

Shared Services & Business Process Outsourcing Centers in **SLOVAKIA**



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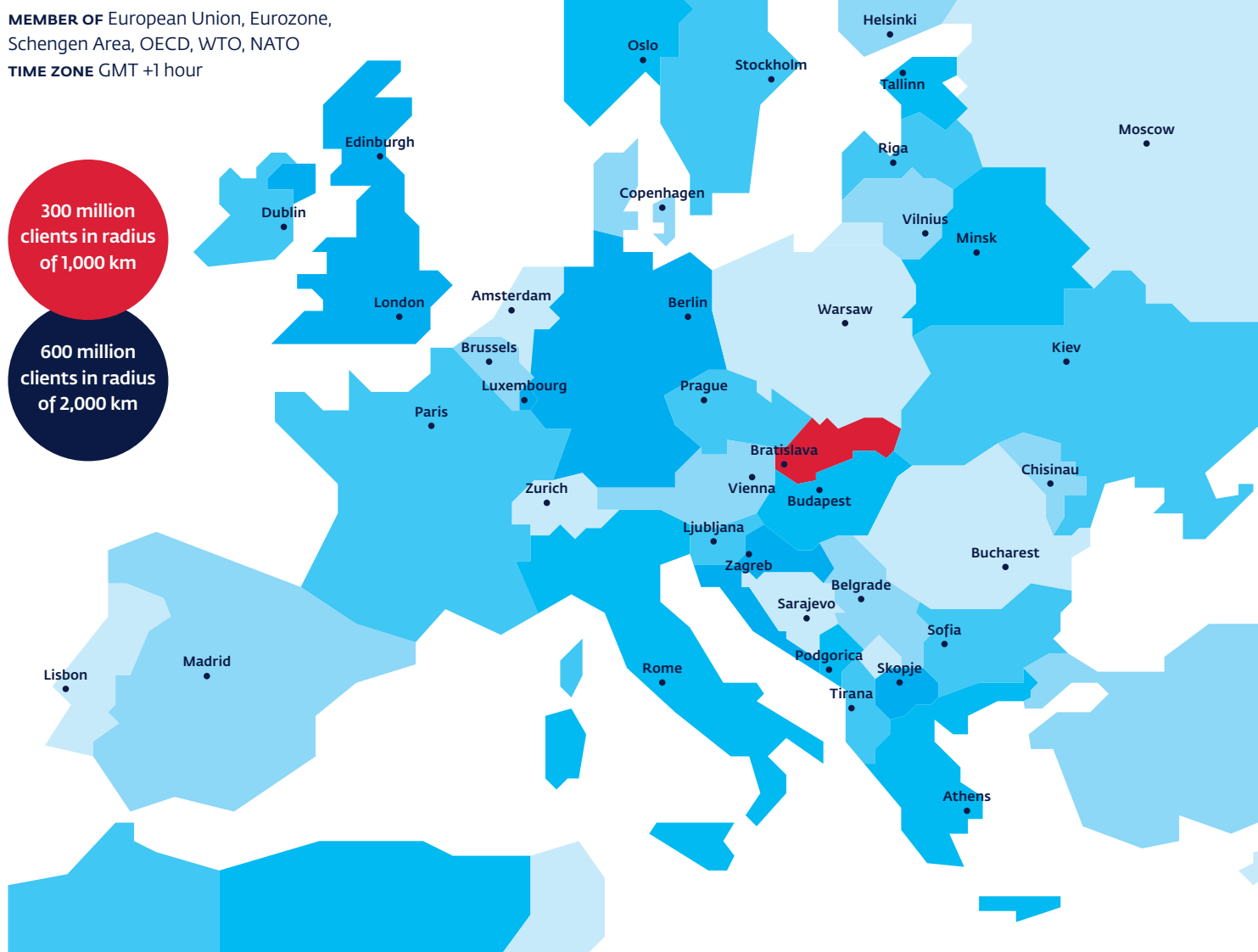
The purpose of this publication is to present Slovakia's dynamically expanding segment of Shared Services & Business Process Outsourcing Centers. SSC & BPOs provide international support services for their parent companies and other subsidiaries or execute specific outsourced business processes for third-parties from abroad.



TOTAL AREA 49,035 km²
POPULATION 5.4 million
CAPITAL CITY Bratislava
MEMBER OF European Union, Eurozone, Schengen Area, OECD, WTO, NATO
TIME ZONE GMT +1 hour

300 million clients in radius of 1,000 km

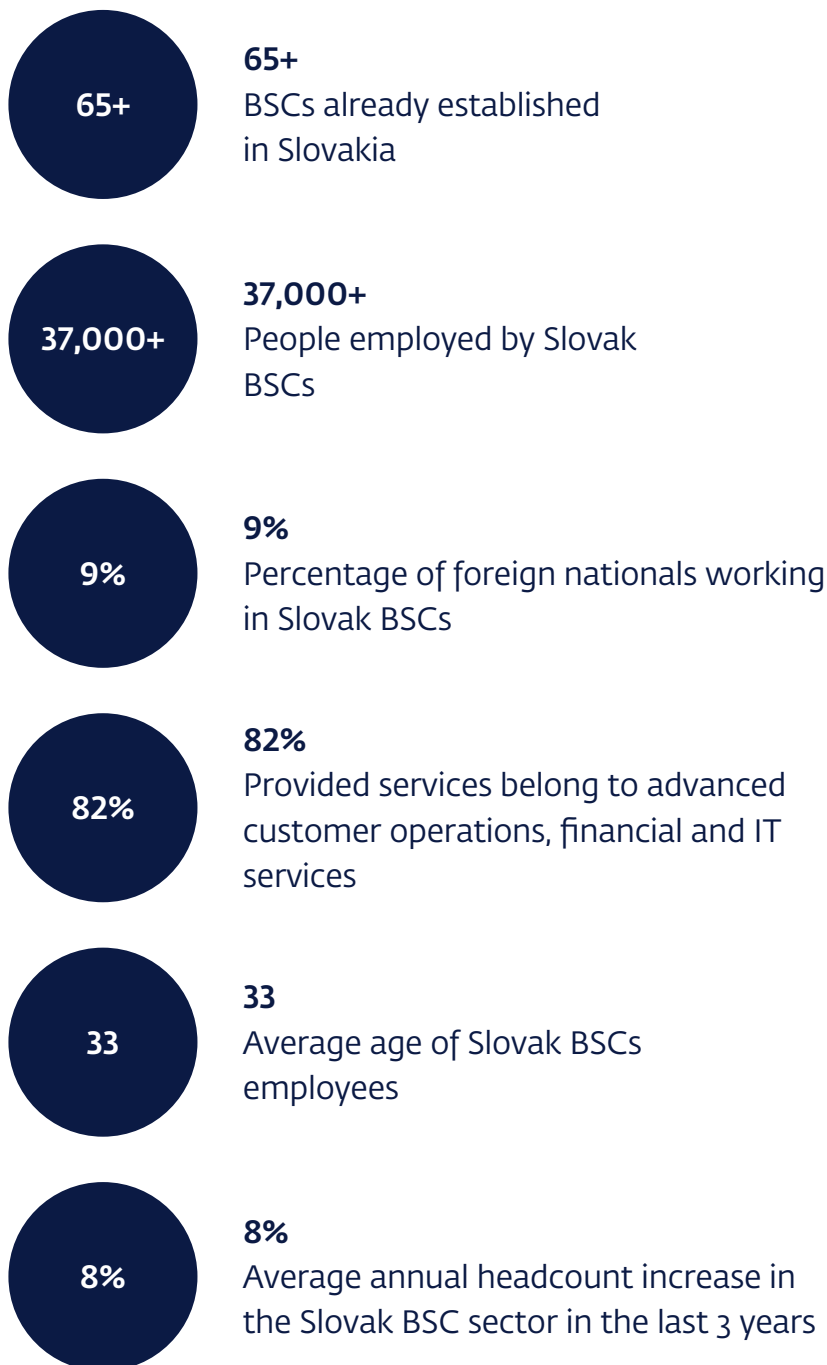
600 million clients in radius of 2,000 km



Slovak SSC & BPOs

— Key Facts

Over the past two decades, Slovakia experienced dynamic growth of the Business Services Centers (BSC)* sector networks. Encouraged by an increasing high-quality standard of the Slovak business environment, the number of multinational centers is expected to increase further.



Top Reasons to Establish a BSC in Slovakia

- 1 Excellent multilingual skills
- 2 35 universities providing qualified pool of labour force
- 3 Candidates willing to relocate or commute daily in the radius of 60-80 km
- 4 Strategic time zonation & geographic location
- 5 High quality data & voice networks
- 6 Attractive investment incentives for BSC sector
- 7 Political & economic stability
- 8 Dynamically growing real estate market with modern and affordable offices
- 9 Euro currency as one of the few in CEE
- 10 Governmental initiatives particularly supporting the growth of the BSCs sector

Source: Grafton Recruitment Slovakia 2018, AmCham Business Service Center Forum Survey, 2018



Qualified Labour Force

Availability of talented personnel is one of the key elements for BSCs success. In Slovakia investors can find qualified, multilingual and highly adaptable workforce matched with competitive wage costs.

THE MOST COMMON FOREIGN LANGUAGES TAUGHT AT SLOVAK SECONDARY SCHOOLS % of all students learning foreign languages



Source: Eurostat, Foreign language learning statistics (2017)

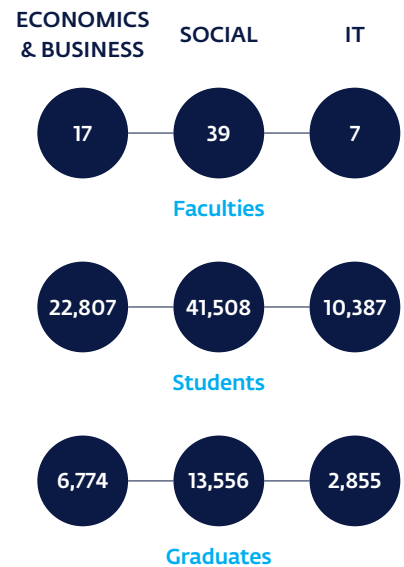
LANGUAGES WITHIN SLOVAK BSCs



Core languages: German, French, Italian, Czech, Bulgarian, Hungarian, Polish, Romanian, Russian, Slovenian, Spanish. Non-core languages: Albanian, Arabic, Croatian, Danish, Dutch, Finnish, Flamish, Greek, Hebrew, Chinese, Japanese, Lithuanian, Macedonian, Norwegian, Portuguese, Serbian, Swedish, Turkish

35 Universities in Slovakia

Thanks to a huge variety of offered study fields, Slovak university graduates are praised for their multidisciplinary skill-set.



Source: Slovak Centre of Scientific and Technical Information, 2018
SARIO calculations

BSCs: Academic Partnership Success Stories

SKILLS FOR SUCCESS – FROM UNIVERSITY TO WORKPLACE
First fully accredited course by the Business Service Center Forum (BSCF) for students of Faculty of Business Management at the University of Economics focused on soft skills such as time management, team work, communication skills, conflict resolution and many others.

DUAL EDUCATION
As a pioneer in this field, since the academic year 2013/2014, T-Systems Slovakia implements ICT dual education initiative, where 70% of the program is dedicated to practical training.

INDIVIDUAL PROGRAMS
Many BSCs have developed individual cooperation platforms with educational institutions at all levels resulting in implementation of their own subjects taught by tutors from BSCs.

AVERAGE GROSS MONTHLY SALARY (SELECTED POSITIONS IN SLOVAK BSC, IN EUR)

| AREA | POSITION | BRATISLAVA | | KOŠICE | | REST OF SLOVAKIA | |
|-------------------------------------|---|------------------------------|-------|--------|-------|------------------|-------|
| | | Min | Max | Min | Max | Min | Max |
| FINANCE | Accounting Clerk (AP, AR, Fixed Assets, ICO, C&B) | 1,000 | 1,200 | 800 | 1,000 | 850 | 1,050 |
| | GL Accountant | 1,400 | 1,800 | 1,100 | 1,500 | 1,150 | 1,600 |
| | Cash Collector | 1,000 | 1,300 | 800 | 1,150 | 850 | 1,100 |
| | TAX Specialist | 1,300 | 1,600 | 1,150 | 1,400 | 1,200 | 1,500 |
| | Financial Analyst | 1,500 | 2,000 | 1,200 | 1,800 | 1,200 | 1,700 |
| | Controlling | 1,500 | 2,000 | 1,200 | 1,500 | 1,050 | 1,500 |
| | Payroll | 1,100 | 1,400 | 1,000 | 1,400 | 900 | 1,400 |
| | Team Leader | 2,000 | 2,500 | 1,600 | 1,900 | 1,500 | 2,000 |
| | Finance Manager | 3,000 | 4,500 | 2,800 | 3,800 | 2,600 | 3,800 |
| CUSTOMER SERVICE / SALES | Call center Agent | 1,000 | 1,200 | 900 | 1,150 | 900 | 1,150 |
| | CC Team Leader | 1,700 | 2,400 | 1,800 | 2,200 | 1,400 | 1,900 |
| | Customer Service Agent | 1,000 | 1,200 | 900 | 1,150 | 850 | 1,100 |
| | Telesales Specialist for Inbound | 1,000 | 1,300 | 800 | 1,000 | 750 | 1,100 |
| | Telesales Specialist for Outbound | 1,100 | 1,500 | 900 | 1,300 | 800 | 1,250 |
| | Team Leader | 1,700 | 2,100 | 1,500 | 1,900 | 1,350 | 1,700 |
| | Manager | 2,500 | 3,500 | 2,200 | 2,700 | 1,700 | 2,400 |
| HR | HR Helpdesk Agent | 1,000 | 1,300 | 900 | 1,200 | 900 | 1,200 |
| | HR Data Management Specialist | 1,000 | 1,200 | 900 | 1,100 | 900 | 1,100 |
| | HR Administrator | 1,000 | 1,200 | 900 | 1,100 | 800 | 1,050 |
| | Recruitment & Selection Specialist | 1,300 | 2,000 | 1,200 | 1,800 | 1,000 | 1,500 |
| | Learning & Development Specialist | 1,500 | 1,800 | 1,300 | 1,600 | 1,300 | 1,600 |
| | Team Leader | 1,800 | 2,500 | 1,800 | 2,200 | 1,350 | 1,850 |
| | Manager | 2,700 | 4,000 | 2,500 | 3,500 | 2,000 | 3,250 |
| PRO-CUREMENT | Procurement Clerk | 1,000 | 1,200 | 800 | 1,100 | 900 | 1,200 |
| | Procurement Specialist | 1,300 | 1,700 | 1,100 | 1,500 | 1,200 | 1,650 |
| | Team Leader | 1,500 | 2,500 | 1,500 | 2,200 | 1,450 | 2,200 |
| | Manager | 2,500 | 3,200 | 2,300 | 3,000 | 2,200 | 3,000 |
| IT | IT Helpdesk | 1,200 | 1,800 | 1,100 | 1,800 | 1,000 | 1,700 |
| | System Administration (Linux, Windows) | 1,600 | 2,800 | 1,200 | 2,000 | 1,100 | 1,900 |
| | Application Support (SAP, ERP) | 1,500 | 2,500 | 1,000 | 1,900 | 1,000 | 1,700 |
| | SW Testing | 1,200 | 2,500 | 1,200 | 2,200 | 1,100 | 1,900 |
| | SW Development (Java, .Net, C++, Javascript) | 1,400 | 3,300 | 1,100 | 3,000 | 1,100 | 2,500 |
| Language bonus (other than English) | | 8 – 15% | | | | | |
| 2 nd shift bonus | | 15% - 30% of the hour salary | | | | | |
| Employer's contributions | | 35.2% | | | | | |

Employer's contributions (35.2%) are not included.

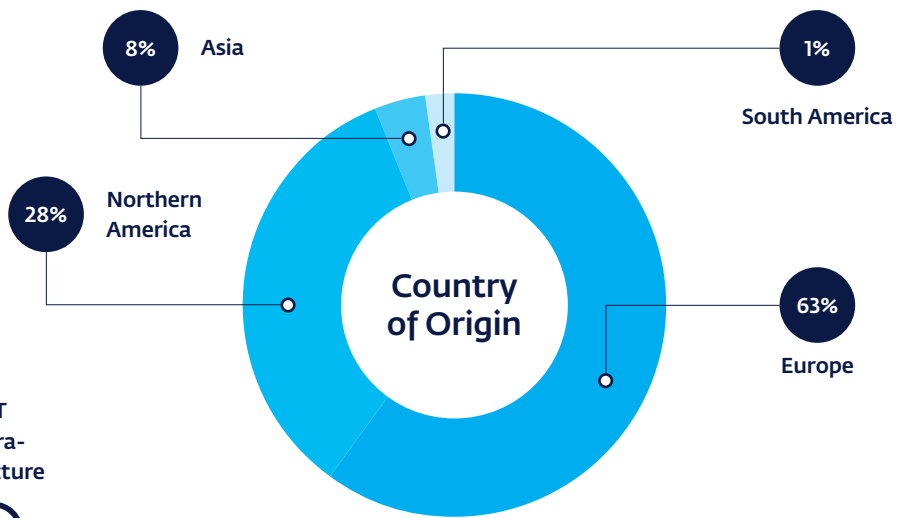
Source: Grafton Recruitment Slovakia, 2019

Slovak BSCs

Thanks to the availability of qualified labour force and its performance, BSCs in Slovakia are evolving towards centers with higher added-value with greater emphasis on quality of their services. On top of that, more and more BSCs are moving up their value chain by creating Centers of Excellence with specialized positions. 57% of the Slovak BSCs declared further centralization process and 33% of them are planning to transfer some of their basic functions to other territories in order to take over operations with higher added value.

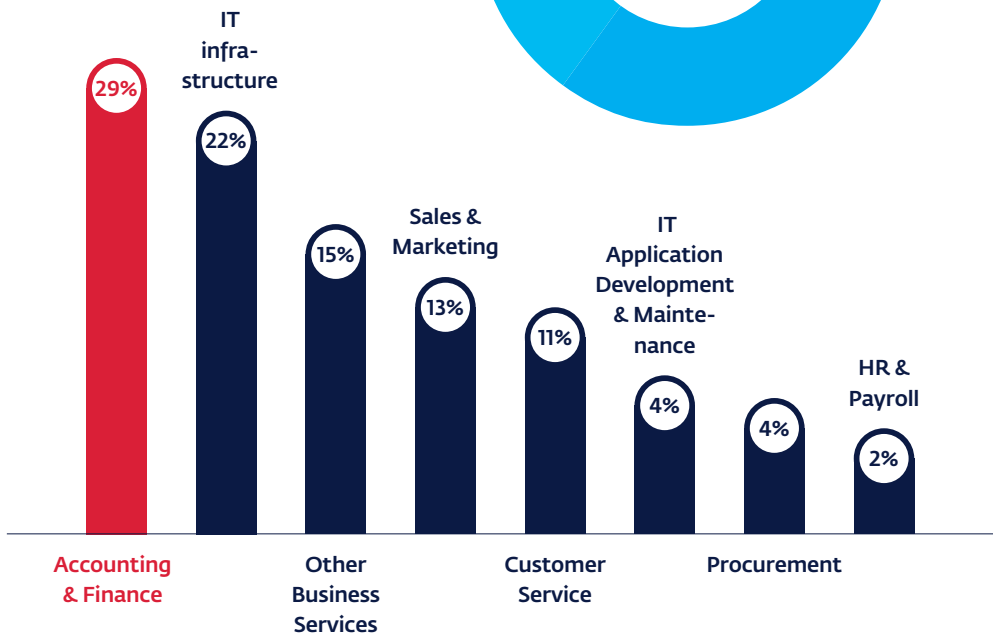
COUNTRY OF ORIGIN

The Slovak BSCs landscape is dominated by large companies originating from the US and Western Europe.



AREA OF OPERATION

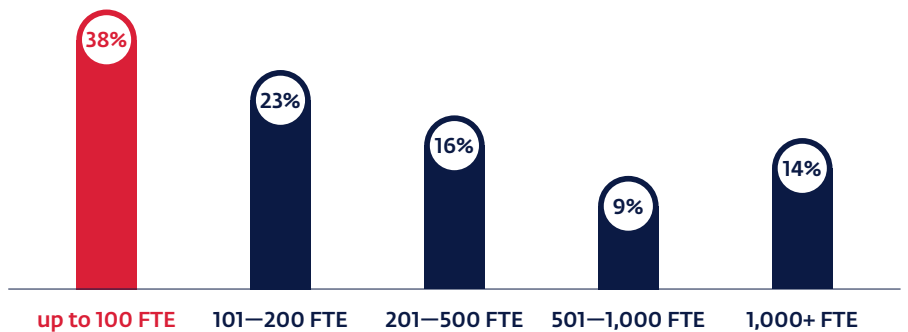
BSCs are expanding their business activities and move beyond the function of mere support centers. Increasing number of centers provides more complex and higher added-value activities.



NUMBER OF EMPLOYEES

There are several BSC companies with employees exceeding 1,000 FTE. The majority of centers in Slovakia employ up to 200 FTE.

Source: Grafton Recrutement Slovakia, 2019



BSCs Success Stories in Slovakia



AT&T Global Network Services Slovakia | Bratislava

"AT&T has operated in Slovakia since 1999. We have four centres in two cities, with a workforce of more than 3,000 that support high-quality communication services and solutions for our multinational customers. In Slovakia, we continue to find great opportunities to match the requirements of global clients with a highly motivated and skilled workforce."

GABRIEL GALGÓCI, Slovak Country General Manager



DELL | Bratislava

"Dell came to Bratislava for the cost but stayed for the quality. The branch was established in early 2003 to support European operations. The ability to hire qualified and professional people, a strong track record of successful transitions combined with a stable economic environment lead us to build the Global Support Center with 1,800 employees supporting various functions across the world."

MARTIN BEDNÁR, Executive Director



Adient | Bratislava

"Adient has its unique presence in Slovakia which is a combination of production plants, business center and technical center operating in 8 different locations, from Bratislava to Bardejov. Our 4,000 employees daily contribute to success of our automotive company and are changing the world in motion with their work, from an initial design of a seat, through its production, delivery to its final accounting and reporting process. Slovakia and its regions proved that we can be a leader in quality, efficiencies and sustainable business."

BARBORA ZÁHRADNÍKOVÁ, Acting General Manager



IBM International Services Centre | Bratislava, Košice

"The broad range of missions we support, through Business Process Services, CIO services, Digital Sales, Finance & Accounting, Sales Support and more, requires well educated employees with perfect foreign language and IT skills, and Slovakia has enabled IBM International Services Centres to grow from 100 to 5,000 employees over the last 12 years."

PAUL BURT, IBM ISC Location Leader & Managing Director



Covestro | Bratislava

"In January 2019 we celebrated our first 2 years on the Slovak SSC market during which we've managed to grow from 0 to 250 highly qualified and skilled employees. Starting with insourcing of accounting services for the Covestro group, successful transition and satisfaction with the service provided in Slovakia has enabled us to build a new procurement department at the end of 2018. We are looking forward to future opportunities as we believe that Bratislava is the right place to help MAKE the world a brighter place and push the boundaries of what is possible."

EDWIN POHL, Managing Director of Covestro Slovakia Services



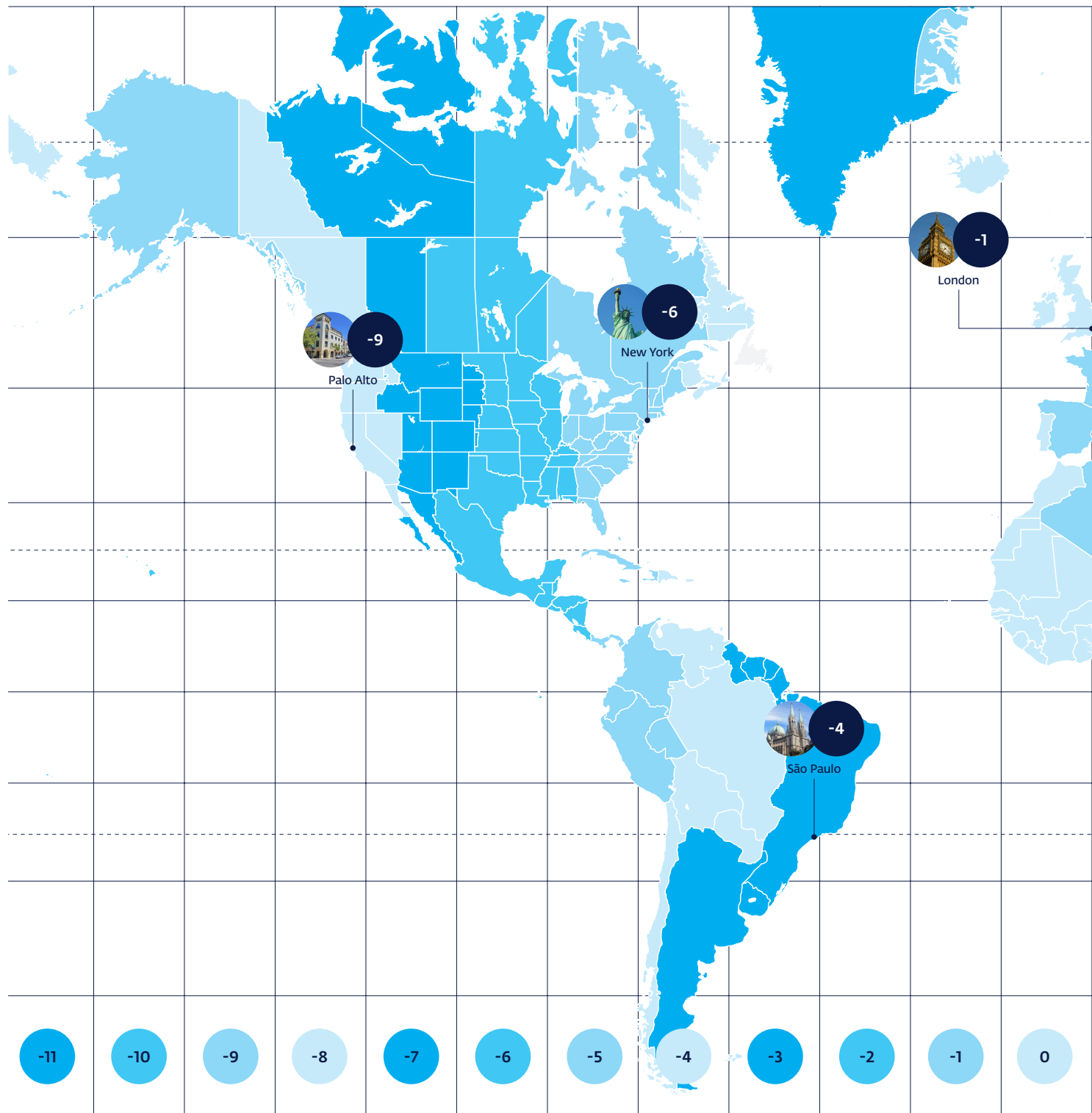
T-Systems Slovakia | Košice

"January 2016 sees 10 years of T-Systems Slovakia presence in Košice and we have no regrets about making this city our home in Slovakia. We exceeded initial business case approximately tenfold, reaching 3,600 highly qualified employees in both IT operations and business process outsourcing. We are particularly happy with a very close and productive partnership with the region, local middle schools and universities, who helped to propel us among largest ICT shared centres in Slovakia and the one with fastest growing value added."

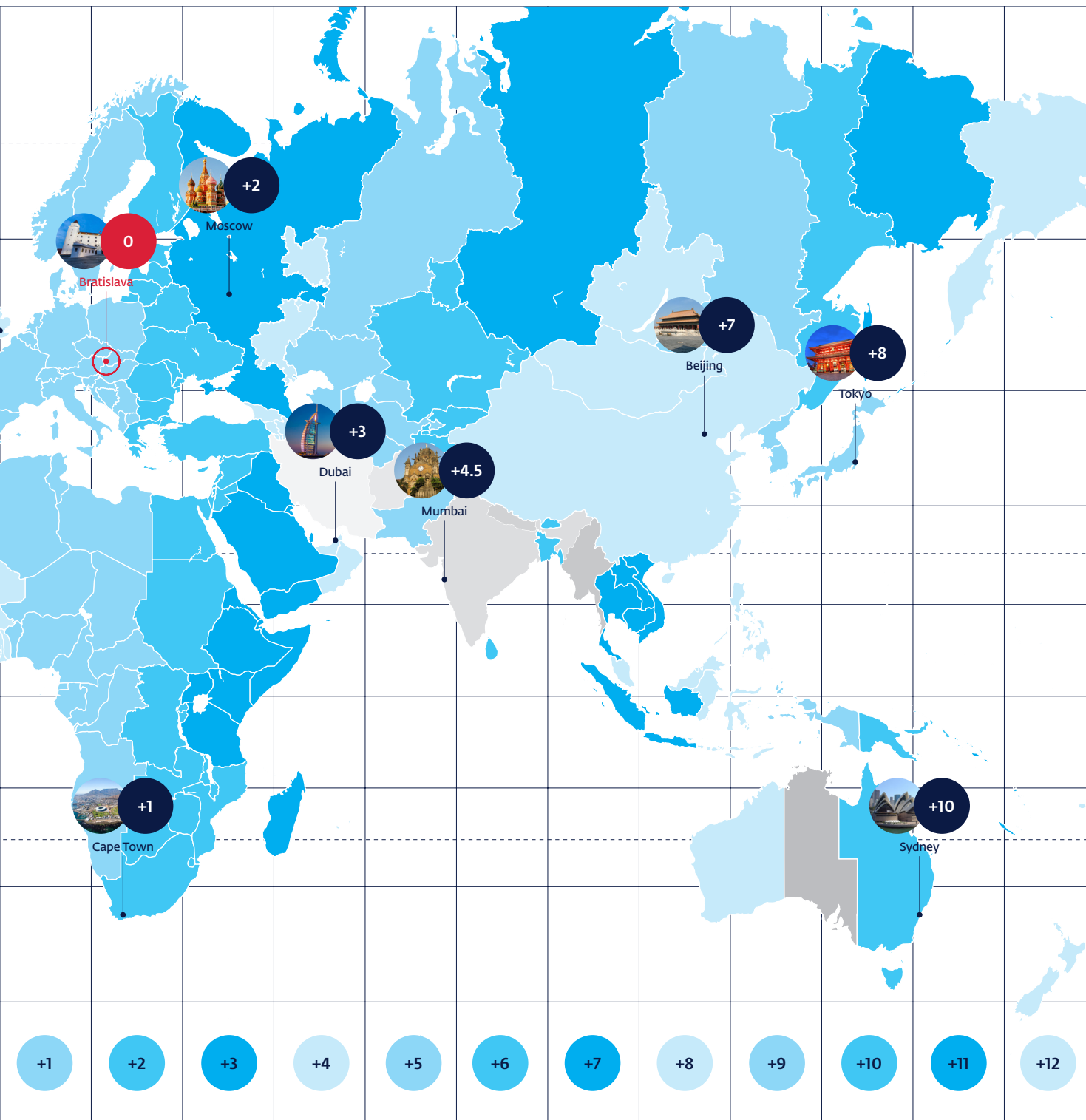
MARTIN DŽBOR, Director, Strategy & Innovation, T-Systems Slovakia

Time Zone Map

Slovakia's strategic location in the Central European Time zone (CET) makes it an outstanding destination for flexible delivery of offshore support.

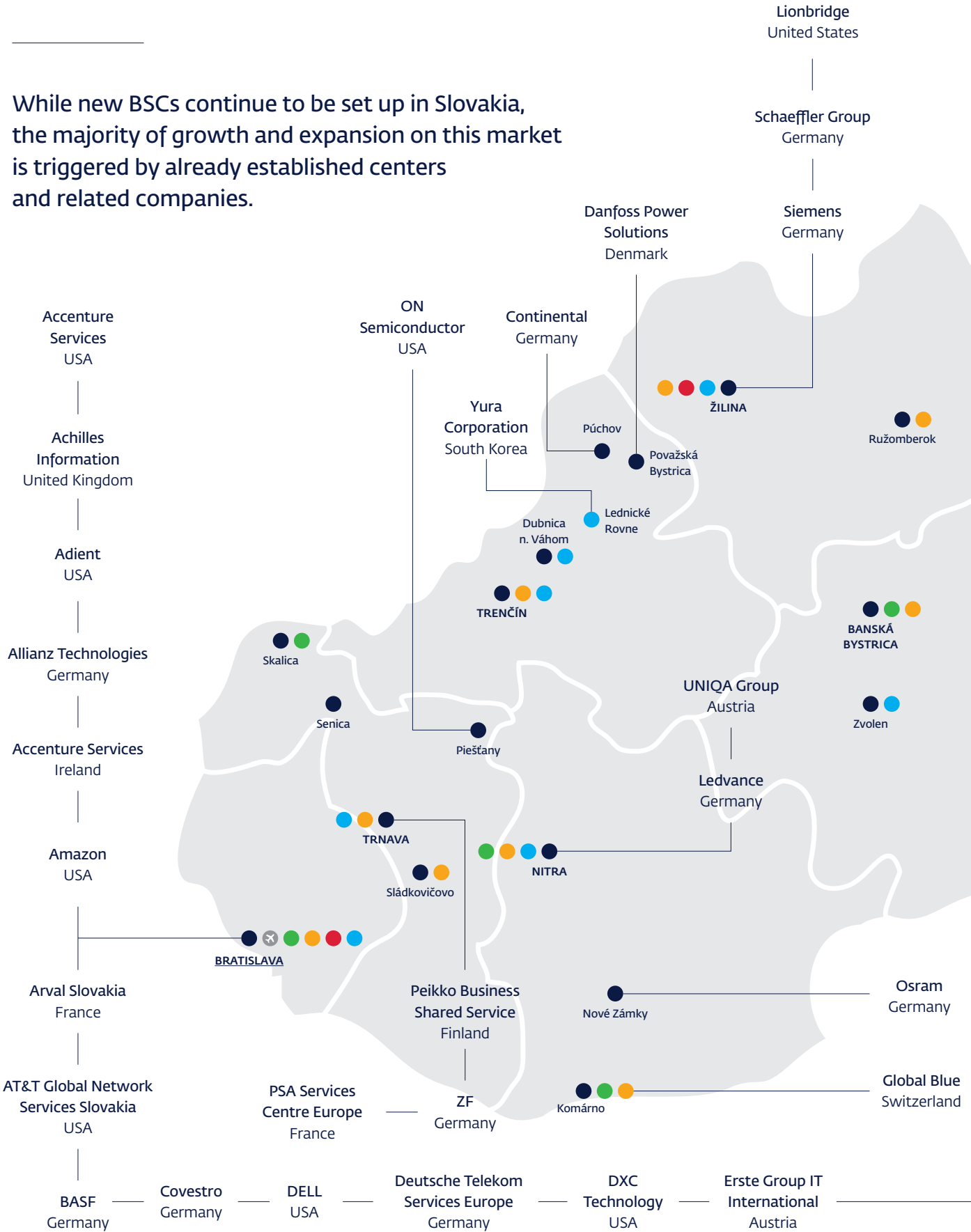


Slovak BSCs can operate various shifts throughout the day which allow them to support their headquarters or customers in Asia by starting shifts from the early morning hours, then cover the American continent from the afternoon till late evening hours and any other time zones in between.



BSCs in Slovakia

While new BSCs continue to be set up in Slovakia, the majority of growth and expansion on this market is triggered by already established centers and related companies.

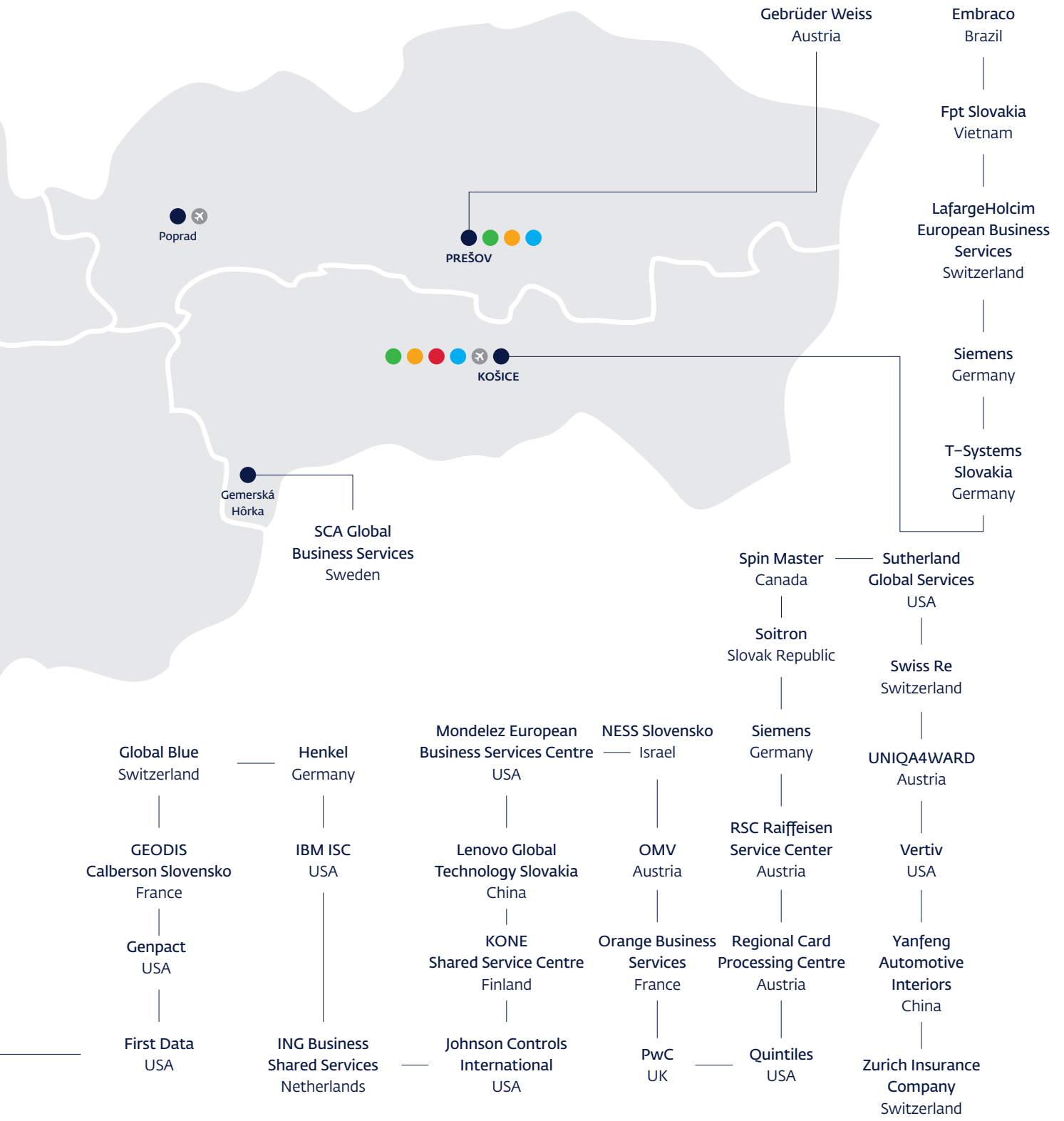


UNIVERSITY FACULTIES

- Economics & Business
- Social
- IT
- Technical

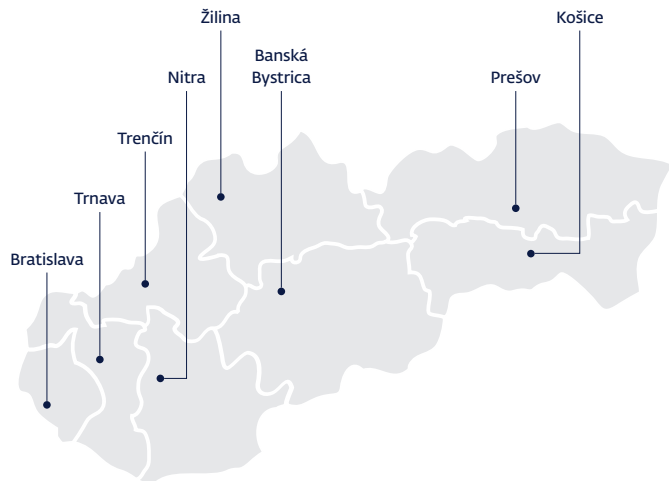
✈ International Airport

Source: Grafton Recruitment Slovakia 2018, Investment Advisory Guide 2018/2019, SARIO. The present list of BSCs operating in Slovakia is subject to change and does not represent an exhaustive overview. ICT companies with activities only related to telecommunication, computer programming or internet information services are not included.



Hot BSC Hubs in Slovakia

The majority of BSCs in Slovakia are mostly located in the capital city of Bratislava or in the second largest city of Košice. Nevertheless, new hubs are gradually developing offering great combination of conditions for doing business in the BSC sector.



BRATISLAVA

Bratislava is the capital and the most populous city in Slovakia. It is one of the richest regions in the EU in terms of GDP per capita level with dynamically growing and modern A-level office market. At the same time, the city features an outstanding position thanks to its geographical proximity to major CEE cities.



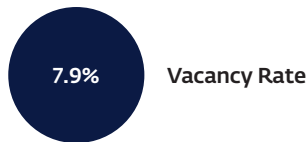
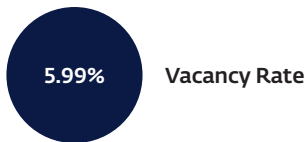
KOŠICE

The second largest city and the capital of Eastern Slovakia offers the highest standard of living in the region. It attracts qualified labour force from surrounding regions and provides potential investors with steadily increasing office market including A-level offices.



EMERGING LOCATIONS — REGIONAL CAPITALS

Banská Bystrica, Nitra, Prešov, Trenčín, Trnava and Žilina are new destinations on the Slovak BSC map providing excellent conditions for business. The locations combine availability of high quality personnel, reasonable wage levels, competitive prices of real estate market and attractive investment incentives with the intensity up to 35% of total eligible costs. All regional capitals are important academic centers and transportation crossroads with excellent highway connection (D1 and R1).



OPPORTUNITIES IN OTHER LOCATIONS

Companies tend to establish their centers also in smaller cities benefiting from proximity to existing or former production facilities, lower level of wage costs/rent of office space market and availability of attractive investment incentives with the intensity up to 35% of total eligible costs.

Source: CBRE, 2019

Business Service Center Forum



In early 2014 the American Chamber of Commerce in Slovakia (AmCham) launched the Business Service Center Forum initiative with the mission to raise awareness of the BSC sector's role in the Slovak economy and help it grow further in Slovakia.

The Business Service Center Forum (BSCF) brings together shared services centers (SSCs) and business process outsourcing (BPOs) providers operating in Slovakia. Their presence and importance in Slovakia has been growing since 2000.

Nowadays, BSCs represent a significant employment sector within the Slovak economy with more than 37K+ employees, which has specific needs and faces specific challenges.

Every year AmCham Slovakia surveys the business service centers associated in BSCF to gather aggregate data and presents an updated picture of the sector.

This data is published in an information brochure summarizing who works in these centers, where they are located, what services they provide and how they contribute to the state budget as well as local communities, and last but not least, why they are in Slovakia and not elsewhere in the world.

BSC Forum's efforts in the area public policy have focused on labor affairs, education and foreign investment support. These efforts materialize in regular communication with relevant ministries, government agencies, universities and schools as well as engagement in public discussions at conferences and seminars.



Furthermore, one of the latest initiatives is called Career4u, with the goal to promote Slovak BSCs and increase their awareness among potential candidates. This is done by presenting short videos of individual careers in various departments in different companies.

On top of the mentioned activities, the aim of AmCham is to promote competitive job vacancies within Slovak SSC & BPOs by the initiative called **Work in Slovakia-Good Idea**. The pilot project was initiated in London (January 2019) and it's now launched in other European cities.

In the area of education, BSCF is continuously running the **Train the Trainer** workshop series of trainings on soft skills for university teachers and the fully accredited university course for master students entitled **Skills for Success: from University to Practice**.

More information on the BSC Forum is available at the AmCham Slovakia website (www.amcham.sk), Facebook or Linked-In.

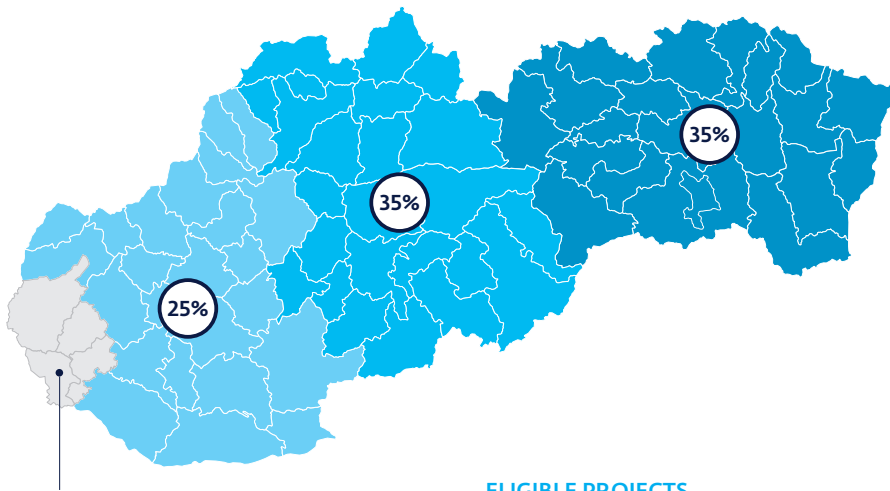
WHY TO BECOME A MEMBER?

- BSC Forum shares information within the sector about concerns, solutions and best practices
- The platform communicates with national and local authorities: monitors and evaluates legislation, labor market and CSR activities
- The forum interacts with universities and secondary schools to improve the employability of graduates at BSCs

Investment Incentives

The primary role of the investment incentives is to motivate investors to place their new projects in regions with higher unemployment and to attract projects with higher added value. The positive impact of a new investment shall be proved by job creation, improved chances for the graduates to get a job, as well as by creation of new entrepreneurial opportunities for local companies.

MAXIMUM REGIONAL INTENSITIES OF INVESTMENT AID IN SLOVAKIA for SMEs additional 10 to 20 %



Bratislava region excluded

SHARED SERVICES CENTERS

Priority areas (Business management, Business finance or Information technologies):

- Min. of 20 newly created jobs
- Min. 1.8 multiple of average salary in the district paid to new employees

Other areas:

- Min. of 50 newly created jobs
- Min. 1,5 fold of average salary in the district paid to new employees

ELIGIBLE ACTIVITIES

New establishment or expansion of centers providing services with high added value and employing qualified experts in: software development centers, expert solution centers, technology customization centers or customer support centers (mainly in the field of IT, human resources, finance, procurement, etc.).

ELIGIBLE PROJECTS

The Act on Investment Aid divides the projects which may be supported into four categories:

- Industry
- Technology Centers
- Combined Projects of Industrial Production and Technology Center
- Shared Services Centers

ELIGIBLE COSTS

- Costs of land acquisition
- Costs of buildings acquisition & construction
- Costs of new technological equipment and machinery acquisition
- Intangible long-term assets — licences, patents, etc.
- Rent of new land/building

OR

- Wage costs of new employees for the period of 2 years

FORMS OF INVESTMENT INCENTIVES

- Tax relief
- Cash grant
- Contributions for the newly created jobs
- Rent/Sale of real estate for a discounted price



INSTITUTIONAL STRATEGY FOR BUSINESS SERVICES CENTERS DEVELOPMENT IN SLOVAKIA

The government of the Slovak Republic approved institutional support of SSC & BPO centers in Slovakia. The aim of the strategy is to facilitate growth and activities of established centers and strengthen position of Slovakia as preferred destination for new investments in the BSC sector.

The Institutional Strategy for Business Services Centers Development in Slovakia will be completed through three pillars of the action plan:

- securing qualified labour force through education and training
- creating conditions for sustainable development of the BSCs sector
- attracting new BSC investments in Slovakia

For more information please refer to www.mhsr.sk, section Business Services Centers

SARIO Profile

Slovak Investment and Trade Development Agency (SARIO) is a governmental investment and trade promotion agency of the Slovak Republic. The agency was established in 2001 and it operates under the Ministry of Economy of the SR.

INVESTMENT SERVICES

SERVICES FOR POTENTIAL INVESTORS

- Investment environment overview
- Assistance with investment projects implementation
- Starting a business consultancy
- Sector and regional analyses
- Investment incentives consultancy
- Site location and suitable real estate consultancy

SERVICES FOR ESTABLISHED INVESTORS

- Identification of local suppliers, service providers
- Assistance with expansion preparation and implementation of investment projects
- Relocation assistance, work/stay permits
- Support of innovation and R&D activities
- Social networking

FOREIGN TRADE SERVICES

IF YOU ARE LOOKING FOR

- Slovak supplier or subcontractor
- Information about Slovak export/trade environment
- Sourcing opportunities
- Forming a joint venture, production cooperation or other forms of partnership with a Slovak partner

SERVICES FOR EXPORTERS

- Information on foreign territories
- Customized search for foreign partners
- On-line database of business opportunities
- Export Training Centre
- Subcontracting assistance

INNOVATION SUPPORT

- Support activities for development and popularization of Slovak innovations and R&D environment
- Establishment of relations with domestic and foreign well-established innovative companies
- Interconnection of Slovak R&D capacities with industrial production and investors' needs in order to transfer leading innovative technology processes closer to production praxis
- Encouragement to foreign investors to bring investments with substantial R&D components to the SR
- Ecosystem analysis of local investment opportunities as well as domestic and foreign investors in order to support acquisitions and joint ventures projects
- Specific information from the field, in order to obtain capital and foreign markets penetration

500

over 500
successful SARIO
projects since
2002

27

number of SARIO
investment projects in
BSC sector
2002 – 2018

AIM Investment Awards
Dubai 2017

1

CEE & TURKEY REGION
Best Investment Promotion
Agency in 2016

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ISBN 978-80-89786-36-7