

*Florin Talpes is the CEO of Bitdefender. Located in Bucharest, Romania, Bitdefender is a global security technology company that provides cutting edge end-to-end cyber security solutions and advanced threat protection to more than 500 million users in more than 150 countries. It ranks No. 17 on the PwC Top 30 Emerging Markets Software Companies list.*

**PwC:** What are the factors contributing to the success of Bitdefender and other software companies in emerging markets?

**Talpes:** I'm not an expert in all the emerging markets. But looking to our region—Central and Eastern Europe—one thing that would trigger success is the education system, which is strongly focused on science and mathematics.

That focus on science and math in the education system, which is not new, built a sound base of talent for IT. In Romania, we have one of the highest densities of IT people in the world.

This is based first on the education system, and second on the fact that our IT domain expertise was developed over many decades. Romania was one of the first ten countries to design and build an electronic computer, and that was in the 1950s. In the 1980s in Bucharest there were 30,000 to 40,000 people working in research institutes and factories all related to high tech. Aside from the funding part, it was a kind of a Silicon Valley developing at that time.

A second reason is the infrastructure. The Internet's infrastructure, or what we call the broadband in Romania, is very competitive. A lot of technologies related to communications have been tested and implemented in Romania.

We have high standards here and good speed. Romania is one of the top in the world in terms of Internet speed. That created a kind of need in the market and also democratized the access to innovation. So we see more and more companies that can innovate.

**PwC:** Those are positives, what about the negatives?

**Talpes:** A lot of times the whole market is not mature enough—is not at the same stage as a market you are targeting in a mature market, like the United States. So it is possible that when you are testing a solution on a market like Romania, you are not really testing for the market you seek to enter.

If you're going with exactly the same solution satisfying the same need, you could be behind or in a different landscape. Another negative could be the fact that we are short on some parts of the ecosystem for innovation. In Central and Eastern Europe, a problem is funding.

You see few companies that become medium or large coming from this region in high tech, compared to the mature market. We are short on an ecosystem for funding. We don't have a friendly stock exchange, so we have to go abroad. It's also about the venture capital ecosystem, which is much less developed here.

A third negative is the maturity of the market. When you're in an emerging market, you could face the fact that the business skills needed for the local market do not match the level of the business skills the mature market requires.

In some domains for some verticals in an emerging market you need baccalaureate level business skills, but going to a mature market, you need Ph.D.-level business skills.

**PwC:** How did Bitdefender get its traction in the global market? What were the first steps you took?

**Talpes:** First, as a company we have been very focused on learning fast because initially we didn't have much business knowledge. How can you grow worldwide? How do you build your channel? How should you build your presence in different countries? We started looking at mature companies from which we could learn a lot.

Second was to hire people from mature markets. For example, we initially got people from the Spanish market and the German market, joining Bitdefender at the senior level in our headquarters to rapidly share their knowledge and to build knowledge within Bitdefender.

These are some ways that we used initially to build what we missed. We're not weak on innovation, but we needed to build knowledge about growing and doing business in mature markets. We focused on learning from consultancies and partners in mature markets like the US and Germany.

**PwC:** What do you consider your primary market and the next one or two markets you're targeting, and what is the revenue breakdown among those markets?

**Talpes:** Our biggest country market is the United States, which is about 40% of our business. The next is a regional market, Western Europe, with about 40%. It includes Germany, the UK, France, the Nordic countries and Spain. But the second largest country market is Germany. The remaining 20% represents countries outside North America and Western Europe, mostly Asia, including Australia. Romania represents less than 2% of our overall revenues. China is something like 2% to 3%. In China, we have to integrate our software with various local providers.

**PwC:** Have you ever considered acquisitions in other countries to get a foothold?

**Talpes:** Yes. We acquired a partner in Spain years ago. Now we are actively involved in a few acquisitions. I cannot disclose them.

**PwC:** What's the salary differential between comparable workers in the US and Romania?

**Talpes:** Twenty years ago, the gap in salaries could be tenfold. Today, it's no bigger than twofold. But the cost of living in Romania is not comparable to Silicon Valley. For an American company, it could be cheaper to hire talent in an emerging market than in Silicon Valley.

**PwC:** What does the future of software look like from an emerging market perspective?

**Talpes:** Access to the Internet is like a door has opened to a global base of knowledge. We see a lot of companies, which are not very strong in innovation, but are big players in the market. And in fact their model is to acquire innovation. So we are seeing more innovation and probably will see even more although today it's still an issue for the region I am in.