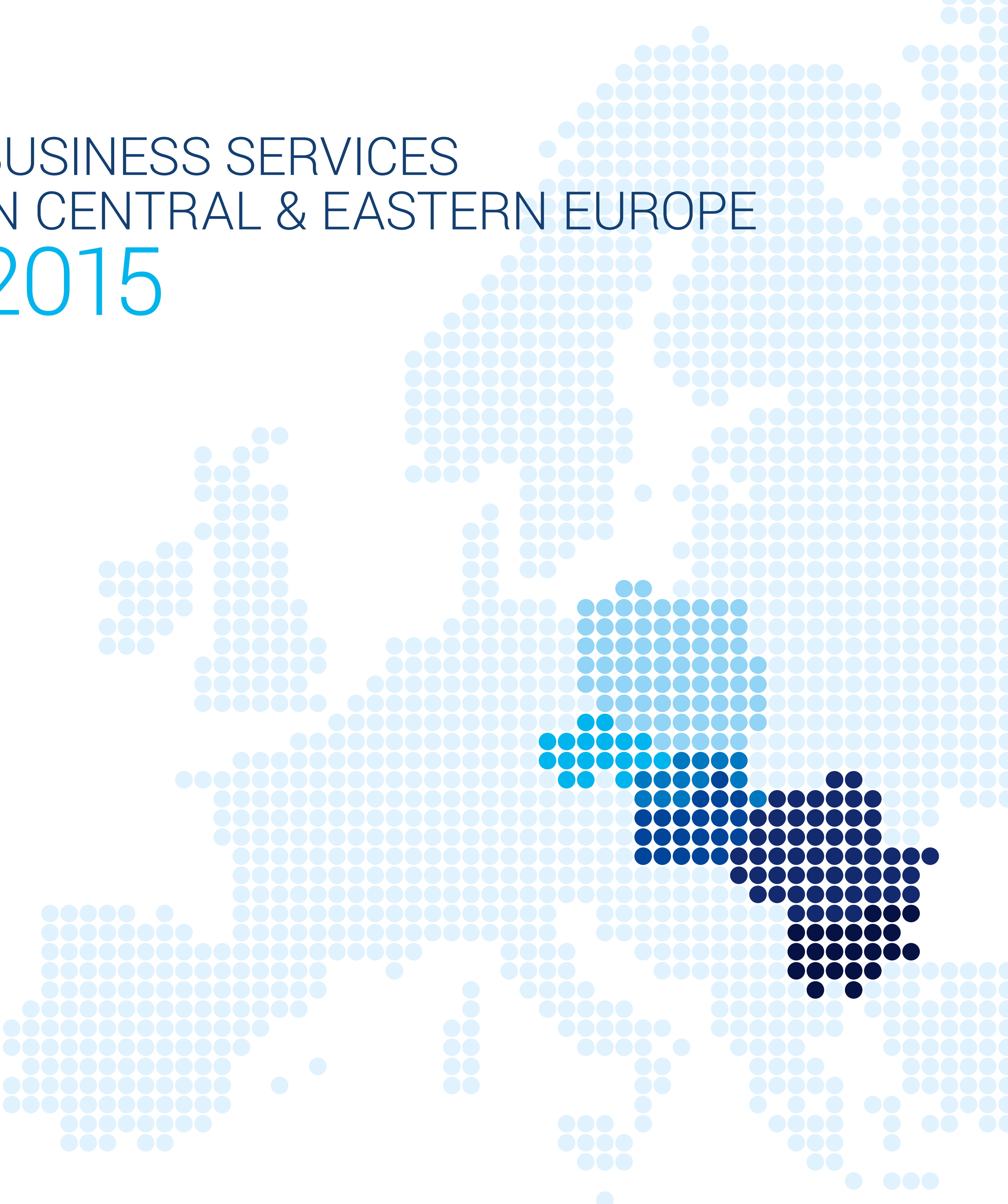
BUSINESS SERVICES IN CENTRAL & EASTERN EUROPE 2015



ABSL

Report prepared by
the Association of Business Service Leaders (ABSL)
in knowledge partnership and analytical support from McKinsey & Company

and in additional cooperation with:
Antal, Baker & McKenzie, JLL

Project Coordinator:

Janusz Górecki, Head of Research, ABSL
e-mail: janusz.gorecki@absl.pl

Authors of the Report:

Wojciech Bogdan, Partner, McKinsey & Company | Chapter 2

Agnieszka Dzierań, Business Development Manager, Antal | Chapter 6

Janusz Górecki, Head of Research, ABSL | Chapter 1, 3

Ewa Kapusta, Market Analyst, ABSL | Chapter 3

Łukasz Karpiesiuk, Senior Associate, Baker & McKenzie | Chapter 7

Mateusz Polkowski, Associate Director, JLL | Chapter 5

Piotr Rogala, Research Analyst, McKinsey & Company | Chapter 2

Graphic layout and typesetting:
www.ponad.pl

® ABSL 2015
All copyrights in this work are the property of ABSL. Unless otherwise stated by the relevant provisions of law, any use, reproduction, duplication, modification, adaptation or retransmission of this work, in whole or in part, in any manner, without the prior written consent of the copyright holder, is a violation of copyright law.

Table of Contents

WHY CEE?

- Already mature and experienced Business Services Sector present over 15 years in the region
- 335,000 employed professionals in Q1 2015
- 17% CAGR in employment over the past 7 years, 2 times faster than growth in India
- Secured supply of strong fresh graduate talent and experienced outsourcing senior management talent
- Broad diversity of city locations with dedicated talent profiles, labor and real estate cost arbitrage
- Quickly changing structure of services from back – to middle – and front – office functions proving high quality and stability over time
- Proven destination for global services command centers for multi-national corporations with size of average complex often exceeding 3.000 FTEs
- Economic and political stability across entire region coupled with EU legal code and regulatory environment and attractive investment incentives

Preface

The growth of the business services sector in Central and Eastern Europe (CEE) has been one of the greatest achievements of the CEE local economies in the last two decades. Over the past 15 years the sector grew from almost zero to 335,000 highly qualified jobs, being the fastest growing sector in terms of jobs which was actually two times faster than the growth of business services in India. This is often a surprising insight for many sector players.

The exceptional growth has been fueled initially by lower costs of personnel and ease of setting up delivery centers given high abundance of talent and EU legal and regulatory environment. Over time the cost benefits, while still important in the decision process, have been gradually overtaken by additional advantages predominantly centered around quality of workforce, abundant multi-language skills, proven track record in delivering more advanced services, as well as rapidly improving soft managerial skills, which are not different today from best-in-class international standards. All of these elements contributed to rapid growth of more complex and larger service centers which transform to the global command centers, as part of a broader world-wide process co-ordination footprint.

Today the sector continues to expand very fast and many new service centers are being added every month in the respective CEE countries. We are strongly convinced that the future attractiveness of this region for locating advanced business services will continue to improve and that the region, due to the broad diversity of cities, continuously improving talent pool and unique ecosystem around the sector will remain one of the most attractive investment “hot-spots” globally.

Still many large multinational businesses have not yet entered nor considered this region for their investment in service centers. We strongly believe that over time the phenomenon and the positive-word-of-mouth on the advantages of this region will spread out. We hope that this report on the CEE business services market is another important step towards building awareness of the regions’ advantages and inherent benefits of locating service centers right here.

Wojciech Popławski
Vice President, ABSL International
Director, Accenture Operations Poland

Marek Grodziński
Vice President, ABSL Business Insights
Vice President, Head of European BPO Delivery Centers Capgemini

Grodziński

Chapter content provider: **ABSL**

1 | Business services in CEE: key facts

The geographic scope of analysis in the report includes information on six countries in the region:

Poland | Czech Republic | Slovakia | Hungary | Romania | Bulgaria

Employment in the business services sector in CEE systematically increases[1]. During the last two years, the number of employees in service centers with foreign capital in CEE has increased nearly 1/3, from 255,000 to 335,000 employees[2]. Since the Q1, 2014 more than 40,000 new jobs have been added. In CEE, there are currently 1,000 service centers with foreign capital[3] belonging to several hundred investors, including the best known global brands.

200

the number of companies that took part in ABSL CEE study 2015

120,000

the number of people employed by respondents to the ABSL research in their service centers in Central and Eastern Europe

About the Report

The purpose of this report is to provide a comprehensive review of business services sector in CEE, including an overview of selected aspects of the office market in the context of investors' needs, salaries in the sector, and the system of investment incentives. A broad definition of the industry has been adopted in the report, including the activity of: shared services centers (SSC), companies providing business process outsourcing (BPO) and IT outsourcing (ITO), research and development centers (R&D) as well as hybrid model centers. An important element related to the preparation of this publication was a survey directed to business service centers operating in CEE. The survey has been completed by 200 respondents representing investors from >20 countries and employing 120,000 people in their business service centers in the region. The information obtained through the survey enhances the database on the sector and allows for generating aggregate statistical studies related to activities of the entities (thematic analysis).

I would like to thank all those who have dedicated their time to complete the survey or provide information used for the purposes of this publication.

Janusz Górecki
Head of Research, ABSL

1 Any figures on employment and the number of business service centers presented in the report relate to the entities with foreign capital.

2 Data current as of: Q1, 2015.

3 Submissions in the publication are evaluated using a geographical criterion. The individual locations of business service centers are recognized as separate analytical units if they are in different localities (urban areas).

Foreign capital BPO, ITO, SSC, R&D centers in CEE

1,000 centers
employing 335,000 people

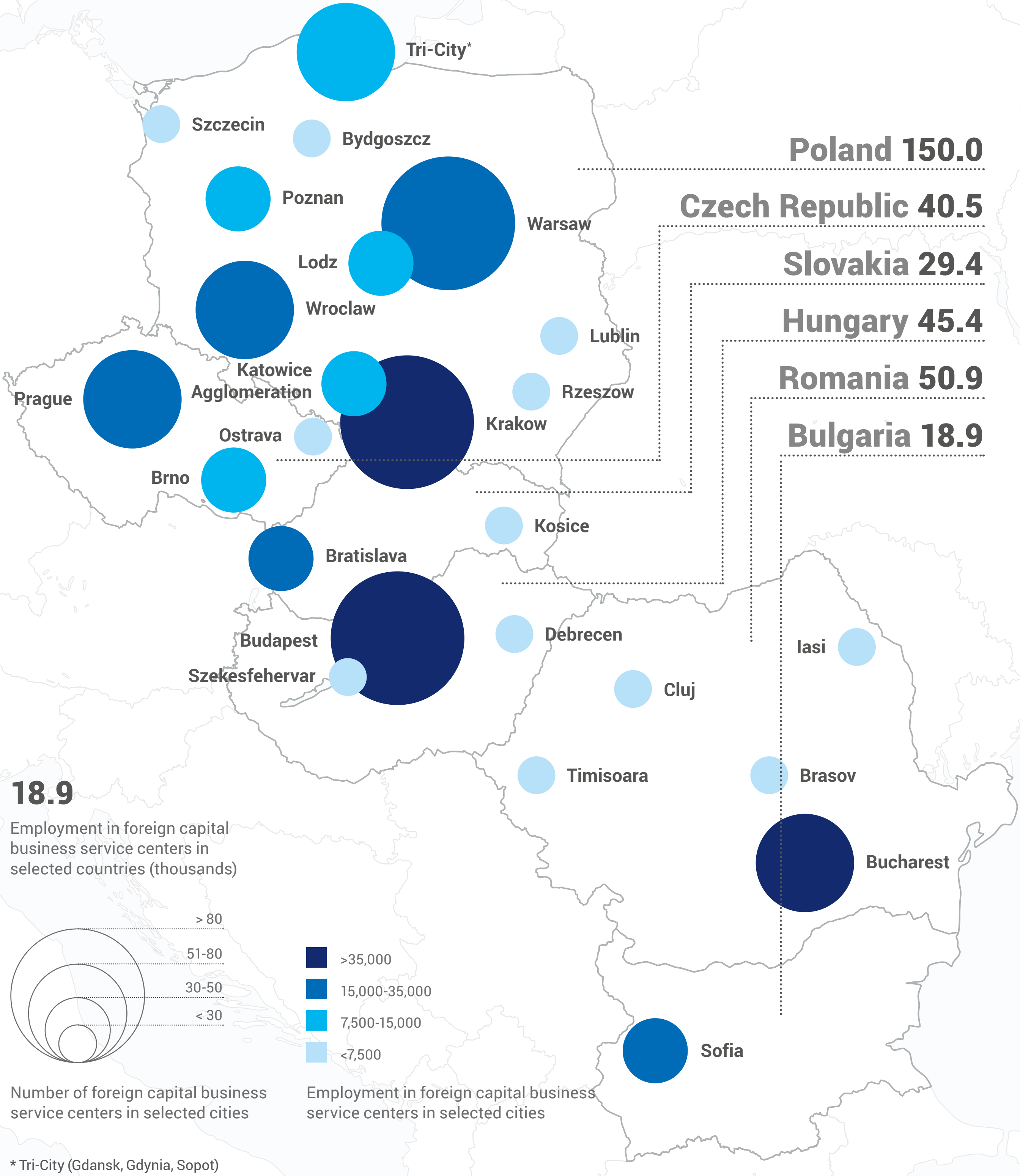
>40,000
number of new jobs created
in the period Q1 2014-Q1 2015

75
number of business service
centers employing >1,000 people

399
average number of employees
in business service centers

70
average number of newly opened business
service centers in the years 2003-2014

Figure 1
Business services in CEE: key numbers (1)
Source: based on ABSL and McKinsey data (Q1 2015)



* Tri-City (Gdansk, Gdynia, Sopot)

Figure 2

Business services in CEE: key numbers (2)

Source: based on ABSL and McKinsey data (Q1 2015)

Poland

Krakow
- Cisco
- Capgemini
- Delphi
- FedEx
- GE Healthcare
- HSBC
- IBM BTO
- International Paper
- Luxoft
- Motorola Solutions
- Philip Morris International
- Sabre
- Shell
- State Street
- UBS

Warsaw
- Accenture
- BNP Paribas
- Citi
- GE
- Goldman Sachs
- Jones Lang LaSalle
- MoneyGram
- Procter & Gamble
- Roche
- Royal Bank of Scotland (RBS)
- Samsung
- Schneider Electric
- TMF Group
- TNT Express
- Xerox Business Services

Wroclaw
- BNY Mellon
- Credit Suisse
- Dolby
- HP
- IBM
- McKinsey
- Nokia Networks
- Toyota
- Volvo
- UPS

Tri-City
- Bayer
- Intel
- Sii
- Sony
- Thomson Reuters
- ThyssenKrupp

Lodz
- Fujitsu Technology Solutions
- Infosys
- Philips
- Takeda
- Tate & Lyle
- TomTom

Katowice Agglomeration
- ArcelorMittal
- Capgemini
- General Motors
- ING Services
- Rockwell Automation
- Steria

Poznan
- arvato
- Carlsberg
- Franklin Templeton
- Ikea
- MAN
- Mars

Bydgoszcz
- Atos
- SDL

Slovakia

Bratislava
- BASF
- Dell
- Henkel
- Kraft Foods
- Lenovo
- Swiss Re

Kosice
- Ariba
- T-Systems

Czech Republic

Prague
- AB InBev
- Accenture
- Commerzbank
- CSC
- DHL Express
- Edwards Services
- ExxonMobil
- HP
- JNJ Global Business Services
- LUKOIL
- Monster Worldwide
- SAP
- Siemens
- Tesco
- TMF Group

Brno
- Gardner Denver
- IBM
- Infosys
- Lufthansa
- Motorola
- Red Hat

Ostrava
- GE Money
- OKIN BPS
- Tieto

Hungary

Budapest
- Avis
- BP
- British Telecom
- Citi
- Diageo
- Epam
- Ericsson
- Lexmark
- Morgan Stanley
- Vodafone
- Celanese
- Cognizant
- Emirates
- Tata Consultancy Services
- T-Systems

Debrecen
- British Telecom
- Ygomi LLC

Székesfehérvár
- Alcoa
- IBM

Romania

Bucharest
- Accenture
- Allianz
- Capgemini
- Genpact
- Groupe Renault
- HP
- Huawei
- Luxoft
- Process Solutions
- Societe Generale
- Stefanini
- TELUS International
- TMF Group
- Wipro
- WNS

Cluj
- Bombardier Transportation
- Emerson
- Office Depot

Iasi
- Amazon
- Capgemini
- UniCredit Business Integrated Solutions

Timisoara
- Accenture
- Alcatel-Lucent
- Continental Automotive

Brasov
- arvato
- Competence Call Center
- IBM

Bulgaria

Sofia
- Adecco
- HP
- Coca Cola
- Convergys
- TELUS International
- VMware

Figure 3
Selected business service centers in CEE countries
Source: ABSL own study

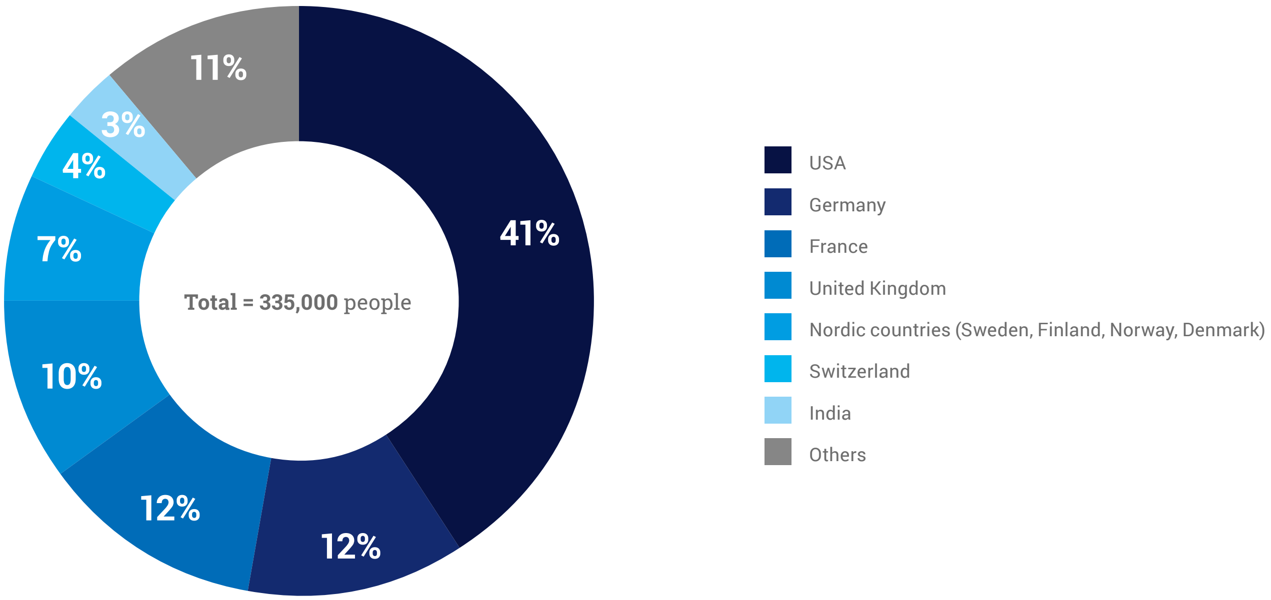


Figure 4
Employment in foreign capital business service centers in CEE by parent company headquarter location
Source: based on ABSL and McKinsey data (Q1 2015)

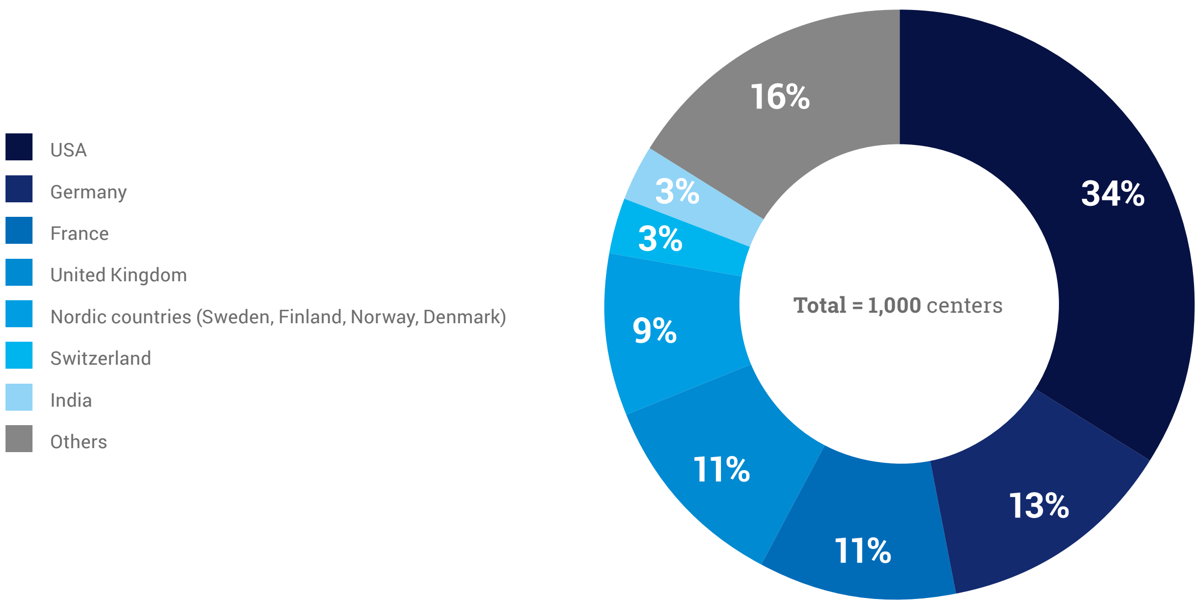


Figure 5
Structure of foreign capital business service centers in CEE by parent company headquarter location
Source: based on ABSL and McKinsey data (Q1 2015)

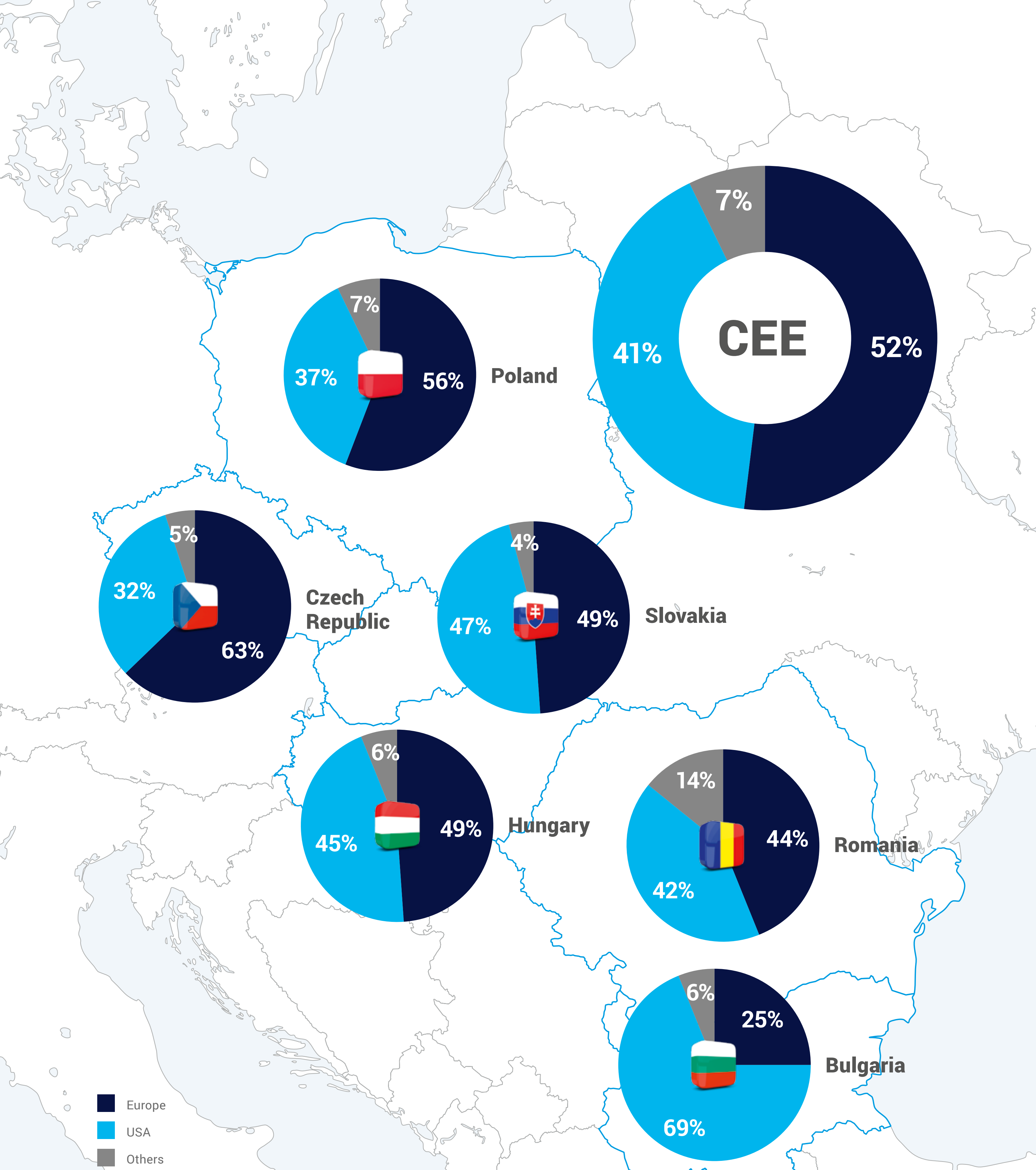
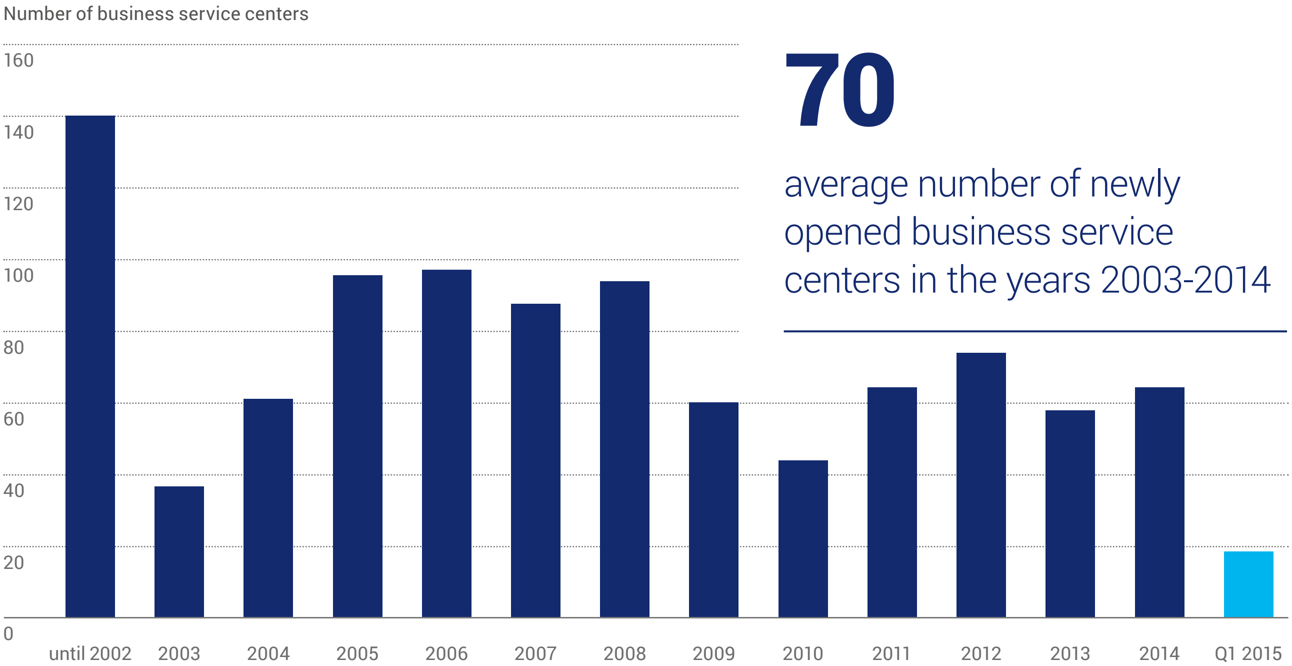


Figure 6
Geographical structure of employment in foreign capital business service centers by parent company headquarter location
Source: based on ABSL and McKinsey data (Q1 2015)



70

average number of newly opened business service centers in the years 2003-2014

Figure 7
Number of newly opened business service centers with foreign capital in CEE by years
Source: based on ABSL and McKinsey data

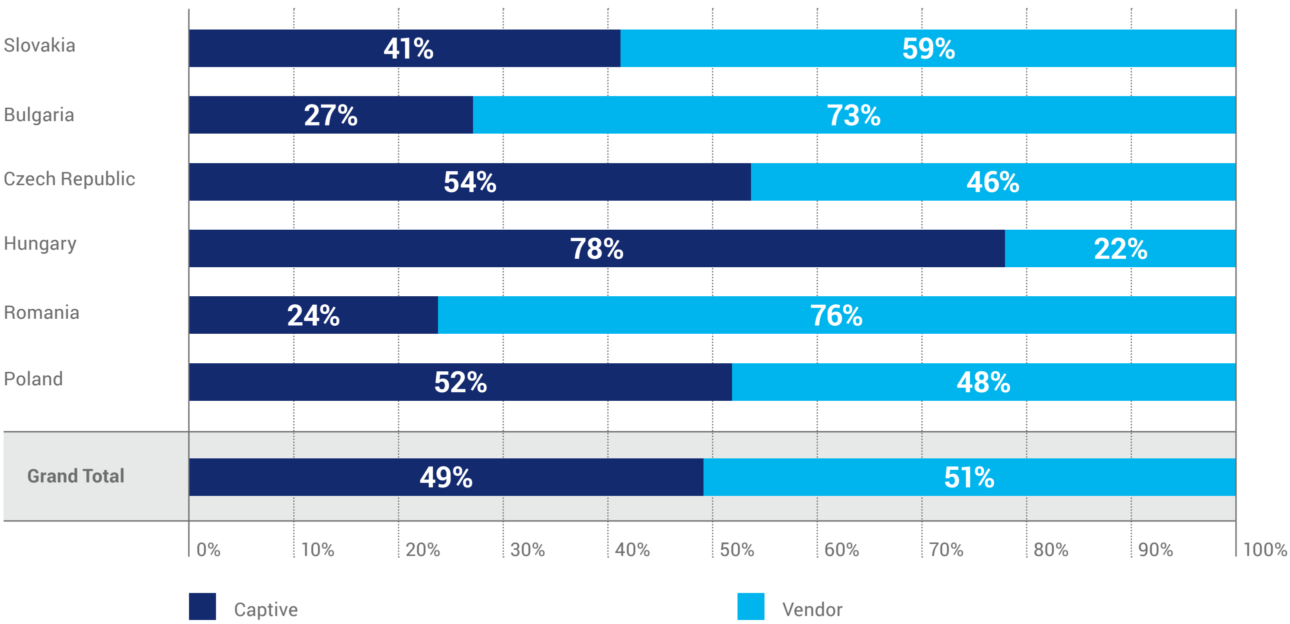


Figure 8
Structure of employment in business foreign capital business service by organizational model*
Source: based on ABSL and McKinsey data (Q1 2015)
* based on the dominant profile of business service centers activity

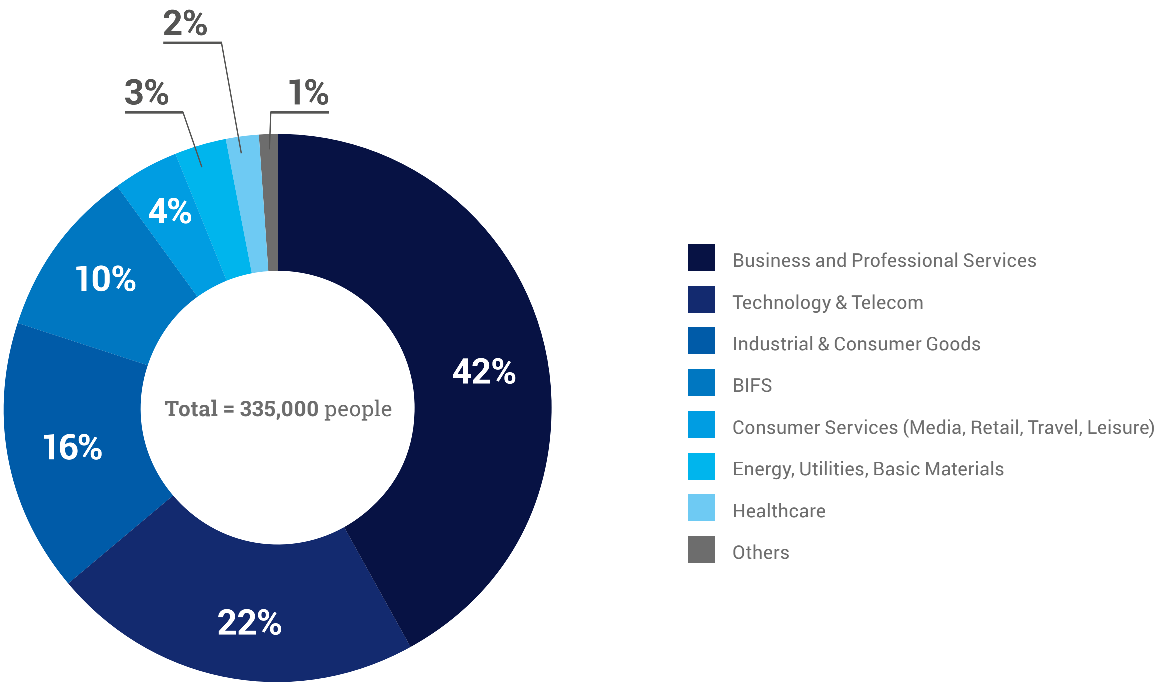


Figure 9
Structure of employment in business service centers in CEE by industries of their parent companies
Source: based on ABSL and McKinsey data (Q1 2015)

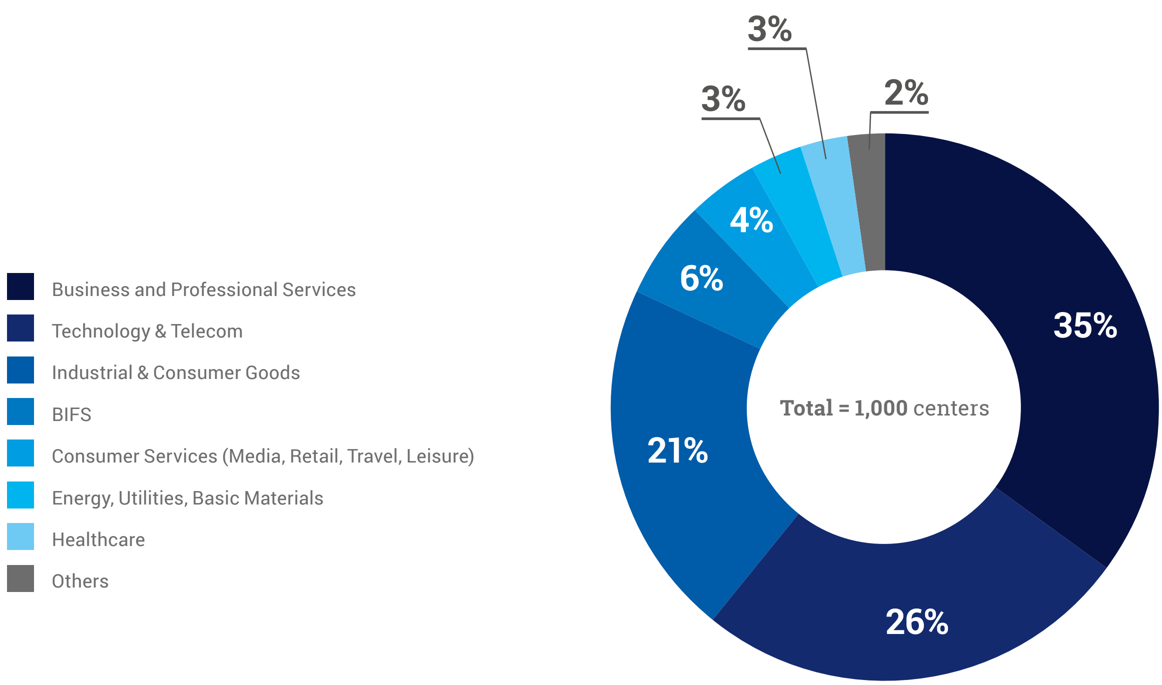


Figure 10
Structure of business service centers in CEE by industries of their parent companies
Source: based on ABSL and McKinsey data (Q1 2015)

Looking for thriving office environments in **CEE region?**

We offer state-of-the-art, environmentally-friendly office centres with top LEED certification ratings, in all major CEE locations. Business Garden means higher office standards, improved cost efficiency for your business and a better working environment for your employees.

Find out more at **www.vastint.eu**

Project by VASTINT

BUSINESS GARDEN
natural space for business

Chapter content provider: **McKinsey & Company**

2 | The CEE business services landscape

McKinsey & Company is a global management consulting firm, deeply committed to helping institutions in the private, public and social sectors achieve lasting success. With consultants in more than 100 offices in 60 countries, across industries and functions, we bring unparalleled expertise to clients anywhere in the world. We work closely with teams at all levels of an organization to shape winning strategies, mobilize for change, build capabilities and drive successful execution.
For more, visit **www.mckinsey.com**

The CEE region has a strong track record of growth for business services and could become a leading destination for advanced business services.

In Q1 2015 the business services sector employed ca. 335,000 highly qualified professionals across all six countries[4]. Industry experts indicate that the sector has enormous growth potential in terms of employment. With the right mix of initiatives and policy enhancements, the sector could expand to between 850,000 and 1,050,000 jobs over the next 10 years[5], and additional up to 300,000 in related support services[6]. Such expansion will do more than create jobs. The CEE region has the potential to become a leading destination for the most advanced services to global businesses, and as these services become more specialized, spillover effects will stimulate the entire economy. Potential benefits include rising management capabilities in areas such as multicultural and dispersed team management, more niche specialists in fields such as anti-money laundering and advanced customer analytics, and greater availability of world-class management processes for fraud detection, supply-chain optimization, and claims management.

Exceptional growth

The business services sector has grown exceptionally in the CEE region over the last seven years. The number of those employed in outsourced business processing, IT, business processes outsourcing and R&D tripled between 2008 and 2015, as average annual growth hit 17 percent. The equivalent growth figure for India is 8%. Penetration is already higher in CEE than in India, in terms of jobs in business services as a percentage of the population, and the upward trajectory shows no signs of flattening (Figure 11).

Most of the growth has come from international companies locating captive service centers in the region. These captive centers—meaning that they are subsidiaries of the companies using them, rather than independent contractors—represent ca. 50 percent of the foreign-owned centers in the region. Rapid expansion of these centers has brought many benefits to the local labor markets, having essentially facilitated the transfer of modern business management capabilities, processes, and technology. Foreign-owned centers have also helped stimulate growth and professionalization of local-based service centers.

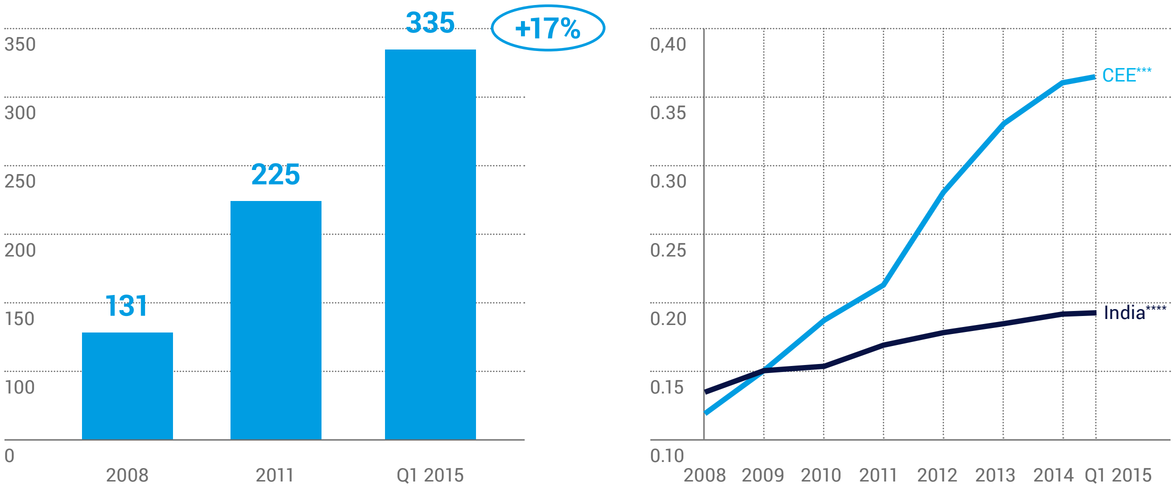
[4] Based on combined analysis of McKinsey and ABSL

[5] McKinsey forecast

[6] McKinsey forecast based on Janusz Górecki, "Embeddedness of foreign service centres in Poland and their relations with local environment" (PhD diss., Krakow, 2012)

Employment in Business Services* sector*** FTEs, Thousand

FTEs in business services as share of population, Percent



CAGR (2008–2015)

CEE**

	FTEs, Thousand			Growth CAGR, Percent
CEE	131	225	335	17%
India	1,575	1,980	2,456	8%

* Business Services: Business Processes + IT + Advanced Services
** CEE: Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia
*** Only with foreign capital
**** Without centers working for domestic market

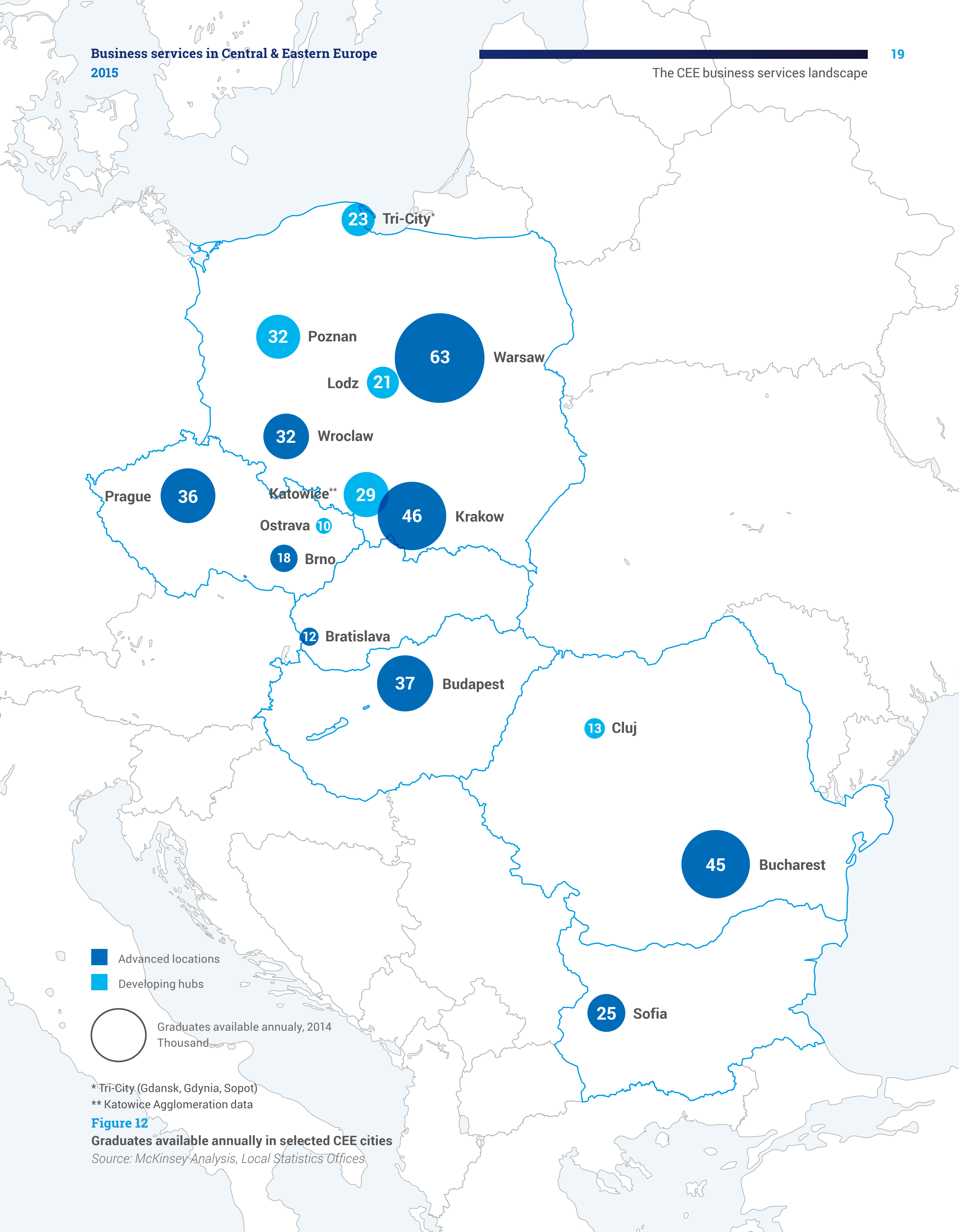
Figure 11
Growth rate of business services jobs in CEE and India
Source: EESTCom; ABSL; Nasscom; Eurostat; Ministry of Finance India

Outstanding advantages for business services

The CEE region possesses a combination of advantages in its role as supplier of advanced business services and is expected to continue to grow for up to 10 years.

Plenty of high-caliber talent

The workforce in the CEE region is highly educated and growing. Every year, local institutions of higher education produce ca. 1.2 mln graduates and as many as 430,000 graduates in the 14 largest cities where Business Services centers are already well established (Figure 12). This vast supply of fresh talent offers very good conditions for new and established centers to secure future growth needs and keeps labor costs manageable for the services provided. For investors, geographic diversity in sourcing locations lowers their risk profile. In India, which has the world's largest business services outsourcing sector, a paucity of locations meant that companies began to relocate. The CEE region has been the beneficiary of some of this motion, as a destination for advanced business services centers.



* Tri-City (Gdansk, Gdynia, Sopot)
** Katowice Agglomeration data

Figure 12
Graduates available annually in selected CEE cities
Source: McKinsey Analysis, Local Statistics Offices

As a body, their high level of education includes strong foreign-language proficiencies, especially in English and German but also in other languages such as French, Spanish and Russian. The strong multi-language capabilities have been already leveraged by large existing centers of multi-national companies which service their global operations often in more than 10-15 languages from one complex e.g. Citibank and Infosys centers located in Poland operate in 24 languages and Infosys regional centers in more than 32 languages (Figure 13).

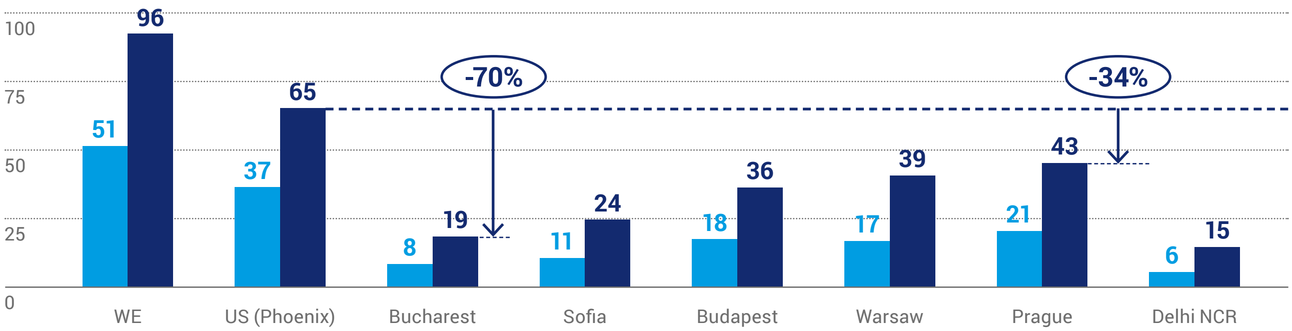
Figure 13
Language capabilities of local students in selected CEE countries
Source: Local surveys, National investment agencies, Local bureau of statistics

Industry associations, large industry players and academic institutions make efforts to constantly improve the quality of fresh graduates. For example in one such program at Kozmiński University in Warsaw, an internationally recognized certificate of specialization is offered in AML (Anti Money Laundering) processes, a contribution that could help Warsaw become a global hub for this service. Similarly, ABSL in co-operation with Warsaw University of Technology and CIMA established a joint BPO management capability building program. Also, initiatives taken by ABSL in Romania enable students to participate in Business Services Master Program at the Universtity of Economics in Bucharest.

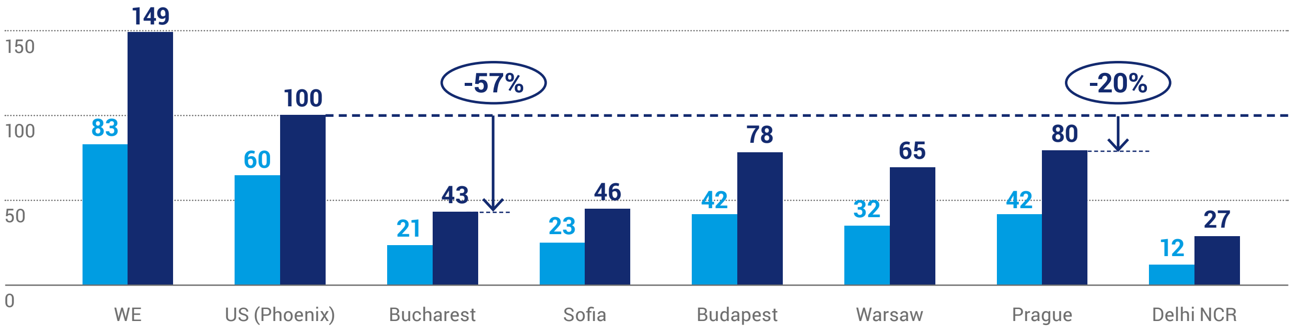
Lower labor costs and geographic proximity to Western Europe and North America

Talent in the CEE region comes at a lower cost than in other Western European countries, with no loss in quality. In some sectors like financial services or insurance, depending on the CEE country labor costs can be as much as 55 to 75 percent below those in Germany, France and the United Kingdom, or 35-70% below mainland US location like Phoenix. In the coming years the cost of the CEE skilled labor will gradually converge with EU-15 levels, but sizeable labor cost advantage should still remain for next 15-20 years (Figure 14).

F&A Clerk Fully loaded costs and Labor Costs*, in thousand USD



KPO** – Fully loaded Costs and Labor Costs, in thousand USD



* Labor cost – salary, benefits, bonuses, social insurance contribution; Fully loaded costs – Labor cost, office rental, estimation on overheads, utilities and S&GA
** Knowledge Process Outsourcing, indicative costs for Analyst/KPO actuary equivalent

Figure 14
Cost of BPO labor and fully-loaded cost in CEE, Western Europe and mainland US
Source: McKinsey analysis based on local salary reports and local bureau of statistics

Labor Cost
Fully Loaded

CEE's geographical situation provides another cost advantage. Business services can be provided in an EU time zone or only 6 hours ahead of US East Coast, while India is 10 hours ahead. Another important advantage of the CEE region is the presence of EU legal code and regulatory environment in particular in financial services sector, which is highly valued by foreign investors and the external customers of outsourcing centers located in the CEE region.

Diversity of cities with different level of BPO maturity and cost arbitrage

The CEE region also offers a broad diversity of modern city locations able to accommodate different sizes and complexity of Business Services centers. Over the last 15 years the sector has established a large talent pool experienced in outsourcing and soft managerial skills, not different from best-in-class international standards. Local administration authorities have developed dedicated teams to provide high quality assistance to business services investors during the location search process, as well as later during the build out of the center. Diversity of cities in the region is second to none and allows investors to evaluate many locations that best suit their respective needs. The diversity of locations in terms of talent and associated operations costs results in costs differentials of 20-40%.

Track record in advanced Business Services and quality focus

Many foreign companies located their business services centers in the CEE region for the low cost. Many have expanded the range of services, as they become more aware of the depth of the high-quality talent pool and high quality of work. Investors often begin by relocating relatively basic processes, but once they realize the potential of local employees,
they begin to transfer more complex processes.

From basic to more advanced services

Future growth depends on the ability to attract centers that provide more advanced and sophisticated services. Two global trends will work in CEE's favor in this transition. First, the global market for outsourced business process services is expected to continue growing, about 10 percent annually, to a projected value in 2020 approaching USD 100 billion[7].

Second, basic, lower value-added services are naturally migrating toward the lowest-cost locations, such as India and the Philippines. At the same time, investors are increasingly valuing near-shoring solutions for more sophisticated processes, bringing them closer to home.

[7] National Association of Software and Services Companies (NASSCOM), nasscom.in

Looking into the future, the following areas are potential sources of growth in advanced business services in the CEE region:

» Middle-office for banks and insurance companies: broad spectrum of end-to-end processes, including loan and mortgage process servicing, fraud detection, policy and claims handling, anti-money laundering processes (AML), and compliance related activities
» Advanced IT programming: software development, IT systems administration and integration services, IT infrastructure hosting, and maintenance
» Supply-chain and logistics coordination centers: supply-chain optimization centers for FMCG (fast-moving consumer goods), logistics, and transportation firms
» Business research and analytics: high value-added business research for professional firms and financial institutions, and business analytics including big data advanced customer-base analytics
» Research and development: contract research across many industries and technology fields
» Remote health diagnostics and data storage: remote diagnostics of human body scans, patient health history data analysis, and storage and management
» Advanced business support: legal, contract servicing, executive assistant services for professional firms, document preparation, and high-end visual graphics

Opportunity to develop CEE business services entrepreneurship

Looking at the CEE business services sector today it is dominated by foreign-owned centers. Unlike in India, local-based private business-services companies have not yet developed on a large scale in the local markets not to mention internationally. Local business services companies focus for now on rather basic services including call centers, marketing and sales, archiving, accounting, and mailing. Experience in other markets suggests that the creation of private companies serving the international market will have a key role to play if CEE is to become an international leader in the provision of business services. Options include a consolidation of existing companies with an ambitious international growth plan; acquisition of mid-scale international business services companies from Western Europe, for instant takeover of branding, technology platforms, local business development staff, and client relationships; and involvement of private equity capital and know-how to aid in building an international presence in professional advanced services offerings.

These facts do indicate that the CEE region is well positioned in advanced business services internationally. With a willful and coordinated effort on the part of business, industry association and the academy, by 2025 the CEE region could be an important outsourcing and offshoring provider globally.

Chapter content provider: **ABSL**

3 | Characteristics of business service centers activity in the region

This chapter presents the key results of ABSL study conducted among business service centers operating in CEE:

ONE questionnaire

6 countries

200 respondents

120,000 employees

Type and geographical range of services provided by business service centers

The structure of services provided by BPO, ITO, SSC, R&D centers in CEE is quite diverse. Companies from the sector support a wide range of services to clients from around the world representing a variety of industries. The vast majority of entities provide services in the range of several categories of business processes. Figure 15 presents the structure of employment in service centers, by categories of supported processes. A summary is based on the responses of companies employing a total of 119,623 people. The biggest share in the employment structure of the analyzed entities is characterized by IT services, which provides 1/3 of the employees. Finance and accounting generates 20% of employment, and the customer operations – 18%. A significant role in the employment structure play also – with 10% share – financial services (BIFS).

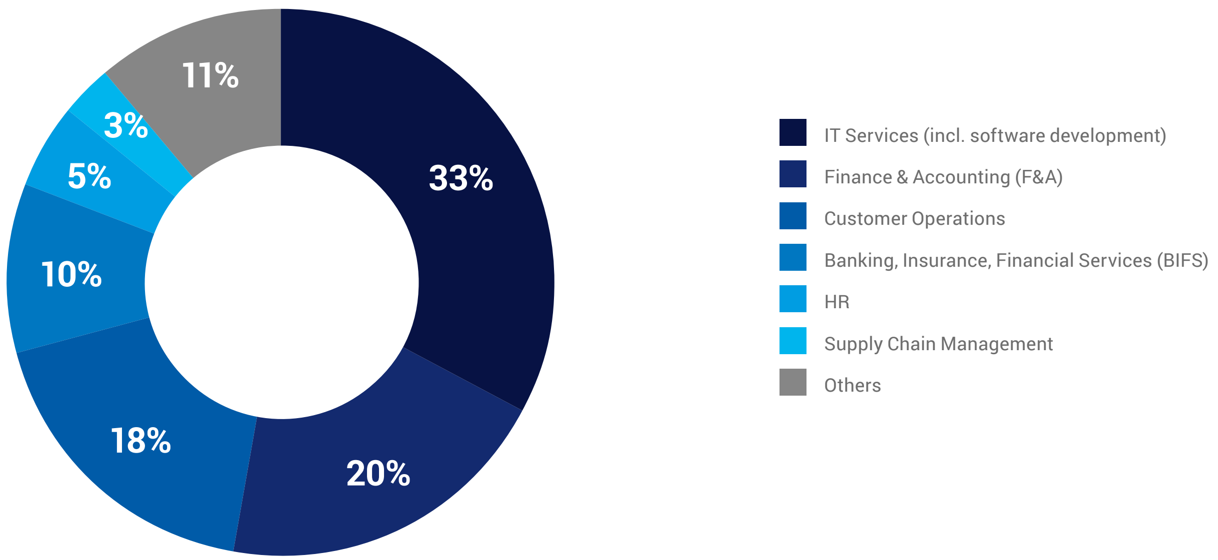


Figure 15
The structure of employment in business service centers by categories of supported processes
Source: ABSL own study based on survey addressed to business service centers (N=196 companies employing 119,623 people)

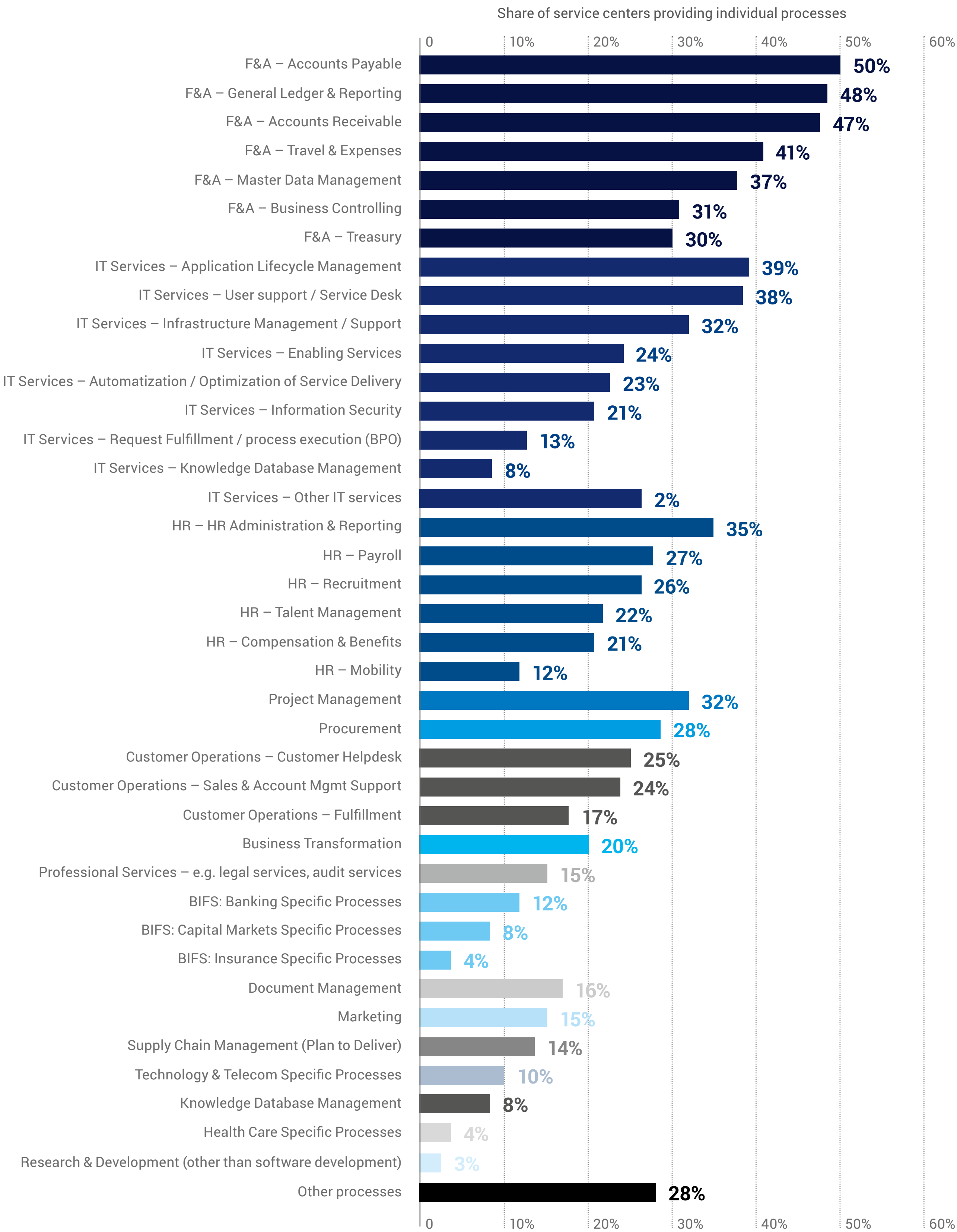
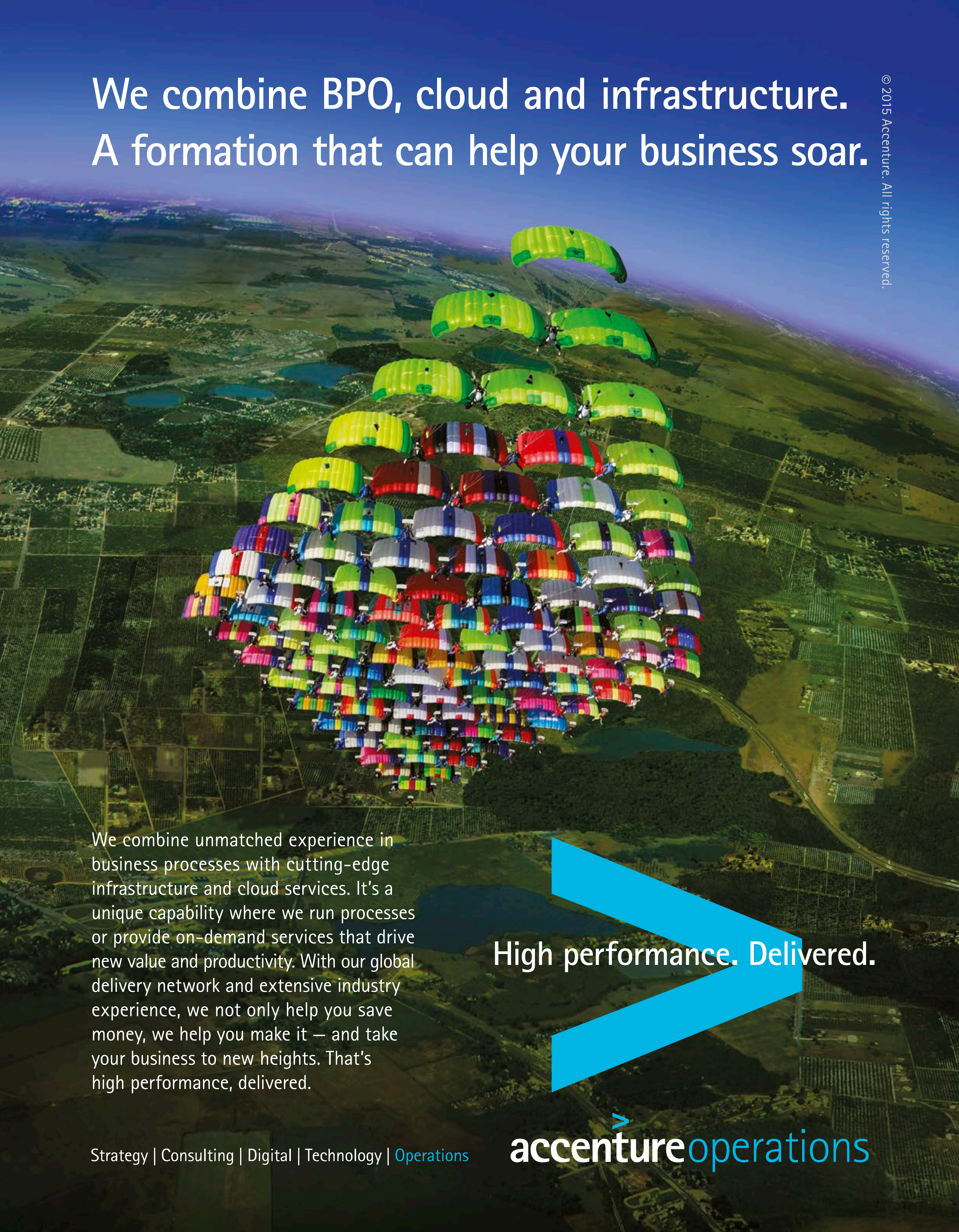


Figure 16

Categories of processes supported in business service centers in CEE

Source: ABSL own study based on survey addressed to business service centers (N=199 companies)


We combine BPO, cloud and infrastructure.
A formation that can help your business soar.
© 2015 Accenture. All rights reserved.
We combine unmatched experience in business processes with cutting-edge infrastructure and cloud services. It's a unique capability where we run processes or provide on-demand services that drive new value and productivity. With our global delivery network and extensive industry experience, we not only help you save money, we help you make it — and take your business to new heights. That's high performance, delivered.
High performance. Delivered.
Strategy | Consulting | Digital | Technology | Operations
accentureoperations

40% of business service centers in CEE provide services globally, 52% to selected countries or regions in the world, and 8% to one country

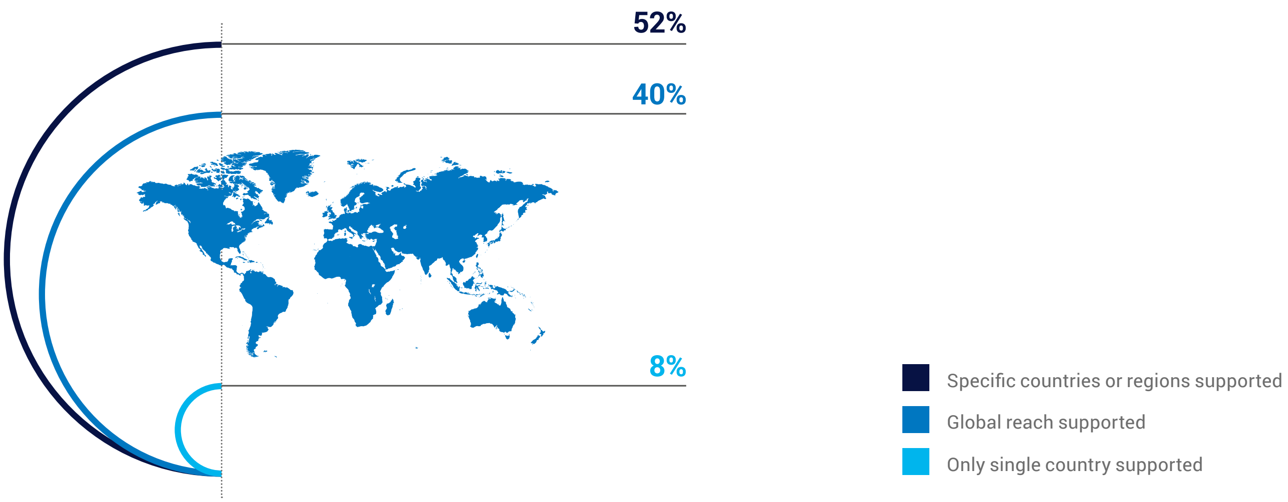


Figure 17
The geographical range of services provided by business service centers in CEE (1)
Source: ABSL own study based on survey addressed to business service centers (N=199 companies)

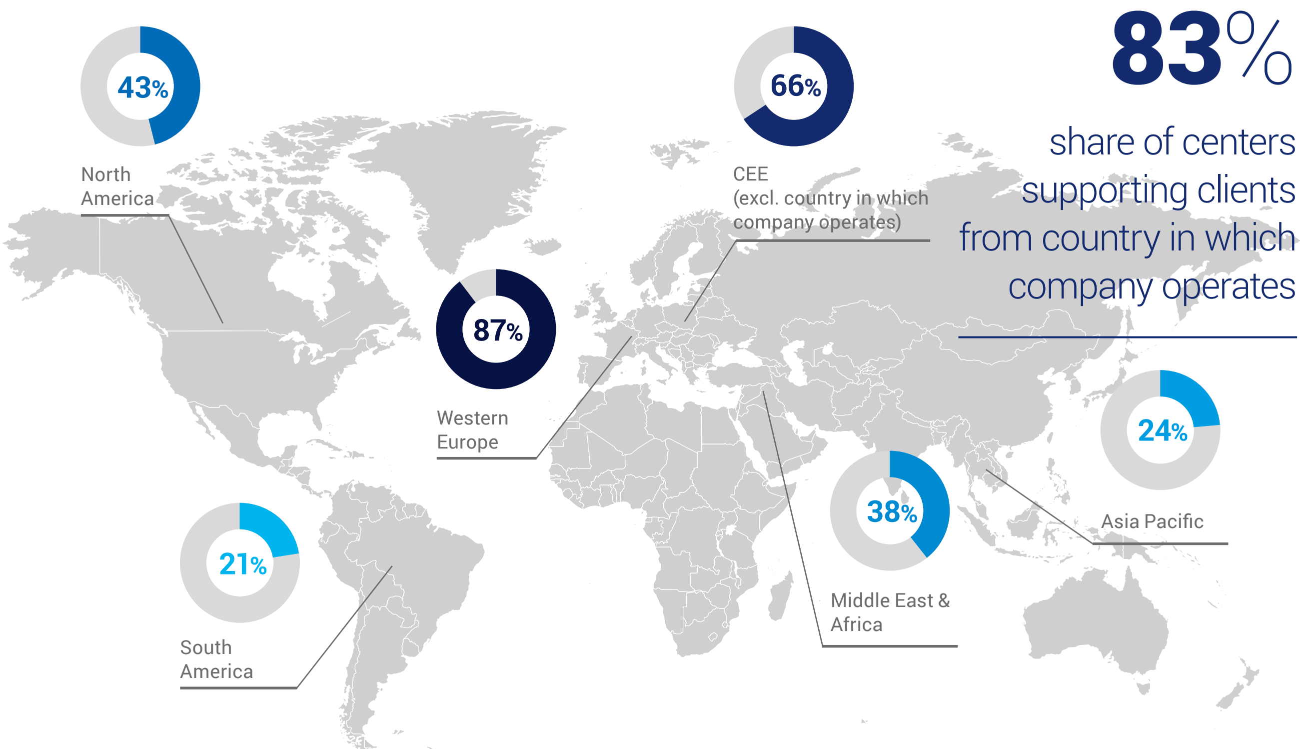


Figure 18
The geographical range of services provided by business service centers in CEE (2)
Source: ABSL own study based on survey addressed to business service centers (N=200 companies)

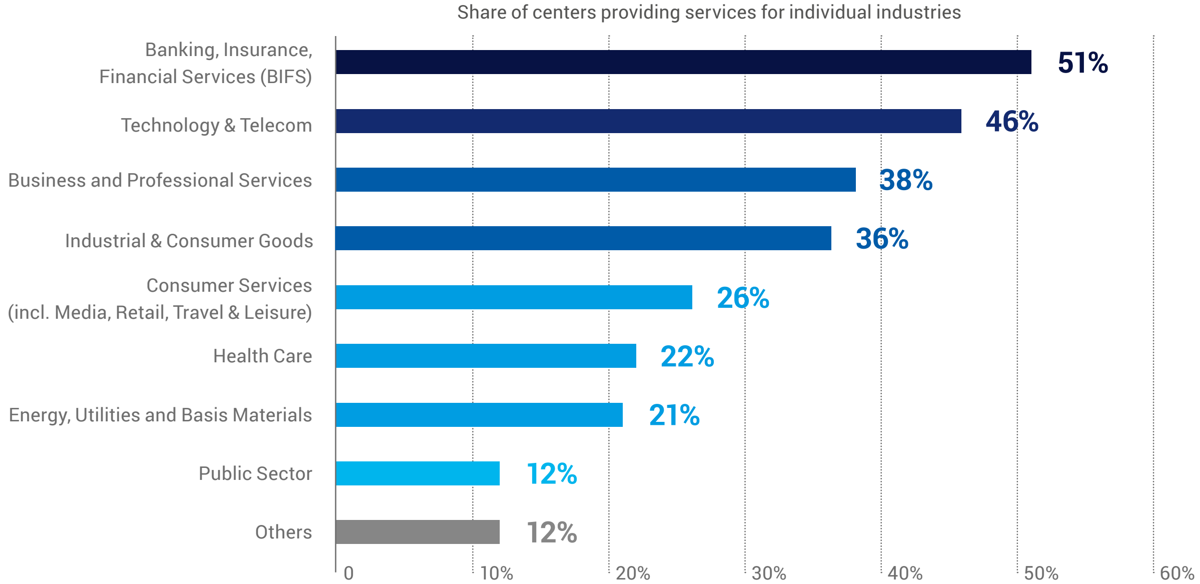


Figure 19

Industry structure of companies (external and internal clients) supported by business service centers in CEE

Source: ABSL own study based on survey addressed to business service centers (N=198 companies)

51% of business service centers support clients (both external and internal) representing financial sector (BIFS)

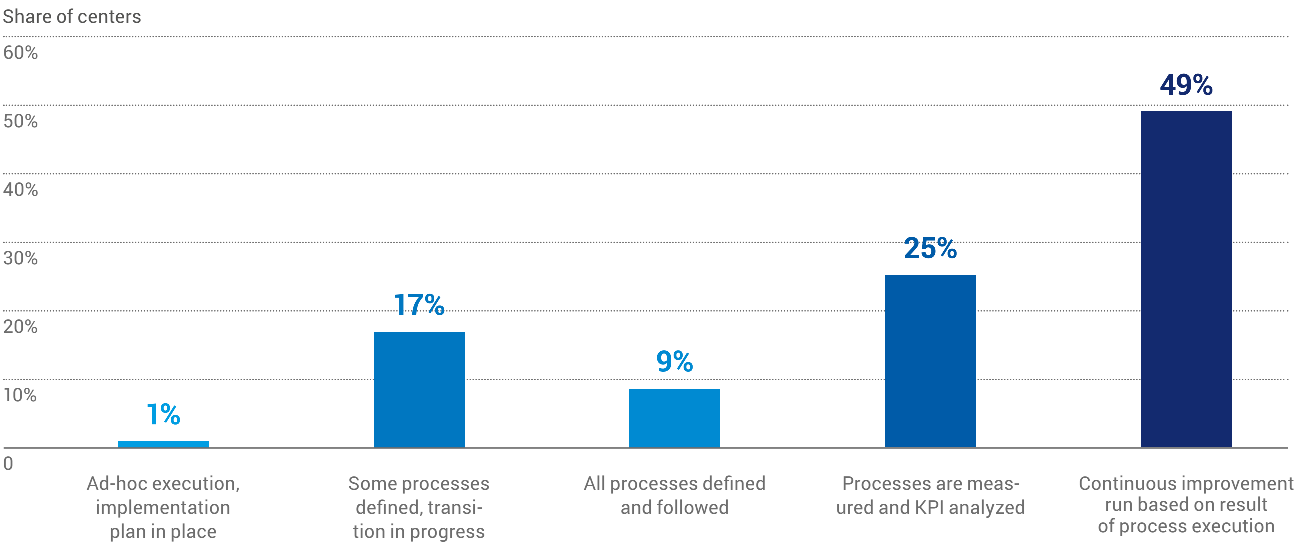


Figure 20

Level of organizational maturity of business service centers in CEE

Source: ABSL own study based on survey addressed to business service centers (N=168 companies)

Companies' plans relating to business activity

87%

Share of the surveyed companies that have increased the range of provided processes in the past three years.

89%

Share of the surveyed companies that have increased the degree of sophistication of provided processes in the past three years: in 66% of companies, it has increased significantly, and in 23%, insignificantly.

86%

Share of the surveyed companies that predict an increase in employment by the end of 2016 (on average of 31%).

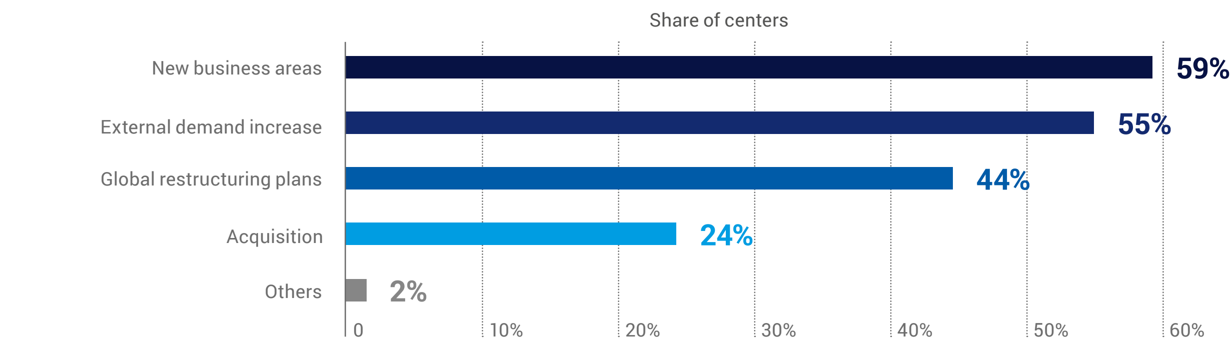


Figure 21
Key drivers for employment growth in surveyed companies in CEE
Source: ABSL own study based on survey addressed to business service centers (N=195 companies)

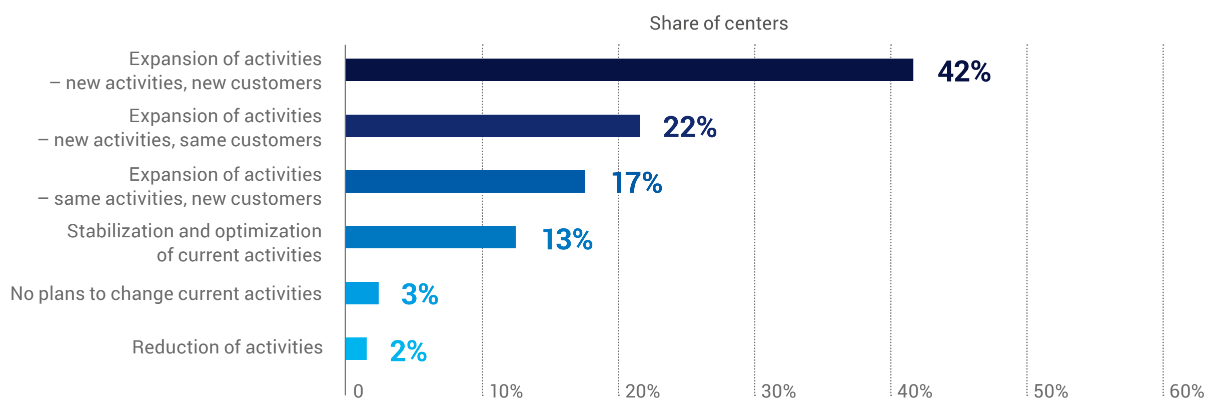
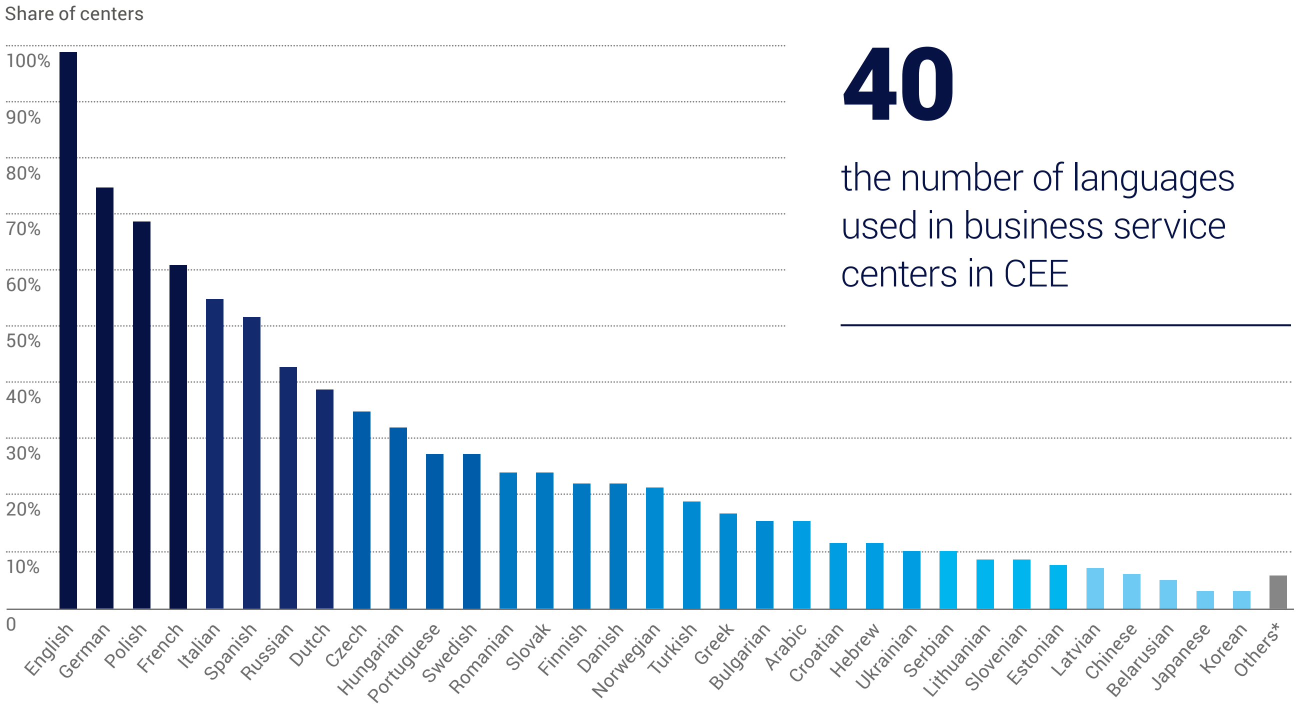


Figure 22
Plans for expansion of business activities (during the next two years)
Source: ABSL own study based on survey addressed to business service centers (N=175 companies)

Other characteristics of the industry

40

the number of languages used in business service centers in CEE



* Hindi, Swahili, Urdu, Vietnamese, Armenian and Flemish

Figure 23

Languages used in business service centers in CEE

Source: ABSL own study based on survey addressed to business service centers (N=200 companies)

32

the largest number of languages used in one service center

38%

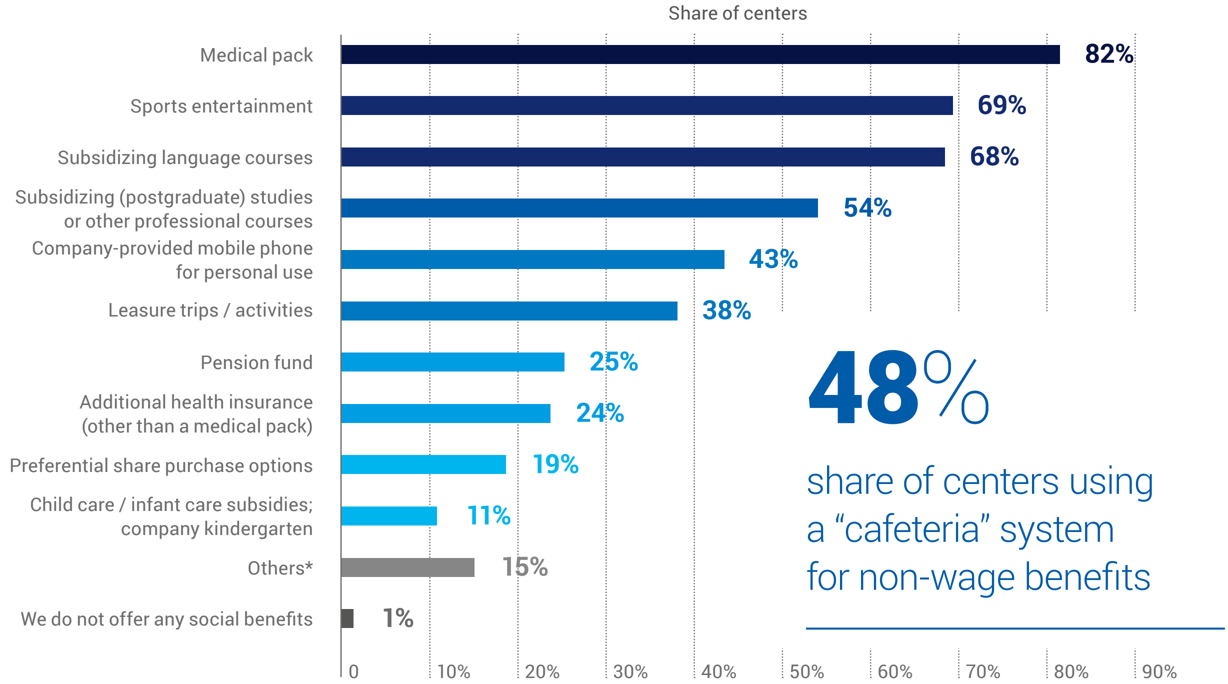
of service centers use at least **10 languages**

9

average number of languages used in service centers

60%

of service centers use at least **5 languages**



* the following benefits apply to benefits listed under the category "Others": dinner subsidies, lunch vouchers, providing employees with fresh fruit and free drinks, subsidies for corrective glasses, internal e-shops, entertainment venues within the company (i.e., to engage in team games), jubilee awards, occasional gifts or integration meetings

Figure 24

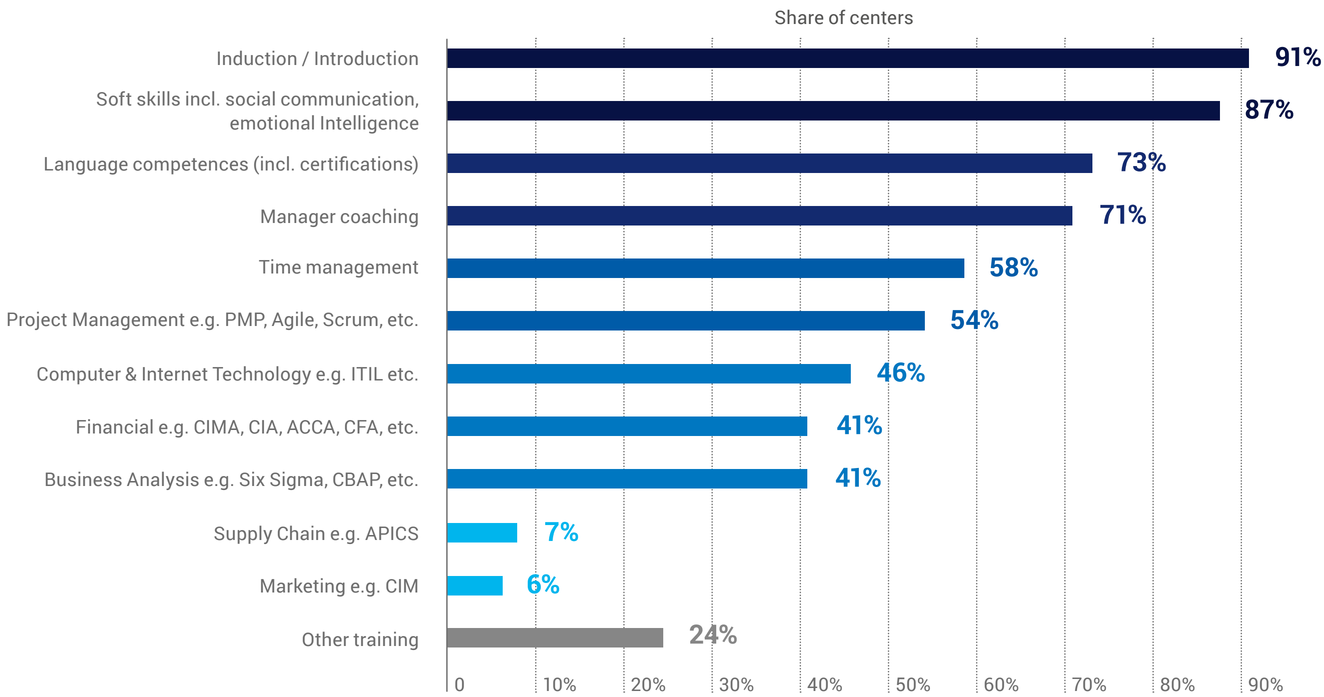
Non-wage benefits offered by business service centers in CEE

Source: ABSL own study based on survey addressed to business service centers (N=177 companies)

Figure 25

Foreigners employed in service centers

Source: ABSL own study based on survey addressed to business service centers (N=155 companies)



* training listed under category "Others": training in bookkeeping and tax accounting, payroll, labour law, customer service, leadership, human resources management, and other selective training (LEAN, SQL, Excel, VBA, Sharepoint, PowerPoint)

Figure 26

Training offered to employees by business service centers in CEE

Source: ABSL own study based on survey addressed to business service centers (N=199 companies)

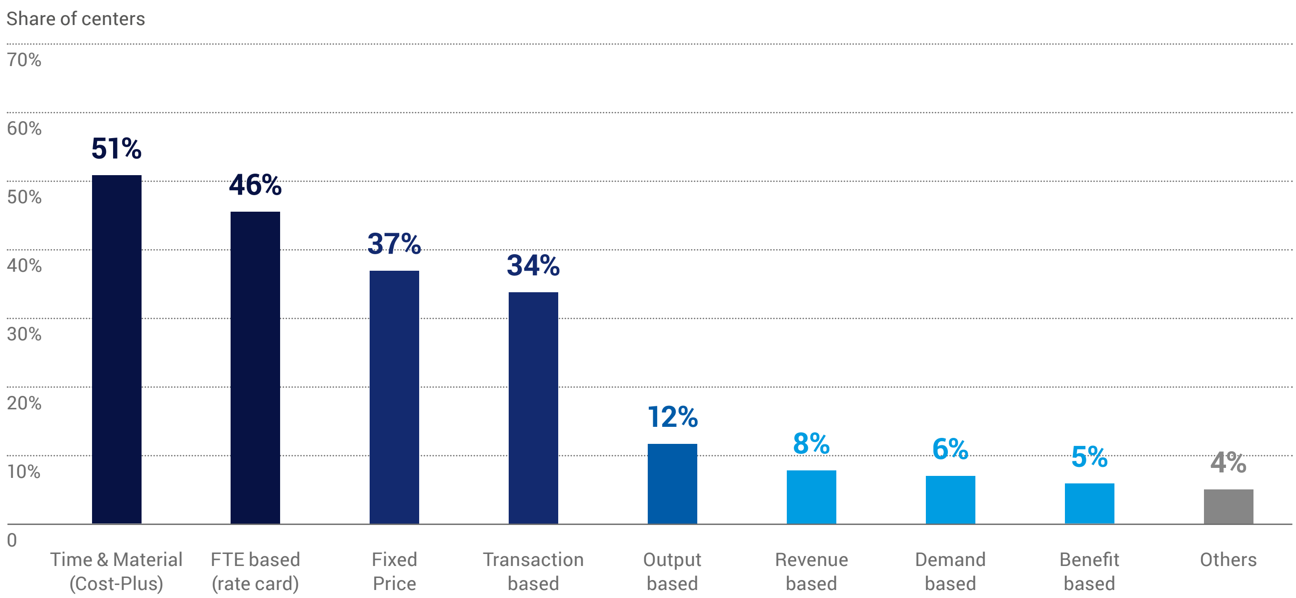


Figure 27

Pricing models used by business service centers in CEE

Source: ABSL own study based on survey addressed to business service centers (N=194 companies)

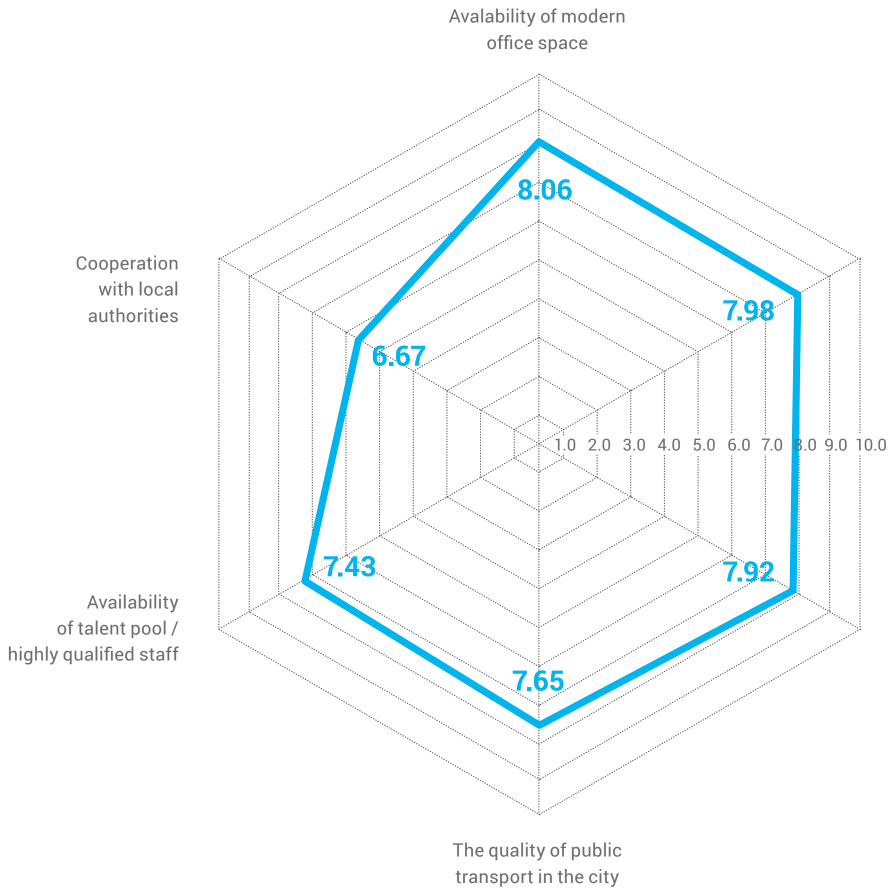


Figure 28

Average scores from business service center representatives pertaining to selected features of local markets in which the centers operate (on a scale from 1 to 10)

Source: ABSL own study based on survey addressed to business service centers (N=179 companies)

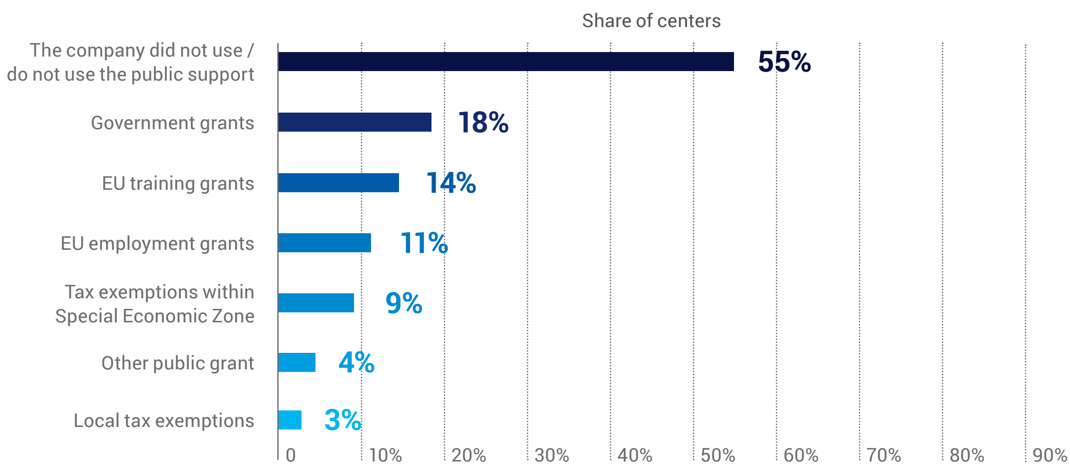


Figure 29

Public support used by business service centers in CEE

Source: ABSL own study based on survey addressed to business service centers (N=192 companies)

HB REAVIS
REAL ESTATE

23 YEARS OF REMARKABLE REAL ESTATE SOLUTIONS.

Try us.

Central & Eastern European Real Estate Quality Awards
CEEQA

BEST DEVELOPER IN 2015 IN CENTRAL & EASTERN EUROPE

LONDON • WARSAW • PRAGUE • BRATISLAVA • BUDAPEST • ISTAMBUL

Chapter content providers: **Roche, Luxoft, Citi**

4 | Inspiring success stories

The growing importance of business services sector in CEE and the success of many leading centers has been achieved by adding complex, value added activities to their service portfolios. In this chapter we present insights into the advanced services provided by three leading sector companies:

Roche:
Applications Development and Maintenance Delivery

Luxoft:
Financial Services Technology Near-Shoring in CEE

Citi Service Centre:
Manual payments controls for EMEA

Roche

Applications Development and Maintenance Delivery

Roche is a leader in research-focused healthcare with combined strengths in pharmaceuticals and diagnostics. With its commitment to innovation, it remains amongst the highest Research and Development spenders in the world across all industries. It is the world's number 1 biotech company, with truly differentiated medicines in oncology, immunology, infectious diseases, ophthalmology and neuroscience. Roche is also the world leader in in vitro diagnostics and tissue-based cancer diagnostics, and a frontrunner in diabetes management. Roche's personalised healthcare strategy aims to provide medicines and diagnostics that enable tangible improvements in the health, quality of life and survival of patients.

In 2004 20 people began working in the Polish capital Warsaw to provide and support new IT systems to support the delivery of Roche medicines. This was the beginning of Roche Application Development and Maintenance Delivery (ADMD) aimed at supporting attempts to reduce costs within Roche Pharma IT.

What started as a cost reduction project quickly became a valued opportunity for new talent through their efforts to support Roche processes and systems. The center has grown 20% each year, adding new services and capabilities. Availability of educated people was one of the key success factors. On top of that, the following factors remain at the core of the center's success – in the first year, focus on an intensive onboarding process, educating on pharma background and extensive training in Basel headquarters for key individuals. Additional pillars to support the success of ADMD have been; in 2006 implementing local processes and management structure to cope with growth; and in 2009 extending the footprint to Poznan to broaden the availability of talent and develop cooperation with local universities.

Now the organization has around 400 professionals – in Warsaw and Poznan – and an additional 1,400 external partners across the world. ADMD uses the latest technologies to create, operate and maintain a wide range of IT systems and applications. Together with a global network of external partners they help to deliver a robust 24/7 service. Besides being an IT service center for the whole of Roche, ADMD is one of the Roche Group's major IT innovation hubs – researching and evaluating IT solutions that might be applicable within the healthcare industry.

Financial Services Technology Near-Shoring in CEE

Luxoft Holding, Inc. (NYSE:LXFT) is a leading provider of software development services and innovative IT solutions to a global client base consisting primarily of large multinational corporations. Luxoft develops its solutions and delivers its services from 24 dedicated centers worldwide. Since its creation in 2000, Luxoft has been attracting world-leading talent from the Central and Eastern Europe (CEE), whose expertise in investment banking IT, risk management, mobile application development and data management platforms – has helped numerous global banks to improve their technology infrastructure.

One notable example of Luxoft's cooperation with a major global investment bank aimed at modernizing technology stack for various departments of the bank, especially in the finance and risk areas. With ever-increasing pace of change as well as tightening regulatory landscape, the client required a modern IT architecture to facilitate more timely and effective monitoring, reporting and decision-making. Legacy systems and outdated ways of reporting were no longer enough to compete in the marketplace that has become much more digitized, transparent and timely. The client required a vendor who would be able to transform banking IT architecture and processes to meet future market requirements.

Luxoft leveraged its financial services industry experience, along cross industry expertise in big data, user experience and mobility, to structure and organize financial data and improve bank processes. Crucially, outsourcing such services to Luxoft CEE locations, initially to Russia and Ukraine, and more recently shifting focus to Poland, Romania and Bulgaria (as a part of Luxoft Global Upgrade program), has enabled the bank to tap into world-class engineering talent and create near-shore agile delivery centers.

As a result, the cooperation between the bank and Luxoft has evolved over the years and currently encompasses over 2500 employees in 9 countries, majority of whom are based in Poland, Romania, Bulgaria, Ukraine and Russia. The services provided to the bank include but are not limited to such broad areas as: bank management, financial management, accounting, compliance and regulatory reporting. Ultimately, the entire finance architecture of the bank has achieved another level of quality and technological advancement.

Manual payments controls for EMEA

Citi Service Centre in Poland (Citibank International Ltd Poland Branch and Citibank Europe Plc Poland Branch) provides the outsourcing services to Citi entities and/or Citi clients across the globe. Citi Service Centre was set up 10 years ago and currently hires almost 4000 employees.

Citi concentrates on the digitalization of the communication channels with the clients, in order to ensure efficient processes and exceptional client experience. There is almost 100% straight through processing. However, considering the overall Citi volumes, the number of manually initiated payments provided by the clients is still meaningful and generates significant risk for Citi. To mitigate this risk accordingly, Citi in EMEA decided to centralize the control of these manually initiated payments.

Poland was selected as a destination of choice in 2012 and that meant that the documentation connected with client manual payments started to be verified there. At the first phase the process was introduced effectively for Western Europe countries. That was treated as the proof of concept. As next steps the activities connected with reconfirming payment details with the clients were added and the new countries were centralized. The project focused not only on taking over the work from cluster such as Europe, Middle East and Africa, but also on introducing digital communication channels with the branches, standardising and strengthening the control processes, redesigning process flow in order to eliminate inefficient steps. That required wide knowledge and full engagement of dedicated teams, and for client facing roles also strong language skills. Currently the manual payments from 41 countries and the call-backs for 22 countries are provided out of Poland. The process was certified by Internal Audit with the best rating possible.

Thanks to the above, now Poland leads the initiative of reducing the volume of manually initiated payments for EMEA to minimum. It requires the focus and the collaboration with Business, Operations and Clients across the entire region. By now, for some countries almost 40% reductions against the relevant last year numbers were reached.

Because of the above Poland is treated as the true Centre of Excellence for manual payments controls.

Chapter content provider: **JLL**

5 | Office Market in CEE

JLL (NYSE: JLL) is a professional services and investment management firm offering specialized real estate services to clients seeking increased value by owning, occupying and investing in real estate. A Fortune 500 company with annual fee revenue of $4.7 billion and gross revenue of $5.4 billion, JLL has more than 230 corporate offices, operates in 80 countries and has a global workforce of approximately 58,000. On behalf of its clients, the firm provides management and real estate outsourcing services for a property portfolio of 316 billion square feet, or 316 million square meters, and completed $118 billion in sales, acquisitions and finance transactions in 2014. Its investment management business, LaSalle Investment Management, has $55.3 billion of real estate assets under management. JLL is the brand name, and a registered trademark, of Jones Lang LaSalle Incorporated.
For further information, visit **www.jll.com**.

Introduction

With meaningful economic growth having made a return to the CEE region over the last few years this, among other factors, has helped to facilitate the stabilisation and positive growth of the commercial property markets across the region. The CEE markets remain to offer businesses a lower operational cost environment, particularly relating to labour costs, whilst at the same time offering a high quality, productive, multi-lingual workforce and international standards of modern office space. These factors, combined with current tenant favourable conditions in a number of cities and submarkets, will help to support the region's continued attractiveness for new, incoming businesses and the expansion of those that have been successfully operating here already for a number of years to come.

The CEE region is made up of multi-speed markets, each of which are in different stages of their maturity and market cycle. In general, the improved economic sentiment and increased demand from office space occupiers has reignited the confidence of developers to supply more space to both core capital city markets but also in the much sought after regional cities. In certain markets and submarkets, developers remain a little cautious and are building on a pre-lease basis whereas others have the confidence to build speculatively. Although some markets in CEE have perceived greater strengths, as demonstrated in the letting options chart and depending on a company's individual location selection criteria, there are a wide range of opportunities for companies to find suitable space for their operations across the entire region.

Depending on the business sector, office occupancy is on average between 5 to 10% of a company's overall operational costs with the largest proportion obviously being taken by the cost of labour. Across CEE, in addition to available space, companies will also be able find space that meets a range of budgetary requirements.

The following section brings a short overview and recent highlights of the key and developing office markets from around the CEE region.

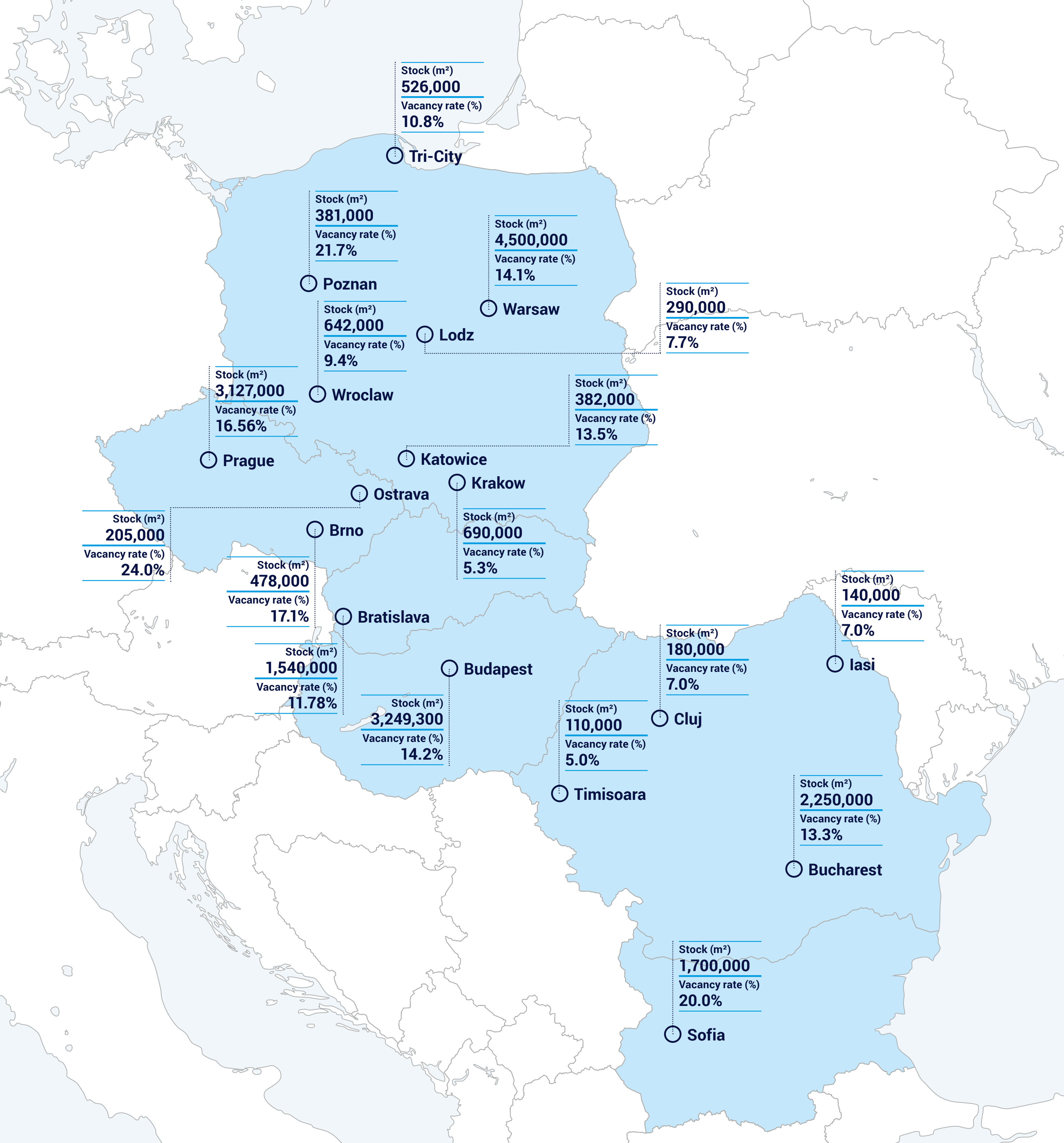


Figure 30
Key office markets in CEE
Source: JLL, Q2 2015

CEE MODERN OFFICE MARKET IN NUMBERS

18,500,000

m² of office stock in the CEE region

1,000,000

m² of office space is estimated to be delivered during 2015

>2,000,000

m² of office premises are estimated to be currently under construction across the region

10-15€

a range of rental costs, to suit all budgets, are available across the CEE region

2,900,000

m² of estimated vacant space is available to lease across the 6 countries and 17 city markets in CEE

15.5%

The estimated total vacancy rate across the 6 countries and 17 cities markets in CEE

6

Countries: PL, CZ, HU, SK, RO, BG

17

individual office markets

Subject to individual lease negotiations, typical tenant incentives may include:

- FREE rent free periods
- fit-out contributions
- additional free parking spaces

Figure 31
The modern office market in numbers
Source: JLL, Q2 2015

Poland: Warsaw and regional markets

Warsaw

Warsaw is the largest office market in the CEE region, with a total stock of approximately 4.5 million m². It is also considered to be a major financial hub in this part of Europe and the busiest market in terms of occupier activity.

Due to the scale and the maturity of the market, high levels of transparency, the presence of international occupiers and the relatively wide choice of assets available for sale, Warsaw will retain its leading position in terms of investor activity across CEE.

It is expected that before the end of 2016 Warsaw's total office space will cross the 5 million m² threshold. The leasing market in Warsaw has been performing very well, with more than 1.2 million m² of office space leased in just 2013 and 2014. Gross take-up in H1 2015 alone exceeded 390,000 m², continuing the strong performance seen in recent years. The positive sentiment in the leasing market is expected to continue throughout the remainder of 2015. It is worth adding, that demand is driven mainly by company headquarters and the BPO/SSC sector has a marginal share of the take-up structure.

Q2 2015 saw a further uptick in the vacancy rate, which stood at 14.1% (17.5% in the CBD, 13.5% in the City Centre Fringe and 13.7% in Non-Central locations). We expect the rate will continue to grow with the new office completions planned for delivery in H2 2015 and 2016, giving a wider choice for companies looking for new office space.

Development activity remains strong, with more than 725,000 m² under construction and some 28,000 m² under refurbishment. It is estimated that approximately 46% of the 207,000 m² of office space planned for delivery in H2 2015 is already pre-leased.

Prime rents fell slightly over the course of Q2. Moreover, despite sound demand, the large amount of new office supply coming to the market will exert further pressure on rental levels over the mid-term perspective. This will also apply to older, lower quality office stock. Currently, prime headline rents in Warsaw City Centre range between €21 and €23.5 m² / month. Non-Central locations lease at €11 to €18.0 m² / month.

Krakow

Krakow has become the largest regional office market in Poland outside of Warsaw, with around 690,000 m² of stock, but it also stands out due to it having a combination of Poland's lowest vacancy rate, the highest take-up volumes, as well as strong construction activity. The city continues to establish its reputation as the leading Polish and European location for the global shoring and outsourcing services sectors. In 2014, the gross leasing volume totalled around 145,000 m², followed by over 105,000 m² in H1 2015. This proves that Krakow is a very strong market in terms of demand

and is highly driven by the expanding BPO/SSC sector. New foreign investors secured over the past few months include: GE Healthcare, Lundbeck, RWE, Getinge Group and Samsung, to name just a few. Sound occupier demand has strengthened developer confidence, as demonstrated by the 92,000 m^2 of space delivered in 2014 (against the five-year average of 54,000 m^2) and the additional 155,000 m^2 currently under development (nearly a quarter of the existing office stock). Despite extensive development activity, the vacancy rate at the end of Q2 2015 remained the lowest nationwide for the twelfth consecutive quarter, at around 5.3% however; it is expected to increase by the year-end. Prime headline rents range between €13.9 and €14.5 m^2 / month, which is similar to those in Wroclaw and non-central locations in Warsaw.

Wroclaw

Wroclaw has continued to strengthen its position on Poland's office map, hitting record-breaking levels of demand last year (driven predominantly by the BPO/SSC sector) and, as of August 2015, has the largest amount of office space under construction in any Polish regional city.

The current amount of modern office stock in Wroclaw is estimated at 642,000 m^2. At present, almost 172,000 m^2 of new office space is under active construction (25% of which is secured by pre-let agreements). We expect that for the full year 2015, more than 90,000 m^2 will be delivered to the market, providing a wider choice for companies looking to change or update their office space. The amount of new supply in the pipeline will probably impact the vacancy level in late 2015. As of Q2 2015, the vacancy rate in Wroclaw stands at 9.4%.

The city's prolonged period of continuously growing demand and the extraordinary 2014, when take-up volumes reached 95,400 m^2, have clearly strengthened developer confidence in the market. H1 2015 also saw a very positive take-up at over 46,000 m^2 which means that the city may see similar record demand levels as in 2014.

The take-up volumes registered in Wroclaw over the last three years have certainly offset developer activity. Moreover, this year we are likely to see more new entrants from the modern business services sector in Wroclaw. In 2014 alone, the sector generated 81.5% of the demand in the city. Furthermore, the largest lease transactions concluded that year were by firms from the SSC/BPO sector, such as: HP GBC's renewal in Renoma (10,700 m^2) and a pre-let in Dominikański (16,400 m^2), and the deal by Nokia Networks (a 14,000 m^2 pre-let in West Gate). Following past trends, the pace is expected to continue to increase, with solid demand growth. Prime headline rents are currently stable, after a 5% fall during 2014, and range between €14 and €14.5 m^2 / month. Average headline rents are between €12 and €13 m^2 / month.

Tri-City (Gdansk, Gdynia and Sopot)

Tri-City's characteristics, such as its stable economy, access to an educated labour force and a wide choice of modern office space, are those of a flourishing market for potential investors. As of Q2 2015, total office supply in Tri-City totalled 526,000 m^2, making it the fourth largest office market in Poland (after Warsaw, Krakow and Wroclaw). In 2014, take-up totalled 66,500 m^2, which was just 2,000 m² short of the record-breaking result of 2012. H1 2015 saw sound demand for office space with 56,800 m², generated mainly by both expanding companies and BPO/SSC newcomers such as ThyssenKrupp, who leased nearly 5,000 m² in Gdansk. In 2015, we expect the market will again register record-breaking take-up levels.

Furthermore, Tri-City saw a surge in office net absorption of nearly 65,000 m² in 2014. Another indicator of sound market sentiment is vacancy, which has been relatively stable for the last few quarters and amounted to 10.8% at the end of Q2 2015. We do expect the rate to increase in line with Tri-City's sizeable pipeline. 137,000 m² of office space is currently under construction, 100,000 m² of which will enter the market by the end of 2015. The largest pipeline projects include: Alchemia phase II (21,500 m²), Tryton Business House (21,100 m²) and the Tensor office complex (buildings X, Y and Z – 19,200 m² in total). Prime headline rents in Tri-City are quite stable and range between €12.75 and €13.5 m² / month.

Katowice

Katowice is the largest city in a wider metropolitan area of 19 cities and has 2.2 million inhabitants. Formerly a major centre for the Polish mining industry, it has reinvented itself and now ranks as the fifth regional office market in Poland (after Warsaw, Krakow, Wroclaw and Tri-City) and offers around 381,000 m² of modern office space for lease. Between 2010 and today, the market activity has mostly been driven by the global shoring and outsourcing services sectors. Alongside newcomers to the city, which most recently include; IBM, Sii, and PERFORM, existing occupiers are also looking to expand, demonstrating that demand continues to outstrip availability. As a result, the vacancy rate in Katowice has been steadily falling since its peak of 18.3% in Q2 2010 and bottomed out at just 5.6% at the end of Q1 2014. The rate has, however, returned to a growth path over the last twelve months (currently at 13.5%), as a result of extensive office development. The medium-term outlook remains tenant-favourable, with around 58,000 m² under construction. Prime headline rents in Katowice hold firm and as at the end of Q2 2015, ranged between €12.5 and €13.75 m² / month.

Poznan

Modern office supply in Poznan totalled 371,000 m² at the beginning of 2015. The strength of Poznan's economy is reflected in an upswing in developer activity since the beginning of 2015. The realistic supply for this year is set to reach almost 60,000 m², which will be a record-breaking completion volume for the city. This also means that both new tenants and those who are thinking about relocation will clearly be attracted by the new, available office space.

We have already seen the launch of the Maraton I (10,800 m²) and Bałtyk Tower (11,100 m²) office projects. In January, Vastint commissioned the first phase of Business Garden Poznan with 40,600 m² of leasable office space. The current pipeline of projects under-construction in the city reaches 38,000 m²; however, several additional potential new office developments are in the planning stage. Furthermore, over the last five years, developers have completed more than 165,000 m² of office space in Poznan, which equates to 45% of the overall stock. This is also the reason why companies such as Allegro (who signed the largest registered deal to date in the city, for 14,600 m² in Klaster

Grunwaldzka-Pixel), Franklin Templeton, KPMG and Deloitte, among others, have chosen to set up their business and operate in Poznan.

However, in Q1 2015, the sudden surge of entirely vacant completions in the city triggered a sharp rise in the vacancy rate to approximately 23%. In Q2, the vacancy rate saw a slight decrease and is currently estimated at 21.7%. Nonetheless, demand growth will resume this year and we expect high take-up volumes to counteract the development activity in Poznan in early 2016. Due to the high vacancy rate, prime headline rents in Poznan decreased during Q2 2015 and range between €14 and €14.5 m^2 / month. Average rents are in the range of €13.5 and €14 m^2 / month.

Lodz

Lodz is a rapidly developing business location that has been on a robust growth path for the past few years. Increased interest in the city from multinational corporations has enabled Lodz to become one of the major office markets in Poland.

In Q2 2015, modern office stock in Lodz amounted to almost 290,000 m^2, with a further 58,000 m^2 under construction. Although Lodz is still the smallest office hub among the major markets in Poland, it is gradually gaining in importance. 2014 was a record-breaking for the city in terms of demand, with an outstanding 45,800 m^2 of office space being leased throughout the year, albeit largely thanks to a 21,000 m^2 deal by Infosys in Green Horizon.

There has been a vast improvement in terms of vacancy in Lodz: the rate fell from 19.1% in Q4 2011 to 7.7% in Q2 2015. That was partially a result of the limited new supply entering the market; however, the sound investment climate and increasing demand for office space has also contributed to such a good result. Currently, the largest project under construction is University Business Park II (19,000 m^2) by GTC; the bulk of the construction work there is complete and the building is due for completion within nine months, after the finalisation of pre-lease deals. Other notable pipeline projects include: Targowa 35 phase II (8,500 m^2) and Symetris Business Park I (8,600 m^2) by Echo Investment. Lodz is a competitive market in terms of prime headline rents, which range between €11.5 and €12.5 m^2 / month, the lowest levels for any major office market in Poland.

Czech Republic: Prague, Brno and Ostrava

Prague has the one of the leading and most mature office markets in the CEE region. It continues to attract a wide range of companies from both large national and international headquarters, to large shared business services and outsourcing centres. At the end of Q2 2015, the modern office stock in Prague totalled ca. 3,127,000 m^2. The share of A class projects stood at 69%. Currently, there is approximately 148,000 m^2 of office space under construction. In terms of completions, 2015 is expected to have the highest supply of ca. 183,000 m^2 since the record year of 2008. Office completions are forecast to drop to a level of around 40,000 – 50,000 m^2 in 2016. This year remains on track to become a very successful year in terms of demand. In Q2 2015, we recorded the strongest ever quarterly demand recorded on the Prague office market reaching ca. 130,000 m^2. The Q2 vacancy rate in Prague stands at 16.56%. Nevertheless, since tenants are mainly relocating within the market, we can expect more second hand vacancy coming to the market in the forthcoming quarters, which should increase the vacancy rate.

The second largest office market in the Czech Republic is in Brno with an office stock exceeding 478,000 m^2 and a vacancy rate standing at 17.1%. Brno is followed by Ostrava with an office stock exceeding 205,000 m^2 and a vacancy rate reaching 24.0%. Both Brno and Ostrava have and continue to attract investment, particularly from the BPO/SSC sector, but also from companies related to the a variety of sectors including manufacturing, electronics, pharmaceutics and medical equipment to name just a few.

Prague, as well as Brno and Ostrava, are currently tenant favourable markets with wide opportunities activity for leasing office space. In Prague, there are more than 130 leasing options for occupiers looking for 1,000 m^2 of rentable area. In Brno and Ostrava, these opportunities equate to 22 and 12 respectively.

In Q2 2015, prime headline rents in the city centre of Prague remained stable, ranging between €18.5 and 19.5 m^2 / month. Inner city rents were between €14.5 and 16.5 m^2 / month and Outer City rents remained between €13.0 and 14.5 m^2 / month. All of these ranges refer to prime levels achieved in a limited number of prime properties. Prime headline rents in the regions oscillate between €11.5 and 12.5 m^2 / month in Brno and €10.5 to 11.5 m^2 / month in Ostrava. The prime rental levels are achieved on brand new, above standard quality and/or very well located buildings. Second hand products stand at approximately €1.5 below the afore-mentioned ranges.

Hungary: Budapest

The fastest pace of the office stock expansion was witnessed between 2006 and 2009 after which, development activity became subdued as a reaction to the global financial crisis. Although occupier activity has regained strength and a record high level of annual gross take-up was registered in 2014, developers remain cautious. Therefore, Budapest has a subdued office pipeline of only 153,000 m^2 for the H2 2015 to 2018 period, out of which 60% is already pre-let. This will certainly help the vacancy rate to fall further, which is on a rapidly declining path and stood at 14.2% in Q2 2015. Since the modern vacant office stock is being quickly absorbed in Budapest, rental conditions are gradually becoming less favourable for tenants and incentives are declining. Nevertheless, the occupational market remains very active in the Hungarian capital as a record high half-yearly take-up was recorded during the first half of 2015. This confirms that companies still find both the labour and real estate market conditions to be competitive in Budapest. Despite the rapidly declining availability, occupiers looking for 1,000 sq m of office space, can easily find 40 to 50 Class “A” and 50 to 60 Class “B” office buildings options to choose from (note: space might not be adjacent). Average asking rents are in the range of €11.5-14.0 m^2 / month for “A” class offices whereas they are in the range of €8.0-10.0 m^2 / month for Class “B” offices.

Romania: Bucharest, Cluj, Iasi, Timisoara

Bucharest

The history of the Romanian office market started in the early 1990's and currently, the total office supply stands at slightly over 2.25 million m² in Bucharest. The Bucharest office market has bottomed out by all relevant metrics and it is now stable. 2015 is perceived as the start year of a new development cycle, following the economic downturn. Annual supply for the last 2 consecutive years reached 120,000 m² and a similar volume is expected to be delivered in 2015 as well. Between 450,000 and 480,000 m² is planned for delivery by the end of 2016, representing circa 20% of the current existing stock. At the end of H1 2015, the vacancy rate reached 13.3%, the lowest level in the last 6 years.

Gross take-up reached record levels of between 290,000 and 300,000 m² in both 2013 and 2014. Net take-up is expected to improve its current figure of almost half of the leasing activity, spawned by a new wave of confidence, with developers announcing an impressive number of new projects that are planned for delivery by the end 2016. Demand was generated mainly by IT&C companies and the BPO/SSC sector, which expanded aggressively over the last 3 to 4 years; a trend which is expected to continue.

Prime rental levels have been stable at €18.5 m² / month for the last 3 years and we do not expect any significant movements in the next 12 months. Even though space in quality buildings will be scarce by the end of 2015, the strong pipeline for 2016 will most likely see rents remain at the same level.

As the second largest country in the CEE region, by population, Romania also has other regional markets which, for some time, have already been and continue to be on the radar of BPO/SSC companies. These markets include:

Cluj

» Rents for BPO/SSC: €11 to 13 m² / month (depending on location and size)
» Vacancy at a city level: 7%
» Office stock: 180,000 m²
» Supply for the next 2 years: 43,000 m²

Iasi

» Rents for BPO/SSC: €10 to 12 m² / month (depending on location and size)
» Vacancy at a city level: 7%
» Office stock: 140,000 m²
» Supply till the end of 2015: 38,000 m²

Timisoara

- Rents for BPO/SSC: €11 – 13 m^2 / month (depending on location and size)
- Vacancy at a city level: 5%
- Office stock: 110,000 m^2
- Supply until the end of 2015: 17,000 m^2

Bulgaria: Sofia

Since 2005, the office market in Sofia has been developing at a constant pace. With the development of the office market, more clearly defined sub-market areas were being developed such as the CBD, wide-centre and the peripheral market area. Due to intensive development in the period from 2007 to 2011, the suburban areas of the city have traditionally suffered from higher vacancy levels. Consequently, this has caused an oversupplied market, putting pressure on rents. During the first half of 2015, the office market recorded no new completions. However, 2014 was notable for the completion of Infinity Tower and the third phase of Expo 2000 which added 25,000 m^2 and 7,200 m^2 respectively. Sofia's inner city area is considered as highly undersupplied, yet, this area is facing constant demand and high occupancy levels within the few high quality buildings. However, with this low level of supply, this area cannot satisfy occupiers' needs, therefore a significant number of companies are located outside of central locations. In terms of upcoming supply, Capital Fort is currently close to completion. The scheme will consist of two buildings, spreading over 24 and 6 floors respectively, totalling 44,000 m^2, including a financial centre, conference halls, shops, a fitness centre and facilities for children. It will offer underground parking over two levels, with 670 parking places.

The vacancy rate is estimated at 20%, however, a number of buildings in the CBD area and around Tsarigradsko Shosse have significantly lower availability of office premises – below 10%. Demand is heavily influenced by the relocation of existing occupiers, as well as expansion of their current premises. Aside from internal movements, the recent period was also noticeable for new market entries which have reflected an increase of net absorption, marking the highest level of activity since the pre-recession period. The market is becoming more reliant on the expanding IT sector; therefore the most active sectors on the market are IT, closely followed by the BPO and SSC sectors, as the country becomes an increasingly favourite near-/off-shoring destination due to lower costs.

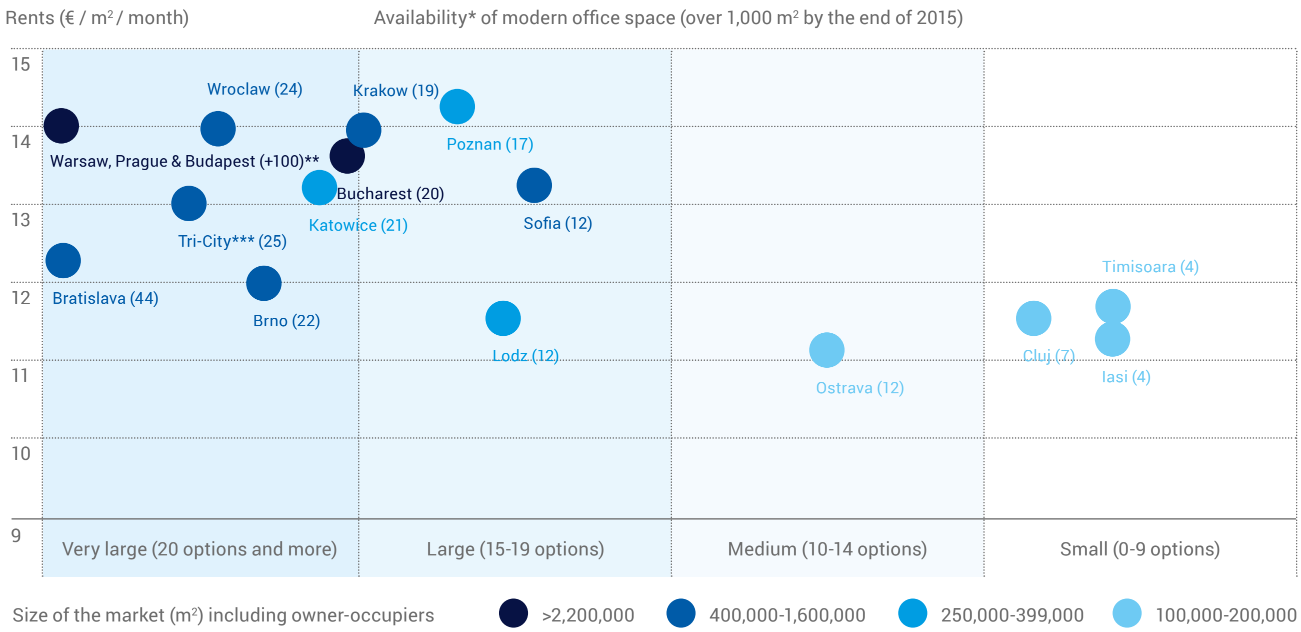
Prime office rents being achieved within the CBD area have remained stable and currently stand at €13.5 m^2 / month. Rental levels in the broader centre range between €9 – €11 m^2 / month, while in peripheral areas, rents can be low as €5 m^2 / month.

Slovakia: Bratislava

By the end of the second quarter of 2015, the total office stock of A and B class quality in Bratislava amounted to more than 1.54 million m^2. Almost 60% of the space is represented by A-class office space and more than 40% by B-Class office space. The overall vacancy rate for Bratislava has decreased to 11.78% from 12.59% in the previous quarter. The lowest vacancy rates recorded were in Bratislava I (8.71%), followed by Bratislava II (10.34%). The highest vacancy rate was recorded in Bratislava III at 24%.

After weaker demand during the first quarter, the Bratislava office market witnessed a much more active second quarter, with 43,455 m^2 of total leased office space. There was no new supply added to the stock in the second quarter of 2015, despite the fact that currently there are several buildings under construction or waiting for final permits. By the end of 2015, we expect the first phase of Twin City to be completed, which will add another 16,000 m^2 to the market.

Rents for prime space in Bratislava's best locations remained stable over the quarter, ranging between €13.5 and 15 m^2 / month. Rents in the Inner City zone range between €10.5 and 12.5 m^2 / month, while in the Outer City district, rental costs have stabilised between €8 and 10 m^2 / month. Headline rents are expected to remain stable over the medium term. Incentives such as rent-free periods and other contributions are expected to continue to rise until some of the major landlords reach a higher level of occupancy.

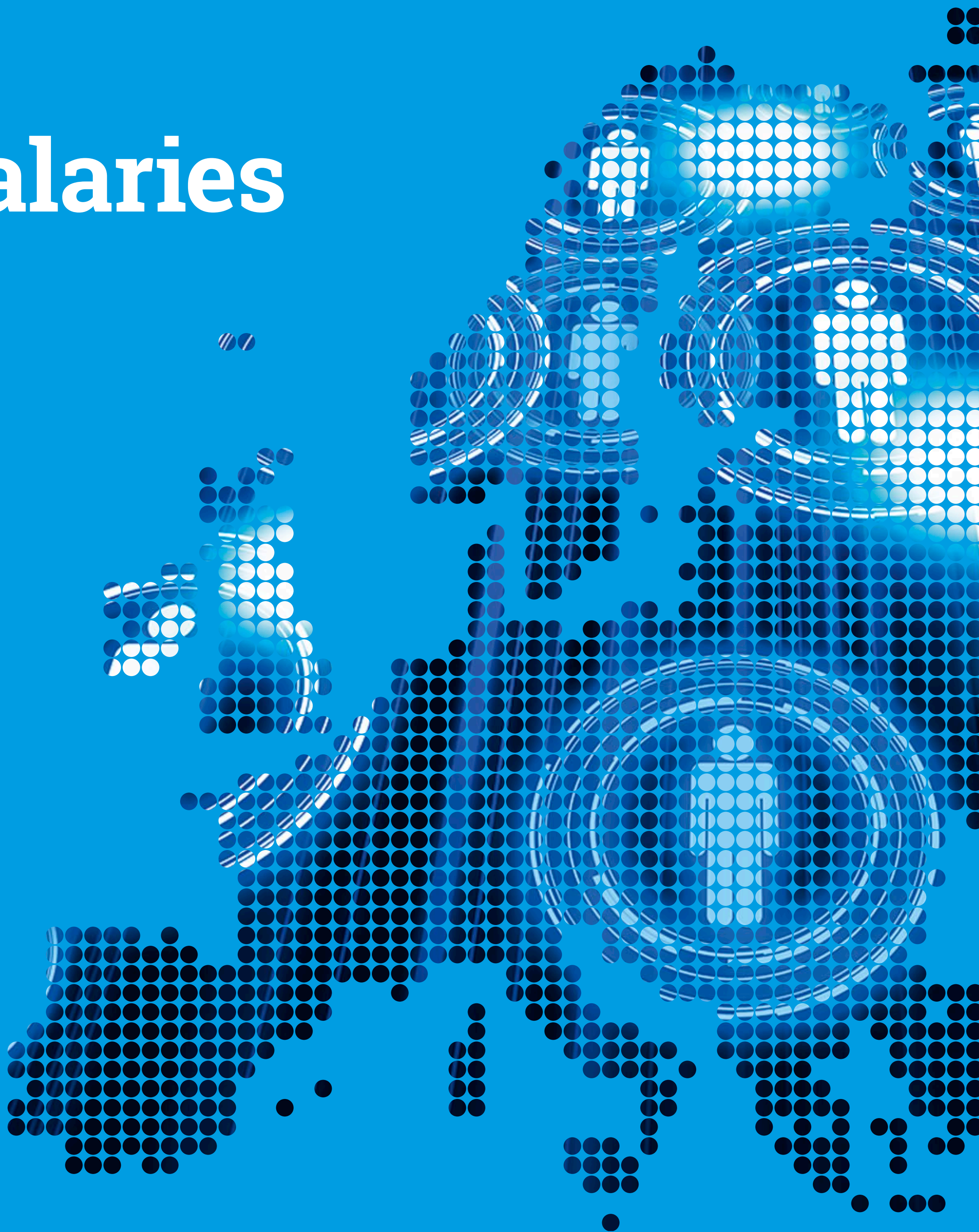


* The availability of modern office space is from a single tenant perspective; one option is equivalent to a building with availability of office space of over 1,000 m^2 (the space may not be adjacent)
** The number of lease options in Warsaw (140), Prague (131), Budapest (100) are much greater then in other office markets
*** Gdansk, Gdynia, Sopot

Figure 32
Letting Options for BPO/SSC Occupiers in key CEE Office Markets
Source: JLL Research, data as of Q2 2015

Chapter content provider: **Antal**

6 | Salaries



Antal is a leader in executive recruitment and HR consulting services. Owing to a strong tradition of narrow specialization, its consultants are experts in specific sectors and disciplines. Antal provides its clients with high-quality recruitment services for permanent and interim positions, as well as offers a complete portfolio of personnel assessment and development solutions. Antal offices in Warsaw, Wroclaw, Krakow and Poznan conduct projects across Poland and abroad for biggest global corporations and local businesses operating in all sectors of the economy. To find out more, visit **www.antal.pl**
Antal has been present under **Enloyd** brand in Germany and Hungary offering its clients professional recruitment services. Please visit: **www.enloyd.com**

Table 1

Gross monthly salary (EUR) in business service centers in CEE

CEE region provides us with the candidates for the entire range of the positions offered in SSC/BPO and ITO sectors. However, the accessibility of talent depends on the location. Investment requires further study on the accessibility of candidates for the specific roles in certain CEE location. The total cost of the employer may vary due to the national regulations and taxation. The total cost of the employer is higher than gross remuneration payed to the employee.

The table presents information obtained during the recruitment process conducted by Antal in SSC / BPO centers in the period from October 2014 to May 2015

Position	Salary (English speaking candidates), EUR	
F&A	min	max
Transition Manager	3,200	6,000
Business Improvement Manager	2,500	5,000
Process Improvement Specilist	1,900	3,900
Financial Controller	1,900	3,500
AP / AR Junior Accountant (0-1 year experience)	700	1,100
AP / AR Accountant (1-3 years experience)	1,000	1,500
AP / AR Senior Accountant (3-5 years experience)	1,200	1,800
AP / AR Team Leader (5-15 people)	1,750	4,000
AP / AR Process Manager (50 people)	2,900	5,000
Junior GL Accountant (0-1 year experience)	875	1,300
GL Accountant (1-3 years experience)	1,100	1,625
GL Senior Accountant (3-5 years experience)	1,200	2,000
GL Team Leader (5-15 people)	2,150	3,000
GL Process Manager (50 people)	3,000	6,000
Banking	min	max
KYC / AML Junior Analyst (0-1 year of experience)	800	1,125
KYC / AML Analyst (1-3 years of experience)	900	1,500
KYC / AML Senior Analyst (3-5 years of experience)	1,150	2,200
Junior Fund Accountant (0-1 year of experience)	750	1,000
Fund Accountant (1-3 years of experience)	900	1,300
Senior Fund Accountant (3-5 years of experience)	1,200	1,800
Team Supervisor (3-5 people)	1,750	2,200
Team Leader (10-15 people)	2,000	2,600
Manager (30-50 people)	2,400	3,500
Senior Manager (50 + people)	3,000	6,000
Customer Service / Help Desk / Technical Support	min	max
Operation Manager (50 people)	3,000	5,500
Customer Service Manager	2,500	4,000
Customer Service Team Leader	1,600	3,000
Customer Service Specialist (0,5-2 years of experience)	875	1,400
Customer Service Junior Specialist (0-0,5 year of experience)	700	1,200
Help Desk Specialist 1st line support	750	1,300
Help Desk Specialist 2st line support	1,000	1,500

Position	Salary (English speaking candidates), EUR	
HR Processes	min	max
Talent Manager	1,500	3,000
HR Advisor (0-2 years of experience)	800	1,125
HR Administrator (0-2 years of experience)	750	1,500
Compensation & Benefits Specialist	1,450	2,375
Payroll Manager	1,400	3,000
Junior Payroll Specialist (0,5-1,5 years of experience)	750	1,050
Payroll Specialist (1,5-3 years of experience)	840	1,290
Senior Payroll Specialist (over 3 years of experience)	970	2,200
Learning and Development Specialist	1,290	2,500
Logistics / Supply Chain / Procurement	min	max
Junior Specialist with languages (0-1 year of experience)	750	1,200
Specialist with languages (1-3 years of experience)	1,100	1,625
Senior Specialist with languages (3-5 years of experience)	1,300	2,125
Team Leader with languages (5-15 people)	1,500	2,900
Process Manager with languages (50 people)	1,850	3,750
Consulting Services	min	max
Research Analyst	812.5	1,075
Research Associate	975	1,125
Senior Research Associate	1,075	1,200
IT Sales	min	max
Account Manager	1,000	2,200
Key Account Manager	1,500	3,700
Business Development Manager	1,550	4,878
Product Manager	1,500	4,515
Service Manager	2,000	4,850
Junior presales engineer	725	1,650
Presales Engineer (virtualization / cloud)	1,450	4,850
Presales Engineer (network / security)	2,500	5,150
Presales Engineer Storage	1,500	3,875
Senior Presales Engineer / Preasales Team Leader	3,000	6,000
Presales Manager	2,900	7,000
IT Tech	min	max
Security Operations Center Analyst	2,000	4,200
Manager of Security Operations Center	3,450	5,800
Director of Security Operations Center	4,500	8,400
Consultant SAP FI, CO	1,800	4,300
Consultant SAP WM, MM	1,850	4,400
Senior Network Engineer	1,500	4,800

Position	Salary (English speaking candidates), EUR	
IT Tech	min	max
MS Dynamics NAV Consultant / Developer	1,500	4,800
IT Architekt	2,100	6,500
IT Analyst	1,450	3,600
Smart Grid, CRM Billing Director	3,200	5,500
Database Administrator (MS / Oracle)	1,900	2,900
Senior Database Administrator (MS / Oracle)	2,000	3,500
MS System Administrator	1,300	2,500
MS System Engineer	1,500	3,000
Senior MS System Engineer / Architect	2,500	6,000
IT Infrastructure Manager	3,400	5,100
Heldesk 1 i 2 line	950	1,700
Heldesk 3 line	1,200	2,550
Junior Developer	950	1,700
Junior Network Administrator	950	1,700
Network Administrator	1,100	3,000
Frontend Developer	1,250	3,300
QA Specialist	1,300	2,800
.net Developer	1,200	3,600
JAVA Developer	1,300	4,500
c++ Developer	1,200	4,000
ORACLE Developer	1,300	4,000
Junior Database Administrator	950	2,000
iOS, Android Developer	1,000	4,000
PHP Backend Developer	1,000	3,200
Data Analytics Programmer	1,100	3,900
QA Analyst	1,400	3,000
Senior QA Specialist	2,000	3,300
System Integration Specialist	1,450	3,000
IT Infrastructure Specialist	1,450	3,000
QA Manager	2,400	4,800
Senior Developer	1,900	5,500
Project Manager	1,550	5,500
Software Architect	2,600	7,000
Senior Project Manager	2,600	7,300

Source: data of Antal, Enloyd

Table 2
Languages bonuses (EUR gross)*

Language	Level B2	Level C1	Level C2
Spanish / Portuguese / Russian / Italian	100	150	175
German / French / Hungarian	200	225	250
Nordic languages, Scandinavian languages, Hebrew, Arabic	300	350	350

* It is common to offer a language bonus to the candidates who can speak additional foreign language other than English.
Source: data of Antal, Enloyd

Chapter content provider: **Baker & McKenzie**

7 | Incentives for investors

One of **Baker & McKenzie's** focus areas are Foreign Direct Investments (FDI). Baker & McKenzie lawyers have wide experience in obtaining incentives and grants for infrastructure, energy, advanced services and research & development projects and in providing assistance in the investment process from the moment of taking the decision on an investment, through its optimum structuring and negotiation of subsidy instruments up to its acceptance by the European Commission.

Baker & McKenzie is one of the world' largest law firms with presence in both developed markets and in the areas with the highest economic growth potential. More than 4250 lawyers from 77 offices render services in 47 countries. The Warsaw office opened in 1992, belongs to the elite of the largest and the most frequently recommended law firms in Poland, as shown by its high position in prestigious rankings, such as Chambers Global, Chambers Europe and Legal 500. Our scope of services cover comprehensive legal and tax advisory issues through almost all areas of commercial law. We have gained unique experience in the realization of a range of major, and often pioneering transactions and projects.

Investment incentives in CEE

All the countries in the region offer a variety of investment available to BPO/SSC centers. These include direct cash grants, tax incentives primarily in form of exemptions from income (as well as local) taxes and various forms of other investment facilitation measures.
The incentives offered to investors are deemed as state aid from the European Commission's perspective, and are subject to Commission's regulation and scrutiny. The EU law imposes certain limits of aid on each region within the EU, taking into account its development vs. the EU-wide average, as well as a set of common conditions. These include e.g. prohibition to start the project prior to securing aid (in order to safeguard that the aid is in fact needed to attract the project to the region), as well as verification if the aid is not granted to transfer of activities between EU-member states. Compliance with those terms allows in most cases the incentives to be granted locally, without the need of individual approval of the state aid by the European Commission. Since however the EC oversees the state aid compliance across the entire EU, it is always advisable to verify whether the offered incentives are EU-law compliant in order to avoid the risk of EC raising issues in this area.

In the below table, we summarize the aid measures available to investors from the BPO/SSC industry across the region, listing potentially available amounts and key entry criteria.
We also provide the EU-imposed limits of aid for each region. Please note that as a rule, various incentives offered are cumulatively capped at the level of EU imposed aid intensity (which is expressed as percentage of eligible costs of investment – either 2-year labor cost or envisaged capex). The general overview does not list all terms&conditions and certain additional restrictions may apply. It is also possible that individual, more favorable terms may be negotiated.

Table 3
Types of investment incentives in CEE

CZECH REPUBLIC

Cash incentives

Incentive	Eligibility criteria
Job-creation – up to CZK 200,000 per employee **(around USD 8,000 per employee)** Training and retraining – up to 25% (large), 35% (medium), or 45% (small) depending on the size of the enterprise, calculated from the total costs of training or retraining	» The beneficiary shall not start work on the project prior to issuance the incentive » Creation of at least 40 jobs at software development centers » Creation of at least 100 jobs at other SSC » Available only in districts with at least 50% higher unemployment that the national average

Tax incentives

Incentive	Eligibility criteria
Corporate income tax relief for up to 10 years for new companies, up to the amount of maximum aid intensity Partial corporate income tax relief for up to 10 years for existing companies, up to the maximum aid intensity	» The beneficiary shall not start work on the project prior to issuance the incentive » Creation of at least 40 jobs at software development centers » Creation of at least 100 jobs at other SSC

Other incentives

Preferential transfer of land or land with infrastructure owned by the state or municipality. Possible based on the landowner's agreement with preferential transfer

SLOVAKIA

Cash incentives

Incentive	Eligibility criteria
Contribution for the newly created jobs – up to EUR 13,100 per job created **(around USD 14,530 per job)**	» Minimum investment of EUR 400,000 **(around USD 440,000)** on the fixed assets acquirement » At least EUR 200,000 **(around USD 220,000)** must be covered by own equity » At least 60% of employees hired must have university education » At least 40 new jobs created

Tax incentives

Incentive	Eligibility criteria
Income tax relief – up to 50% of aid intensity (Zone A and B), up to 38% of aid intensity (Zone C)	» Minimum investment of EUR 400,000 **(around USD 440,000)** on the fixed assets acquirement » At least EUR 200,000 **(around USD 220,000)** must be covered by own equity » At least 60% of employees hired must have university education » At least 40 new jobs created

Other incentives

Transfer of state/municipal property for a discounted price (subject to separate agreement with the owner)

HUNGARY

Cash incentives	
Incentive	**Eligibility criteria**
"VIP" investment subsidies – the level of subsidy is decided individually by the Hungarian Government » Eligible costs are 24 months salary and contribution for new employees employed within a three-year period	» At least EUR 10 M **(around USD 11 M)** of the investment costs » At least 100 new jobs created (200 new jobs in Central Hungary)
„VIP" training subsidy – for training employees hired to new positions » Up to EUR 1 M (if 50 to 500 jobs created) **(around USD 1,1 M)** » Up to EUR 2 M (if more than 500 jobs created) **(around USD 2,2 M)** » Maximum aid intensity – 60% (general training) or 25% (special training)	» At least 50 new jobs created
„VIP" job creation subsidy Maximum subsidy up to EUR 3 M **(around USD 3,3 M)** depending on the location of the investment and the number of jobs created	» At least 250 jobs created in disadvantaged region; or » At least 150 created in the least-developed regions
„VIP" vocational training » Available for establishing vocational training facilities » Up to EUR 8,000 per student **(around USD 8,800)**, but the total subsidy cannot exceed EUR 2 M **(around USD 2,2 M)**	» The number of vocational school students with training agreements has to be increased by at least 50 comparing to the average number of trainees in the two school-years prior to the submission of the subsidy request

Tax incentives	
Incentive	**Eligibility criteria**
Development tax incentive » For up to 10 years (beginning one the development is completed) » Up to 80% of the tax payable	» Aggregated eligible costs of the investment above EUR 100 M **(around USD 110 M)** » The investment must have the current value of at least EUR 10 M **(around USD 11 M)** » The investment must result in job creation » The investment must result in the creation of new facilities or the extension of existing facilities » The investment must result in substantial change of products/services provided or production/services processed In case of HUF 3 billion **(around USD 10 M)** investments the incentive is available provided that in four years following the year in which the tax incentive is first used against the tax base: » the annual average number of employees has increased by at least 150 (excluding employees employed by foreign branch) compared with either the year before the investment was made or the average number of employees for the three years preceding the investment; or » annual wage costs have increased by 600 times the minimum wage (excluding employees employed by foreign branch) effective on the first day of the tax year, compared with either the annual wage costs of the year before the investment was commenced or the average annual wage cost for the three years preceding the investment
CIT and LBT (Local Business Tax) incentives » The amount of allowance may be up to 12 months of total salary expenses (50% of 24 months salary for new employees) and contributions for newly hired employees » The LBT base may be reduced by HUF 1 M **(around USD 3,500)** per each additional employee in the year the employee is hired	Tax allowance depending on the job creation and the location of SSC

BULGARIA

Cash incentives	
Incentive	**Eligibility criteria**
Job creation Up to 1 year minimum salary and reimbursement of social/health care security for employing people through Employment Agency	Eligible categories of employees: » unemployed up to 29 years of age without time of service » unemployed up to 29 years of age with reduced working capacity » young people from social institutions who have completed their education » unemployed with permanently reduced working capacity » unemployed single parents or mothers with children up to 3 years of age » unemployed women over 50 years of age and men over 55 years of age
Training Up to half of the maximum determined size of the sums for training of one person	Providing maintenance and improvement of the qualification of the hired workers and employees

Tax incentives	
Incentive	**Eligibility criteria**
0% corporate income tax	» Available in areas with high unemployment – 35% higher than the country average » Assets are located entirely within the administrative boundaries of the municipality » Taxable entity has no liquid tax liabilities for obligatory insurance payments » Tax has been invested in acquiring long-term tangible and intangible assets necessary for the production activity for a period of up to three years after the year for which the cession was used » Value of the intangible assets from the initial investment is no more than 25 percent of the value of the long-term material assets from the initial investment
VAT exemption Available for import of equipment for investment projects implemented within a period of two years	» Amount of the investment over BGN 10 M **(around USD 5,6 M)** (for a period not longer than two years) » At least 50 jobs created » Ability of the entity to finance the project
Other tax incentives » Accelerated depreciation of 2 years for computers and new manufacturing equipment » 5% withholding tax on dividends and liquidation quotas » No restrictions concerning capital repatration	N/A

Other incentives

Incentives under the Investment Promotion Act (IPA)

» aid dependent on the priority class (A or B), calculated based on the value, region and sector allocation of the investment

» the investment has to be related to the setting up of a new establishment, expansion, output diversification into new additional products or a fundamental change in the overall production process of existing establishments

» the investment must involve high-tech activities in the field of ICT, head offices, education, human health care

» at least BGN 50 M **(around USD 28 M)** of the investment value

» at least 200 jobs created

» Incentives:

  » institutional support

  » financial grants up to 50% for education and R&D projects, and up to 10% for manufacturing projects

  » state aid exemption for changing the land zoning---

  » acquisition of real estate (private estate or private municipal property) without a tender and at a lower price than the market (not lower than the tax assessment of the property)

  » establishment of public-private partnership with municipalities, universities, other organizations from academic society

ROMANIA

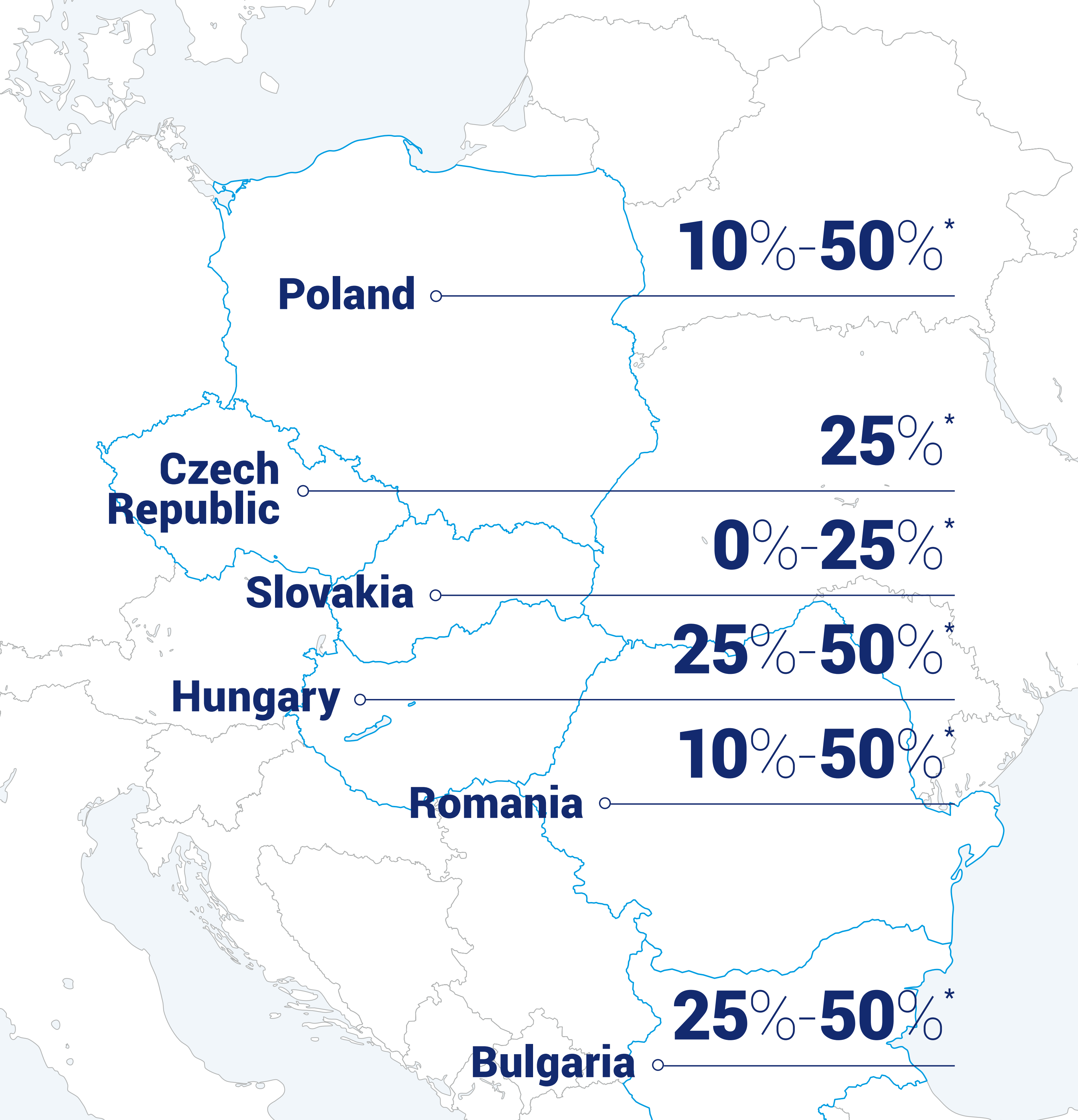
Cash incentives	
Incentive	**Eligibility criteria**
Job creation Level of aid » Bucharest region – up to RON equivalent of EUR 11.25 M **(around USD 12,4 M)** (after 01.01.2018 RON equivalent of EUR 7.5 M) **(around USD 8,2 M)** with aid intensity of 15% (after 01.01.2018 10%) » West and Ilfov regions – up to RON equivalent of EUR 26,25 M with aid intensity of 35% **(around USD 28,9 M)** » Other regions – RON equivalent of EUR 37.5 M with aid intensity of 50% **(around USD 41 M)** Eligible expenses gross salary costs for a period of 2 consecutive years (for the newly created jobs)	» SSC must be the initial investment » Creation, for each investment location, of minimum 10 jobs, out of which minimum 3 jobs for disadvantaged workers » To be viable and in line with the company business plan
Major investments Level of aid » Bucharest region – up to RON equivalent of EUR 11.25 M **(around USD 12,4 M)** (after 01.01.2018 RON equivalent of EUR 7.5 M) **(around USD 8,2 M)** with aid intensity of 15% (after 01.01.2018 10%) » West and Ilfov regions – up to RON equivalent of EUR 26,25 M with aid intensity of 35% **(around USD 28,9 M)** » Other regions – RON equivalent of EUR 37.5 M with aid intensity of 50% **(around USD 41 M)** Eligible expenses: certain tangible and intangible assets.	Providing maintenance and improvement of the qualification of the hired workers and employees » SSC must be the initial investment » Total investment value of RON 44 M **(around USD 11 M)**

Tax incentives	
Incentive	**Eligibility criteria**
General tax incentives » Tax exemption for profits reinvested in certain new non-current assets » Additional deductible allowance of 50% for eligible expense related to R&D activities » Tax deferral related to the use of accelerated tax depreciation for specific categories of assets » Postponement of VAT for imported goods (VAT reverse-charge mechanism for import) » Customs duties suspension procedure	N/A

POLAND

Cash incentives	
Incentive	**Eligibility criteria**
Polish Governmental Grants (PGG) The support is provided in the form of a cash grant based on an agreement concluded between the Minister of Economy and the investor. Level of support per job ranges between PLN 3,200 and PLN 15,600 **(between USD 850 and USD 4,100)** and depends on the assessment of the following factors: » number of jobs created » quality of jobs created » type and degree of sophistication of rendered processes » other criteria	For BPOs/SSCs: » at least 250 new jobs (created over up to 5 years) » PLN 1,5 M investment outlays **(around USD 400,000)** For R&D centers: » at least 35 new jobs for graduates (created over up to 5 years) » PLN 1 M investment outlays **(around USD 375,000)**
Tax incentives	
Incentive	**Eligibility criteria**
A special economic zone (SEZ) SEZ is a designated area in which the business activities can be conducted on preferential conditions (the major investment incentive is a CIT exemption). Currently, there are 14 special economic zones which are to exist until 31 December 2026. Form of support and aid intensity » exemption from CIT for the incomes realized within the SEZ (the current CIT in Poland is 19%) » exemption capped according to regional map of aid intensity (see table to the right) Basis for aid limit » investment costs; or » two-year labor costs of new hires	» minimum value of eligible investment costs: EUR 100.000 **(around USD 110,000)** » certain employment level is required – negotiated with the management of SEZ » SEZ permit must be obtained by the company who plans to establish the investment in SEZ » Investment shall be located within the SEZ territory » usage depends on revenues generated by the end of the zone existence » EC law on regional aid for investments must be complied with
CIT base deduction for new technologies Investment in new technologies (purchase of intangible assets), especially in R&D work results, which enable a company to produce new or improved products or services. The amount of expenditure (initial value) incurred for the acquisition of new technology in the tax year, or the following year, in which it was registered in accounting records. Level of incentive » 50% of eligible expenditure » in case of loss – possibility of 3 year carryforward	» purchase of technology in form of intangible assets (e.g. licenses, patents, know-how) » technology has been used for less than 5 years worldwide » opinion, issued by an independent scientific unit, confirming that the technology is new » the entity benefiting from deduction must not transfer the rights to new technologyto any other institution before the end of the third year from the date of deduction » CIT base reduction is not available for entities operating in SEZ » CIT base reduction does not apply in the case of reimbursement of expenditures from other sources of public aid

Source: Baker & McKenzie



* For investment projects with eligible expenditure not exceeding EUR 50 million this ceiling is increased by 10 percentage points for medium sized companies and 20 percentage points for small companies

Figure 33

Overall EU-imposed limit of aid

Source: Baker & McKenzie

ABSL

Poland

The Association of Business Service Leaders in Poland (ABSL), founded on the 21st of May 2009, on the initiative of the leading companies representing the industry, is the biggest organization representing the business service sector in Poland.

ABSL Members are 150+ global investors, representing renowned international brands and logos including Accenture, Arla, Arvato, BNY Mellon, Capgemini, Carlsberg, Citi, Credit Suisse, Franklin Templeton, Geoban, Goldman Sachs, HP, IBM, Infosys, Luxoft, MAN, P&G, PMI, Shell, Siemens, Thomson Reuters, UBS. Partners of the Association are also leading Polish and international organizations and companies. ABSL cooperates with the Polish government, the Polish Information and Foreign Investment Agency (PAIiIZ), European decision-makers as well as representatives of regions, cities and local foreign investment agencies.

ABSL continues to be one of the fastest growing B2B organizations in the CEE region, with a 25% member growth rate year-on-year. The Association consistently organizes national and local meetings, workshops that has helped to support the sector and establish the ABSL Annual Conference as the sector's biggest event in Europe. This year the Conference attracted 1,000 business leaders and sector stakeholders and over 80 speakers – key influencers from the world of business and politics, who presented the latest megatrends within the industry and beyond. One of the highlights of the event was a keynote address from Rt. Hon. Tony Blair, Prime Minister of Great Britain and Northern Ireland from 1997–2007 and one of the world's most renowned political leaders.

For the past six years ABSL has been supporting sector development and working to increase Poland's and the CEE region's investment attractiveness. Today, the business service sector continues to constitute the largest proportion of foreign direct investment projects in Poland. Over 356 investors from all over the world now operate in the country. Thanks to this industry, Poland is fast becoming an internationally recognised brand. What's more, these accomplishments are very often a benchmark for other countries to look up to. The organization actively and holistically supports initiatives undertaken across and for the region, and ABSL in Romania and the Czech Republic are further examples that proactive cooperation yields results – says **Jacek Levernes, President of ABSL**.

Czech Republic

The Association of Business Service Leaders in the Czech Republic (ABSL) was formed to give the business services industry a common voice to help shape its environment and destiny. ABSL in the Czech Republic was founded by 15 members in 2013. The Association is aligned with the success of ABSL in Poland and Romania, which have been at the vanguard of the growth in Business Services in the CEE region for the last several years. As of now, the Association has 45 members (please find more details at www.absl.cz): most are major operations in the area of shared services and business outsourcing that currently represent more than 10,000 employees in the Czech Republic. The Association is actively promoting and developing the business services sector by changing the Czech business environment. It is creating a knowledge-sharing and networking platform for its members in order to maximise opportunities for both current businesses and new investors.

By 2016, ABSL in the Czech Republic aims to establish new functions such as HR Club, ABSL Academy (SSC/BPO training platform), increase awareness of the sector among university students and build on stronger relationships with local governmental bodies.

"Business Services is one of the largest employers in the country and is growing every year as new companies come to appreciate the benefits of setting up their operations in this country. The Association of Business Service Leaders in the Czech Republic (ABSL) was formed to give the business services industry a common voice to help shape its environment and destiny."
Ota Kulhánek, President of ABSL Czech Republic

Romania

The Association of Business Service Leaders in Romania (ABSL) was established in 2012 in order to support the long-term development and dynamic growth of the business services industry and increase investment attractiveness of Romania as one of the leading location for outsourcing and offshoring projects.

ABSL Romania is a platform which facilitates knowledge, experience and best practices exchange between sector players. Its mission is to expand and transform the business services sector intro an integral part of Romania's economic growth, through industry collaboration and by engaging authorities and interest groups in developing the key operational and development aspects. ABSL Romania supports solutions which foster entrepreneurship and advanced business practices, evaluates legislative improvement opportunities and helps adapt education to business requirements by recommending changes to the Romanian educational system. It cooperates with central and local authorities and the business community to provide mutual investment support and strengthen involvement in local communities. ABSL Romania consists of 40 companies, as Core, Associate and Supporting Members and several Strategic Partners.

"One of the main achievements of ABSL Romania is establishing a Business Service Master Program, in partnership with the most prestigious university in the economic field from Romania, which will enroll 50 students starting with October 2015. The students will be studying subjects such as Operation management, Sales and Marketing, ERP systems, Financial analysis or Business Process Improvement. The courses will be delivered by professors and specialists from the ABSL Romania member companies and during the two years program the students will have a six months internship period in one of the companies which are members of ABSL Romania."
Florin Grama, President of ABSL Romania

List of figures

Key facts on CEE countries

BULGARIA

Population: 7.2 mln (July 2015)
Official language: Bulgarian
Capital: Sofia
Currency: Lev (BGN)
GDP per capita: $17,100 (2014)
Time zone GMT: +2 (summer +3)
FDI value: $52.75 billion (31 December 2014)
University graduates: 64.1 thousand (Eurostat 2012)
Students: 285 thousand (Eurostat 2012)

POLAND

Population: 38.6 mln (July 2015)
Official language: Polish
Capital: Warsaw
Currency: Zloty (PLN)
GDP per capita: $24,400 (2014)
Time zone GMT: +1 (summer +2)
FDI value: $273.7 billion (31 December 2014)
University graduates: 639 thousand (Eurostat 2012)
Students: 2,007.2 thousand (Eurostat 2012)

CZECH REPUBLIC

Population: 10.6 mln (July 2015)
Official language: Czech
Capital: Prague
Currency: Czech Koruna (CZ)
GDP per capita: $28,400 (2014)
Time zone GMT: +1 (summer +2)
FDI value: $140.5 billion (31 December 2014)
University graduates: 107.8 thousand (Eurostat 2012)
Students: 440.2 thousand (Eurostat 2012)

ROMANIA

Population: 21.7 mln (July 2015)
Official language: Romanian
Capital: Bucharest
Currency: Romanian Leu (RON)
GDP per capita: $19,400 (2014)
Time zone GMT: +2 (summer +3)
FDI value: $87.24 billion (31 December 2014)
University graduates: 200 thousand (Eurostat 2012)
Students: 705.3 thousand (Eurostat 2012)

HUNGARY

Population: 9.9 mln (July 2015)
Official language: Hungarian
Capital: Budapest
Currency: Forint (HUF)
GDP per capita: $24,300 (2014)
Time zone GMT: +1 (summer +2)
FDI value: $115.6 billion (31 December 2014)
University graduates: 69.9 thousand (Eurostat 2012)
Students: 380.8 thousand (Eurostat 2012)

SLOVAKIA

Population: 5.4 mln (July 2015)
Official language: Slovak
Capital: Bratislava
Currency: Euro
GDP per capita: $27,600 (2014)
Time zone GMT: +1 (summer +2)
FDI value: $69.76 billion (31 December 2014)
University graduates: 72.4 thousand (Eurostat 2012)
Students: 221.2 thousand (Eurostat 2012)

Source: CIA World Factbook, Eurostat

BULGARIA
CZECH REPUBLIC
HUNGARY
POLAND
ROMANIA
SLOVAKIA

www.absl.pl