

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



Shared Service & Business Process Outsourcing Centers in Slovakia

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.

68+

BSCs already established in Slovakia

39,000+

People employed by Slovak BSCs

11%

Percentage of foreign nationals working in Slovak BSCs

80%

Provided services belong to advanced customer operations, financial and IT services

35

Average age of Slovak BSCs employees

5.5%

Headcount increase in the Slovak BSC sector in 2020



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: SARIO 2021, AmCham Business Service Center Forum Survey, 2021



Qualified Labour Force

Availability of talented personnel is one of the key elements for SSC & BPOs success. Investors in Slovakia can benefit from qualified, multilingual and highly adaptable workforce matched with competitive wage costs.

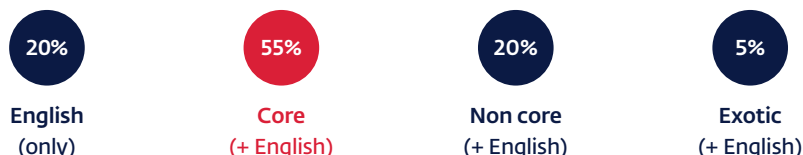
THE MOST COMMON FOREIGN LANGUAGES TAUGHT AT SLOVAK SECONDARY SCHOOLS (GENERAL EDUCATION)

% of all students learning foreign languages



Source: Eurostat, Foreign language learning statistics (2019)

LANGUAGES WITHIN SLOVAK SSCs



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

Source: Grafton Recruitment Slovakia 2021

35 Universities in Slovakia

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

ECONOMICS & BUSINESS

16

HUMANITIES

45

IT

7

Faculties

18,585

43,316

11,022

Students

5,653

11,964

2,776

Graduates

Source: The Institute for Information and prognosis in Education 2020/2021, 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, Deutsche Telekom Systems Solutions Slovakia implements ICT dual education initiative, where 70% of the program is dedicated to practical training.

INDIVIDUAL PROGRAMS

Many SSC & BPOs have developed individual cooperation platforms with educational institutions at all levels.

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

AREA	POSITION	BRATISLAVA		KOŠICE		OTHER REGIONS	
		Min	Max	Min	Max	Min	Max
FINANCE	Accounting Clerk (AP, AR, Fixed Assets, ICO, C&B)	1,100	1,600	850	1,350	900	1,300
	GL Accountant	1,800	2,300	950	1,500	1,100	1,700
	Cash Collector	1,100	1,600	950	1,350	1,000	1,400
	TAX Specialist	1,800	2,500	1,300	1,700	1,300	1,600
	Financial Analyst	1,500	2,300	1,300	1,800	1,400	1,900
	Controlling	1,800	2,300	1,400	2,200	1,400	2,200
	Payroll	1,400	1,800	1,100	1,600	1,100	1,600
	Team Leader	1,800	2,500	1,600	2,000	1,600	2,100
	Finance Manager	2,500	4,500	2,500	3,800	2,600	4,000
CUSTOMER SERVICE / SALES	Call Center Agent	1,000	1,400	1,000	1,300	1,000	1,300
	CC Team Leader	1,800	2,500	1,500	2,200	1,500	2,000
	Customer Service Agent	1,000	1,400	900	1,250	1,000	1,300
	Telesales Specialist for Outbound	1,000	1,400	1,000	1,450	1,000	1,300
	Telesales Specialist for Inbound	1,000	1,400	900	1,250	1,000	1,300
	Team Leader	1,800	2,500	1,500	2,000	1,500	1,900
	Manager	2,500	3,300	2,000	2,800	1,900	2,500
HR	HR Helpdesk Agent	1,000	1,400	1,000	1,350	1,000	1,300
	HR Data Management Specialist	1,000	1,400	950	1,250	1,000	1,200
	HR Administrator	1,000	1,400	950	1,250	1,000	1,200
	Recruitment & Selection Specialist	1,500	2,300	1,300	1,800	1,300	1,700
	Learning & Development Specialist	1,500	2,300	1,300	1,700	1,300	1,700
	Team Leader (HR)	2,000	2,700	1,800	2,500	1,600	2,300
	Manager (HR)	3,200	4,500	2,500	3,500	2,300	3,500
PRO-CUREMENT	Procurement Clerk	1,100	1,400	1,000	1,300	1,000	1,300
	Procurement Specialist	1,400	1,900	1,300	1,700	1,300	1,700
	Team Leader	1,800	2,500	1,800	2,200	1,700	2,200
	Manager	2,600	3,300	2,200	3,200	2,300	3,200
IT	IT Helpdesk	1,300	2,200	1,100	1,800	1,100	1,800
	System Administration (Linux, Windows)	1,600	3,000	1,500	2,200	1,500	2,400
	Application Support (SAP, ERP)	1,600	3,500	1,400	2,500	1,500	2,400
	SW Testing	1,400	3,300	1,400	2,500	1,400	2,300
	SW Development (Java, .Net, C++, Javascript)	2,200	3,800	1,800	3,500	1,700	3,000
Language bonus (other than English)		50—200€					
2 nd shift bonus		cca 100—150€ on top					
Employers costs		35,2%					

Employer's contributions (35,2%) are not included.

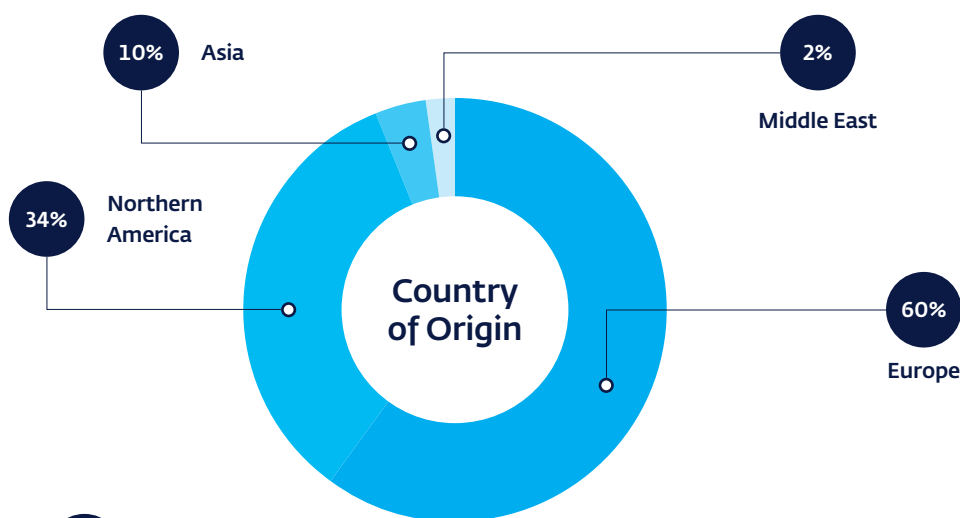
Source: Grafton Recruitment Slovakia, 2021

Slovak SSC & BPOs

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. 41% of the Slovak BSCs declared further centralization process and 12% of them are planning to transfer some of their basic functions to other territories in order to take over operations with higher added value.

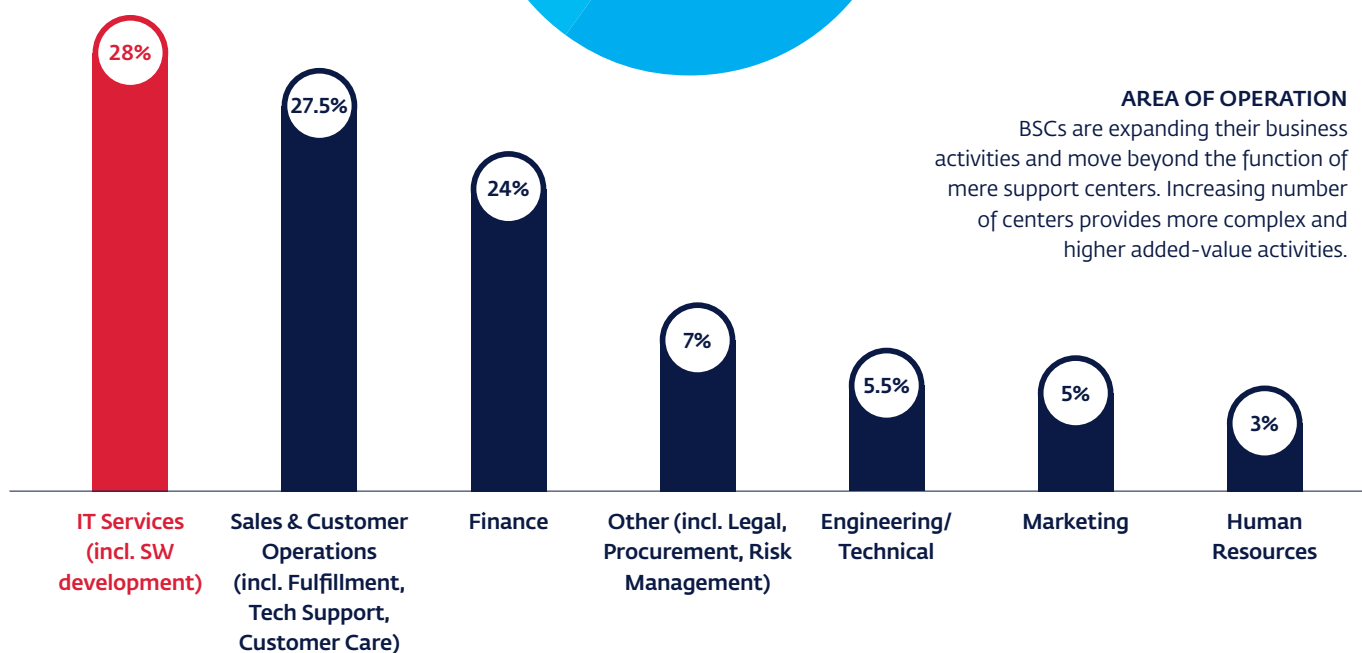
COUNTRY OF ORIGIN

The Slovak SSC & BPOs landscape is dominated by large companies originating from the US & Western Europe.



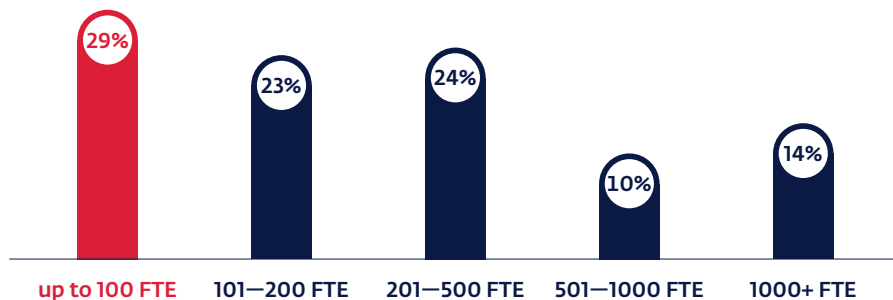
AREA OF OPERATION

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 SSC & BPO companies with employees exceeding 1000 FTE. The majority of centers in Slovakia employ up to 200 FTE.



Source: SARIO, 2021, BSCF, 2021

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



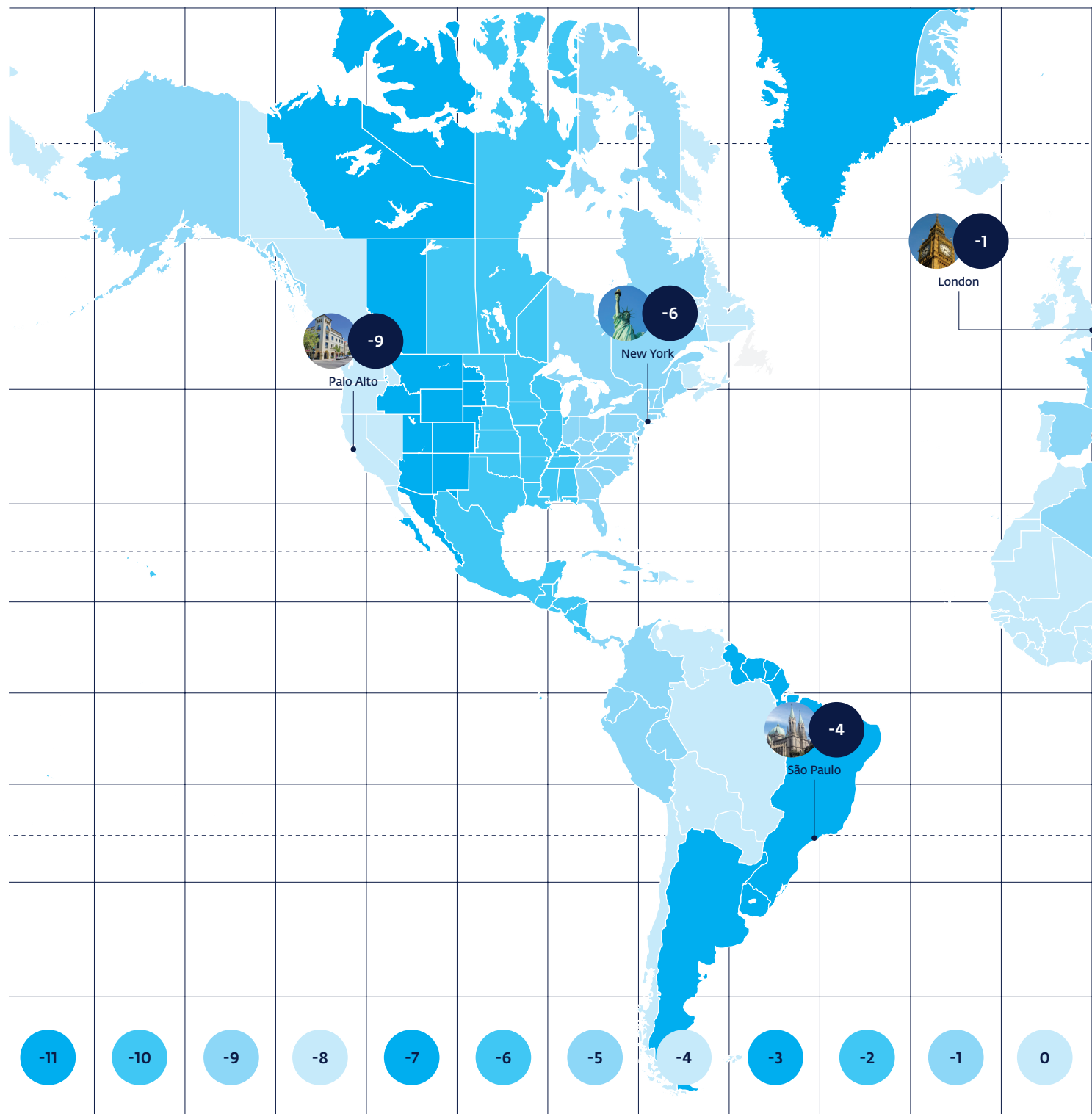
Deutsche Telekom Systems Solutions Slovakia | Košice

"January 2016 sees 10 years of Deutsche Telekom Systems Solutions 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."

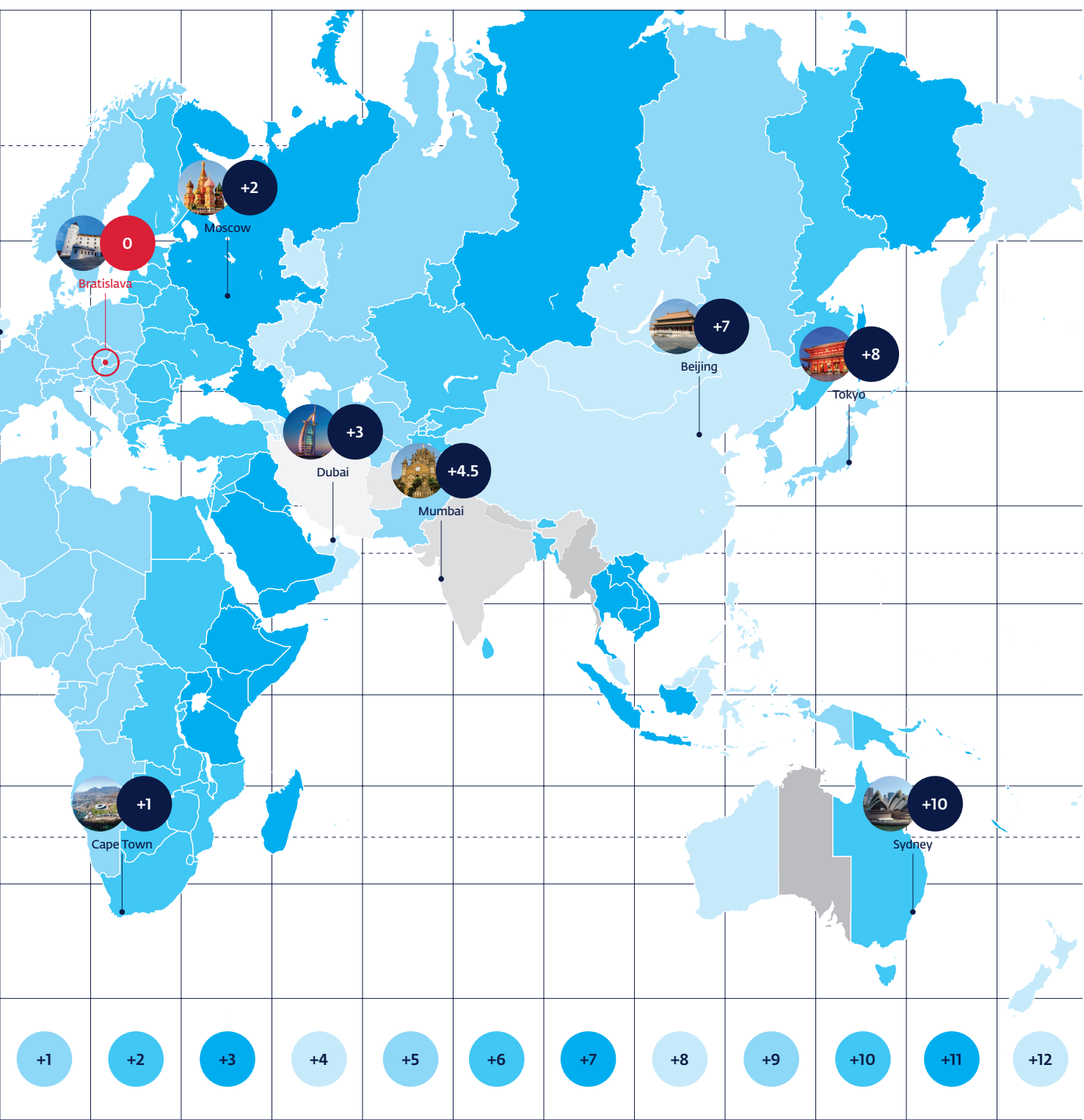
MARTIN DŽBOR, Director, Strategy & Innovation, Deutsche Telekom Systems Solutions Slovakia

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.

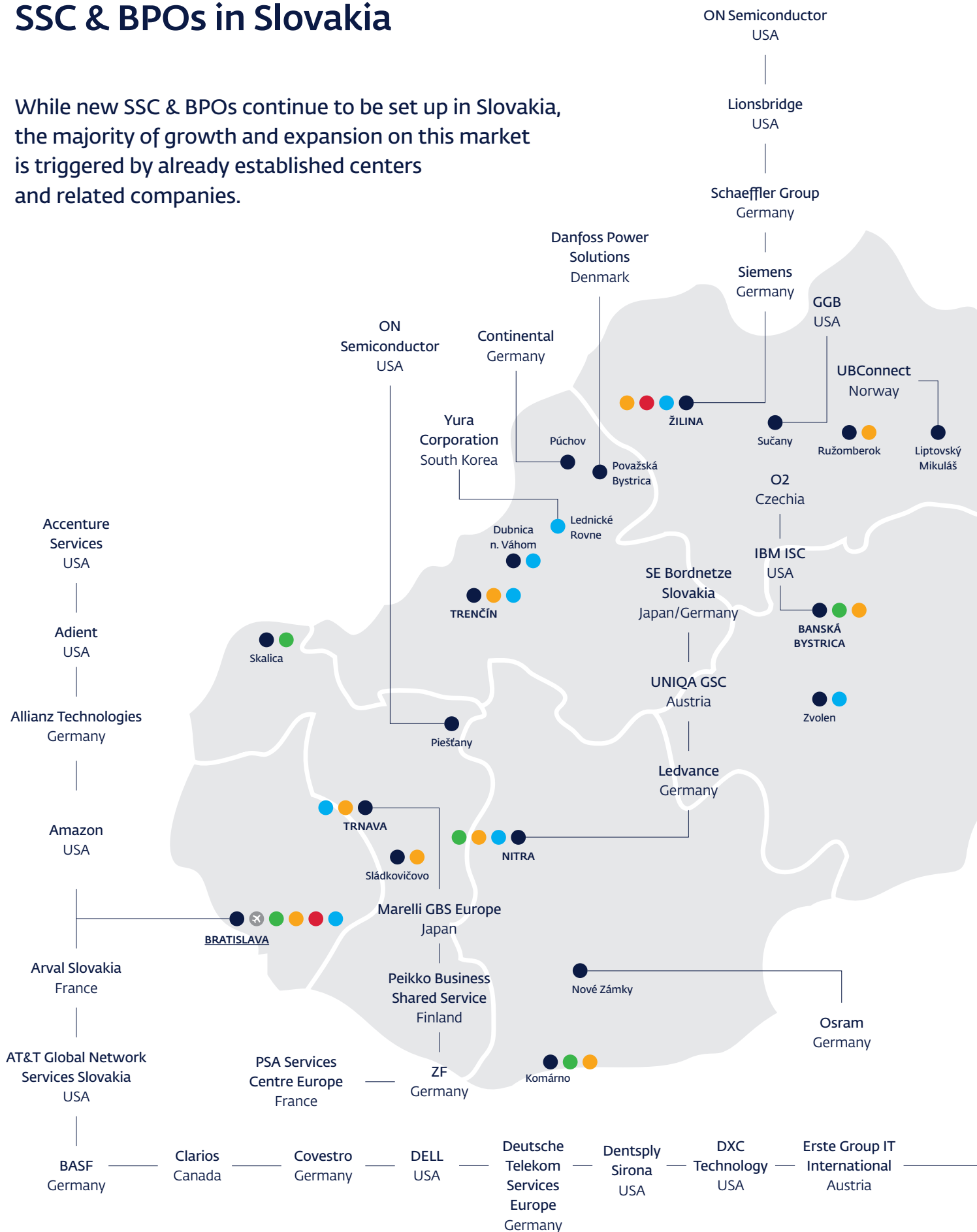


Slovak SSC & BPOs can operate various shifts throughout the day which allow them to support their headquarters or customers in Asia by starting shifts from the early morning hours, then cover the American continent from the afternoon till late evening hours and any other time zones in between.



SSC & BPOs in Slovakia

While new SSC & BPOs 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.

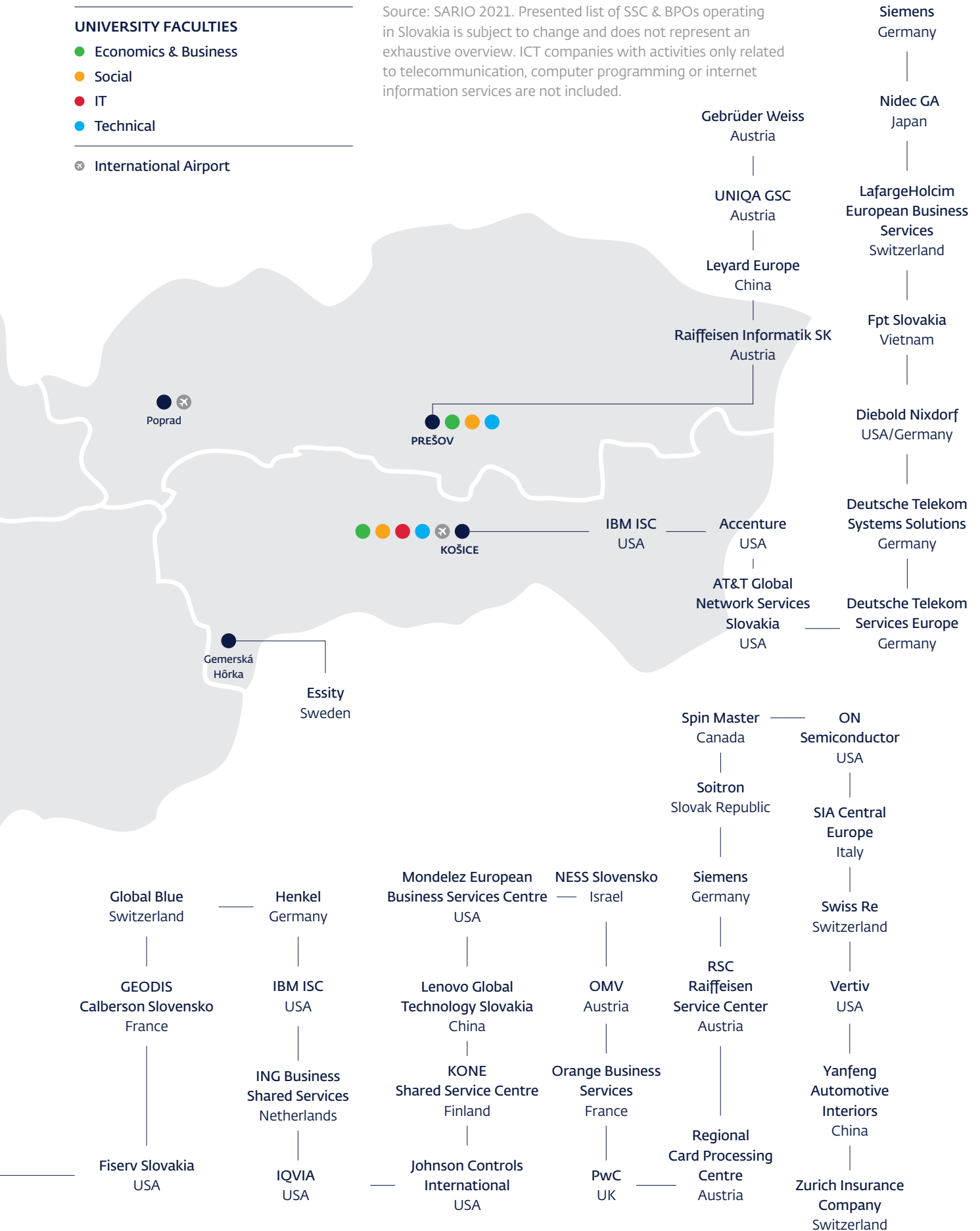


UNIVERSITY FACULTIES

- Economics & Business
- Social
- IT
- Technical

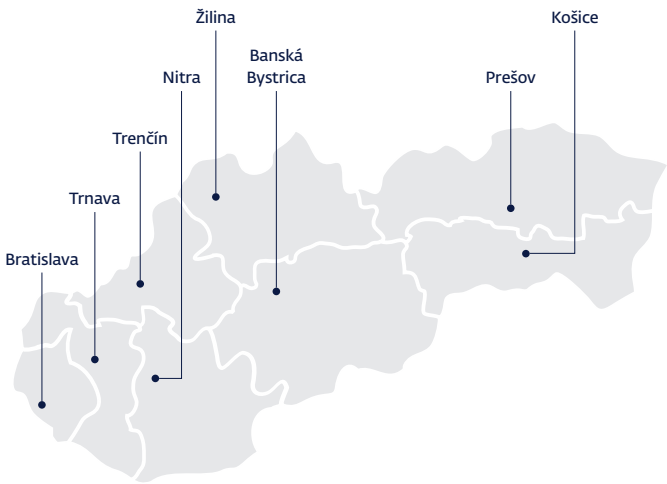
✈ International Airport

Source: SARIO 2021. Presented list of SSC & BPOs 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.

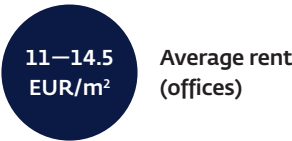
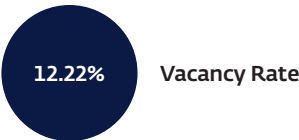


Hot SSC & BPO Hubs in Slovakia

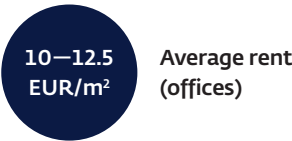
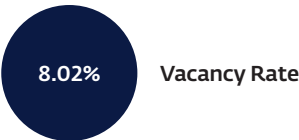
The majority of SSC&BPOs in Slovakia are located in the capital city of Bratislava or in the second largest city of Košice. Nevertheless, new hubs are gradually developing, offering great value proposition for new SSC & BPOs.



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 SSC & BPO 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, 2021, SARIO database, 2021

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 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 has continuously been running the flagship **Train the Trainer** series of soft skills trainings for university and high school teachers and two of the fully accredited university courses for master students entitled **Skills for Success: From University to Practice and Hands-on HR: Global Trends**.

More information on the BSCF is available on their website www.bscf.eu

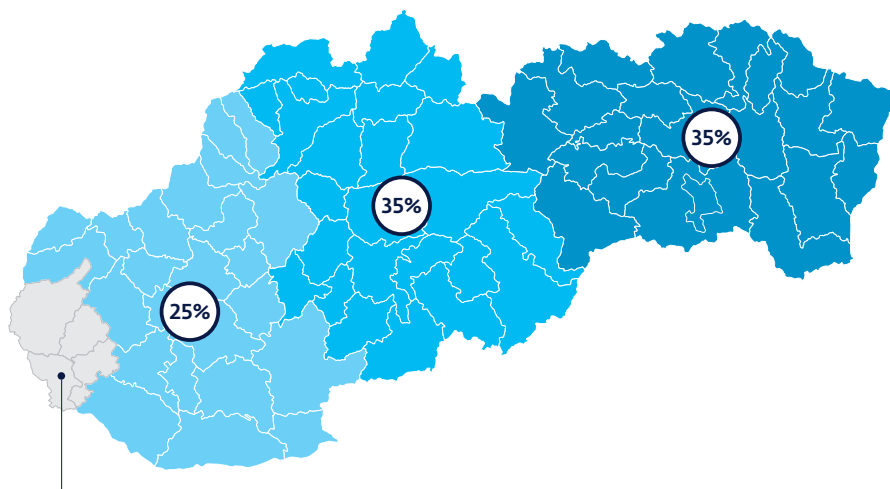
WHY TO BECOME A MEMBER?

- 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.

MAXIMUM REGIONAL INTENSITIES OF INVESTMENT INCENTIVES 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 10 newly created jobs
- Min. 1.8 multiple of average salary in the district paid to new employees*

Other areas:

- Min. of 25 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.).

*Condition is considered automatically fulfilled for years 2021 and 2022.

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.mhshr.sk, section Business Services Centers



AIM INVESTMENT AWARDS DUBAI 2017

CEE & TURKEY REGION
Best Investment Promotion
Agency in 2016



SARIO Profile

Slovak Investment & 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 Slovak Ministry of Economy.

01 INVESTMENT 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 & suitable real estate consultancy

FOR ESTABLISHED INVESTORS

- identification of local suppliers, service providers
- assistance with expansion preparation and execution
- assistance with Industry 4.0 solutions and R&D implementation

02 FOREIGN TRADE SERVICES

IF YOU ARE LOOKING FOR

- Slovak supplier or sub-contractor
- 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

03 INNOVATION SERVICES

- supporting business development of Slovak innovative technology companies by connecting them to SARIO's major clients — large investors established in Slovakia in order to innovate their technological processes
- the service is not limited to the borders of Slovakia, it focuses mainly on — industry, product development, service sector
- the service also aims to direct venture funds to Slovak technology companies open to capital investments

04 DIVERSIFICATION SERVICES

- supporting diversification of Slovak companies towards high-tech areas with significant growth potential
- focus on, but not limited to: space industry, aviation industry, greentech, medtech, and innovative mobility
- include consultancy for companies regarding the potential and possibilities of entering the new sectors as well as creation of new business and R&D cooperation opportunities on the national and international level

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