led by AWS, Microsoft Azure and GCP has triggered demand for integration, migration and optimisation services along the entire IT services value chain.

2.2 Key Structural Trends (2020–2030)

Several macro-trends are taking a new shape within the boundaries of the global IT services market structure, and will continue to influence the competitive environment up to 2030:

Artificial Intelligence & Automation.: With the emergence of generative AI, the IT service delivery model is being transformed from labour intensive processes to more automated solutions. Activities like code generation, QA testing, level-1 IT support are being automated. This results in reduction in unit costs and increased market for the service. McKinsey & CO estimates that AI-enabled IT development can potentially

reduce labor needs in software engineering by 20–45% for routine tasks by 2030.

Cloud-Native Architectures: As enterprises increasingly adopt cloud native development practices (e.g., microservices, containerisation, DevSecOps, etc.), they will need to acquire specialised new capabilities which are currently in short supply worldwide. This creates opportunities for new market entrants that can offer targeted training ecosystems.

Nearshoring and Geographic Diversification: As the operating environment shifted to remote working in the pandemic period, the feasibility of global distributions of IT delivery was established and the trend for expanding the range of outsourcing destinations gained momentum. European firms are increasingly looking at Central Asian and Eastern European IT providers as an alternative to South Asian vendors because they are close in terms of time zones, in culture and are less likely to be subject to geopolitical risks.

Cybersecurity as a Growth Driver: Cybercrime damages are expected to hit over $10.5 trillion annually by 2025 (Cybersecurity Ventures, 2023). Managed security services constitute one of the fastest growing categories of IT services worldwide and tap a huge growth potential for new market entrants possessing competitive skills.

Sustainability and Green IT: ESG pressures are forcing large IT buyers to examine the carbon impact of their entire supply chain, including IT service delivery. Markets with access to renewable energy may secure a competitive advantage in establishing green data centre locations.

3. GLOBAL VALUE CHAIN ARCHITECTURE OF IT SERVICES

3.1 Value Chain Configuration

The world IT services value chain is widely categorised into three tiers: (i) high value, knowledge intensive (KIBS) activities (strategy, architecture, product ownership, development of artificial intelligence/machine learning); (ii) mid-value technical execution activities (application, quality assurance, systems integration, cloud operations); and (iii) lower-value but volume intensive (IT support, data processing, entry level Business Process Outsourcing or BPO). Countries wanting to participate in the global IT value chain usually ‘start off’ at Tier 3 and gradually move up to Tiers 2 and 1 thereafter.

This five-decade journey is a testament to this rising: starting with simple data entry and modest programming in 1980s and 1990s, and then embedding itself gradually into the value chain of Indian IT companies such as Infosys, Tata Consultancy Services, Wipro and others and finally, developing core capabilities for strategy consulting,

artificial intelligence and enterprise platform management. Today, the Indian IT industry accounts for 7.4% of India‘s GDP and directly employs in excess of 5 million people.

Value Chain Tier	Activity Type	Skill Requirements	Revenue per FTE (USD/yr)
Tier 1 – High Value	AI/ML, Strategy, Architecture, Product	Advanced / PhD-level	$120,000–$250,000
Tier 2 – Mid Value	Software Dev, Cloud Ops, QA, DevOps	Intermediate–Advanced	$45,000–$120,000
Tier 3 – Lower Value	IT Support, BPO, Data Entry, Basic Coding	Entry-level	$8,000–$45,000

Table 2. IT Services Value Chain Tier Classification. Source: Author's framework based on Gereffi et al. (2005), McKinsey (2023).

3.2 Competitive Landscape

The world competitive environment for IT serviced determined by a structure whereby an established first tier of big players from India, the US, Western Europe, is under increasing challenged by a developing second tier of Eastern Europe (Poland, Romania, Ukraine), Latin America (Brazil, Mexico, Colombia), and Southeast Asia (Vietnam, the Philippines). Central Asian competition (Uzbekistan, Kazakhstan, Georgia) is emerging as a third tier.

The big six Accenture, IBM, Cognizant, TCS, Infosys, Capgemini compete on scale, proprietary platform advantages, deep industry knowledge, and networks of delivery across 20–40+ different countries. For developing country providers, differentiation needs to be based around lower-cost offerings, niche technical specialization, language skill, time-zone benefit, and institutional trust (such as contract enforceability, data-protection mechanisms).

4. UZBEKISTAN'S CURRENT POSITION IN THE GLOBAL IT SERVICES LANDSCAPE

4.1 Macroeconomic and Demographic Context

Uzbekistan, the most populous country in Central Asia, has an estimated population of 36 million (2024) of which certain 60% are below 30 years old, thus offering a significant advantage for labour-heavy service sectors such as IT-enabled services. Domestic GDP has also provided a relatively high macroeconomic stability with an annual average growth rate of 5.5–6.0% between 2018 and 2024 (nominal values). Despite that, the relatively low per capita GDP level of around $2,400 (nominal USD, 2024) is a strong price advantage for internationally traded services.

4.2 IT Sector Performance and Key Indicators

In recent years, the IT industry in Uzbekistan has experienced strong growth, driven by supportive policy interventions. The IT Park Uzbekistan, a free economic zone for tech companies set up in 2019, has so far hosted over 1,100 resident companies, while export revenue from the industry stood at around USD0.85 billion in 2023, representing a 3.5-fold increase since 2019. These developments represent a significant, if nascent, integration into international digital value chains.

Indicator	2019	2021	2023	Target 2030
IT Export Revenue (USD mn)	241	450	850	3,000+
IT Park Resident Companies	70	450	1,100+	3,000+
IT Sector Share of GDP (%)	2.1%	2.8%	3.4%	7.0%
IT Graduates (Annual)	8,500	14,000	22,000+	50,000+
Internet Penetration (%)	54%	68%	78%	90%+
Mobile Broadband Penetration (%)	61%	74%	84%	95%+

Table 3. Uzbekistan IT Sector Key Performance Indicators, 2019–2030. Source: IT Park Uzbekistan Annual Reports (2019–2023), Ministry of Digital Technologies, World Bank (2024), author's projections.

4.3 Comparative Strengths

Uzbekistan's potential market attractiveness is founded on several intrinsic factors. Firstly, the country provides labour cost advantages to service provider countries (forex. India, Israel, Philippines), where the estimated average annual fully-loaded cost of a Mid-level programmer is $12-18k as opposed to $25-40k in Central Eastern Europe and $20-35k in Vietnam. Secondly, its geographical location facilitates a significant overlap of time-zones with Central European (UTC+5) and Gulf markets, allowing real time communication and collaboration with primary IT procurement economies. Thirdly, the Uzbek government has historically supported the IT sector with an enduring institutional commitment that encompasses fiscal incentives (IT Park residents are taxed at 7.5% on income, versus 15% in the rest of the economy), ease of registration procedures, and widespread investment in basic STEM programmes.

4.4 Structural Constraints and Gaps

However, material limitations currently hold back faster integration into the global IT market. Although talent pools are increasing rapidly, their scales are still uneven: estimated numbers of software engineers with transferable Uzbek degrees and CumC2+ English skills, Cloud/DevOps certifications, and project management experience is about 15,000-20,000, which is insufficient to win a significant slice of the world market share. More broadly, brand awareness and reputational capital within the wider IT procurement market for global companies is still embryonic: Uzbek IT suppliers lack legacy of work for Tier-1 international customers, which diminishes their competitive advantage for larger deals. Finally, weaknesses in IP norms and contract enforcement for cross-border transactions, as well as limited engagement with the broader global payment system (missing PayPal, limits on smaller entities using SWIFT) all present frictions.

5. STRATEGIC RECOMMENDATIONS FOR UZBEKISTAN (2025–2030)

5.1 Recommendation 1: Niche Specialisation Strategy

Instead of trying to serve the entire range of IT services against incumbents, Uzbekistan should pursue a targeted niche specialisation approach, where it can develop differentiation in 3-5 fast-growing segments. Priority segments for Uzbek IT companies should include: cybersecurity services, on the back of Uzbekistan‘s emerging security skills pool and regional Gulf/CIS demand; AI/ML data annotation

and model training services, leveraging Uzbekistan‘s highly cost-competitive labour force against a fast growing global market; ERP/SAP localisation, with a focused set of CIS/Central Asian clients, owing to Uzbekistan‘s linguistic and cultural similarities.

5.2 Recommendation 2: English Language and International Certification Push

The single biggest constraint to expanding the export of IT services in Uzbekistan will be the lack of penetration of professional level (CPE/CAE equivalent+) English language skills among technical university graduates. A comprehensive national programme of requiring all IT university programmes to be taught/reading/writing/speaking in English, subsidising IELTS/TOEFL preparation courses, and providing state-subsidized access to online universities’ cloud computing and DevOps certification programmes (Coursera, Udacity, AWS Training) should be a flagship policy initiative by 2026. A 2x increase in the number of IT graduates internationally certifiable for export by 2028 should be the aspirational goal.

5.3 Recommendation 3: Anchor Client Strategy

In the initial stages, Uzbekistan should aim to lure a cluster of 10 15 Tier 1 multinational IT services companies into the region through their regional delivery centers located either in Tashkent or IT Park Uzbekistan. Such anchor clients will act as talent development catalysts, brand intermediaries (like Dell, IBM and Microsoft during formation of Ireland as an IT base in the 90s), and knowledge transfer vehicles. More specifically the state should provide better than average incentive packages (facility provisioning, fast-tracking of work permits, customized fiscal offerings) to those multinationals employing 200+ Tashkent residents.

5.4 Recommendation 4: Regional Hub Positioning

Uzbekistan The potential regional hub. Uzbekistan may also become a center for the provision of regional IT services to the wider Central Asian market (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan) and possibly Afghanistan, to regional clients in Russian, Uzbek, and other local languages. This regional market, with potential market size of about 80m and an rapidly growing demand for digital infrastructure, provides a significant near-term addressable market for Uzbek IT service providers, with fewer barriers to entry versus the global level. A firm track record and portfolio of regional clients will be a desirable operating and credibility platform for future global expansion.

5.5 Recommendation 5: Digital Trade Infrastructure

Government must focus on eliminating friction points on cross border digital trade, such as: easing access for IT service providers to international payment networks; easing cross border repatriation of foreign exchange regulations; expanding bilateral

double taxation avoidance treaties network with key IT markets (Germany, UAE, South Korea, Turkey); and acceding to WTO Agreement on Electronic Commerce plurilateral framework. Institutional improvement in these areas will significantly decrease transaction costs faced by Uzbek IT players in global markets.

Recommendation	Priority Level	Lead Institution	Target Timeline
Niche Specialisation (Cybersecurity, AI/ML, ERP)	High	Ministry of Digital Technologies, IT Park	2025–2026
English Language & International Certification Programme	High	Ministry of Higher Education, IT Park	2025–2027
Anchor Client Attraction Strategy	High	IT Park, Ministry of Investment	2025–2028
Regional Hub Positioning & CIS Market Development	Medium	Chamber of Commerce, MIFT	2026–2028
Digital Trade Infrastructure Enhancement	Medium–High	Ministry of Finance, Central Bank of Uzbekistan	2025–2030

Table 4. Strategic Recommendations Summary: Uzbekistan IT Sector Integration, 2025–2030. Source: Author's analysis.

6. CONCLUSION

The international IT services market is therefore a generational opportunity for emerging economies seeking to participate in higher-value digital value chains. The

structural industry shifts adoption of the cloud, increased automation through artificial intelligence, growing dispersion of production locations, and higher demand for cybersecurity are opening significant room for new market entrants with the right mix of talented personnel, cost advantages, and institutional capacity.

UZBEKISTAN IS AT A TIPPING POINT. The country has built a solid, credible platform political will, financial incentives, an expanding technical workforce, and early export successes that can support a more ambitious and globally integrated IT industry. But ambition alone is not enough. The strategy recommendations presented in this article niche specialisation, language and certification skills building, anchor client attraction, regional hub development and digital trade infrastructure enhancement are themselves an integrated strategic program that, if implemented with discipline and coordination, could establish Uzbekistan as a top-10 emerging IT outsourcing destination by the year 2030.

The window of time is limited. While the competitive markets of Southeast Asia, Eastern Europe and the Gulf continue to pour investments into their own information technology infrastructures and as the remaining advantage in labour costs of the low cost delivery markets is eroded by AI-enabled automation, Uzbekistan will have to act quickly and with focused strategic intent. The 2025 30 time frame will be the critical window to build the strategic reputational capital and the institutional infrastructure needed for long-term, enduring global competitiveness.

Future research could focus on investigating sector-specific value chain dynamics, particularly in terms of cybersecurity and AI services, and include primary survey analysis focusing on OK vendors and international buyers to identify requirements on the demand side and barriers to entry.

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