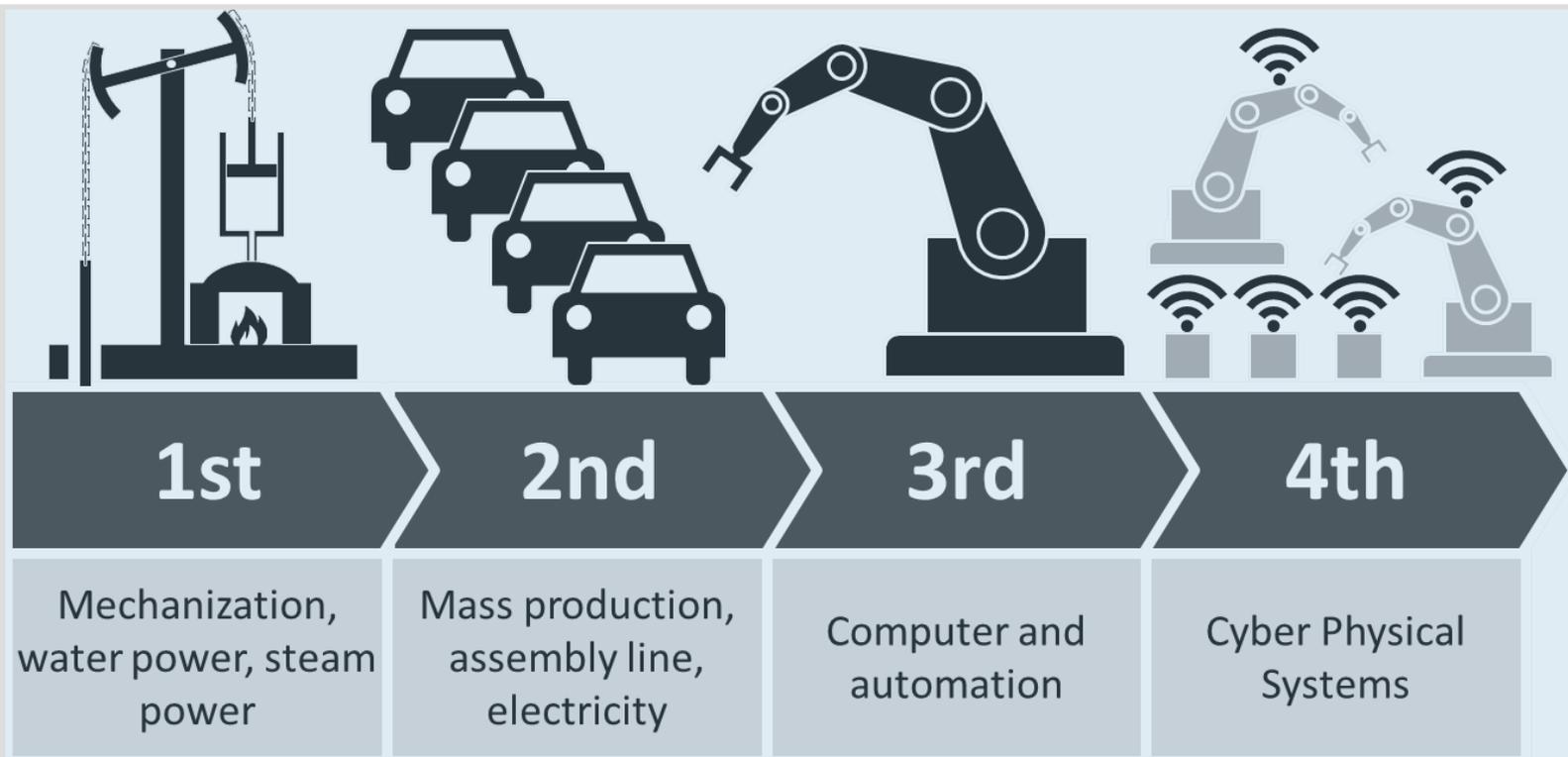


Is Ukraine headed toward the Fourth Industrial Revolution?



It's unfolding all around us, and it's expanding rapidly. It's a socio-economic and technological revolution, and it relies heavily on the emergence of macro trends, such as the IT Cloud, mobility, big data and the evolution of social businesses. It's being called the Fourth Industrial Revolution, and in order to move along with it, and be competitive, Ukraine needs to establish an efficient legal framework to accommodate it.

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Ukrainian policy makers currently have 'on their plates' a proposal for strategies to regulate one of those strategic pillars – the IT Cloud. In reality, 'Cloud' technologies mean external data storage, and the capacity to harness the immense computing powers of Cloud computing. This opens up the possibilities of more efficient IT spending – by reducing the need for expensive capital investments – and more efficient maintenance of IT assets. By deploying a 'Cloud-first strategy', governments and businesses can deliver fast and secure on-demand storage and computing power, while also reducing costs.

In Ukraine, analysts estimated (in 2014) that the current Cloud economy represented a meagre 8.5 million USD. With the right regulatory and business conditions it could become a growth story. It is in the government's interest, therefore, to create a business and policy environment that will stimulate and maintain the development of Ukraine's Cloud market. To this end, Ukraine MPs recently introduced a draft law into Parliament – a law that could boost the local market, and open it up to international Cloud providers.

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Law No. 4302 would make it possible for governmental agencies and companies to procure Cloud services from private businesses, including those that are non-resident. Ultimately this could allow for data to be processed and/or stored outside Ukraine's borders. Proponents of the draft law say that outsourcing to private and professional IT companies is a more efficient method of processing and storing public data. Critics of the law, on the other hand, fear that opening up the government Cloud market to non-resident providers will place Ukraine's fledgling data centre industry, as well as government data, at risk.

As a side note to this central argument, there have arisen several other issues related to how the draft law suggests public data be managed. For instance, non-resident companies already host certain kinds of open data, such as the website content of public institutions, and Facebook channels of government agencies. It is a current requirement, however, that data containing the personal information of Ukraine citizens is to be stored within national borders. The proposed new Law No. 4302 requires only material related to State secrets to be located within the country.

Proponents for the law also argue that the management and storage of databases belonging to government entities, such as the police, customs, and tax authority, would greatly benefit from a movement to the Cloud. The theory is that having such data in Cloud storage would improve interconnectedness, reduce interference, and thereby enhance security and reduce the risk of corruption. Critics, however, argue that outsourcing data management to private businesses would incur additional management risks, and create problems related to clarity of ownership, and issue management.

The law is now being debated in the Parliament, and is expected to be moved forward during the autumn. The final outcome of the legislative process is still to be determined, but already there is a clearly evident ambition to upgrade legislation so that Ukraine can propel itself headlong into the Fourth Industrial Revolution.