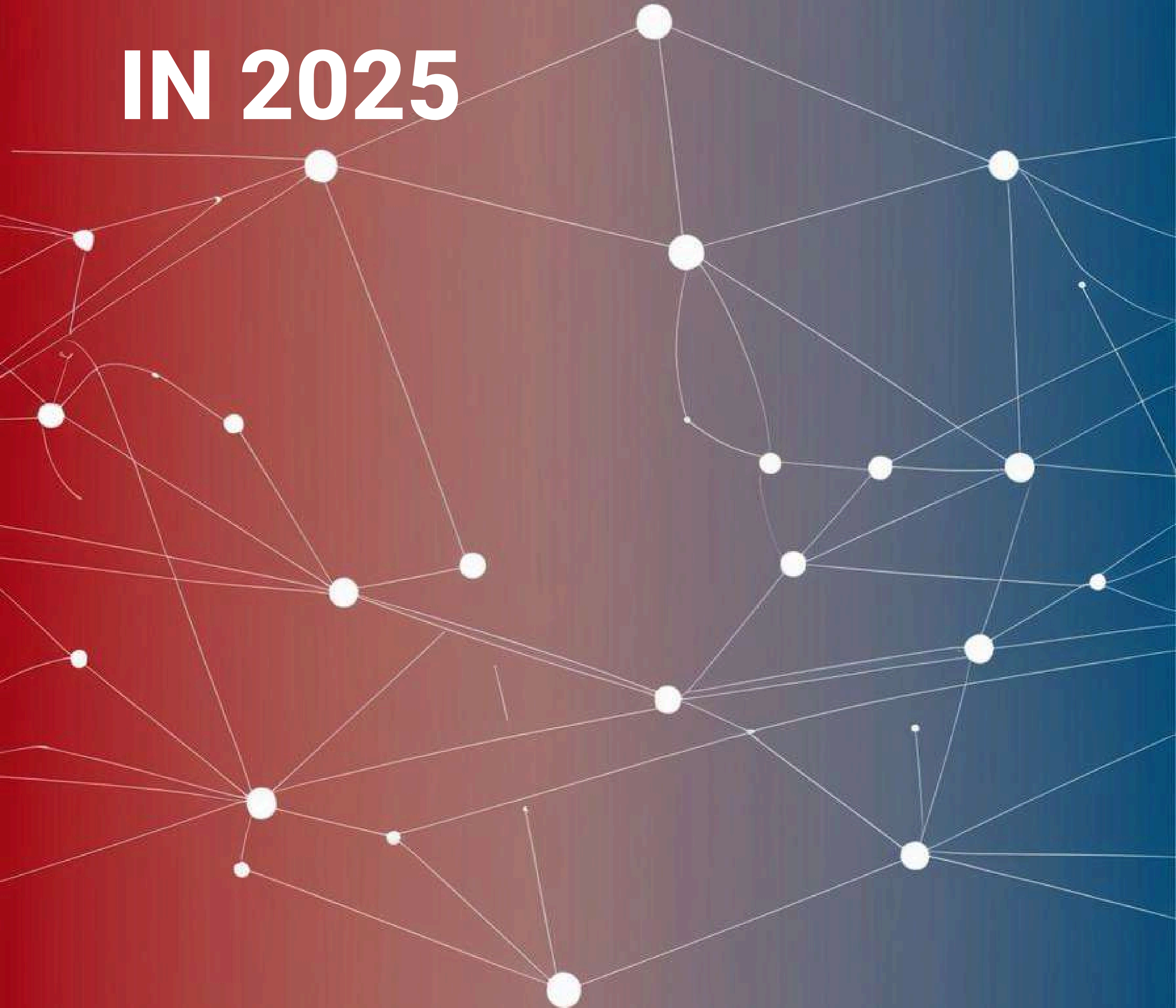


## ROMANIAN IT OUTSOURCING IN 2025





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# Executive Summary

## 1. The Rise of Global Outsourcing

The global outsourcing industry is transforming, projected to reach \$525 billion by 2025, driven by technological advancements and rising demand for specialized expertise.

Historically, countries like India have dominated due to low labor costs, but evolving client expectations are reshaping priorities. Romania has emerged as a key player, offering not only cost-effectiveness but also strong technical capabilities and cultural compatibility with Western Europe.

This cultural alignment is particularly crucial. Compared to many Asian outsourcing destinations, Romania's work ethics, decision-making, and communication styles better mirror those of Western clients, making collaboration smoother and more efficient.

## 2. Romania's Outsourcing Market Growth

The IT industry reported revenue of \$13.7 billion in 2024. With a projected 10% CAGR growth, the industry is expected to reach approximately \$27.4 billion by 2029.

This growth reflects Romania's ability to adapt to global trends, including AI integration and the adoption of innovative pricing models. AI-driven solutions are becoming a hallmark of Romanian services, enabling them to stay competitive amid rising economic pressures.

High-demand sectors like fintech, healthcare, and cybersecurity are at the forefront, showcasing Romania's capability to deliver specialized solutions that meet international standards.

## 3. Cultural Alignment as a Competitive Edge

Cultural alignment remains one of Romania's biggest advantages, facilitating effective collaboration with Western European clients. This alignment is far stronger compared to many Asian outsourcing countries, which often face significant challenges due to differences in workplace norms and communication barriers.

Romania's emphasis on value-added outsourcing and strategic partnerships makes it stand out as a reliable partner, not just for cost savings but also for delivering higher-value outcomes that require complex problem-solving and nuanced cultural understanding.

## 4. Challenges and Strategic Responses

The outsourcing sector in Romania faces several challenges, including rising costs, increasing automation, and shifting client expectations. Romanian providers are addressing these issues through strategic investments in advanced technologies, including AI, which reduces project timelines by up to 30%, along with hybrid team to combine the best of local and offshore expertise.

Importantly, the transition from traditional hourly billing to more dynamic pricing models marks an evolution in business practices. Increasingly, firms are adopting outcome-based pricing, gainsharing, and monthly retainers. These approaches redefine the client-provider relationship: outcome-based and gainsharing models incentivize innovation by closely aligning interests, while monthly retainers deliver cost predictability, fostering stability in both planning and execution.

## 5. Romania's Role in the Future of Outsourcing

Romania has positioned itself as a perfect mix for clients who are not solely focused on cost savings but also seek high technical capability, cultural alignment, and competitive pricing. As the market continues to evolve, Romania is redefining its value proposition, moving beyond cost-driven motives toward the development of strategic partnerships that emphasize quality, specialized skills, and efficiency.

However, Romanian firms need to carefully consider their push towards proprietary product development. Developing in-house products could mean higher margins and global recognition, it also comes with substantial risks, only about 5% of new products actually succeed. The current strategy for many Romanian providers should focus on refining outsourcing capabilities, enhancing specialization, and leveraging AI to remain competitive without taking on undue risks.

# \$525

billion the projected value of the global outsourcing industry by 2025

# 10%

Romania's IT outsourcing market projected compound annual growth rate in 2024

# 30%

boost in outsourcing partnerships efficiency with cultural alignment

# 5%

of newly launched products succeed

# €50

million the expected annual investment in Romanian AI startups



# Romanian IT Outsourcing in 2025

## Romania Redefining Its Role in the \$525 Billion Outsourcing Industry

The global outsourcing industry is experiencing a paradigm shift, with market size projected to reach \$525 billion by 2025, driven by technological advancements and the increasing demand for specialized expertise. Eastern Europe has emerged as a significant player in this market, with Romania standing out for its technical capabilities, cost-effectiveness, and cultural alignment with Western Europe.

In 2024, Romania's IT outsourcing market is expected to generate approximately \$375.4 million in revenue, with projections indicating a compound annual growth rate (CAGR) of 10.02% from 2024 to 2029, reaching about \$734.3 million by 2029.

Historically, countries like India dominated the outsourcing industry through low-cost labour. However, the growing complexity of client demands and persistent challenges, including cultural mismatches and legal hurdles, have prompted businesses to seek alternatives. Nearshoring destinations like Romania now combine cost-efficiency with high-value services, offering advanced capabilities in artificial intelligence, fintech, cybersecurity, and healthcare.

Romania's tailored, industry-specific solutions demonstrate a shift in outsourcing priorities moving from price competition toward strategic partnerships. This evolution reflects Romania's increasing role as a key player in the next phase of global outsourcing.

## Cultural Dynamics in Outsourcing

Cultural compatibility plays a key role in successful outsourcing relationships, delivering up to a 30% boost in project efficiency. Romania's cultural proximity to Western Europe offers a clear advantage, with shared work ethics, decision-making approaches, and communication styles that align seamlessly with those of its clients. This synergy reduces friction, fosters collaboration, and ensures efficient project delivery.

According to a 2023 report by Conectys, Romania's strategic geographical location bridges Eastern and Western Europe, facilitating easy access to markets across the continent and enhancing cultural alignment with Western European clients.

Romanian teams excel in flexible, creative problem-solving, a trait highly valued in complex projects, while Western European clients, particularly German firms, appreciate structured communication and detailed documentation. Romanian outsourcing providers leverage these complementary strengths to enhance client satisfaction and operational outcomes.

A 2023 article by Inventiff highlights that over the past decade, Romanian IT professionals have built a reputation for their high cultural compatibility with Western European and North American clients, facilitating effective collaboration.



Photo source: [www.ricksteves.com](http://www.ricksteves.com)



# Romanian IT Outsourcing in 2025

## Challenges of Transitioning to Product Development

Cultural compatibility plays a key role in Romania faces increasing calls to move beyond outsourcing services and develop proprietary products, a shift that promises higher margins and global recognition.

However, the industry must tread carefully, as such a transition entails significant risks. Developing and selling products requires substantial upfront investment, robust marketing strategies, and a tolerance for failure, barriers that many firms in the region are ill-equipped to overcome. Globally, only 5% of new products succeed, highlighting the significant financial and operational hurdles firms face in shifting to product development.

Instead, Romanian firms can focus on refining their high-value outsourcing capabilities, such as AI-driven solutions and niche expertise, to remain competitive without risking instability. By specializing in fields such as fintech and healthcare, Romanian providers can address global trends while solidifying their role in the outsourcing market.

## Dynamic Pricing Models and AI

In line with global trends, Romania's outsourcing sector is moving away from traditional hourly billing toward innovative pricing structures centred on results and long-term collaboration. Outcome-based pricing, where providers are compensated based on measurable deliverables, is gaining traction. These arrangements often include gainsharing, where efficiency improvements or cost savings are shared between the client and provider, fostering a collaborative approach to innovation.

Monthly retainers are becoming the norm, offering predictable client expenses and revenue stability for service providers. In parallel, co-investment models, particularly in advanced technology and automation projects, enable shared risks and rewards. This transition to innovative pricing reflects Romania's evolving approach to aligning incentives with client success.

Artificial intelligence is amplifying this transformation. Globally, 63% of companies plan to increase AI investments by 2026, and Romanian firms are no exception. AI applications, from predictive analytics to customer engagement tools, are helping to cut project timelines by up to 30% while improving decision-making accuracy. Despite the high implementation costs, Romanian providers are making targeted investments in AI, positioning themselves to stay competitive amid rising economic pressures like inflation and interest rates. AI investments in Romania are

projected to grow significantly, with annual investments in AI startups expected to double from €25 million in 2020 to €50 million by 2025.

Romania's ability to deliver high-value customized solutions in specialized fields such as fintech, healthcare, and cybersecurity is evident in its success with secure payment platforms for European fintech firms. This emphasis on niche industries strengthens Romania's competitive position while supporting sustainable growth in an increasingly demanding market.

The adoption of innovative pricing models and AI integration reflects a broader shift from transactional relationships to partnerships built on shared objectives. By improving operational efficiency and prioritizing measurable outcomes, these approaches are enabling Romanian providers to align more closely with client objectives, reinforcing their position in the global outsourcing market.

## The Expansion of Nearshoring and Leveraging Regional Strengths

Nearshoring, defined as outsourcing to geographically proximate countries, is gaining prominence as companies seek closer collaboration, cultural alignment, and time zone compatibility. With its location in Europe, Romania offers significant advantages as a nearshoring destination for Western European firms, aligning with the growing preference for geographically proximate outsourcing partners.

A hybrid approach to nearshoring is also emerging, blending the cost efficiency of offshoring with the operational cohesion of nearshore management. This model integrates offshore developers with nearshore project managers, achieving an optimal balance between cost savings and quality control. Research demonstrates the financial viability of this approach. For instance, shifting operations from high-cost regions like Silicon Valley to Eastern Europe has resulted in cost reductions of 40 - 70% while maintaining high output levels.

## Specialization in Niche Markets

Romania's outsourcing sector is establishing a strong foothold in specialized fields such as fintech, healthcare, and cybersecurity. These industries require stringent regulatory compliance and advanced expertise, creating high barriers to entry. By investing in tailored capabilities, Romanian providers are positioning themselves as reliable partners for complex, high-stakes projects, reinforcing their role in the global outsourcing market.

# Romanian IT Outsourcing in 2025

Romania's expertise is evident in projects such as secure payment platforms for European fintech firms, highlighting its ability to deliver customized solutions. By focusing on high-demand sectors, Romanian providers are setting themselves apart and paving the way for sustainable growth in a competitive market.

## Economic Pressures and Labour Market Dynamics

Romania's outsourcing sector faces mounting economic and regulatory pressures. Daily rates for IT outsourcing remain competitive, ranging from \$320 to \$700 depending on complexity and expertise, but rising operational costs and upcoming tax reforms could significantly strain profit margins. Proposed changes to the tax regime in 2025, such as ending income tax exemptions, threaten to increase employer expenses.

Meanwhile, automation is transforming the labour market, with routine tasks once managed by junior developers increasingly handled by machines or outsourced to lower-cost regions. This shift is reducing demand for entry-level roles and prompting Romanian firms to prioritize mid-level and senior professionals capable of managing complex projects and delivering strategic value.

Romanian providers have adapted to these challenges by implementing strategies that balance cost reduction with operational efficiency. Integrated planning aligns client goals with operational processes, minimizing redundancies and enhancing resource utilization. AI-driven solutions, including automation and predictive analytics, accelerate turnarounds and improve decision-making, enhancing cost

efficiency and service quality. Flexible team models, blending local and offshore talent, provide an optimal mix of cost-effectiveness and expertise.

Together, these approaches help mitigate rising costs while positioning Romania's outsourcing sector as a high-value partner that is adaptable to economic pressures and competitive in the global market.

## Key Strategies for Adapting to Economic Pressures in 2025

Romanian outsourcing providers are pursuing multiple strategies to stay competitive in an evolving market. To enhance efficiency and relevance, firms have focused investments on advanced technologies like AI and automation—key tools for improving service delivery in a tech-driven landscape. At the same time, many providers are developing niche expertise in high-value sectors such as fintech, cybersecurity, and healthcare, allowing them to stand out in a crowded outsourcing field.

Hybrid team models are also gaining traction, blending local and offshore talent to achieve an optimal balance of cost efficiency and quality. Additionally, sustainability is becoming a strategic focus, with firms emphasizing eco-friendly practices to appeal to socially responsible clients, particularly in Western Europe.

Finally, Romanian providers are expanding their reach through strategic partnerships with European IT firms and complementary service providers, increasing their delivery capacity and enhancing their value proposition in the market.



Photo source: [www.tourinromania.com](http://www.tourinromania.com)



# Romanian IT Outsourcing in 2025

## The Future of IT Outsourcing: Emerging Trends

The future of IT outsourcing is being shaped by technological advancements, changing client expectations, and an increasing focus on value-added services. Key trends include:

- **Automation and AI Integration:** The rise of AI and automation is transforming outsourcing models. Routine tasks are increasingly automated, enabling service providers to focus on high-value services like advanced analytics and predictive modelling. Romanian firms have committed significant resources to these technologies to remain competitive in a rapidly evolving marketplace.
- **Value-Added Outsourcing:** As clients demand more than just cost savings, Romanian firms are shifting toward delivering strategic solutions tailored to specific industries such as fintech, healthcare, and cybersecurity.
- **Sustainability in Outsourcing:** Environmental, social, and governance (ESG) considerations are becoming essential for international clients. Romanian firms adopting sustainable practices gain a competitive edge, particularly in Western European markets.

By remaining ahead of these trends, Romania is positioning

itself as a hub for innovative, high-value outsourcing solutions.

## Scaling Operations with the BOT Model

The Build-Operate-Transfer (BOT) model is becoming a preferred strategy for firms looking to scale operations while managing risks. It enables companies to establish and stabilize offshore teams before transferring ownership, providing a structured and sustainable pathway for growth. Although this model typically results in lower profit margins for Romanian providers, its value lies in fostering long-term partnerships and securing a lasting presence in the market.

## Conclusions

Romania's IT outsourcing sector is responding to a critical juncture, balancing economic pressures, technological advancements, and shifting client expectations.

By focusing on strategic partnerships, specialised expertise, and innovative pricing models, Romania is well-positioned to lead the next phase of outsourcing evolution. While cost inflation and automation present significant challenges, the country's adaptability and focus on value-added services ensure its continued relevance in the global outsourcing market.



“Romania is capitalizing on its strengths, technical know-how, cultural fit, and flexible pricing models, to capture rising demand for high-value outsourcing. With annual growth projected to exceed 10%, the sector is navigating global economic headwinds while shifting the narrative from pure cost-cutting to value-added partnerships.”

Lucian Ghinea, CEO of 112HUB

## About us

112HUB, co-founded by CEO Lucian Ghinea, is a European IT outsourcing firm with operations rooted in Germany and the UK, supported by a robust supplier network spanning Portugal, Romania, and Bulgaria. It is the only matchmaking company in Romania, specializing in connecting businesses with tailored IT outsourcing solutions.

The company provides outsourcing operations through services such as matchmaking, team building, and mergers and acquisitions, enabling clients to scale their development teams efficiently.

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