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PECULIARITIES OF COMPETITION IN THE MARKET OF INFORMATION TECHNOLOGIES

The sphere of Information Technology is one of the most actively developing and demanded industries in the world. No sphere of human's activity has remained without the implantation and use of the latest information technologies. Therefore, it is legitimate that many investors take a special interest to it. Every year new investment funds and various projects appear. Their purpose is to support start-ups, enabling them to develop. According to Forbes, nearly half of Top-15 world's richest people [1] have made their fortunes developing and investing in various IT projects.

The IT market continues to soar high every year. As the demand for people and workplaces continues to evolve, technological achievements continue providing appropriate systems.

IT service providers use technical knowledge and expertise to let organizations make, manage and optimize information technology processes.

In 2017, the United States was the largest region in the IT services market. It accounts for about 40% of the world market. In addition, it is the largest market due to the high demand for software development services coming from the automotive and oil gas industries. The second largest region is Europe, which accounts for approximately 30% of the market. The third largest is Asia, which accounts for about 27% of the market [2].

Merriam-Webster defines competition in business as "the effort of two or more parties acting independently to secure the business of a third party by offering the most favorable terms" [3].

Economic competition is a competition of several business entities that operate in a single area. There is perfect and imperfect competition.

Perfect competition is a market that contains a large number of buyers, as well as sellers of goods or services, and each of them has a small market share and cannot dictate its terms regarding the purchase or sale of goods. No actor should have the ability to affect the market price and it is set according to the law of supply and demand. However, despite the fact that now, there are no markets of perfect competition in the world; there are markets close to such a model. For example, the market of agricultural products, markets of currencies or securities.

The market of perfect competition has a number of its features, which include the absence of pressure and barriers in all industries, as well as the homogeneity of products.

Imperfect competition is competition in certain conditions under which some producers have the right to engage in controlling prices for products that are produced. There are three main types of imperfect competition: a monopoly, an oligopoly and monopolistic competition.

The first type of imperfect competition is a monopoly. In this case, the monopolist can eliminate his competitors in the market. The main features of the monopoly are dumping prices, the creation of certain barriers, as well as price discrimination, the hiding of important information.

This type of competition leads to unjustified price increases and to numerous disproportions, and the main model of monopoly contains a single seller, and leads to the absence of substitutes and the availability of dictated prices. The second one is oligopoly. An oligopoly is a market structure in which

a few firms dominate. A duopoly is a form of oligopoly where only two sellers exist in one market.

Therefore, the third type is monopolistic competition. The model of monopolistic competition describes a common market structure in which firms have many competitors, but each one sells a slightly different product.

In general, imperfect competition can lead to many losses - for example, unjustified increase on price, slow progress in science and technology, lower competitiveness, lower economic efficiency.

However, in a constantly changing world, the established notions of economic structures, including markets, are changing. That's why modern markets don't satisfy the classical notions.

If in the twentieth century, the market of perfect competition was considered as an ideal and all markets aspired to this state. In today's world, if they still tends to these conditions, it will not mean the success of enterprises.

Peter Thiel, co-founder of PayPal and one of the most far-sighted investors of online projects of modern times, gives his own definition of a monopoly [4].

He says the monopoly is the engine of progress, because profit prospects are a powerful incentive to innovation. These profits allow companies to make long-term plans and create ambitious projects that companies which struggle with competitors simply cannot afford. Business can avoid the daily struggle for surviving only through monopoly profits.

The author claims that different companies achieve success only to the extent they can do something unique that no one else can create.

In the IT market, you can make a profit only if the product you produce are a new-patented invention that is practically impossible to reproduce, which will serve as a huge monopoly advantage. Enterprises, acting in this market, releasing a certain product, pay attention to whether it will be in demand in the long term.

It is a well-known fact that in the IT sector such world-famous companies as Google, PayPal, Amazon or Apple, which have a special status in the market, hold leading positions. At the same time, new companies are constantly being created and they are trying to implement their projects.

The above-mentioned corporations are not the only ones that provide IT services of a certain kind. However, since the ideas of the people who created these start-ups were something completely new and unexplored, they turned into a stunning success.

These companies have become so successful that no other is able to compete with them. Monopolists have control over the market and can set their prices. For instance, Google, which in the early 2000s broke away from its competitors and is already unattainable.

Nowadays, IT is on the third place in the list of export-oriented industries in Ukraine. And despite the fact that every year there are many excellent IT professionals that graduated from Ukrainian universities, most of them prefer to either work for outsourcing, or begin to engage in more promising work in Western Europe and North America. As our country is not able to ensure the continued development of ambitious young professionals' projects.

Software Magazine ranks N-iX as one of the world's largest software companies [5]. It is important that Ukraine's IT potential is getting more and more visible and noticeable. Apart from N-iX, Software Magazine ranked other IT companies with development centers in Ukraine: EPAM, Luxoft, Wix, Limelight, Intetics, TEAM International and QArea [6].

In fact, the market where the information is the main factor of production combines both the characteristics of perfect competition as well as some elements of the monopoly model.

In spite of the fact that the entrance to the IT market is free and there are many companies functioning on it, they all provide homogeneous services and

products. Therefore, no company in this market model will benefit and in the long term will not make a profit.

Therefore, a firm that provides an innovative product and succeeds with new technologies will be a kind of monopoly. The company wins its competitors, without competing with them. When in its sector the firm occupies an advanced position in quality and innovative aspect, it has long-term success.

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