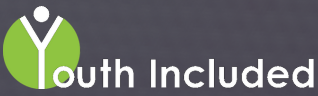


CORONA VIRUS

INFLUENCE ON CZECH ECONOMY AND IT MARKET



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Coronavirus influence on Czech economy and IT market

Czech labor market is known for its stable and prosperous economics, its central location within Europe makes it easily accessible for the surrounding countries. There are plenty of opportunities not just for ordinary citizens, but foreigners as well. International companies successfully open and grow their business in Czech Republic, of which such industrial giants as Hyundai, Siemens, Tesco, Bosh, Dell and more.

In 2019 the number of the open vacancies lacking an employee was 350'000 and at the beginning of 2020 the number reached 400'000 with the most demanded specialists in engineering, medicine, IT, accounting and finance, customer service and administrative staff.

Growth of the work market and availability of the workplaces attracted more and more foreigners. In the last four years the employment rate was at the mark of 98% in the working age population that means 5'250'000 people were employed from which 700'000 are foreigners.

It is a huge growth, compared to 2004 when part of the foreign population was only 104'000.

One of the eight workers in Czech Republic is a foreigner with 26% from European and 64% from non-European countries. 21% from the employed foreigners cover industry, 18% work in various administrative positions, 10% work in trade and the rest in construction.

Average salaries are growing annually, comparing to 2013 when it was 25,1K, at 2017 it was already 29'5, at 2018 30K and at the beginning of the 2020 average mark edged up 34'000 czech crowns.

The highest salaries observed in the Information and Communication Technology (ICT) field. In 2019, support engineers were evaluated in 60K, DevOps engineers and developers of the most prevalent languages, such as PHP, Python or Javascript got approximately 100'000K, and BigData architects and Cloud engineers were able to cross 120'000 crowns per month.

In 2020 people working in the same professions get their salaries increased by additional 5-10 thousands.

So far, so good. Everything started to change starting in 2020. On 31 of December 2019 the first report arrived from China about a number of cases of pneumonia caused by an unknown infection that was eventually classified as a "coronavirus". It spread rapidly over the country boards and after just three months, at 3rd of March, Europe was already declared as a center of pandemic.

The coronavirus pandemic had an immediate profound impact on people's lives across the globe, with major implications for quality of life and work. The virus swept all the European countries causing closure of the borders, mandatory

isolations, restrictions on movement and businesses opening hours.

As an immediate countermeasure to stop the spread of the virus people were isolated from each other by limiting direct meetings between them to the minimum.

Students were put on remote education.

Sales of services in business premises were forbidden, with the exception of foodstuffs, electronics, ICT, fuel, pharmacies, chemists, animal welfare goods and feeds, opticians, newsagents, laundromats and e-shops.

The areas of trade, transport, accommodation and hospitality were hit hardest.

This led to an increase in the unemployment rate. In the most developed countries it raised from 2% to 7% . Almost threefold of the population in Europe had their working day decreased.

On 14 of March a state of emergency was announced in Czech Republic bringing drastic changes to the people's everyday life.

39% of COVID cases discovered to have originated in the workplace, hence in the areas where it was possible people were shifted to work from home.

In the areas where it was not possible, such as restaurants, hotels, service, culture, art and agricultural sectors, people were forced to leave and search for alternative options for income and to spend their savings.

The unemployment rate in Czech Republic rose up to 3% in the first wave of "lockdown" in March and up to 4% in September when the second emergency state was declared.

Thousands have left the country from which the most are workers from Ukraine and Slovakia, leading to the big diffciete of the working power mainly in construction and industrial domains.

Contrary, employers in the other areas had to fire their employees and remain closed by order of the government until the decrease in the number of cases is noticeable again.

According to the survey that was taken at the winter 2020, only 10% of employers plan to hire new employees, 14% expect that their number will decrease and 68% of questioned companies do not expect any changes in near future.

The number of foreign employees in the Czech Republic has declined during the coronavirus crisis. It dropped by more than 40'000 people in the last three months.

Some companies are struggling to find a replacement for foreign specialists within the country, thus they are forced to reduce the amount of production or increase its delivery times.

Another negative effect on the Czech labour market was seen due to the drop in demand to export Czech products as a

result of the coronavirus crisis.

Czech ICT market suffered mainly a decrease by 14% in selling of the office computer hardware, in all the other aspects it survived and even grew, since proposed remote work mode in IT companies, growing demand for application development, gaming hardware and computer gadgets.

More than 4 million people were shifted to work from their home. Compared to 2018 when only 200'000 of employees were working remotely that was a huge change and now we can consider a "home - office" model as the primary accepted work model in IT companies.

Spending most of the time at home changed the way people were doing their daily activities and forced adaptation to the new services evolved to address new conditions.

The market started to change reacting to the increasing demand in online services. All the restaurants had to transform their business model to provide an option to order food; they use intermediate computer applications to allow convenient ordering. Websites start to transform into web applications providing all sorts of functionality, a variety of online platforms are now available to get people all they might need directly from home. Online services cover entertainment, taxi, food delivery, banking, news, communication and online shopping areas. Also, the pandemic arose new kinds of applications related to COVID infection, those for reporting virus statistics information and those for giving a warning about danger of contact with an infected person.

The need to develop more applications and to add more functionality boosted the growth in the IT companies, creating more available positions for the application developers, system architects and IT managers. The number of employed people in IT has increased by 1% since the start of pandemic.

Many of the positions still stay uncovered waiting for the right person to fulfill its place. It is a good chance for anyone who exposes even junior skills in computer technologies to get a job. Employers are ready to reduce the severity of selection and educate people during the work process.

Many different online courses are now proposed for the people willing to start an IT career. Courses vary in the taught topics, ranging from development, network administration, computer security, Cloud technologies and more. It is a small step to do for any one who is motivated enough before their door into the IT world can be opened.

There are high expectations placed on the vaccines that should arrive in the country at the end of 2020 which should allow reopening of the business premises, borders and increasing influx of the foreigners and. Nevertheless, in the beginning of 2021 we are only halfway to the end of the pandemic, that means that online services will continue to grow and demand in new functionality, scale their infrastructure due to increasing numbers of users. The change to our lives is irrevocable, it will be highly beneficial for anyone seeking to improve or start their career to evaluate new possibilities and opportunities in IT market.