IT INDUSTRY COMPANIES RISKS

In the conditions of the steadily growing IT services market of Ukraine in recent years, the issue of risk management becomes more and more important.

The activities of IT companies are associated with a large number of risks, but in the current conditions of growing market the impact of a large number of negative factors (such as the COVID-19 pandemic, military actions that caused problems with electricity supply, exchange rate fluctuations, specialists migration etc.) becomes more relevant and the issue of risk management and control becomes one of the most prioritized tasks in company management.

Therefore, the lack of a clear definition of risks and their classification does not allow full prediction of the probability of losses and development of measures that can either reduce risks consequences or avoid the occurrence of risks or prevent it. The presence of numerous diverse types of risks that take place in an unstable economy complicates their systematization, which makes it impossible to build a single classification of them. At the same time, such a classification is important because it creates a methodological basis for minimizing risks impact. Without a properly organized risk management system, an IT enterprise may lack security measures and proper assessment of possible risks. To identify risks, it is necessary to improve their classification, taking into account the specifics of the enterprise under study and the methods that will be used for their analysis.

The scheme presented below is a result of research and we propose creation of a consolidated classification of risks for companies in the information technology industry, which take into account the following groups of risks: general (inherent in any company regardless of their field of activity) and specific for IT-industry.

**Proposed risks definition:**

- **Catastrophic** - losses of the enterprise can cause its bankruptcy.
- **Critical** - losses may exceed the company's profit for a certain period of time.
- **High** - high probability of significant negative consequences.
- **Medium** - available losses will not exceed the expected profit.
- **Low** - available losses do not affect the profit of the enterprise, it can occur only in certain divisions.

**Legal** risk means the existing or potential risk of decrease in the company's income and assets, caused by the company's violation or non-compliance with laws, regulations, agreements, generally accepted practices or ethics, as well as possible ambiguity in the interpretation of established laws or regulations.

**Political** risks are risks that may cause investors to refuse or limit investments due to political changes or instability in the country/region.
Economic risks are combination of events related to the enterprise's activities that affect it; the probabilities of these events and their consequences, which make it impossible to achieve the planned goals and, as a result, affect the company's income.

Operational risks - risks of possible losses and damages that arise in the operational activities of the enterprise and are usually the consequences of unqualified management, fraudulent actions done managers, poor-quality service provision, the inability of management to quickly respond to threats and negative factors affecting the company's activities in the near future and distant perspective.

Strategic risks are a possible source of losses that may arise as a result of the implementation of an unsuccessful business plan. The following definition can be given more generally: these are risks affecting the long-term existence of the enterprise on the market and the formation and/or preservation of its competitive advantage; these are risks associated with the functioning and development of the market or industry and the behavior of the enterprise on the market.

IT infrastructure risks are the risks related to data storage, communication provision, backup systems, etc.

Human resources risks are the ones related to searching and hiring of new employees, training and improving employees’ qualifications etc.

Data loss risks are related to issues of data confidentiality, intellectual property rights etc.

Social risks are related to the level of education, citizens' awareness of the industry and technologies etc.

Project risks are related to time, cost and quality of IT-projects.

Legal risks are the ones related to compliance of the products and provided services with the legislation of Ukraine and recipient’s country.

Market risks are related to situation on industry market.

Software code deactualization risks are the ones related to ensuring the relevance of the used programming language, its version (support for both new and older versions), availability on any platforms.
Integrational risks are associated with the placement and implementation of developed software on different technological platforms, software platforms of customers and ensuring cross-platform interconnection.

Cybercrime risks consist in receiving direct or collateral losses by economic entities as a result of their functioning in cyberspace.

Proposed classification of risks can be used as a reference system for further improvement of risk analysis and control processes of IT organizations.

References: