

BUSINESS SERVICES SECTOR IN POLAND

GAINING MOMENTUM



2016

ABOUT US



The Polish Information and Foreign Investment Agency is focused on supporting foreign investors who wish to conduct business activities on the Polish market. The Agency promotes Poland as the destination for investors, provides business location advisory services, helps companies at the initial investment phases and renders aftercare services. Agency's employees also help shaping competitive investment incentives package.


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SECTOR IN NUMBERS


193 500 Total employment in BSS 


227 Average employment in BSS center 

1 454 000 Total number of academic students in 2015 

40 Number of languages in which services are provided 

 **852** Business Services Centers

 **7** Polish cities with total employment in BSS of 10 000+

 **1 701** Total number of groups of processes handled

 **36** Centers with employment 1 000+

INTRODUCTION

We are placing in your hands the second edition of the report on the business services sector (BSS) in Poland. 2015 marked another record – the employment in BSS exceeded 193 thousand in over 850 companies. The year featured further dynamic development of the industry thanks to both new investments that were located largely in many Polish cities, as well as the consistent employment growth within existing centers. The sector is on the rise from the perspective of its size measured by the growing quantity of different types of centers and the increase in new job openings. BSS has also been changing in terms of the quality of delivered services and its gradual dissemination across the country. The importance of the business services industry for the Polish economy cannot be overlooked because of its influence on the labor market. In fact, the sector has become one of the largest employers in the country. The impact on the employment of the best-educated staff providing them with stable, high-income jobs has never been clearer. However, what the sector offers to potential employees goes far beyond the regular permanent employment contract or salary above the national average. A clear career path and great opportunities for further development are involved, too.

This report consists of four parts. The first is an analysis of BSS companies appearing in the Database—both of Polish and foreign shareholding—operating in our country. In the second part of the document, we have made an attempt to characterize the main trends observed in the industry in a very broad sense, taking into account in particular three aspects: change in the existing models of the setup of centers as a response to global trends; the impact of companies from the sector on the labor market and real estate sector, as well as involvement of the industry in other important initiatives of social and educational dimensions. The third chapter of the report is a summary of the sector from the perspective of investment projects supported by the Polish Information and Foreign Investment Agency (PAIilZ). BSS investments assisted by the Agency represent almost half of all completed projects. In this section you will also find information about companies that applied for grants under the government *Programme for supporting investments of major importance to the Polish economy for years 2011–2020*. The last part of the report has been handed over to our regional partners who were involved in the acquisition and servicing of BSS investments. The synthetic summary presents comparable data most relevant to investors on the cities that were the most successful in attracting BSS projects. The employment in BSS centers located in seven major cities accounts for almost 90% of all the employees in the industry. Each city also had the opportunity to highlight its unique selling point that makes it stand out compared to other locations.

ANALYSIS OF THE BUSINESS SERVICES SECTOR IN POLAND



THE DATABASE AND THE METHODOLOGY

All analyses covered in this chapter were prepared based on the Database covering 852 centers with foreign and Polish shareholding. The total employment in all companies included in the Database amounts to almost 193.5 thousand employees. The Database comprises information valid as of the end of 2015.

Just like last year, the update of the Database was enabled by the invaluable contribution of our regional partners: investors' servicing units in cities hosting BSS projects, associations and institutions representing the sector—Aspire, BizPoland, ProProgressio, ABSL, and HR agencies—Hays, Antal, AG test, Randstad. The data were also gathered by PAIilZ representatives through direct interviews with investors during post-investment care. In order to have as complete a picture of the sector as possible, the number of partners who have supported PAIilZ in the collection and verification of data has increased significantly in comparison to 2014. This has helped to gain much more accurate data on the industry in terms of new businesses that appeared on the market in 2015 and the growth in existing centers. It has also enabled us to identify companies that 'fell off the radar' last year and thus were not included in the Database. Consequently, based on a simple comparison of the last and current years' data, it would be difficult, if not impossible, to precisely assess the growth of the sector. Nevertheless, on the basis of the figures regarding newcomers on the market last year and employment growth in companies that were already in the Database, it was possible to estimate the BSS evolution in the year 2015.

Companies described in the Database have been divided into four main categories in terms of services provided:

- Business Process Outsourcing (BPO) vendors and third party providers of services for external clients, mainly in finance and accounting, customer service, human resources (HR) and payroll services, and back-office support related to the procurement process;
- Information Technology (IT) vendors and providers of IT services for external clients (domestic and foreign) - IT outsourcing of hardware, infrastructure, software maintenance and development, implementation and integration of systems, including software development centers which also sell/integrate the software;
- Shared Services Centers (SSC) – captive SSCs operating within one corporation and providing services to corporate branches across a specific region (Europe, EMEA, global) mainly in the following areas: finance and accounting (F&A), HR, procurement, IT support, marketing, internal clients' needs. This category additionally includes operations centers facing corporate clients indirectly and directly (mid-office and front desk functions);
- Research and Development (R&D) – companies conducting research activities and product development, as well as development of applications and software; this category includes internal departments of companies whose principal activity is not based on sales of software.

Moreover, while updating the Database, the following methodological assumptions were adopted:

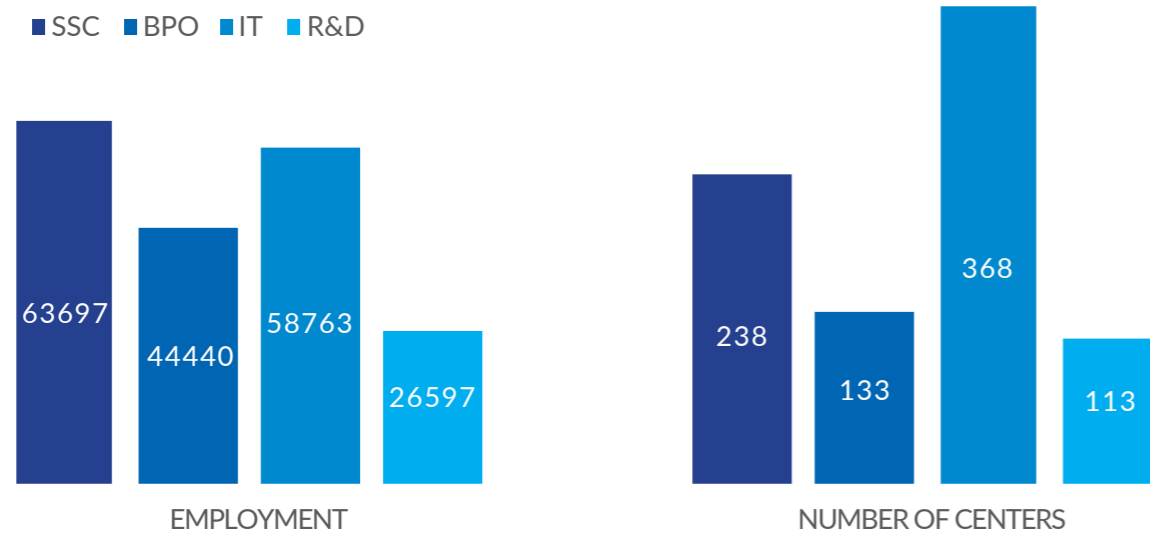
- each new center of the same company in another location is considered as a separate record in the Database,
- the Database of companies does not take into account SSC and BPO centers that provide services only in Polish to the customers operating in Poland. This applies particularly to centers established by financial institutions such as banks or insurance companies. The criterion is not relevant to IT and R&D centers, typically dealing with software development. This kind of process, as a rule, requires the creation of a 'product' in English,
- BPO category also involves, apart from the back-office functions, the following types of centers offering services to external clients: call center, contact center and customer service,
- IT center is an entity providing outsourcing services in IT (system, applications, infrastructure maintenance, technical support), creating and selling (implementing) software for external clients. One of its main lines of business is Information Technology Outsourcing (ITO) services,
- therefore, the category of IT centers additionally includes large Polish providers of both implementation/integration services and software developers. Since it is almost impossible to extract the software development unit from the whole company, total employment was shown as the IT category, despite some of them belonging to R&D,
- the Database consists of centers employing more than 25 people. The rule does not apply to companies that are in the process of establishing centers and that foresee employment higher than 25 people. This criterion does not apply to R&D and IT centers.

BUSINESS SERVICES SECTOR COMPANIES – NUMBER, SIZE, TYPES

At the end of 2015 there were 852 business services centers across Poland. Among those entities, the largest category was IT sites with a share of 43%, or 368 centers. The second place went to SSC with a 28% share, or 238 centers, and third place was taken by BPO providers with a 16% share, or 133 centers. R&D made up the smallest category with a 13% share, or 113 centers.

If we consider the number of employees working in particular center types, the landscape of the sector changes. As of the end of 2015, there were 193.5 thousand people employed in the business services sector. SSCs employed the largest workforce, providing jobs to over 63 thousand people, which represents 33% of the total employment in the sector. IT entities were ranked second, employing almost 59 thousand people accounting for 30% of overall employment in the industry. BPOs were ranked third with over 44 thousand employees, which is 23% of the entire BSS workforce. The R&D sites were the smallest category again with 26.6 thousand employees, constituting 14% of total employment.

Figure 1. Employment and number of centers broken down by their type.

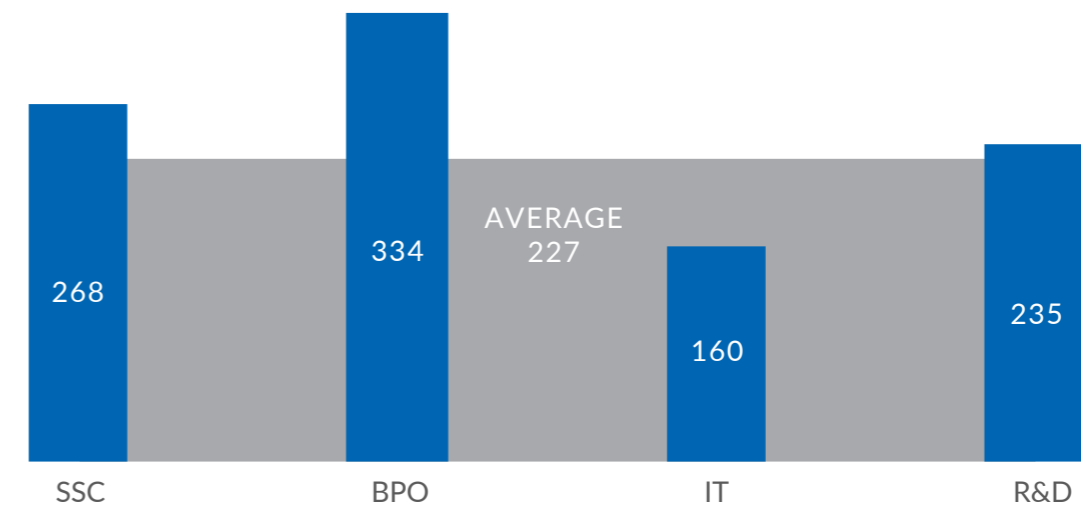


source: PAIIZ own analysis, 2016.

The average headcount in a business services center in 2015 was 227. The size of the unit correlates with its type. It may come as a surprise that IT sites with 160 staff on average are the smallest ones, which can be easily explained by numerous Polish companies in our Database. R&D sites typically would be expected to be the smallest ones, yet there are several examples of huge

enterprises (Nokia, Intel, GE EDC, Motorola, Samsung), which set the average at 235 employees. As expected, the size of BPOs is the greatest, with 334 employees.

Figure 2. Average employment in a single BSS enterprise by types of centers in 2015.



source: PAIIZ own analysis, 2016.

Employment in R&D is expected to grow further as it is fueled by the EU funds for research and innovative projects. Moreover, an economy based on innovation and knowledge remains top priority for the government.

BSS is a relatively young industry, yet some of the centers stand out for their size compared to other enterprises in the whole economy. The total number of the companies with employment exceeding 1,000 staff in the Polish economy was 768. BSS, with 36 centers, makes up roughly 5% of them. Still, in most of the major Polish cities except Warsaw, the share of BSS 'blue chips' goes up to approximately 10%. The record breaker was Krakow with a share of over 44% of the BSS 'one-thousanders' in the local economy. The second in line was Wroclaw with 14%, and third, Lodz, with 8%.

LOCATION OF THE BUSINESS SERVICES SECTOR COMPANIES

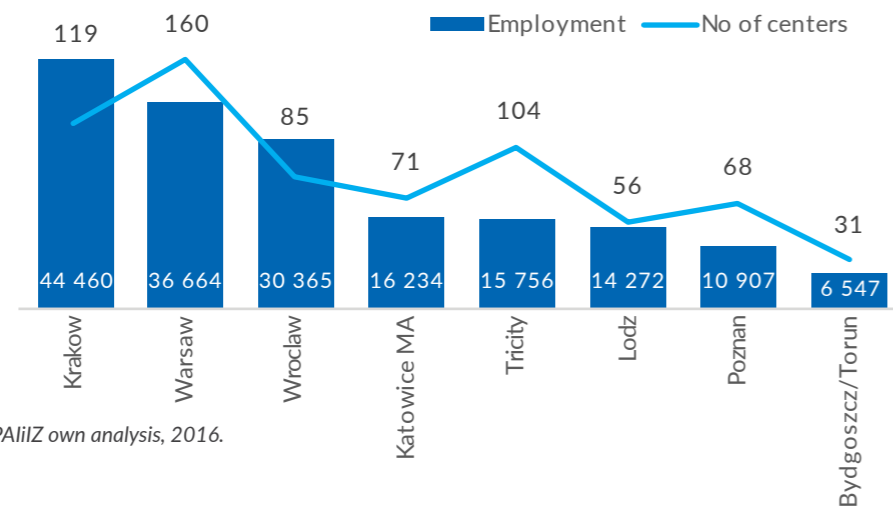
The database comprises 852 centers located in 27 cities across Poland. Fourteen locations (up by 3 compared to 2014) listed below can be proud of hosting more than 10 centers: Warsaw, Krakow, Wroclaw, Lodz, Katowice Metro Area¹ (Katowice MA), Tricity (Gdansk, Gdynia and Sopot), Poznan, Bydgoszcz/Torun, Lublin, Rzeszow, Szczecin, Kielce, Bialystok and Olsztyn.

The list of locations is slightly different if we consider the number of employees in the sector. There are seven cities which count over 10 thousand employees in BSS: Krakow, Warsaw, Wroclaw, Katowice MA, Tricity, Lodz and Poznan. One could find between one thousand and 10 thousand employees in the BSS in the following seven locations: Bydgoszcz/Torun, Rzeszow, Szczecin, Lublin, Bielsko-Biala, Kielce and Olsztyn.

In terms of the number of centers, Warsaw is by far the leader with 160 sites, followed by Krakow with 119 and Tricity with 104 centers. Other significant locations include Wroclaw (85), Katowice MA (72) and Poznan (68).

The landscape is different with regard to the number of people employed in the centers. In this case, Krakow leads the rank with 44.5 thousand employees, which represents 23% of the total employment in the sector. Warsaw ranks second with 36.7 thousand staff, accounting for 19% of total sector employment. Wroclaw comes in third with 30.3 thousand, representing 16% of the sector's workforce.

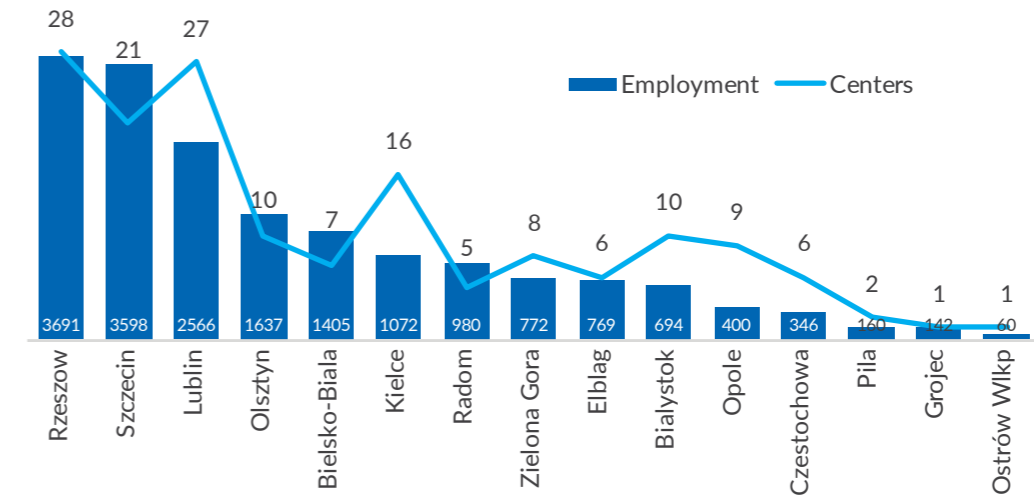
Figure 3. The number and employment of the BSS centers in the largest cities.



source: PAIIZ own analysis, 2016.

¹ Katowice Metro Area also known as the Upper Silesian urban area (Polish: Konurbacja Gornoslaska or Konurbacja Katowicka), is an urban area/conurbation in southern Poland. The Katowice Metro Area is the largest urban area in Poland and one of the largest in the European Union. It includes 19 following cities: Katowice, Sosnowiec, Gliwice, Bytom, Chorzow, Zabrze, Tychy, Ruda Slaska, Swietochlowice, Siemianowice Slaskie, Dabrowa Gornicza, Jaworzno, Czeladz, Myslowice, Bedzin, Piekary Slaskie, Mokolow, Tarnowskie Gory, Knurów. For the purpose of this report, the notion Katowice MA will be used in order to designate this region/urban area.

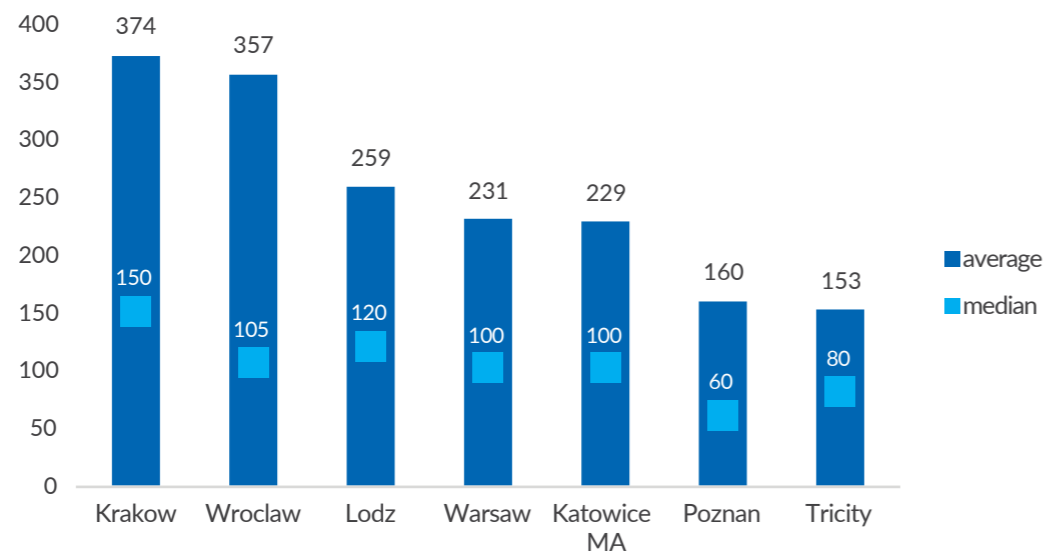
Figure 4. The number and employment of the BSS centers in smaller cities.



source: PAIIZ own analysis, 2016.

When it comes to the average headcount of centers broken down by cities, Krakow, being home to many large SSCs and IT outsourcing centers, leads the rank with 374 employees on average. Wroclaw holds the second place right after Krakow with 357 employees per company. The third place for the highest average size of one center is held by Lodz with 260 employees. In comparison, Warsaw and Katowice ranked fourth and fifth with averages of 230 and 229 employees per center, due to many smaller IT sites. This is also confirmed by the median (i.e. the headcount of the center in the middle of the sorted list of other units, that is half of centers being smaller and the other half larger than the median) which for Krakow equals 150, for Lodz – 120, for Wroclaw – 105 and Warsaw – 100. Again, statistical data indicates Krakow as being the host for most of the largest BSS centers. Out of 36 companies employing over 1,000 people across the country, nine were located in Krakow, five in Wroclaw, four in Warsaw and two in Poznan, Lodz, Tricity and Katowice MA.

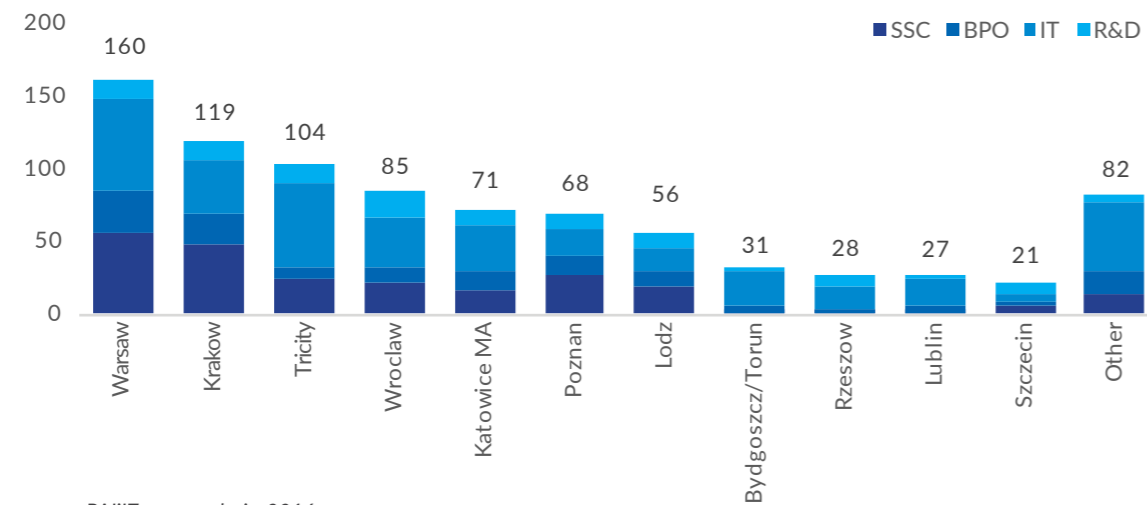
Figure 5. Average employment and median in BSS centers by cities.



source: PAliIZ own analysis, 2016.

Interesting conclusions can be drawn based on types of centers in different cities. The largest groups of SSCs were located in Warsaw (55), Krakow (48) and Poznan (28). There were 29 BPO centers in Warsaw, 21 in Krakow, and 12 each in Katowice MA, Wroclaw and Poznan. IT sites are predominant in Warsaw (64) and Tricity (57). Krakow, as the third location for IT, hosts 36 of them. Meanwhile, Wroclaw can boast the largest number of R&D centers (19), followed by Tricity and Krakow (14 each).

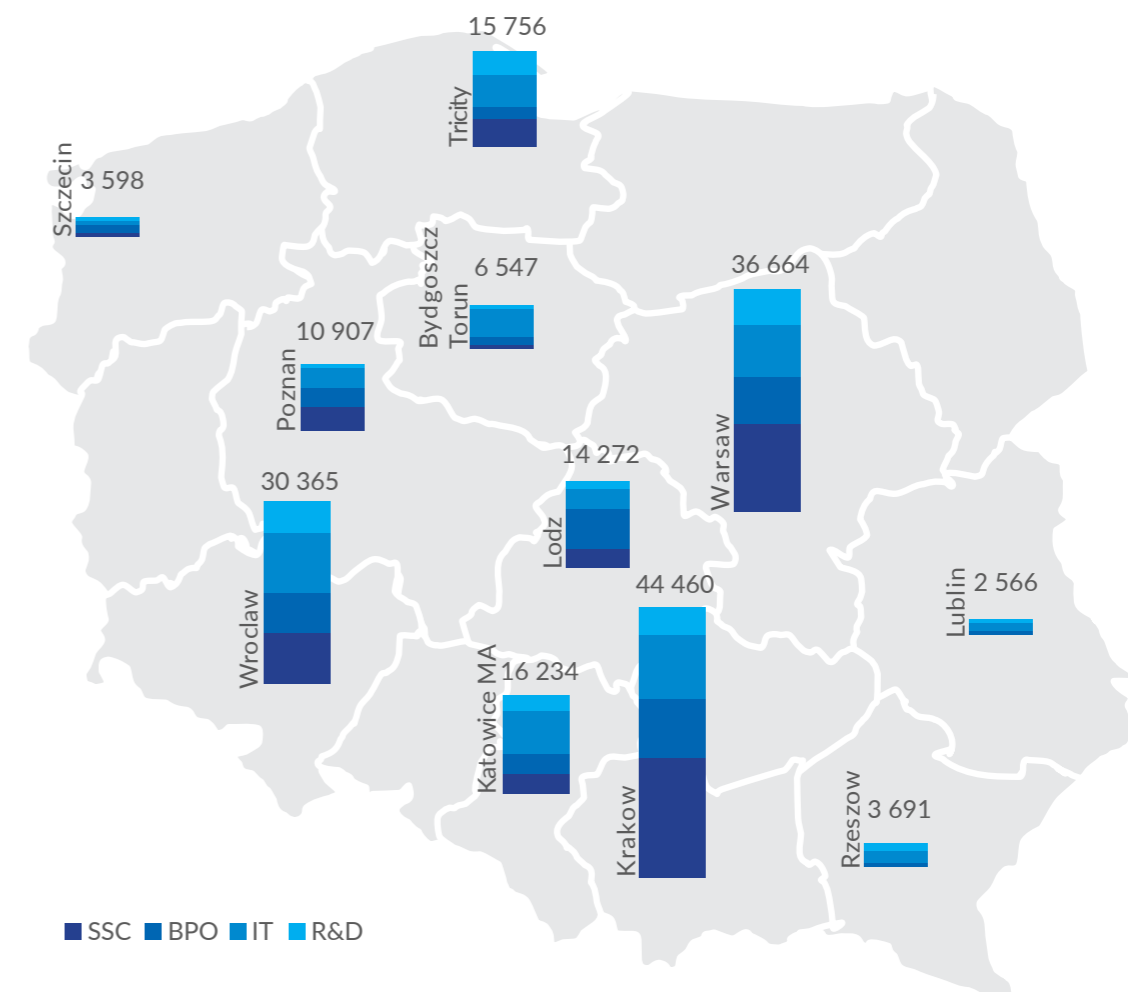
Figure 6. The number of BSS centers by type and location.



source: PAliIZ own analysis, 2016.

The leaders change again from the point of view of the number of employees by center type and location. The largest pool of employees working for SSCs was in Krakow (19 thousand), Warsaw (14.8 thousand) and Wroclaw (8.7 thousand). Tricity comes in fourth with 4.7 thousand employees in SSCs. BPOs were employing the most people in Krakow (10.2 thousand), Warsaw (7.6 thousand) and Wroclaw (6.4 thousand) again, but Lodz ranked fourth with 6.3 thousand employees. When it comes to IT centers, they were employing an impressive 10 thousand staff in Krakow, 9.5 thousand in Wroclaw and 8.6 thousand in Warsaw. Katowice MA is not far behind with 7.4 thousand employees, and Tricity has taken fifth place with 5.5 thousand. Tricity has many more IT centers than Krakow, but the number of employees in those entities is lower in comparison. The highest number of employees in R&D centers is in Wroclaw with over 5.6 thousand, followed by Warsaw (slightly less than 5.5 thousand) and Krakow (4.7 thousand).

Figure 7. The employment in the BSS centers by type of center and location.

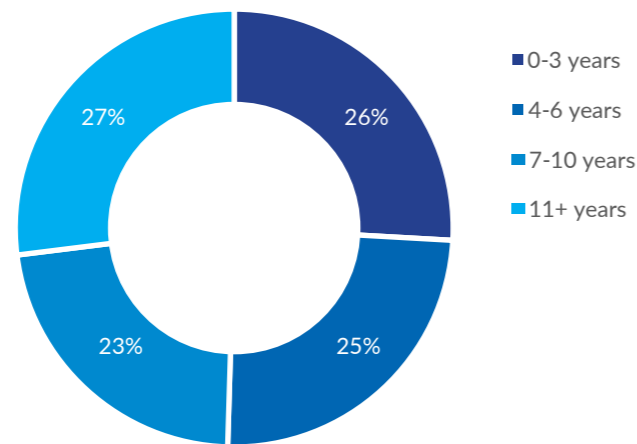


source: PAliIZ own analysis, 2016.

MATURITY OF BSS CENTERS

Interesting results come from the analysis of the BSS centers by year of establishment. Taking into account all types of centers combined, the mix was relatively even. Twenty-six percent of centers were set up less than three years ago, 25% between four and six years ago, 23% between seven and 10 years ago and 27% were established more than 11 years ago. It should be noted that 53% of centers older than 11 years were solely IT entities, which were established by the Polish companies. Centers that were created in the last three years accounted for as many as 20 thousand new jobs so far.

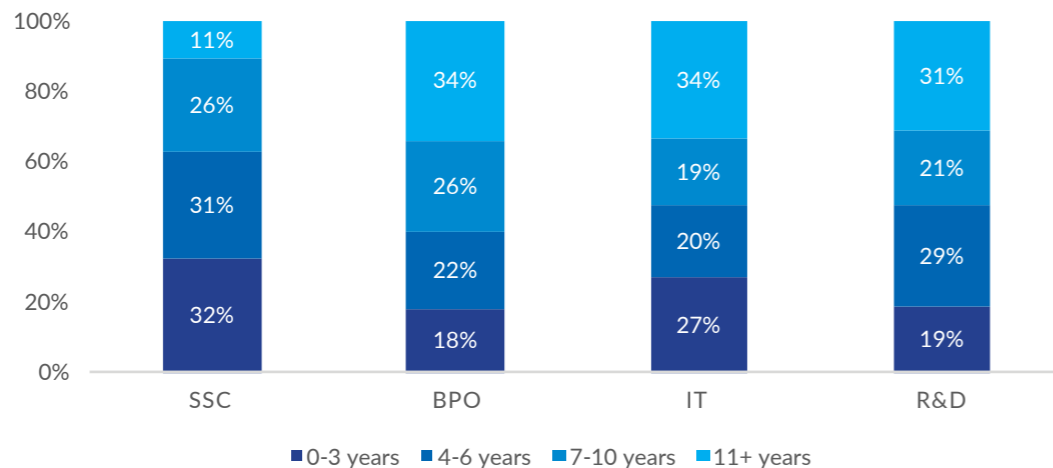
Figure 8. BSS centers by year of establishment.



source: PAliIZ own analysis, 2016.

While analyzing the age structure by type of center, it is fair to conclude that SSCs were the youngest group of BSS in Poland (63% were less than six years old). Sixty percent of BPOs were over seven years old and can be considered mature centers. Only 18% of BPOs were established in the last three years compared with 32% of SSCs. This would support the opinion that global corporations are still looking to set up their captive centers as opposed to having almost every part of the business services outsourced.

Figure 9. The percentage distribution of different types of centers by maturity.

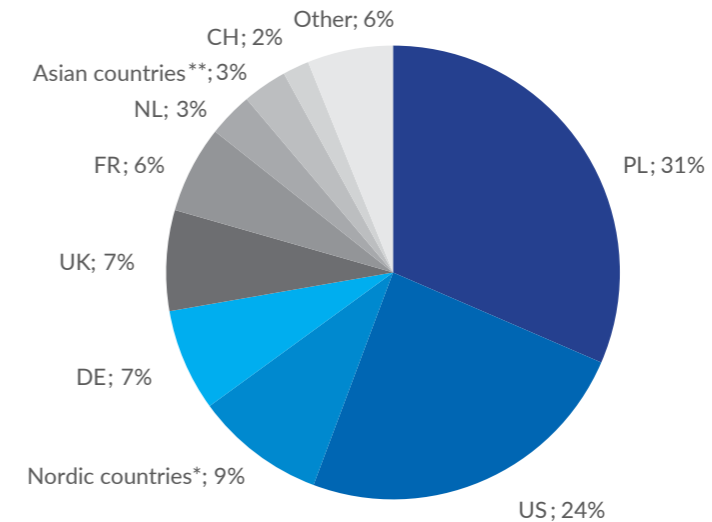


source: PAliIZ own analysis, 2016.

COUNTRY OF ORIGIN OF BUSINESS SERVICES SECTOR COMPANIES

Among 852 entities listed in the Database, 268 were with Polish shareholding, and this is by far the largest group of centers, making up 31% of the sector. The next places were held by the units from the United States (206), Germany (62), United Kingdom (61), France (53), as well as from the Netherlands (27) and Sweden (27). However, if we combine centers from the Nordic countries, this region becomes the third largest investor in BSS in Poland in terms of the number of entities, with 78 in total: 27 from Sweden, 21 from Finland, 17 from Norway and 13 from Denmark.

Figure 10. The share of the companies from individual countries or regions in the total number of BSS centers.



* Nordic countries: Sweden, Finland, Norway, Denmark.

** Asian countries: India, South Korea, Japan.

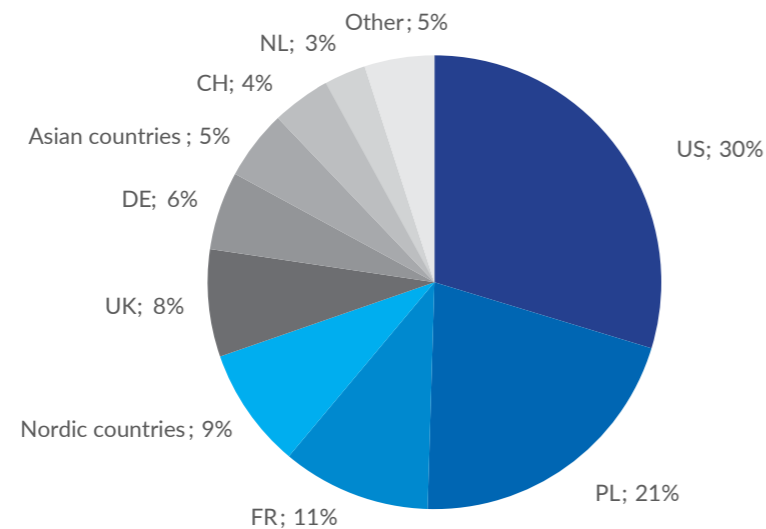
source: PAliIZ own analysis, 2016.

The order of the countries changes as far as the number of employees in centers is concerned. While the largest pool of staff worked for the US entities, Polish employers were hiring 21% of the workforce, and the French took third place with an 11% share in the overall headcount in the sector. Nordic countries ranked fourth with 9% of the employment, the UK was fifth with 8%, and Germany slipped to the sixth place with a 6% share in the sector workforce.

Considering the share of employment by country of origin in a given location, it is clear that US companies are spread relatively even among the top five to six largest agglomerations. French investors had a certain preference for smaller cities like Lublin, Bydgoszcz/Torun and Rzeszow or Katowice. That trend was confirmed by many examples of French companies like Atos and Contact Center in Bydgoszcz or Sii and Orange in Lublin.

GROUPS OF PROCESSES COVERED BY THE BUSINESS SERVICES CENTERS

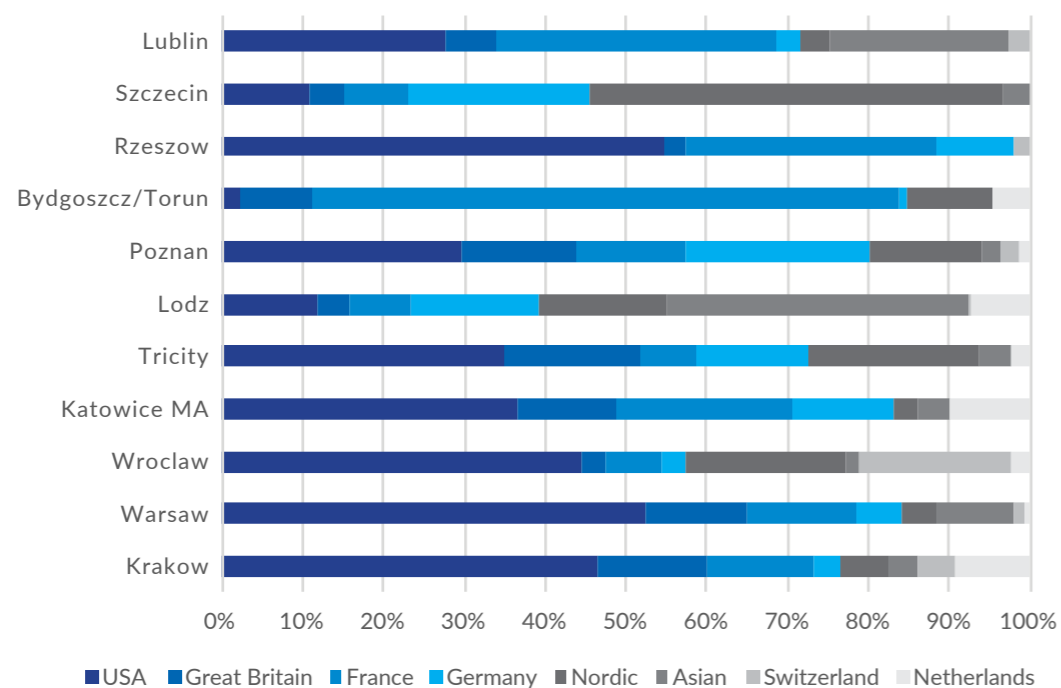
Figure 11. The share of the companies from individual countries or regions in the BSS employment.



source: PAIIZ own analysis, 2016.

Nordic countries had a noticeable preference for Szczecin and Tricity. The latter is probably due to the strong economic and historic ties as well as accessibility and good availability of the Nordic languages speakers. On the other hand, German investors are present in Poznan and Szczecin, where the German language is relatively widespread. Swiss investors have set up mostly in the southern part of Poland, where they have generated significant employment. Credit Suisse in Wroclaw employs over 4 thousand people and UBS Poland Service Center in Krakow employs over one thousand.

Figure 12. The share of employment in BSS sector by investor's country of origin in given cities.



source: PAIIZ own analysis, 2016.

The groups of processes covered by the centers in the Database were also surveyed. There were 15 following groups of services provided by companies listed in the Database:

- IT Helpdesk/ Application Management - activities associated with remote support offered to users of IT systems (1st line support);
- software development - development and maintenance of computer applications;
- data center & infrastructure management – servicing of servers and IT infrastructure management (2nd and 3rd line support);
- customer service - remote customer service, both by telephone and with the use of email, chat and other similar communication means;
- telemarketing – direct marketing, mostly outbound;
- financial services - services rendered mainly for financial institutions, such as operations, counteracting money laundering (AML), settlements, etc.;
- human resources - HR administration, training management, recruitment, etc.;
- finance and accounting - activities associated with accounting, i.a. payables, receivables, tangible fixed assets, reporting, general ledger, treasury, etc.;
- payroll - preparing and managing payroll and related activities;
- supply chain - activities associated with supply chain management, from procurement to optimization of the overall transport;
- data and documents management - comprises services in the scope of database management, and administration of documentation and knowledge in the organization;
- marketing - activities associated with the planning and conducting marketing campaigns, reporting their results and creating promotional materials, pricing strategies etc.;
- research and analysis – one of the most advanced processes, usually associated with the acquisition of information from various sources, conducting complex analyses and creating reports and recommendations on their basis, comprising also the financial analysis;
- legal services - all services associated with contract management, preparation and review of agreements, e-discovery, etc.;
- research and development activities - research activity and development, optimization, improvement or creation of new products and services.

The 852 centers that were recorded in the Database handled in total 1,701 groups of processes. The most frequent process was software development delivered by 452 centers. Second place was held by IT Helpdesk / application management (208 centers) and third place was taken by finance and accounting (205 entities). Customer service was also in the lead with 179 companies providing this type of service.

Group of IT processes is broadly represented across the industry. There were 554 entities that provided some kind of IT service (software development, IT helpdesk, data and infrastructure management), which made 65% of all centers located in Poland. Besides IT centers, IT processes were also delivered by 66% of R&D sites and 32% of SSCs.

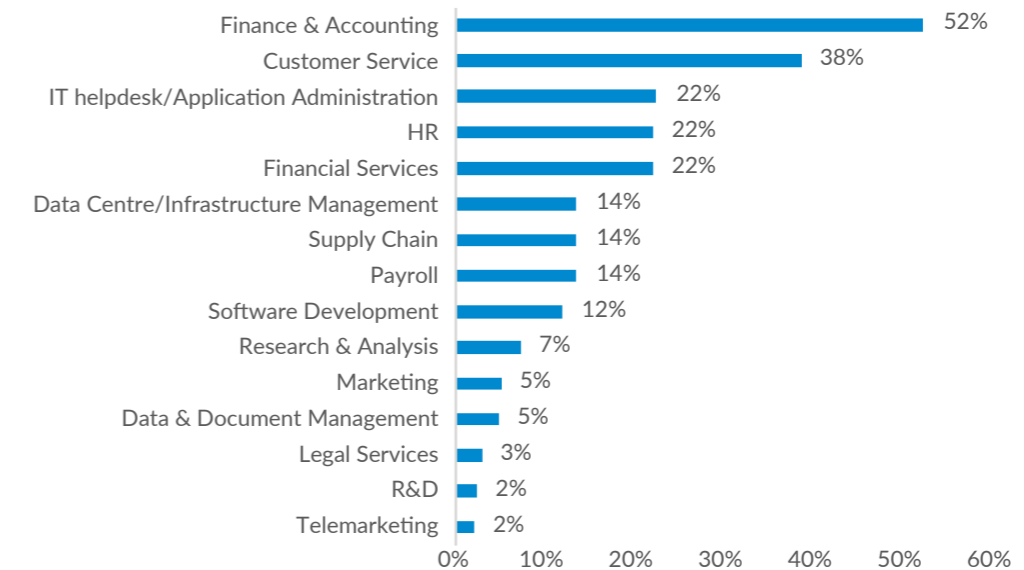
Figure 13. The number of centers (SSC, BPO, R&D and IT) delivering a given group of processes.



source: PAIiZ own analysis, 2016.

Leaving IT and R&D sites aside and concentrating exclusively on SSCs and BPOs, the results differ significantly. In this case, the most popular services offered were finance & accounting and customer service, provided by 52% and 38% of centers respectively. IT Helpdesk / Application Management, HR and Financial services ranked third with 22% of centers supplying that range of services. Obviously, percentage points do not add to 100% as most of the entities are multifunctional.

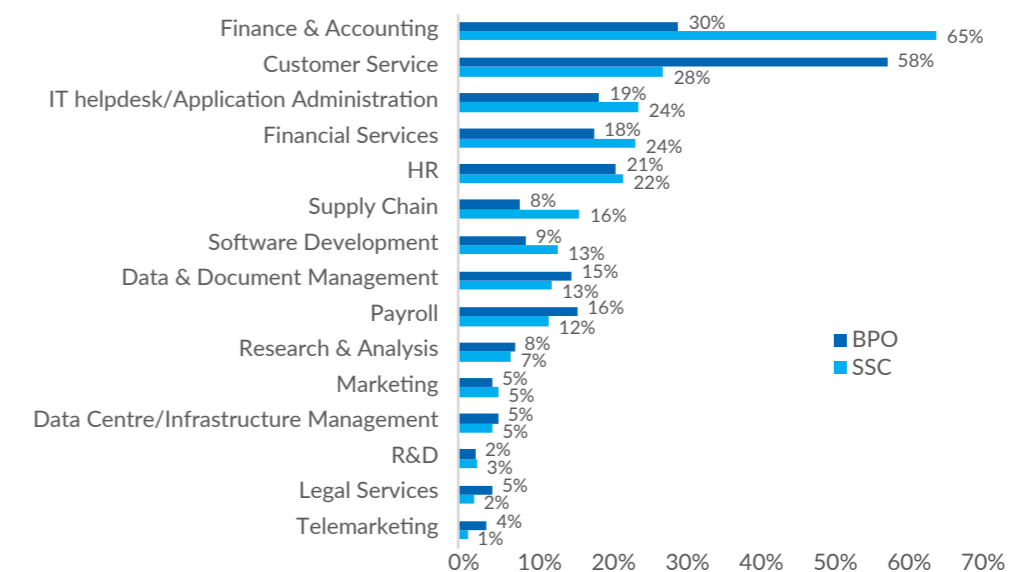
Figure 14. The percentage of SSC and BPO centers (treated jointly) covering specific groups of processes.



source: PAIiZ own analysis, 2016.

Clear differences are visible when comparing separately SSCs and BPOs. As much as 65% of SSCs and only 30% of BPOs provide finance and accounting services. The opposite is true for customer service, 58% of 3rd party vendors offer this category of processes while for shared service centers this figure is only 28%. In terms of other services, the differences between SSCs and BPOs are not that pronounced.

Figure 15. The percentage of SSC and BPO centers (treated separately) providing a given service.

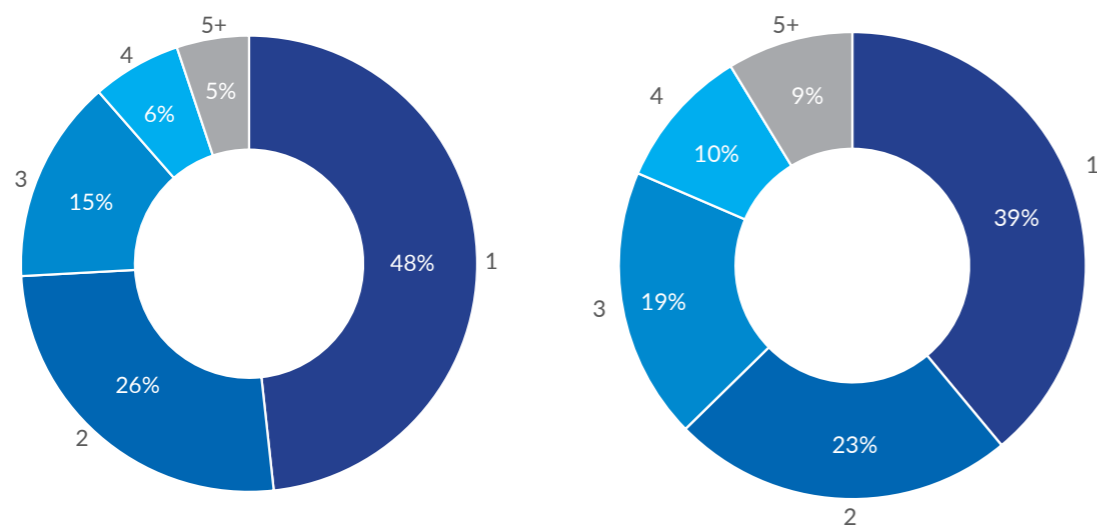


source: PAIiZ own analysis, 2016.

Interesting conclusions also arise from the analysis of the number of services handled by companies listed in the Database. As much as 74% of entities covered a maximum of 2 groups of processes and only 26% offered more than 2. Many of the centers that rendered 1 or 2 groups of processes were IT and R&D sites. Moreover, it needs highlighting that certain groups of processes might be divided into several sub-processes. For example, within the Finance and Accounting category, there are payables, receivables, general ledger, reporting, fixed assets and analytics. This means that when a center provides only 1 group of processes, it actually may be supplying multiple sub-processes within a single category of services.

If we analyze BPOs and SSCs separately from IT and R&D centers, the results are very much different. The percentage of centers that handled more than 2 groups of processes increases from 26% to 38% and share of those offering only 1 or 2 services decreases from 74% to 62%. This means that SSCs and BPOs had a much more diversified scope of services to offer. 84% of IT and R&D centers delivered a maximum of 2 groups.

Figure 16. The percentage of centers (left) and SSC and BPO centres (right) delivering a given number of groups of processes.

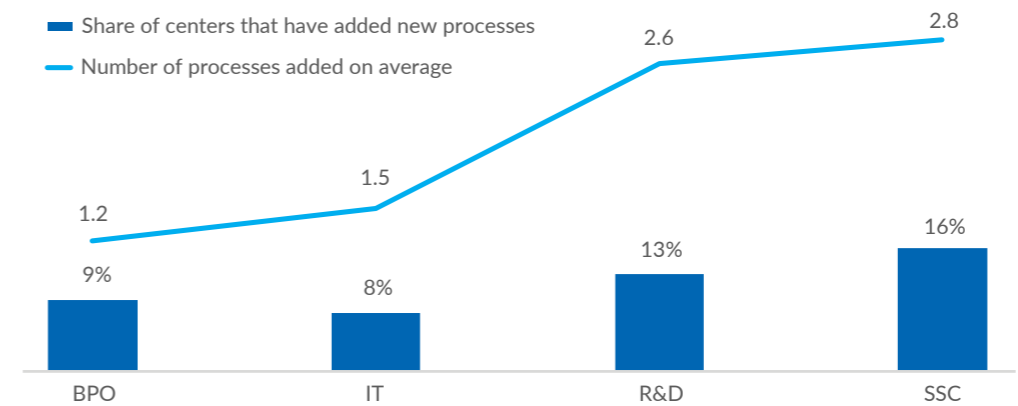


source: PAIIZ own analysis, 2016.

There were several centers in Poland which provided a substantial number of services, namely 11 out of 15. Those were: Infosys in Lodz, Ernst & Young and Qiagen in Wroclaw. The Bombardier SSC in Katowice also stands out with 10 different groups of processes delivered.

When comparing the same list of centers that were in the Database in 2014 and in 2015, the number of groups of processes has increased by 142 over the last year (75 new processes in SSCs, 31 more in R&D centers, 25 more in IT centers and 11 more in BPOs). The figure below shows that as much as 16% of SSCs, 13% of R&Ds and 9% of BPOs increased the number of processes. The increase has been quite significant: on average 2.2 new groups of processes were added. IT segment had the smallest share of centers that have increased the number of services (8%) and they have added usually 1.5 processes per center.

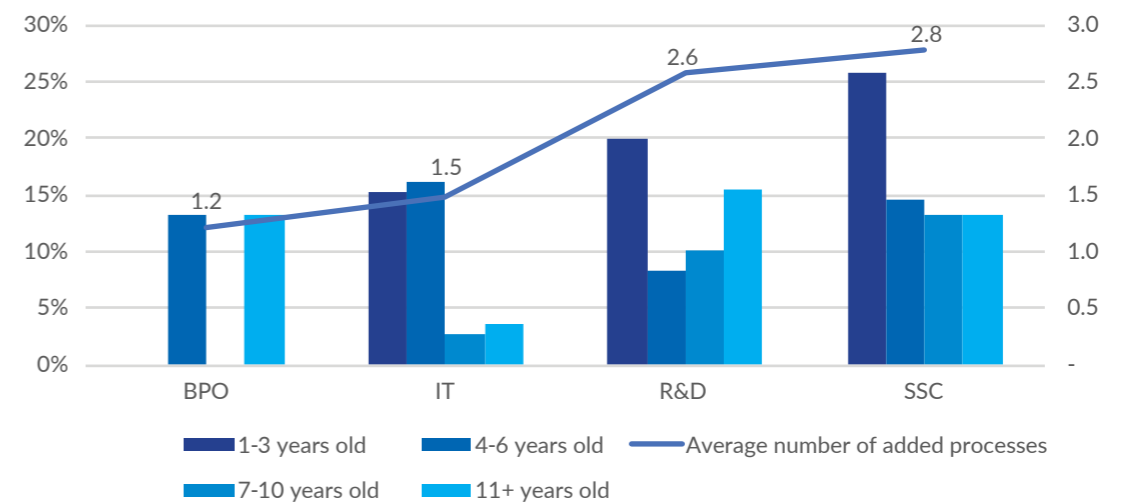
Figure 17. The share of BSS centers that have added new processes and the average number of added processes.



source: PAIIZ own analysis, 2016.

The analysis of centers that added new processes is also strongly correlated with the year of establishment. Among the entities that have increased the number of services between 2014 and 2015, 59% of SSCs and 64% of IT sites were established in the past 6 years. They are young, still robustly developing and expanding the scope of services provided. Quite an opposite landscape emerges when we analyze R&D sites and BPOs. 67% of R&D units and 78% of BPOs that added new processes in the past years were set up over 7 years ago. This is also due to the fact that fewer BPO centers were established in Poland in recent years and generally BPOs in Poland are more mature than SSCs (see Figure 9).

Figure 18. The average number of groups of processes added between 2014 and 2015 by type of center and by age group.



source: PAIIZ own analysis, 2016.

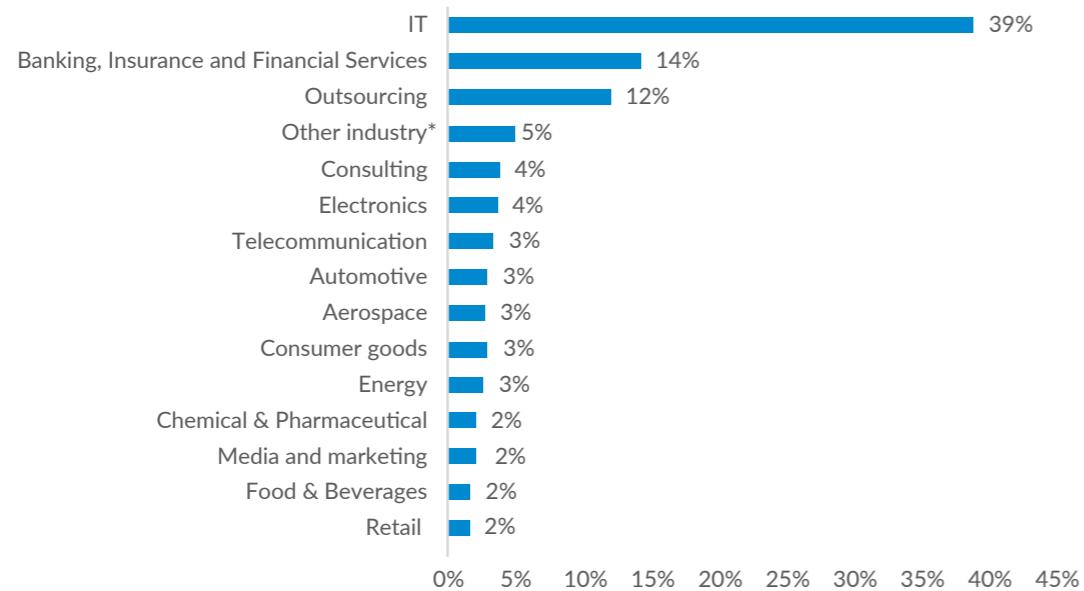
Expansion of the scope of services goes hand in hand with increased recruitment efforts and employment of new staff.

INDUSTRIES SERVED BY THE BSS CENTERS

The Database also provides information about the industries in which parent companies of BSS centers operated. The definition is based on the parent company's global operations. If the parent company is active in more than one industry, it is defined as the industry with the largest share in global revenues. An exception was made for the GE group, where parent companies like GE Healthcare, GE Aviation or GE Power Control are treated separately and each represents a different industry.

If we take a look at all categories combined (IT, BPO, SSC and R&D), 37% of employees in the sector worked for broadly-understood IT sector companies. The second widest represented business was Banking, with Insurance and Financial Services (BIFS) accounting for 14% of the overall employment in the sector. The third place was held by the outsourcing companies, with 13% of employees in the BSS. The outsourcing industry came only in third place because many large BPOs have their parent companies classified as 'consulting' or 'IT'. The best examples are Accenture BPO or CapGemini BPO centers regarded as consulting and IT respectively.

Figure 19. The share of employment in BSS centers by industry of the parent company.

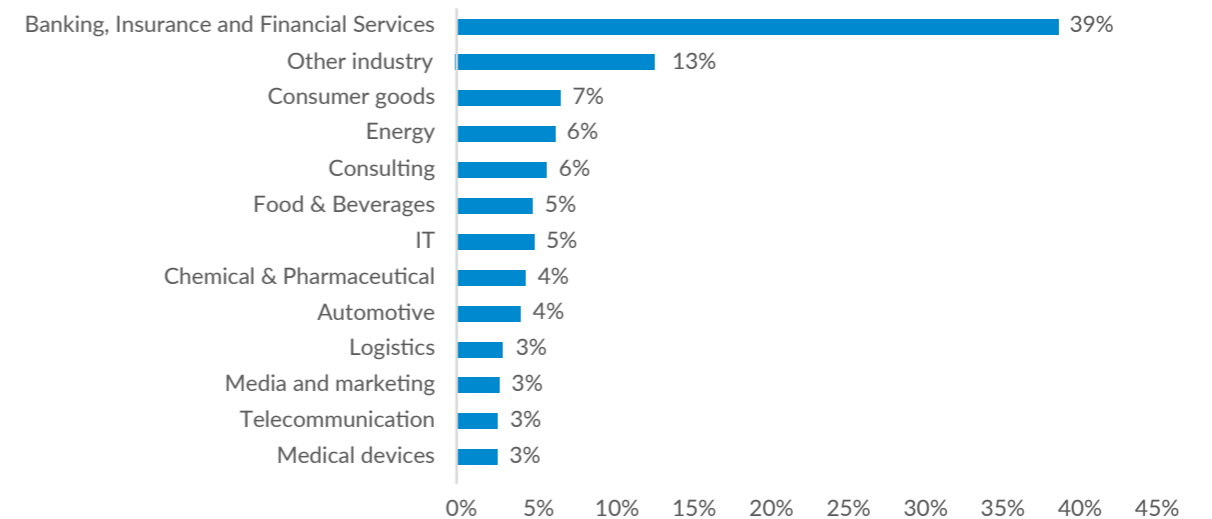


*Other industry category includes inter alia automation, metallurgy, robotics, construction, packaging, windows manufacturing.
source: PAIiZ own analysis, 2016.

This order shuffles when solely analyzing SSCs. In this case, the most represented industry was BIFS with 39% of the total SSCs workforce in Poland, which translated into 24.6 thousand employees. The showcase is led by many examples of back- and middle-offices of banks and insurance companies scattered across Poland: HSBC, State Street or UBS in Krakow, Citi International, RBS or BNP Paribas in Warsaw, Credit Suisse, UBS or Credit Agricole in Wroclaw. The second most represented sector of origin was the consumer goods industry, which included large SSCs of the

following companies: Procter & Gamble, Ikea, Philip Morris International and Electrolux. Third place with 6% share in employment was taken by the energy companies such as Shell, Veolia, EDF, Schneider-Electric.

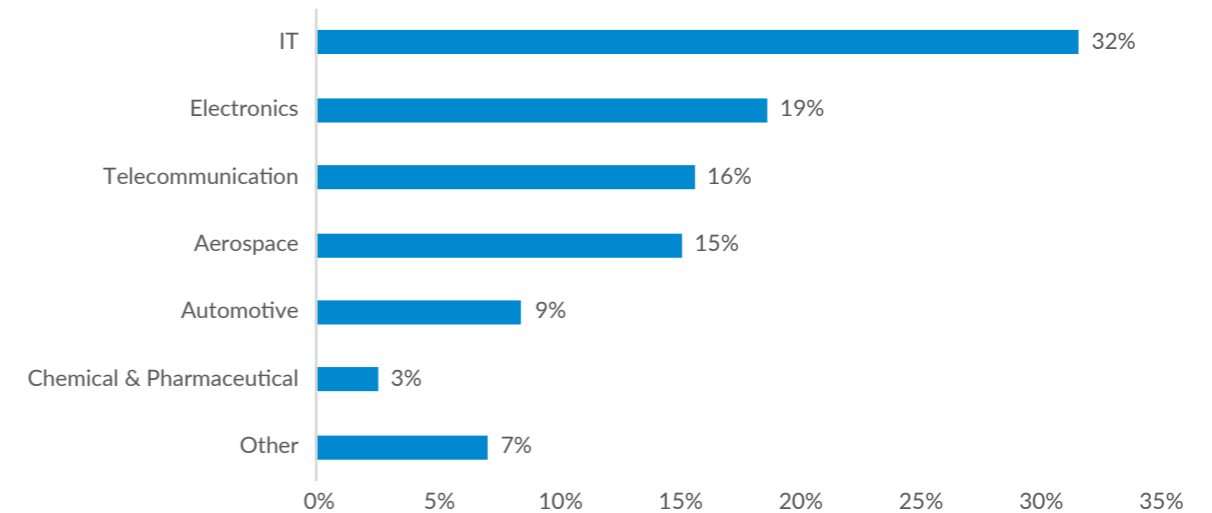
Figure 20. The share of employment in SSC by industry of the parent company.



source: PAIiZ own analysis, 2016.

Another interesting conclusion can be drawn from the analysis of the parent companies standing behind R&D centers in Poland. The largest employers in the R&D sector were IT, electronics, telecommunications and aerospace companies. Thirty-two percent of employees in the R&D centers worked for IT companies, 19% were employed by electronics firms, 16% had jobs in R&D sites run by telecom companies and 15% worked for the aerospace industry. Good examples of large R&D sites are Intel in Tricity, Motorola in Krakow, Nokia in Wroclaw, Samsung and GE EDC centers in Warsaw and Pratt & Whitney R&D in Rzeszow.

Figure 21. The share of employment in R&D centers by industry of parent company.

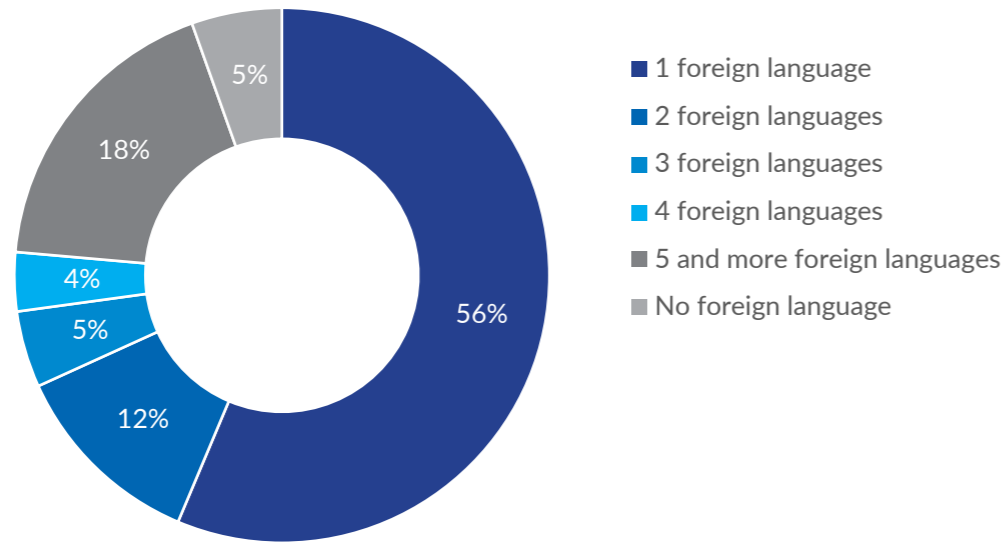


source: PAIiZ own analysis, 2016.

FOREIGN LANGUAGES IN BUSINESS SERVICES SECTOR COMPANIES

The Database also contains information regarding languages used in BSS. Services were provided in 40 languages, including less common ones such as Hebrew, Thai, Korean, Catalan, Urdu and Kazakh. The highest number of languages spoken in one center was 32 and this record is still held, for the second year in a row, by Thomson Reuters located in Tricity. On average, however, four languages were spoken in a single center (Polish included).

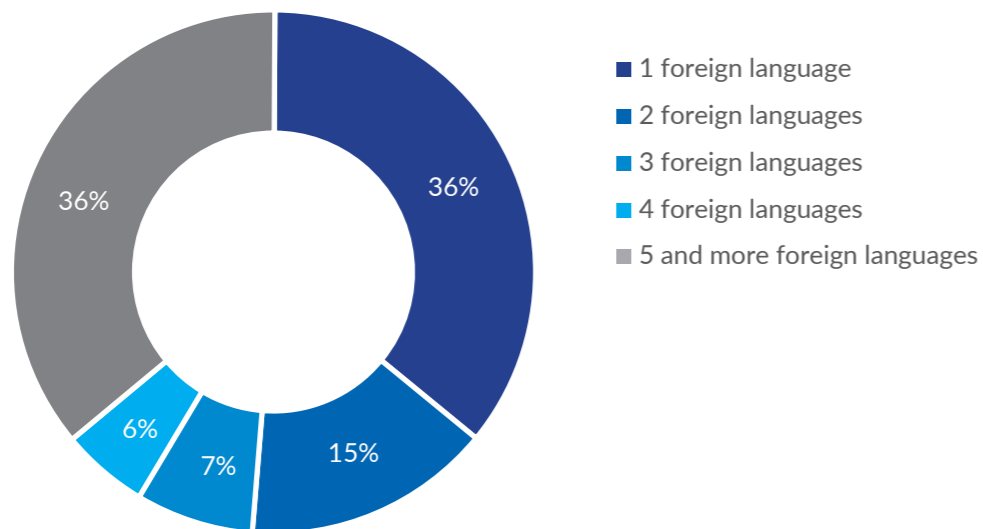
Figure 22. The share of BSS centers by number of languages used.



source: PAIIZ own analysis, 2016.

Only 5% of BSS centers in Poland did not use any foreign language at all, and all of them were IT. In 56% of BSS companies only one foreign language, most commonly English, was spoken. Twelve percent of companies used two foreign languages and 26% used three or more. This includes 17% of entities (153) that used five or more foreign languages.

Figure 23. The percentage of BPOs and SSCs by number of foreign languages used.



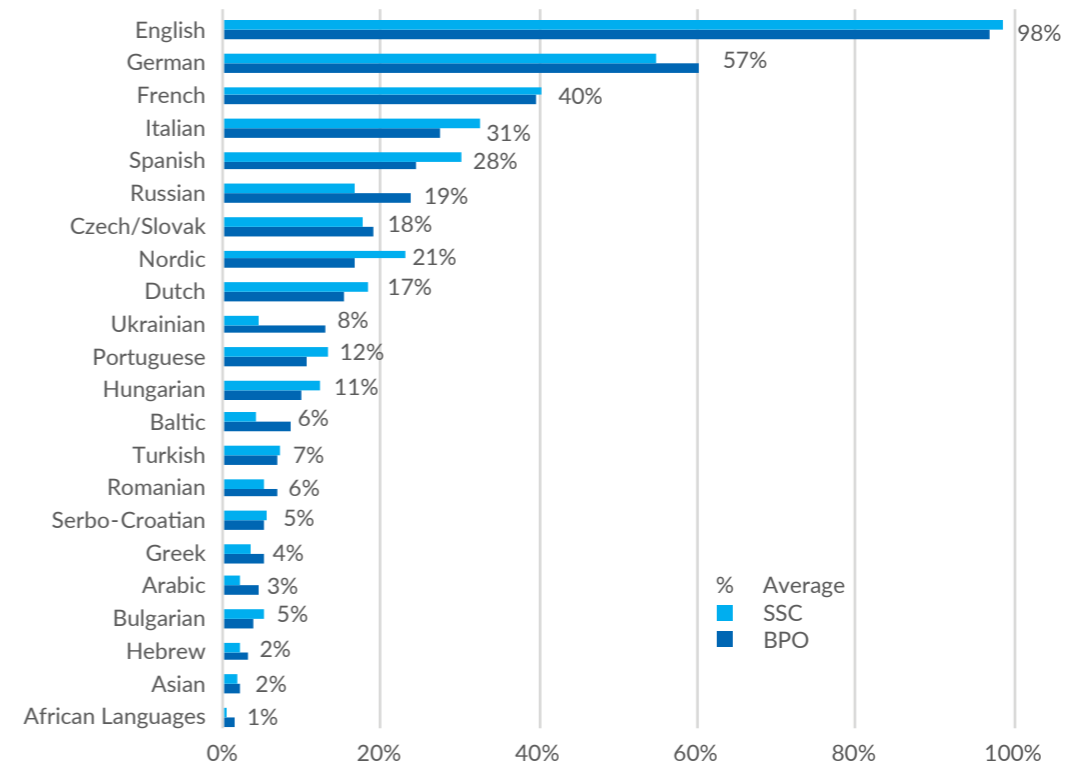
source: PAIIZ own analysis, 2016.

Seventy-four percent of R&D units used one foreign language, for the most part English. Among IT sites, 11% provided services in Polish only, and 72% offered services in one foreign language (usually English). Sixteen percent of IT companies worked in another foreign language in addition to English.

There is a change in the lead when analyzing BPOs and SSCs only, not taking into account IT and R&D centers that were mostly monolingual. The share of outsourcing centers and SSCs using five or more foreign languages jumps to 36%, just like the share of BPOs and SSCs using only one language (also 36%). Among BPOs and SSCs, the language diversity is greater. Ninety-eight percent of them provided services in English, 64% in English plus one or more other foreign languages.

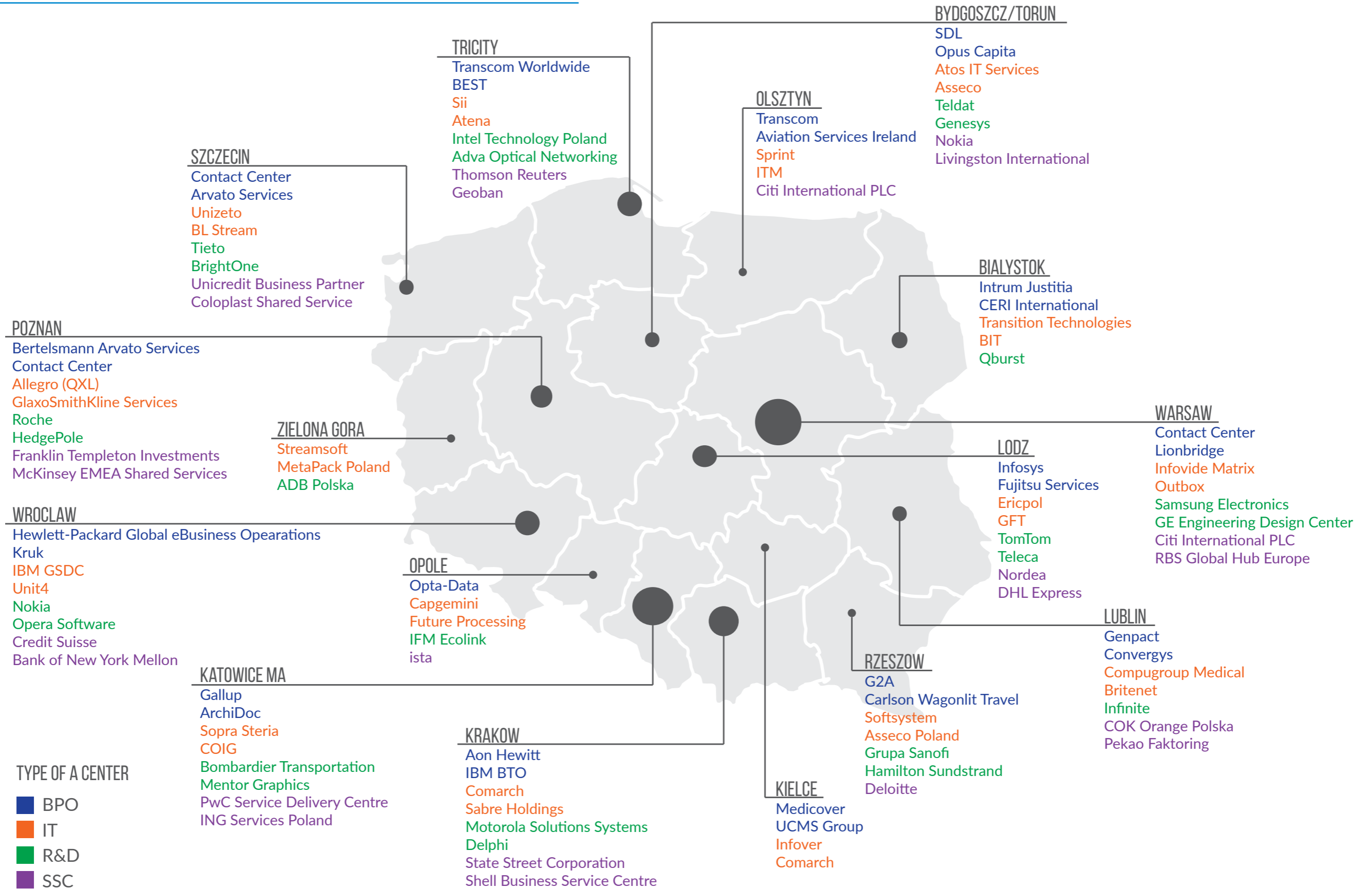
The most popular languages used in SSCs and BPOs (other than English) were German, French, Italian and Spanish. On average, 57% of BPOs and SSCs used German, 40% of them provided services in French, 31% offered Italian and 28% used Spanish. In shared services centers, Nordic languages (Norwegian, Danish, Swedish and Finnish) have become more popular than Russian or Slavic (Czech and Slovak) languages. Approximately 22% of SSCs use Nordic languages, while 18% of them use Slavic and 17% use the Russian language.

Figure 24. The percentage of BPOs and SSCs providing services in a given language.



source: PAIIZ own analysis, 2016.

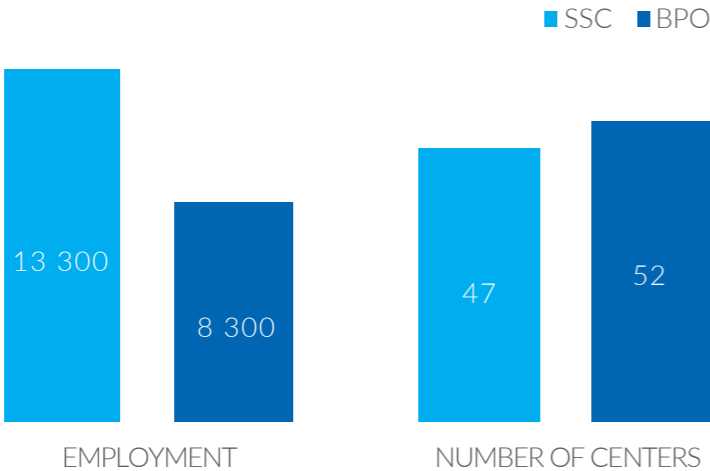
THE BIGGEST SERVICE CENTERS IN POLAND



UNTAPPED POTENTIAL

One should not forget an important feature of the Polish BSS: big potential of Polish centers working in Polish. According to the methodology, the BPO and SSC centers that provide services in Polish only (servicing the domestic network of branches and local clients only) were not taken into consideration. One should nevertheless bear in mind their scale and size from the international BSS suitability standpoint. The fact that centers do not provide service in any foreign language does not mean that its employees do not speak other languages. The employment in 75 BPO and SSC entities was estimated at 22.2 thousand. SSCs were prevailing with over 12.2 thousand and were servicing mostly the banking and financial services industry and telecoms. BPO companies were active mostly in telemarketing and customer services operations. The biggest hubs for the Polish BSS operations were Katowice MA with four thousand employees (i.e. Ruch, Grupa Zywiec), Lublin (Orange Customer Service, Warta) with 3.6 thousand employees, Lodz with 3.4 (T-Mobile, BRE) and Tricity with 3.3 thousand (BPH, PKO BP). Apart from captive centers, financial institutions and telecoms tend to contract their client acquisition and customer services to many other vendors, too.

Figure 25. Employment and number of Polish centers (broken down) by their type.



source: PAliIZ own analysis, 2016.

TRENDS IN THE BUSINESS SERVICES SECTOR



The biggest cities lose 'the license to thrill'

Last year clearly demonstrated that location preferences of the BSS companies underwent gradual changes. Krakow, Warsaw or Wroclaw, despite holding the position of strong leaders, from time to time had to give place to dark horses. One of the reasons was obviously the challenges of sourcing employees. The labor market has already turned from employers' to employees' market. In some industries, like IT, we are even talking about the students' market – the companies recruit their prospective employees in their second or third year of studies. The search for talent has become a compelling reason to start exploring undiscovered markets. This approach has resulted in a direct increase of considered locations. At the end of 2014, the business services companies were interested in 23 Polish cities. A year later as many as 33 locations were in play. A new phenomenon is also the frequency of requests concerning Warsaw as an investment destination, mostly for SSCs and R&Ds. In 2014, the capital city was considered by 25 projects. One year later, as many as 35 companies took Warsaw into consideration.

The multifunctional character of center and complexity of services grow

The companies, which many years ago started their operations in Poland and offered simple finance and accounting processes, persistently expand their portfolio of services by adding HR support, supply chain management, IT/tech support and even strategic functions like management accounting, analytics and global projects, processes and know-how management. This sort of change is often initialized internally, in the center as a result of the following logic: I perform simple services – yet I do have access to data – why don't I analyze it – and put together a report with recommendations. The comparison of data between 2014 and 2015 revealed that BSS centers increased the number of process groups serviced. The growth leaders were SSCs – 16% of the centers that existed in 2014 have added throughout the year 2015 as many as almost three new groups of processes on average. As a result of the increased scope of services and its complexity, Shared Services Centers gain the status of the Center of Excellence (CoE). New standards and best practices, which are created there, later on are applied throughout all the corporate entities.

This trend is also well visible in the type of projects PALiZ is working with. Poland is already considered as a mature destination for BSS. As a result, a different approach is used and different assumptions are made in the center planning phase, i.e. when designing a setup of the center and its functions. A few years ago most of the companies were taking quite a conservative approach. The most important assumption was to play it safe and make it a small-scale success (proof of concept), and only then could it be considered whether to migrate the next processes, and if yes, to what extent. These days, newly created centers still start with a transition of one process, but also assume upfront that more is to come. Multifunctionality of the center comes with the increased level of confidence in maturity and skills of prospective employees.

Hybrid models

The hybrid model, understood as a local shift of processes and engagement into an outsourcing contract, seems to be a new phenomenon as well. This is linked to the increasing complexity of services and changes in the existing SSCs. In the past, the first rollout consisted of rather simple

functions. These days those processes are quite often handed over to external providers. It is possible thanks to the growth of internal competences and skills built on the experience. Seasoned employees possess sufficient know-how to be able to engage in the most advanced tasks, which also increases their motivation. This transition towards more complex services wouldn't be possible without an efficient and tailor-made governance and management model.

Now seems to be the appropriate time to underline the position of the center leader. In some BSS units this post does not exist, and team leaders (AP, GL, payroll, IT) report directly to their bosses who are located, in most cases, abroad, in the headquarters. Some of the centers, however, do employ a general manager or managing director of the center. The responsibility of the post consists not only in administering a 'business as usual' status, but also in coordinating optimization initiatives and even transform the nature of the center.

An interesting example of the transformation was CBRE Corporate Outsourcing EMEA GBS. The center was established in 2008 as a typical SSC captive center, supporting European businesses of CBRE in just one type of operations. The local management has been, however, persistent in increasing the scope of activities and level of competences, which resulted in doubling the headcount in just two years (2014 – 2016) and changing the image from a cost-generating into a revenue-generating center. Currently the company provides services mostly (75%) to external clients, which justifies calling it a BPO provider rather than captive. At the same time, the company uses third party vendors, too, contracting its less advanced, transactional processes. This has made it possible to offer CBRE GBS employees professional development opportunities at sophisticated, ambitious projects.

Automation & robotics

An even more appealing alternative to the contracting of repeatable, non-complex processes to a vendor is automation and robotics. The ability to tap into those areas comes with the organizational maturity of the center. Standardized, well-documented processes and analytical exercise aimed at identifying the candidates for automation are the basis for efficient optimization of the center. A good example is Tricity-based Geoban, which has not bought an external solution from the shelf, but has engaged internal resources instead, consisting of thoroughly mapped and trimmed processes. Tools were developed to shorten and simplify the tasks, which brought significant improvement in customer service satisfaction. Automation and robotics have yet another advantage: they contribute to winning interesting, challenging projects for the center and speed up transformation into a Center of Excellence.

Transformation and change

The proactive behavior of the management is an enabler for the SSC – CoE transformation and change in the perception of the center, seen no longer as a cheap service provider, but rather as a business partner. Obviously, this will not happen overnight and is subject to some prerequisites. The most important is trust-building – this enables a handover of a Global Process Ownership to

the center. Supervision over an end-to-end process helps greatly in securing its high quality but also facilitates its optimization by cutting out unnecessary, redundant sub-processes. This is exactly the place where the BSS industry creates innovation and R&D. On the other hand, interesting projects increase the involvement of the employees and act as a strong motivating factor. This helps to break the stereotype of a 'cost-generating, no value added' unit and improve the evaluation of the work quality – not merely based on KPIs, but also on qualitative and descriptive basis.

Change of the profile of BPO vendors is also remarkable. Third party providers based in Poland transition from transactional support into complex services, which secures them higher margins and profitability on the one hand, and sets them on par with captive CoEs in terms of attractiveness for employees on the other. This is well visible in the case of Lodz-based Infosys BPO, which offers not only finance and accounting services, but also risk management, marketing support and strategic consultancy. Another example is Fujitsu GDC, which in 2008 started its operations in first line tech support/help desk and last year launched Remote Infrastructure Management and software development for Primergy / Storage platforms.

Business transformation: consulting – outsourcing - technology

Cross-functionality, interchangeability and expansion of the scope of services observed on the vendors' side is yet another feature which is hard to overlook. The companies, which in original business has always been ITO and BPO, tend to explore new areas like strategic consultancy and advisory services. The opposite tendency is also there: historically well-established consulting companies reach into the business process outsourcing and technology consulting. This concerns virtually every company of the Big Four and main BPOs. The outcome is either new legal entities for business lines (acquisitions or Greenfield projects) or an increase in the headcount and array of operations in the existing centers.

BSS – the caring employer

Statistics show that an average BSS employee is female in her 30s, with the exception of IT centers where gentlemen still prevail. It is worth noting, though, that services companies think boldly about tapping into a more experienced and mature human resources pool. The employees in their 40s and 50s offer a great deal of experience on the one hand and solidity on the other. Their significant feature is emotional stability, which lets them handle cases in an objective and well-balanced manner, especially when dealing with the external clients. Moreover, thanks to their rich life and personal experience, in most cases they have better-developed soft skills and use them broadly when communicating with other people, which is very important from the clients' servicing standpoint. The biggest challenge while making attempts to recruit them is their ability to speak many foreign languages. Until the beginning of the 90s, it was Russian that was taught predominately across Poland, a language not often sought-after by the BSS centers. Despite those limitations, more frequent are cases where three generations, baby boomers (45 – 65 years old), generation X (30 – 45 years old) and generation Y (20 – 30 years old), (with generation Z knocking at the door of the employers), work hand in hand on the same projects. What comes as a surprise is that genera-

tion Y features exceptional loyalty and engagement in their work, provided that an employer is able to listen to their needs, respects the work-life balance, and knows how to motivate them, remuneration being not the most important factor. The youngest generations entering the labor market are demanding indeed, but mostly with regard to the managers' leadership style and professional skills.

Demand for talents, profile of the BSS employee, increasing the level of corporate culture and the care for the most precious assets – people encourage employers to create a very friendly environment for their employees. For example, centers ensure excellent conditions for young mothers to facilitate their smooth reentry into the office after maternity leave. The list of amenities includes flexible work time (in – out time, part time job, home-working / telework – which has been supported by relevant legal regulations), kindergartens/preschools on site or in close proximity to the office, or nursing / baby care rooms.

The industry – catalyst of the business – academia cooperation

Companies undertake frequent initiatives to enhance the cooperation with universities for pragmatic, not to say selfish reasons. Still, their influence on the shape of the Polish educational system and curricula ultimately might be very beneficial. In the light of definite availability of human resources and candidates for the jobs which skills do not always match employers' expectations, the companies are even more eager to work with the educational institutions on new programs, majors and changes in the curricula. This is a clear win-win situation: employers broaden the available talent pool meeting their requirements, and universities are able to offer their students specific profile of education which gives them a competitive advantage in the labor market. The above-mentioned programs are in most cases focused on practical and soft skills.

The growing importance of HR departments

HR teams in the BSS have gained a lot of focus and importance lately. Caring about employees is no longer merely a catch phrase, which elevates the role of HR from administrative support to the business partner circle. And with good reason, given the competition for talent. Some of the companies testify that it is easier these days to attract an employee than to retain him for a longer period of time. This points at the necessity of tight cooperation between talent acquisition (one should even say: talent motivation) teams and business leaders who are able to help draw professional career paths. As a result, companies put an effort in making the workplace attractive to its employees and candidates. An interesting case (surely not the only one) is that of the Marsh European Business Support Center, which applied the highest standards of the quality and friendliness of the working space and supported it with a flexible approach towards work time and home-working possibilities. So far the effort has paid off very well, as evidenced by a very low attrition rate and exceptionally high involvement among the employees.

As far as the attractiveness of the workplace is concerned, it is important to have the right office location (i.e. very well accessible by public transport, fairly close to a shopping center, but also offering a certain number of parking places for cars and bikes) as well as its interior and design.

Although hot desking is quite tempting from the space optimization point of view, one should know that employees (just like cats) get bound to their desks and personal belongings deployed here and there. The office and its amenities do have an influence on attracting and retaining employees. Modern infrastructure like a fully-equipped kitchen, dining rooms, chill-out rooms and creative spaces, even simple things like tilt-and-turn windows are very welcomed by the employees. Some companies go even further by offering their staff out of the ordinary features like pool/snooker tables, table tennis, darts, free lunches, fruits and vegetables available at hand or even providing them with short relaxing massage sessions. All of that significantly improves the working comfort and in the end enhances the image of an attractive employer.

Foreign nationals – important for the labor market

2015 confirmed what was already visible earlier: there is a trend of hiring foreign nationals in the BSS centers in Poland. Their clear advantage over Polish colleagues is the native command of the foreign language, plus they bring into the teams the knowledge about intercultural differences – inherent knowledge not to be learned from any book, crucial when servicing clients. More importantly, they are usually hired on local conditions, similar to the Polish citizens, maybe with an exception of the premium for languages.

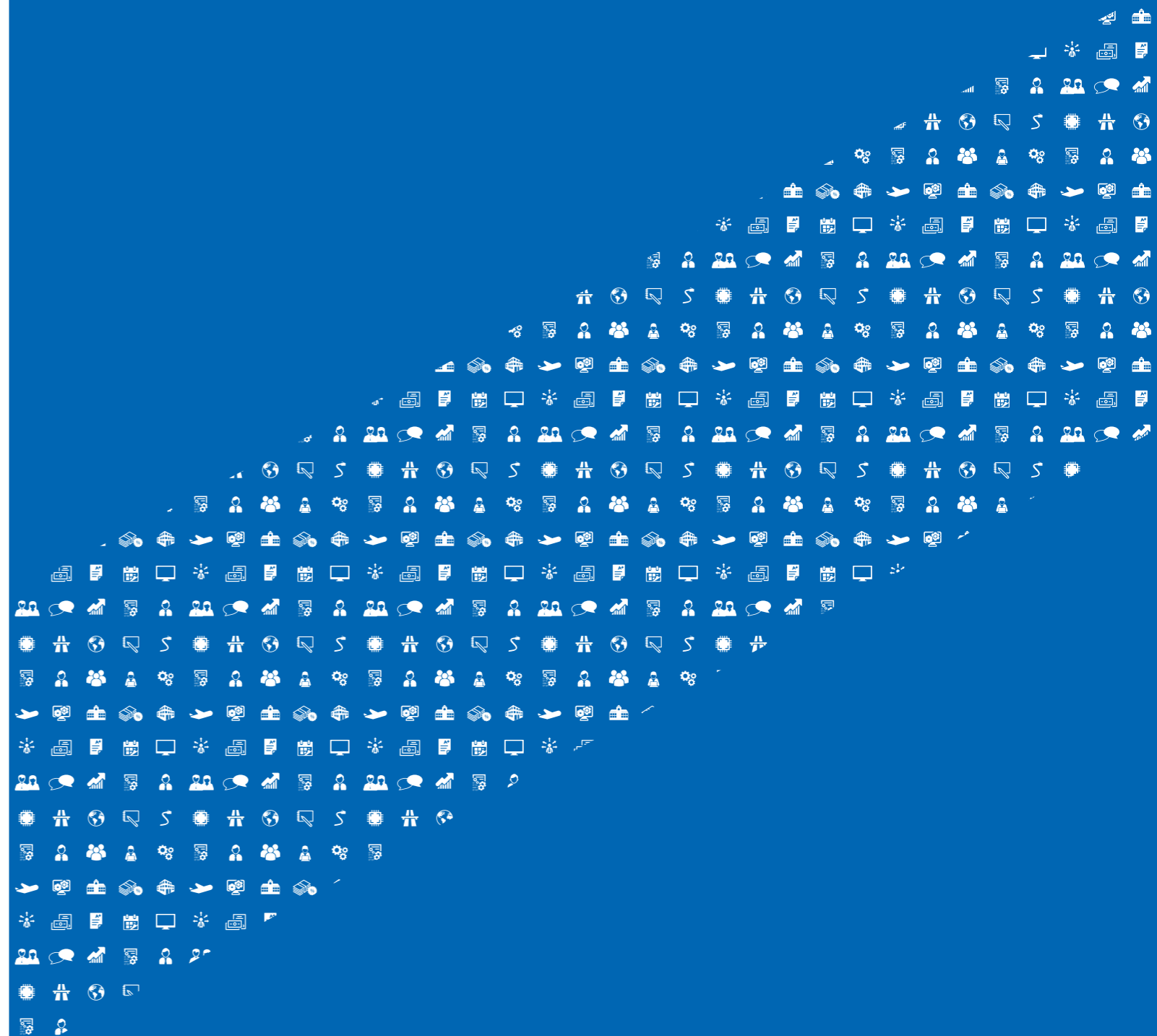
Polish emigration – new prospects

Entrepreneurs also share the opinion that one of the most efficient ways to open a new site and find a management team for a good start is to run recruitment among the Polish employees located in the headquarters of corporations. Poles who have gained experience and language skills quite often do consider a return to Poland to work for the same employer. According to the British Office for National Statistics, 2015 marked the lowest negative net migration in the history (only 14 thousand) with the UK, which has traditionally been a favored Polish emigration destination. It is likely that the next years will bring a positive migration balance with the UK (more Poles are bound to return than leave).

Work & wages

Remuneration has been shaken off the top of the list of key motivators some time ago. This is particularly true in the IT industry, where the gap between the net wages between Poland and Western Europe narrows (the total cost is, however, still much lower in Poland thanks to the beneficial social security contributions and the total level of operational costs/overhead). The companies stress that it is the quality of the workplace, challenging projects, training programs and professional development that matters now. A bit more privileged are those SSCs that also have a strong business presence in Poland and Europe. This greatly expands the possibilities to shape career paths and, in the end, keep an employee with the company much longer, by offering them transfers between back-office and front desk in business, for those who are willing to take on the challenge.

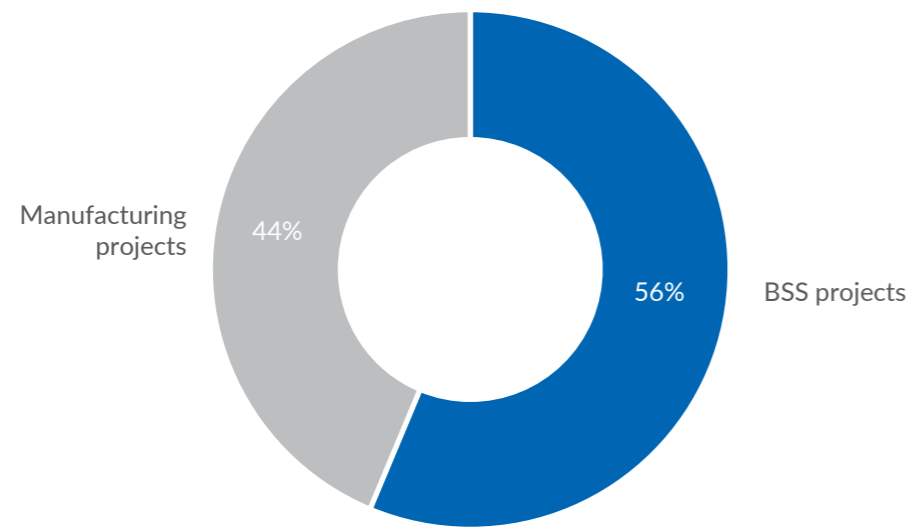
BSS PROJECTS ASSISTED BY PAIIIZ IN 2015 AND Q1 OF 2016



COMPLETED PROJECTS ASSISTED BY PAIIIZ

Over the past 15 months (covering the year 2015 and the first quarter of 2016) as many as 71 companies, both services and manufacturing, serviced by PAIIIZ decided to launch new investment projects or reinvest in Poland. The total value of these projects amounted to nearly 844 million EUR while declared employment exceeded 12.5 thousand people. In terms of the number of projects mediated by PAIIIZ, manufacturing investments prevailed by a slender margin (52%) over BSS. However, when we take into account the number of new jobs created, it is the business services industry that generated as much as 56% of declared employment.

Figure 26. The share of BSS staff in a total number of new jobs created in 2015 by companies serviced by PAIIIZ.

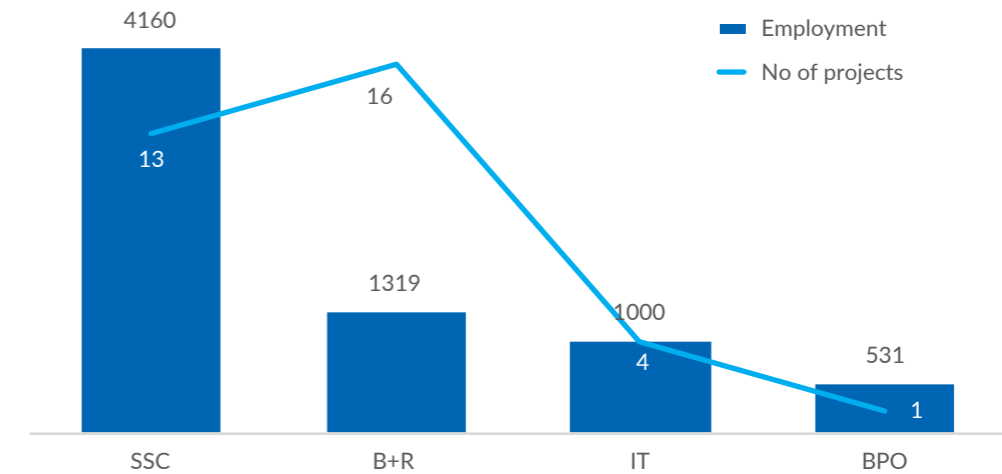


source: PAIIIZ own analysis, 2016.

Thirty-four out of 71 investment projects announced during the last 15 months were business services providers. Investors representing that particular industry plan to create more than seven thousand new jobs and to invest over 100 million EUR. As many as 18 services projects were reinvestments; the remaining 16 are implemented by the newcomers.

Among the above-mentioned investments, research and development projects dominated (there were 16 of them). The second largest group of projects (13) concerned shared service centers, mainly in a Global Business Services (GBS) model. SSCs have also offered to create the greatest number of new positions—almost 4.2 thousand.

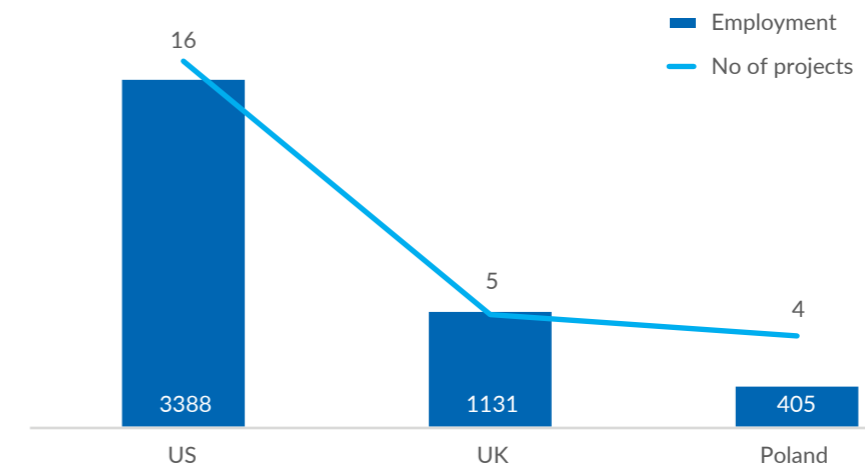
Figure 27. BSS projects completed in 1Q 2015-1Q 2016 by their type and new job places.



source: PAIIIZ own analysis, 2016.

In PAIIIZ statistics regarding completed BSS projects, three countries stand out. The undisputed leader in terms of both investment decisions and employment volume was the United States. The US companies developed 16 investment projects and plan to create nearly four thousand new jobs, mostly in SSCs (8 projects, 2.9 thousand new jobs) and R&D centers (8 projects, 500 new jobs). Projects from overseas will be implemented in eight different locations across Poland. The second most active investors in BSS were those from the UK. British entrepreneurs are in the process of setting up five centers and hiring 1.1 thousand staff. It is worth noting that the third place belongs to the Polish companies, with four investments, mainly R&D and advanced IT centers. These projects will create 400 new jobs for highly skilled employees.

Figure 28. The number of projects and new job creation by country of origin.

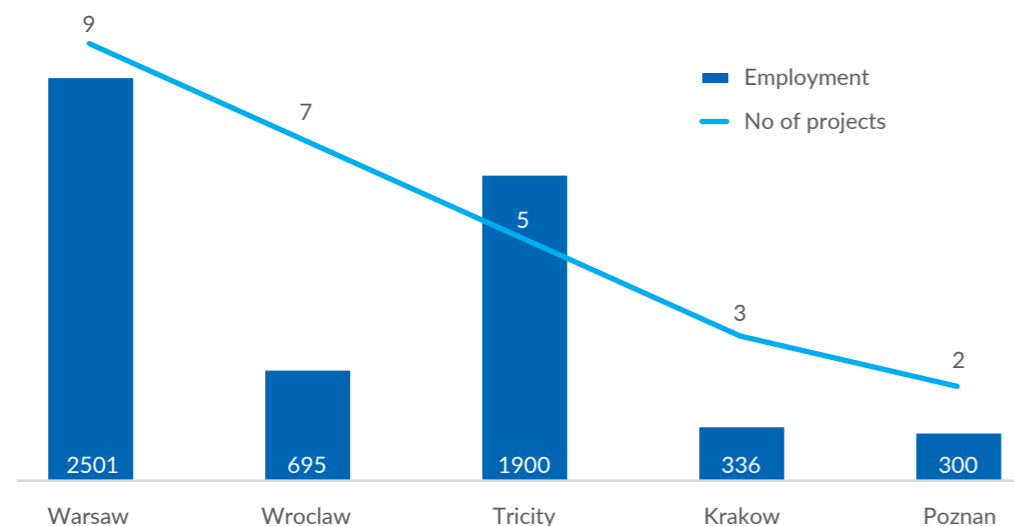


source: PAIIIZ own analysis, 2016.

SUPPORT GRANTED TO BSS COMPANIES UNDER GOVERNMENT GRANTS SCHEME IN 2015

BSS investors serviced by PAlilZ intend to base their projects in 12 different cities in Poland. As many as nine projects are going to Warsaw, the city which, last year, came back to the champions league of cities chosen by BSS investors. This was made possible by the deep pool of human resources who possess unique skills, and, contrary to popular belief, to operational and labor costs comparable to other Polish cities. Investments in the capital city of Poland are bringing 2.5 thousand new jobs. Six projects in Warsaw are SSCs of companies like MoneyGram or the producer of kitchen and sanitary systems - Franke. Seven new BSS projects went to Wroclaw. Their contribution to the local economy is 700 new jobs. The year 2015 was also a good one for the Tricity, which together with PAlilZ, was able to attract five companies and employ two thousand people. Three out of five projects in Tricity are reinvestments - Jeppesen, a world-class provider of advanced IT services, specializing in cartography and aviation, marine and land navigation, present in the town for many years now; Alexander Mann Solutions, a company that offers recruitment process outsourcing services to external customers; and State Street, a leading global provider of financial services for institutional investors. The last two companies have been present in Poland for several years already and have run their businesses in Krakow. Last year the two of them decided to set up their next centers in another location in Poland. The list of completed projects also includes investments in locations such as the city of Bielsko-Biala and Czestochowa, where manufacturing companies decided to develop R&D centers adjacent to their sites.

Figure 29. The number of projects and new jobs by cities.



source: PAlilZ own analysis, 2016.

Many different factors influence the location decision of BSS companies, not the least of which are availability and forms of incentives in a given country/city. Tax exemptions are not very popular for BSS companies, mostly because of the transfer prices (cost-plus model). It is no surprise that only two firms have the intention to run their operations in the special economic zones offering CIT holidays. Cash support is by far the most preferred instrument of support for business services companies available in every Polish city. Thirty-five percent of BSS firms successfully mediated by the Agency in 2015 have benefited from employment grants offered by the government.

In 2015, Poland was still perceived by entrepreneurs as a very attractive location for their investments. It is no wonder that last year witnessed many reinvestments and numerous completely new projects to be established in our country. For many companies, one of the important factors considered in the site selection process was available investment incentives. In some regions of Poland, the state aid for large companies can reach even 50% of eligible investment costs, the highest permitted in the European Union. The incentives system in Poland consists of many appealing instruments, including both tax exemptions and grants.

The only source of grants for both manufacturing and BSS projects was the governmental Programme for supporting investments of major importance to the Polish economy for the years 2011–2020. In 2015 the number of applicants was even higher than in the previous years because it was the very last year of Programme's availability in the current form. As many as 26 companies interested in government grants submitted applications for support. Grants were given for 22 projects worth 2.1 billion PLN and planning the employment of almost 6.9 thousand people. The budget for the support of all these projects did not exceed 200 million PLN.

Sixteen applications were submitted by BSS companies. Declared headcount related to the planned investments was 4.8 thousand new jobs, which represents 70% of the headcount reported by all applying companies. It is noteworthy that 94% of all future BSS employees will be degree holders. Two types of businesses dominated among the services projects: R&D and shared services centers (six projects each). SSCs are creating the greatest number of jobs - 2.4 thousand. For the Polish treasury this actually seems like a true bargain, as one job place in the business services sector will cost the taxpayer approximately 7.7 thousand PLN – an almost negligible value in comparison to the long-term benefits.

Nine investments have been developed by companies already present on the Polish market. Three reinvestment projects set up in a brand new location in Poland. Five other projects are implemented by the companies that are only just discovering Poland as a place for doing business. Among them are the companies mainly from the North America (US and Canada) and the very first BSS investor from Egypt, Raya Holding, which is launching a BPO center in Warsaw.

Companies that applied for grants are developing their projects in seven different cities. The greatest number of supported investments will be established in Krakow (5) and Wroclaw (3). These investments bring a significant increase in jobs in each of these cities, 2.1 and 1.2 thousand respectively.

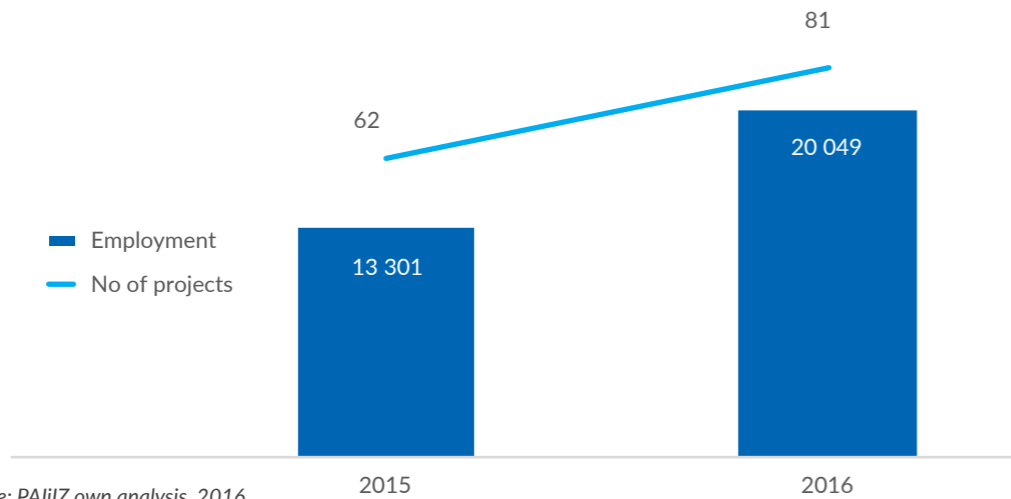
The examples of BSS companies that benefited from grants in 2015 include, for example, Luxoft, which, thanks to the grant support, will increase its employment by an additional 1,350 FTEs in Krakow and Wroclaw. Another example is Wroclaw-based Polish company, SMT Software, which decided to open its next branch in Katowice and employ at least 70 people. Deloitte chose Rzeszow to establish its Central Europe Business Services hub. The project brings 250 new jobs.

INVESTMENT PROJECTS SERVICED BY PAIIZ

Active projects as of the end of March 2016

As of the end of March 2016, PAIIZ worked on 179 potential investment projects with a total value of EUR 3.7 billion, aiming to create over 40 thousand new jobs. Among these projects, 45%, or 81 investments, refer to the BSS (including R&D activities), up by 10 percentage points since the last year. The total employment at stake amounts to more than 20 thousand jobs (a 50% share in declarations concerning employment within all projects included in the Agency portfolio).

Figure 30. A y-o-y comparison (March 2015 to March 2016) of the number of projects and job places in the BSS, in the Agency.

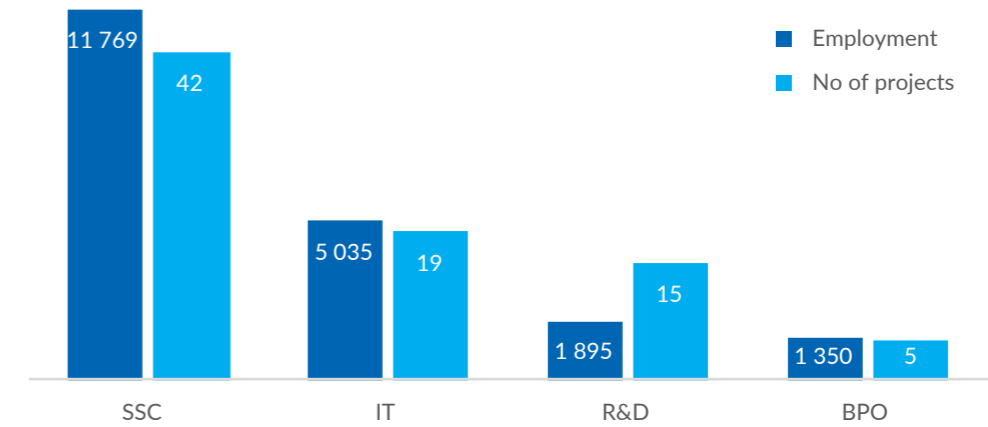


source: PAIIZ own analysis, 2016.

Among BSS investors mediated by the Agency, the largest group considers a set-up of shared services centers (42) with a targeted employment of 11.8 thousand people. The second most popular type of centers to be established is IT projects, accounting for one-fourth of employment declarations made by all BSS companies.

American companies lead 33 out of 81 BSS projects, and, if successful, they would add another 7.6 thousand new jobs to the economy. The United Kingdom ranked second with eight potential investments. Third place belongs ex aequo to German and Swiss entrepreneurs in terms of both their number of projects (seven each) and their employment (4.1 thousand each) alike.

Figure 31. The type of BSS projects in PAIIZ portfolio as of the end of March 2016.

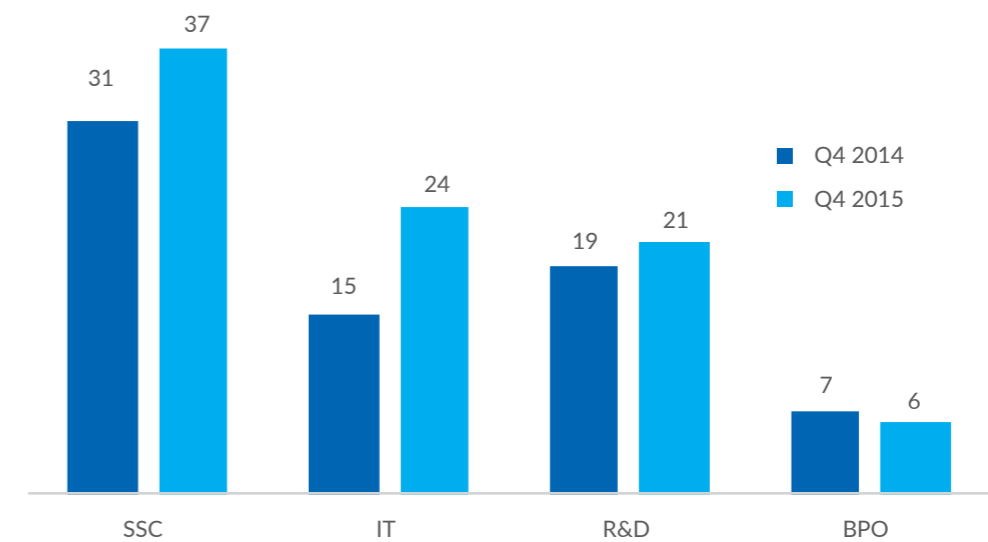


source: PAIIZ own analysis, 2016.

The comparison of the active projects in the last quarter of 2014 and 2015

The comparison of the active projects in the Agency's portfolio in the last quarter of 2014 and 2015 brings interesting conclusions about the type of serviced projects and their preferred locations. In Q4 2014, the Agency was servicing 72 projects from the Business Services Sector. A year later the number of projects was 88 (up by over 20%). IT investments, SSCs and R&D sites accounted for the increase. The number of BPOs slightly fell.

Figure 32. The number of projects serviced by PAIIZ in Q4 2014 and 2015 by type.



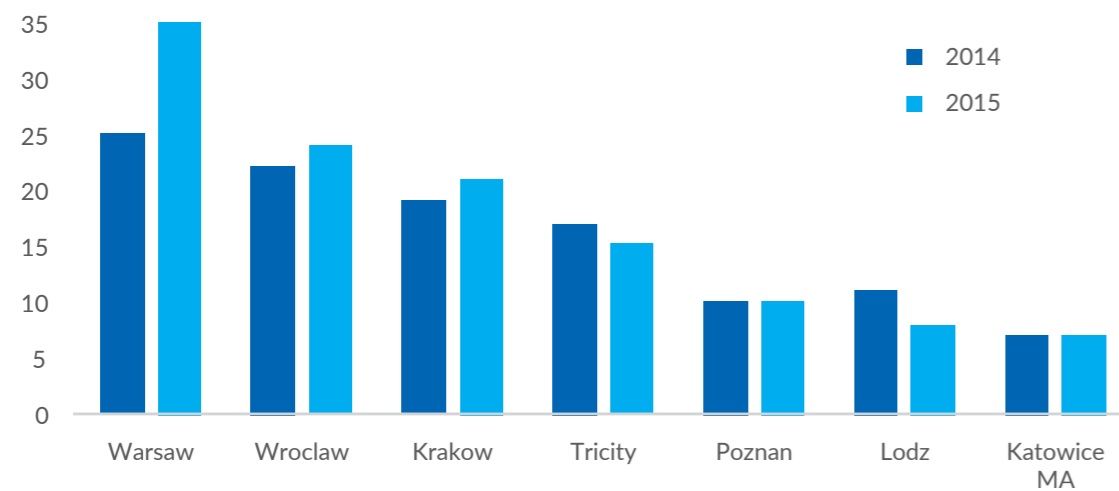
source: PAIIZ own analysis, 2016.

Among the assisted projects the most active were companies from the United States (increase from 26 to 40) and the UK (from six to nine).

The analysis of the considered locations also sheds some light on the investors' preferences. In Q4 2014 there were 139 location requests in total (this number includes overlap from 72 projects). In the same period of 2015, the number of locations went up by 11%, to 156 sites. The number of considered locations did not increase as greatly as the number of projects. The conclusion becomes quite apparent: the projects in 2015 were coming to PAIiZ either with more specific plans regarding the cities they were considering or fewer locations were considered (companies came with a short list of locations rather than a long list). Either way, it means that the awareness of competitive advantages of particular Polish cities was pretty well known to the investors, and they were able to pick those sites which matched their needs better. The total number of single cities under consideration increased from 23 to 33, which points at a growing interest in the smaller Polish cities.

Despite the above-mentioned, it was Warsaw that enjoyed the most dynamic growth of interest. In Q4 2014 the capital city was considered by 25 projects, and one year later as many as 35 companies considered Warsaw. This increase can be attributed to several factors. Operational costs in Warsaw are not much higher (if at all) than in other Polish cities, yet the depth of the labor market and types of the centers which are already established provide comfort for the successful commencement of projects, even those, that require unique, rare skills of the employees and have aggressive ramp-up.

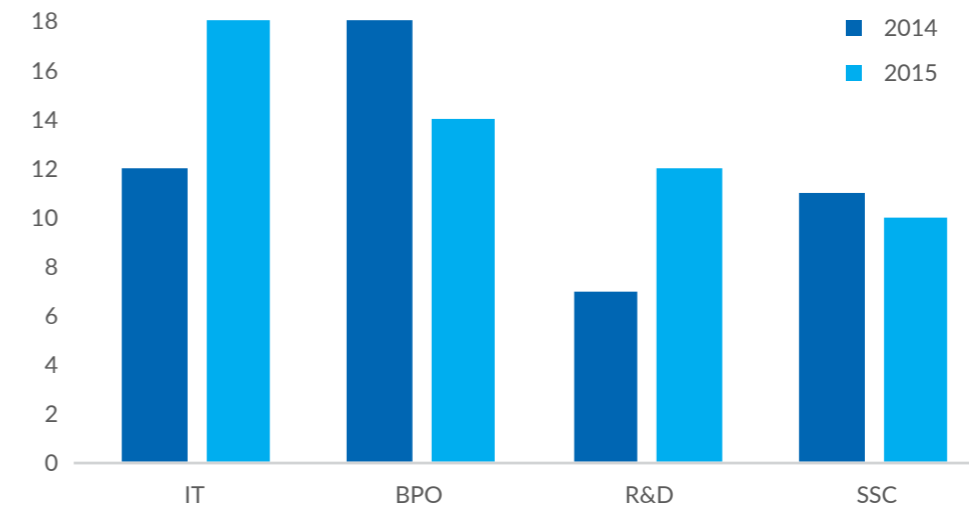
Figure 33. The number of requests concerning Polish cities in Q4 2014 and 2015.



source: PAIiZ own analysis, 2016.

The growth of considered locations was the most visible in the case of IT projects (from 12 to 18) and R&D (from seven to 12). The most plausible explanation is an attempt to increase the access to a talent pool that possesses particular skills.

Figure 34. The number of cities considered in Q4 2014 and 2015 by type of the center.



source: PAIiZ own analysis, 2016.

It is worth noting that 2015 was a year of particularly dynamic increase in diversified IT projects, in terms of both the core industries represented (IT solutions for financial services, FMCG, IT outsourcing) and the scope of the projects (design, development, testing and implementation of the software).



CASE STUDY OF F5 NETWORKS INVESTMENT PROJECT

Company name:

F5 Networks

About the company:

American publicly-traded corporation on NASDAQ with a market cap of 9 billion USD and subsidiaries or branch offices in 26 countries. The company headquarters is located in Seattle, Washington. The average employment in the last 12 months was four thousand staff.

Services:

Leading developer and provider of software-defined application services operating in the niche technology segment wherein the company's core technology platform is called Traffic Management Operating System (TMOS). The main goal of this System is to integrate services that include local and global traffic management, network and application security, access management, web acceleration and a number of other network and applications. The company also offers a broad range of services including consulting, training, installation, maintenance and other technical support services, such as round-the-clock call center support.

Solutions:

The company provides solutions for an application world. F5 helps scale cloud, data center, telecommunications and software-defined networking (SDN) deployments. F5 solutions broaden the reach of IT through an open, extensible framework and a rich partner ecosystem of leading technology and orchestration vendors. This approach lets customers pursue the infrastructure model that best fits their needs over time.

Description of F5 new investment project

Purpose of the project: to create a [Warsaw Technical Center](#) as a multi-disciplinary site with Product Development, Services and Security Operations. This new Center is the first non-US based Security Operations and a Product Development facility.

Project parameters:

Planned employment: 70 qualified employees hired within 5 years

Investment expenditure: 2.7 m PLN

Location: Warsaw

Processes covered:

Product Development – software development, testing and support. The main goal of this site is to supplement the current growth in the overall product development function and provide backup for Europe, the Middle East and Africa teams (EMEA). The scope of work will cover test development (manual and automated), execution, test infrastructure development and also software development and customer support activities.

The Services Department requires the expansion of its [customer service](#) in the EMEA region with further growth in Central and Eastern Europe. The addition of a new Technical Services department will contribute to F5's rapid-response customer service capabilities. The team helps clients to design, implement, maintain and optimize IT infrastructures, complementing F5's existing strong team in Chertsey, United Kingdom.

The [Security Operations Center \(SOC\)](#) is planned to set its footprint in Poland to ensure compliance with data privacy requirements and enhance time zone coverage, customer service and disaster recovery capacity. The SOC will support customers by providing 24/7 access to highly specialized F5 security experts who monitor global layer 4-7 attack activities in real time. One of the few facilities of its kind in Europe, the SOC will comprise a team of researchers and analysts that investigate new attacks throughout the world, and maintain up-to-date information on the latest malware, zero-day and phishing attacks targeting global enterprises and offer anti-fraud services.

Tasks performed at this multi-department technical site will be based on the TMOS platform that integrates both local and global traffic management modules, network and application security modules, access management module and our Virtual Edition products.

Project goals:

- to have the access to a skilled, talented and multilingual workforce,
- to expand time zone coverage, eliminate gaps in customer service and improve the disaster recovery abilities in the EMEA region,
- to implement a series of network traffic and network security lectures, training and practices for IT, electronics, mechatronics and mathematics students at the University of Warsaw and Warsaw University of Technology,
- to start programs of products certification in close cooperation with universities,
- to organize student competitions in TMOS technology,
- to provide access to advanced F5 technology solutions,
- to engage in CSR activities.

Decision making process:

The decision to consider a brand new site was made in December 2014. It took the company 10 months of thorough analyses to finally announce that the project would land in Warsaw, Poland.

Poland, Warsaw specifically, was chosen due to the access to top class, multi-lingual IT talent and favorable geographical location.

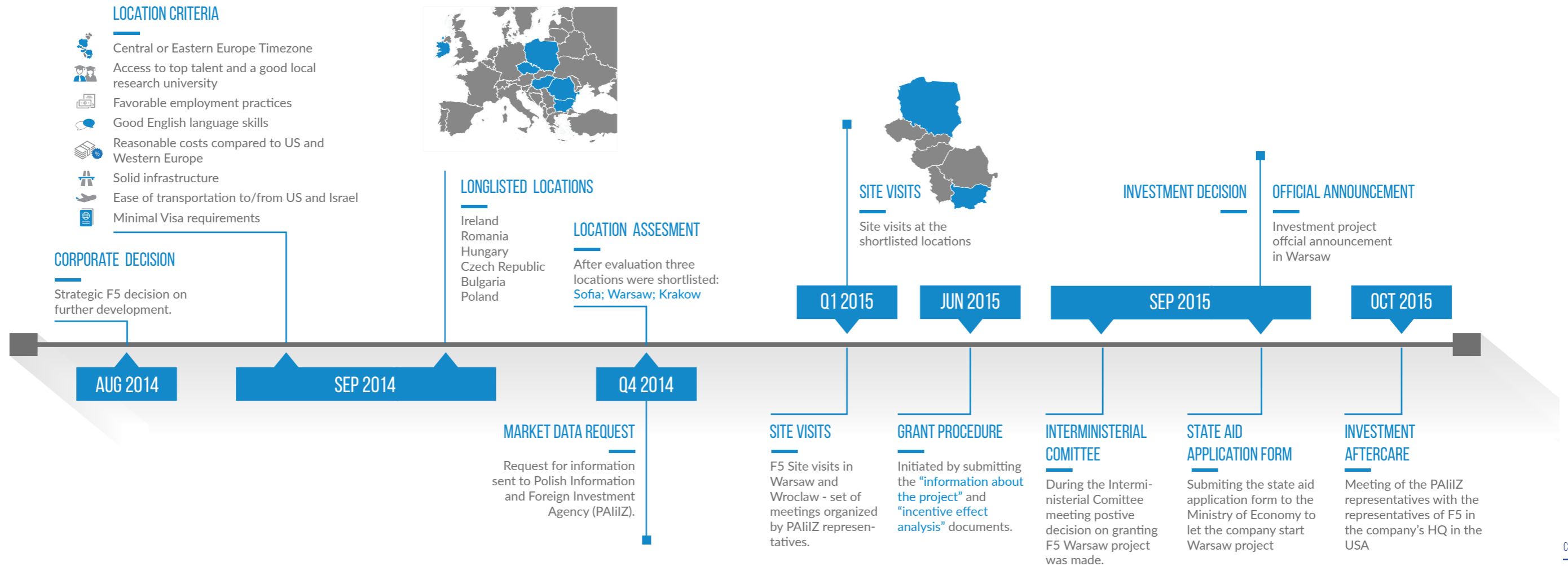
Cash support for new job creation from the state budget

847k PLN - based on the Programme for supporting investments of major importance to the Polish economy for years 2011-2020.

Estimated tax incomes generated by the investment

26.1m PLN in the next 10 years.

ROAD MAP OF F5 NETWORKS INVESTMENT PROCESS



Testimonial

Last year after evaluating multiple sites in a number of countries, F5 Networks decided to open a new, multi-department office in Warsaw. The effort to select the new location was done by a cross-functional team of F5 staff who had a large set of required selection criteria. These included the ability to hire technically talented employees, political stability, reasonable financial costs, etc.

As part of the research for this effort, F5 had team members visit locations within Poland as well as in other countries in Europe. Warsaw impressed all team members with its modern, reliable and efficient city infrastructure. This included the airport, metro, buses, trains, etc. Essential for a technology company was a large selection of Class A real estate, fast network connectivity throughout the city and, most importantly, a large pool of talented people from which to hire. Also noted during the search was the fact that Warsaw is a regional technology hub that is capable of attracting talented people from all over the country and neighboring countries.

The vibrant business community and growth seen throughout the city made a very positive impact on the search team. The people we met with at universities, employment agencies, real estate firms and those from the Polish Information and Foreign Investment Agency were all eager to discuss who they were, what was possible and how to get things done. After these meetings the entire team was convinced that we would be able to rapidly get established in Warsaw and that if we did encounter issues there would be many capable people and organizations willing to help us resolve them.

In support of F5's global business efforts, this investment allows expanded and enhanced time zone coverage, along with customer service and disaster recovery capacity. Additionally, Poland was chosen in part due to its strategic geographic location and the fact that it has a world-class, adaptable, and multi-lingual group of IT talent.

With new product development resources located in Poland, F5 is rapidly augmenting overall development output and providing backup for EMEA Engineering Services teams. Personnel at the location in Product Development include personnel doing development, manual and automated testing, and infrastructure development.

Warsaw is already proving that F5's decision last year was solid, and our office there is rapidly becoming an integral and key part of the F5 family of sites.

Scott Havel
Director | Test Engineering | F5

UNIQUE SELLING POINTS OF CITIES-LEADERS IN THE RACE FOR BSS INVESTMENTS

The business services sector would not have grown so dynamically if it weren't for multiple location options. In Poland, there are 39 cities with more than 100 thousand inhabitants, which certainly is a distinguishing factor in Central and Eastern Europe. It is no surprise that BSS companies have their footprints in 27 locations across Poland. The number is impressive, but still only seven Polish cities aggregate 90% of BSS employment. These agglomerations are well-recognized and diversified academic centers; they offer high quality of life and much space (literally and figuratively) for further growth and reinvestments. This particular section of the report focuses on both leaders' capabilities as well as their unique selling points, crucial for developing reinvestments and attracting fresh BSS projects.



1.73 M/3.04 M

Total population (city/metro) ¹



3.4%

Registered rate of unemployment



249 174 / 49 403

Number of students and graduates 2015



**UNIVERSITY OF WARSAW (1)
WARSAW SCHOOL OF ECONOMICS (12)
WARSAW UNIVERSITY OF TECHNOLOGY (4)**

Top Universities ²



13.8 M Total number of passengers at Warsaw airports.

Top destinations: Amsterdam, Frankfurt, London, Paris, New York, Dubai, Beijing, Tokio ³



4 700 000 Total office space ⁴

14.8% Vacancy rate ⁴



9/10 Number of Hotels *****/****

21 326 Total number of hotel beds

¹ PAiiZ compilation based on Central Statistical Office, Ministry of Science and Higher Education, Urban Audit. February 2016

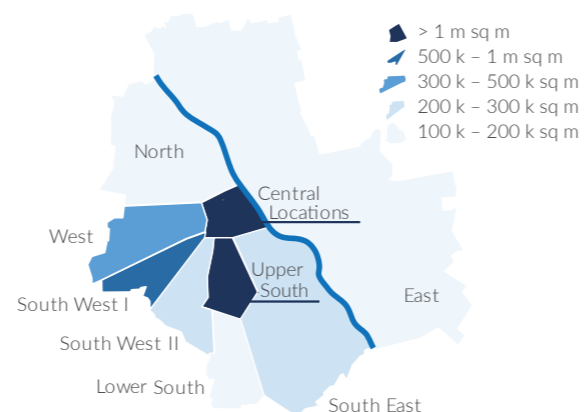
² Top 50 Perspektywy 2015

³ 2015

⁴ Nuvalu



CONCENTRATION OF MODERN OFFICE SPACE



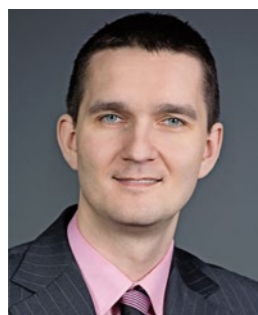
Warsaw is the capital of Poland in administrative, political (seat of the government, parliament and central offices), and financial (headquarters of Warsaw Stock Exchange, National Bank of Poland and Polish Financial Supervision Authority) capacities. More than 400 thousand business entities, including prominent local and global financial, consulting and legal companies, as well as a vibrant startup scene, confirm its impact and influence on the national economy.



A deep talent pool is an essential factor for robust economic development. The constant injection of 'fresh blood' is promised by 68 public (University of Warsaw, Warsaw University of Technology, Warsaw School of Economics) and private (Kozminski and Lazarski Universities, Polish-Japanese Academy of Information Technology) higher education institutions. According to Financial Times and Perspektywy magazine rankings, Warsaw universities provide the best quality of education in Poland to 250 thousand students (including a dozen thousand or so foreign nationals).



Expansion of the Warsaw Chopin Airport (approximately 300 scheduled flights daily and over 11 million passengers in 2015) along with the launching of Warsaw Modlin Airport in 2012 significantly improved accessibility of the city, including direct connections to four continents. The agglomeration is well connected by a dense and effective railway transport system, a combination of subway, trams and urban and regional railways.










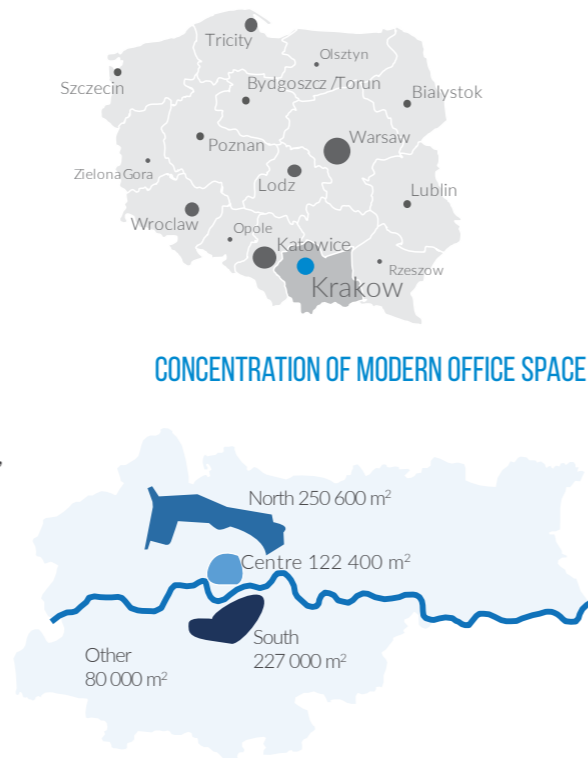
The CBRE Global Business Service was established in 2008. Access to highly educated and qualified talents, easy access, a simply attractive city—these were our primary drivers. As we all know, in 2011-12 outsourcing industry started speaking a different language, i.e. from Client perspective Value add creation became a priority, plus we noticed increased readiness to transfer more complex roles. It only enhanced Warsaw Value Proposition as a location to go where our main focus is quality and access to the best-qualified people across various industries from Poland and Europe. In the last two years, the EMEA GBS business grew from 235 to over 500 people. It was a huge stretch for us, but from a talent availability perspective, I haven't noticed any substantial Warsaw market limitation. In other words, in my opinion, Warsaw is a premier league location among other cities such as Amsterdam, London and Milan.

Maciej Piwowarczyk
Managing Director
CBRE Corporate Outsourcing | EMEA Global Business Services





- 
0.76 M/1.38 M*
 Total population (city/metro) ¹
- 
4.5%
 Registered rate of unemployment
- 
167 708 / 39 930
 Number of students and graduates 2015
- 
JAGIELLONIAN UNIVERSITY (2)
AGH UNIVERSITY OF SCIENCE AND TECHNOLOGY (6)
CRACOW UNIVERSITY OF TECHNOLOGY (38)
 Top Universities ²
- 
4.2 M Total number of passangers at Krakow Airport.
 Top destinations: Amsterdam, Frankfurt, London, Munich, Paris, Zurich ³
- 
760 000 Total office space ⁴
4.0% Vacancy rate ⁴
- 
10/28 Number of Hotels *****/****
18 970 Total number of hotel beds



The historic capital city has been steadily building its position as the national and European leader in the BSS. Consulting company Tholons once again placed the capital of Malopolska in the ninth position in its annual ranking of the top 100 outsourcing destinations worldwide, putting it just ahead of Dublin, five places ahead of Prague, and 15 ahead of Budapest. For several years now, Krakow has been the undisputed leader in terms of number of employees in the BSS centers, which, at the end of 2015, exceeded 44 thousand.



Krakow has a lot to offer, not only to the constantly growing influx of tourists (around 8 million of visitors annually) but also to prospective BSS employees, who pay attention to the balance between an interesting job, a rich cultural life and entertainment. Krakow Historic Center (Old Town, Wawel Hill with Royal Castle and Kazimierz quarter) is named by the UNESCO as a World Heritage Site. In terms of culture, this is an excellent place to be, filled with lively theatres, plus numerous music halls and galleries. In addition, Zakopane, a mountain town informally called 'the winter capital of Poland', is located less than 100 km from here.



Krakow value proposition for BSS companies is enhanced by investment incentives – the possibility to benefit from the CIT exemption in Krakow Technology Park – Special Economic Zone. KTP-SEZ is one of a few zones in Poland with office buildings located in the city, not far from the residential areas.








Krakow, the second largest city in Poland, is the fourth main hub of the centralised Global Contact Centre network for Cathay Pacific. In this vibrant city where history meets modernity, Cathay Pacific offers great career opportunities and self-development possibilities. We are providing a special place where passion for travel and passion for customer service can meet in a rewarding way.

Cathay Pacific
Global Contact Centre



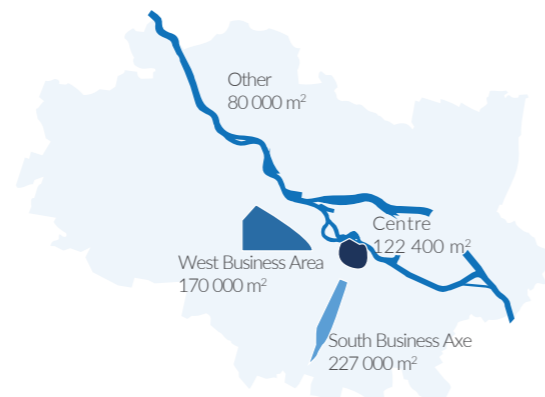


WROCLAW

-  **0.63 M/1.05 M ***
Total population (city/metro) ¹
-  **3.4%**
Registered rate of unemployment
-  **125 565 / 28 983**
Number of students and graduates 2015
-  **WROCLAW UNIVERSITY OF TECHNOLOGY (4)**
UNIVERSITY OF WROCLAW (7)
WROCLAW MEDICAL UNIVERSITY (15)
Top Universities ²
-  **2.32 M** Total number of passangers at Wrocław Airport.
Top destinations: Frankfurt, London, Munich, Paris ³
-  **670 000** Total office space ⁴
8.6% Vacancy rate ⁴
-  **6/12** Number of Hotels *****/****
8 045 Total number of hotel beds



CONCENTRATION OF MODERN OFFICE SPACE



The capital of the Dolny Slask province is associated with innovation, and with good reason. Modern research infrastructure enables advanced works in biotechnology, nanotechnology, materials science, IT and electronics. The agglomeration development strategy underlines the importance of cooperation between local authorities and academia. A good example is the Research Center EIT+, which manages 11,000 square meters of state of the art laboratories, focused entirely on the development of innovations, new technologies, and industrial research projects.



Wrocław created an IT friendly ecosystem, the combination of top Polish and foreign companies, dynamic startup environment, modern manufacturing sector and, in addition, one of the best technical universities, the Technical University of Wrocław. As a result, areas such as Internet of Things, Industry 4.0., disruptive technologies, big data, cloud and cognitive computing are (almost literally) shaped in Wrocław.



The geographical location between Prague, Warsaw and Berlin, rich history, and more than 125 thousand students, including a large group of non-Polish pupils, make Wrocław not only a young city open to new inhabitants, but also a multicultural and multilingual agglomeration. This meshes well with the title of the European Capital of Culture 2016.

¹ PAIiZ compilation based on Central Statistical Office, Ministry of Science and Higher Education, Urban Audit. February 2016
² Top 50 Perspektywy 2015
³ 2015
⁴ Nuvalu










UBS started its activity in Poland in 2007, when the first center in Krakow was opened. Currently, UBS in Poland employs approximately 2,000 people. The decision to open a second center in Wrocław was made at the end of 2014. One of the reasons was the mutual proximity of these cities. Additional decision factors were the availability of qualified staff in the relevant fields, the presence of other companies representing the SSC / BPO sector, which create well-balanced job market, availability of the top class infrastructure and accessibility of the city (International airport and highway). The city authorities have also been open and supportive.

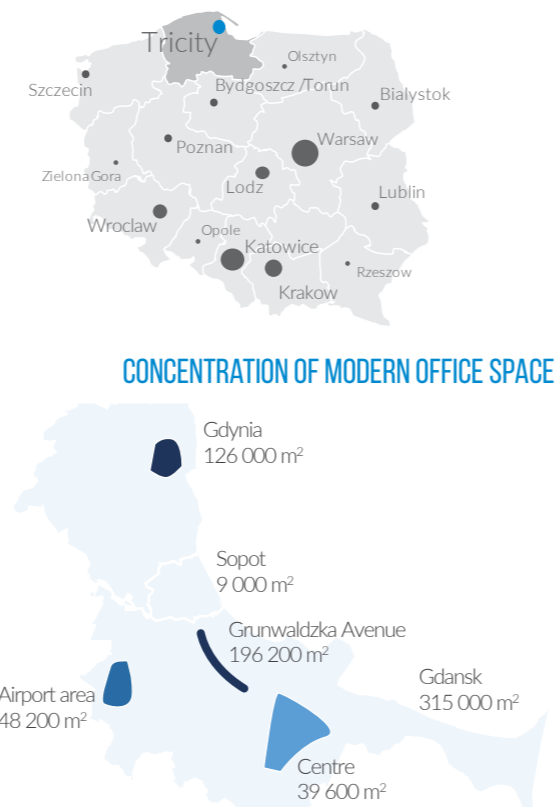
Grzegorz Pabian
 General Manager to Wrocław
 Business Solutions Poland Sp. z o.o.





-  **0.75 M/1.12 M***
Total population (city/metro) ¹
-  **4.3%**
Registered rate of unemployment
-  **91 742 / 20 850**
Number of students and graduates 2015
-  **MEDICAL UNIVERSITY OF GDANSK (10)**
UNIVERSITY OF GDANSK (17)
GDANSK UNIVERSITY OF TECHNOLOGY (17)
Top Universities ²
-  **3.7 M** Total number of passengers at Gdansk Airport.
Top destinations: Frankfurt, London, Munich, Paris ³
-  **580 000** Total office space ⁴
14.3% Vacancy rate ⁴
-  **7/11** Number of Hotels *****/****
8 755 Total number of hotel beds

¹ PAliIZ compilation based on Central Statistical Office, Ministry of Science and Higher Education, Urban Audit. February 2016
² Top 50 Perspektywy 2015
³ 2015
⁴ Nuvalu



Significant infrastructural investments in the past years related to Gdansk being the host city of Euro 2012 soccer games boosted the development of Tricity's agglomeration transportation network. As a result, Fast Urban Railway (SKM) binds the Tricity core, Gdansk, Gdynia and Sopot, with regional cities, Koscierzyna, Slupsk and Tczew, as well as the Lech Walesa Airport. It would not be possible without excellent cooperation between mayors' offices in all the mentioned cities. Companies that consider Tricity as the location for their projects can count on the equally efficient cooperation of all the parties involved.

As a port city and important logistics hub, Tricity offers an interesting opportunity for the business services companies. A deep talent pool of specialists with background in maritime logistics, supply chain or procurement is ready to take up new professional challenges in the BSS.

Tricity traditionally serves as Poland's 'Nordic Connection'. The greatest supply of Nordic speakers (due to the oldest and largest Scandinavian faculty at Gdansk University and its newly created Finnish department), plus cultural and geographical proximity make this area the preferred partner for our northern neighbors.



In 2015, Staples has opened and developed its Global Competence Center in Gdansk.







Gdansk was a natural choice, as you can easily source well-educated graduates as well as experienced experts. We have no doubt that local employees are satisfied with the opportunities provided by Staples while working on pan-European projects in international teams.

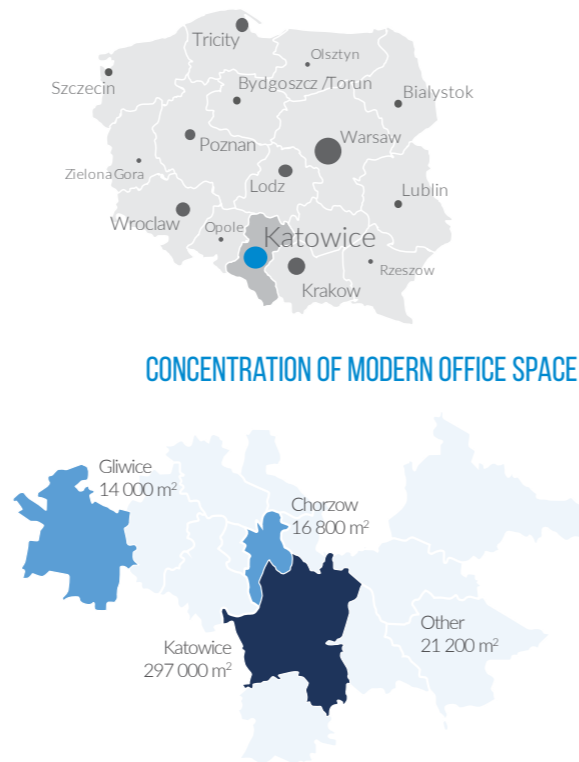
Marek Nowak
Director of Staples Global Competence Center.





KATOWICE

- 
0.3 M/2.6 M*
 Total population (city/metro) ¹
- 
3.8% (5.8%)
 Registered rate of unemployment (in agglomeration)
- 
87 737 / 23 672
 Number of students and graduates 2015
- 
UNIVERSITY OF SILESIA IN KATOWICE (17)
SILESIA UNIVERSITY OF TECHNOLOGY (22)
MEDICAL UNIVERSITY OF SILESIA (31)
 Top Universities ²
- 
3.1 M Total number of passengers at Katowice Airport.
 Top destinations: Frankfurt, London, Paris ³
- 
430 000 Total office space ⁴
15.1% Vacancy rate ⁴
- 
1/6 Number of Hotels *****/*****
7 446 Total number of hotel beds



Katowice Metro Area is one of the largest metropolises in Europe. The population of the agglomeration exceeds two million, while 4.6 million people live in the densely-populated Slaskie province. There are as many as 11 million people living within a 100 kilometer radius from Katowice. A convenient transportation network (roads and railways) ensures quick access to the city center for employees.



Investors are encouraged to choose Katowice also thanks to the available incentive of exemption from the CIT in the Katowice Special Economic Zone. Just recently a modern office park has been developed within the borders of the zone.



Due to its industrial past, Silesia is recognized as a strong scientific and industrial hub, with a particular focus on engineering and IT. Numerous technical schools educate future top-class graduates and are highly regarded in the industrial professions and business services.

¹ PAliIZ compilation based on Central Statistical Office, Ministry of Science and Higher Education, Urban Audit. February 2016
² Top 50 Perspektywy 2015
³ 2015
⁴ Nuvalu

Sapiens, a leading global provider of software solutions for the insurance industry, with a track record of over 30 years in delivering superior software solutions to more than 190 financial services organizations worldwide, decided to penetrate the Polish market and get closer to existing European customers towards the end of 2015. After an extensive search for a strategically-located and convenient business location, Katowice was selected as the site for Sapiens' newest development center. Katowice's technological and professional resources made it an attractive location for Sapiens. We have 180 technical experts and professionals working in Poland, including Katowice, with plans to grow significantly in 2016 and 2017. The development center is currently seeking experienced professionals across various business lines.

Anat Belluco Feinkuchen
 Vice President
 Sapiens | Global Human Resources





0.55 M/0.96 M*

Total population (city/metro) ¹



2.4%

Registered rate of unemployment



122 612 / 28 920

Number of students and graduates 2015



**ADAM MICKIEWICZ UNIVERSITY IN POZNAN (3)
POZNAN UNIVERSITY OF MEDICAL SCIENCES (13)
POZNAN UNIVERSITY OF TECHNOLOGY (14)**

Top Universities ²



1.5 M Total number of passengers at Poznan Airport.
Top destinations: Frankfurt, London, Munich, Paris ³



380 000 Total office space ⁴

17.0% Vacancy rate ⁴



3/12 Number of Hotels *****/****

6 465 Total number of hotel beds

¹ PAIIZ compilation based on Central Statistical Office, Ministry of Science and Higher Education, Urban Audit. February 2016

² Top 50 Perspektywy 2015

³ 2015

⁴ Nuvalu



CONCENTRATION OF MODERN OFFICE SPACE



The largest city of Wielkopolska province can be proud of its balanced economic structure. Manufacturing plants of Volkswagen, Bridgestone and Nivea are blooming next to the successful business centers of global brands, MAN, Carl Zeiss, IKEA, McKinsey, GSK and Roche. Thanks to the abundance of various industries, a wide range of professionals, from IT security experts to seasoned accountants in FMCG to investment fund specialists to HR administrators, can be sourced in Poznan.



The symbol of Poznan is philology departments at Adam Mickiewicz University – hardly any other city can boast of comparable quantity and quality of linguistic studies. BSS employees eagerly participate in projects where Dutch, Nordic, Arabic or Chinese languages are a prerequisite, not to mention the obvious ones like German, Spanish or Italian.



Business services sector is doubtlessly one of the priority areas for local authorities. The outcome is an active promotion of the industry as a desirable employer, with the flagship projects like 'Workgate' - workshops and job fairs, 'BPO/SSC Week' - promotion of the sector in schools, or 'Stay in Poznan' - a program encouraging Erasmus students to work in business services centers.










Ciber has decided to open the Competence Center in Poznan, primarily due to the quality of the labor market and the availability of a well-educated workforce. There are 27 universities in Poznan, educating 117,000 students, which makes it one of the biggest academic centers in Poland. Our company employs over 230 IT, finance and accounting and human resources recruitment experts, who provide support to customers all over the world. Therefore, the knowledge of foreign languages, especially English and German, but also rare ones like Swedish or Dutch, is essential. Poznan offers the opportunity to study at one of 34 linguistic philology departments, which secures the investors the direct access to multilingual staff.

Krzysztof Jarosz
Managing Director
Ciber



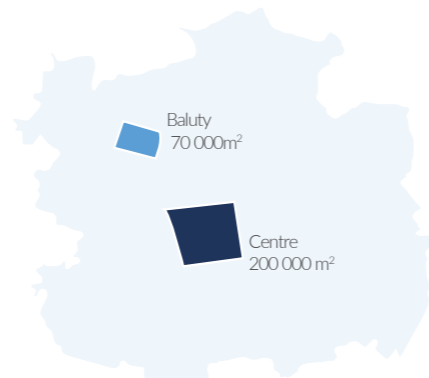


- 
0.71 M/0.94 M*
 Total population (city/metro) ¹
- 
9.5%
 Registered rate of unemployment
- 
80 913/ 18 525
 Number of students and graduates 2015
- 
LODZ UNIVERSITY OF TECHNOLOGY (11)
UNIVERSITY OF LODZ (16)
 Top Universities ²
- 
0.3 M Total number of passengers at Lodz Airport.
 Top destinations: Amsterdam, London, Munich, Paris ³
- 
320 000 Total office space ⁴
8.2% Vacancy rate ⁴
- 
0/5 Number of Hotels *****
4 965 Total number of hotel beds

¹ PAIIZ compilation based on Central Statistical Office, Ministry of Science and Higher Education, Urban Audit. February 2016
² Top 50 Perspektywy 2015
³ 2015
⁴ Nuvalu



CONCENTRATION OF MODERN OFFICE SPACE



Located in the very heart of Poland, at the intersection of the A1 (North-South, Gdansk – Vienna) and A2 (East-West, Berlin-Moscow) highways, Lodz is privileged to have excellent access to major Polish cities like Warsaw, Poznan, Gdansk, Torun and Katowice. It takes not much more than one hour to reach Warsaw by car, and 80 minutes by train, which makes the city interesting for business services; definitely more than the capital city’s satellite, it offers a double advantage of high quality talents along with labor and operations cost arbitrage.



The need to adjust to the businesses’ needs is nowhere better visible than at the local universities which recently have launched dedicated faculties: Business Linguistics, Information in the Digital Environment, Financial Markets, Banking and Digital Finance. Local authorities, conscious of the BSS potential, strongly support the initiative ‘Youth in Lodz – grasped by languages’, targeted at retaining young talents in the city and increasing their linguistic competencies. Students and graduates apply for an 85% reimbursement of a one-year foreign language course. The offer covers nine languages highly sought by business services, i.e. Dutch, Danish, Finnish, Swedish or Portuguese.



The change of Lodz’s image, which for many years has been somewhat industrial, is a top priority for the authorities. ‘Open City Surgery’ is a strategic concept aiming at modernization and revitalization of the 90 hectares (over 200 acres) in the historic Center along with construction of a multimodal transportation hub and underground railway station, which is to become a New Center of Lodz.



Sustainable development of the Nordea Operations Center (provider of back-office and clearing services) since 2010 is the confirmation of sound investment climate in Lodz. The availability of employees with experience in the financial industry and very good command of languages has been a decisive factor for us. The city is also an important academic center with over 20 higher education institutions. Lodz is the third largest Polish city in terms of population, perfectly located in the heart of Poland and Europe, easily accessible by networks of roads and an international airport, just 15 minutes away from the city center. NOC has become a significant employer with already over 1000 employees – and still growing

Mikolaj Lugowski
 Head of Nordea Bank AB Branch in Poland



CONCLUSIONS

2015 proved to be yet another important year in the dynamic development of the business services sector. The industry is rapidly moving towards full maturity as evidenced not only by the number of operating centers – over 850 units – but also by a proliferation of potential locations – 27 cities are hosts of BSS projects and a huge impact on the labor market – 193.5 thousand BSS employees. Most importantly, the key feature of the sector is improvement in the quality of services and mounting complexity of provided processes. We have witnessed in almost no time a smooth transition from back-office processes to the middle-office type of services towards, more and more frequently, direct customer service. Last but not least, the growing importance of Polish centers within the structures of global corporations is worth noting, too.

The summary is a place to evaluate the prospects for further growth of the BSS. Every year, experts herald that the current 15% growth on an annual basis is impressive yet unsustainable in the long term. Still, BSS keeps on surprising, growing by a double-digit percentage yet another year in the row. Keeping that pace is possible but will require effort on the part of all stakeholders, business, academia, and authorities, targeted at securing steady inflow of the most crucial resource for the industry – human capital. Having witnessed many efforts of the businesses, universities and local authorities put into creation of the eco-system, we remain nothing but optimistic for the next year.

BUSINESS SERVICES TEAM

HOW CAN WE MAKE YOUR DAY?

Business Services Team (BST) is one of the two investors' servicing teams in the Foreign Investment Department at PAIIZ. The Team has provided free of charge, broad support for the business services projects through (and after!) investment process in Poland, for more than 10 years.

Starting from the very considering of investment, we organize promotion campaigns advertising for Poland. Workshops and roadshows are another activity and are carried out both in-country and abroad. The Team has also a deep expertise in investment location advisory.

Desktop research? There you go! We will be delighted to share our strong, in-depth knowledge about the Polish legal regulations, economy and guide you thru the details of the Polish cities and their unique features. Availability of talent pool and their skillset, employment costs by industries, operational costs, other companies who already have trusted in Poland, BSS landscape in Poland – this is merely a sample of what you should expect when reaching out to us.

Study visit? To see is to believe! We're more than happy to arrange a series of meetings for you and on your behalf – be it with central and regional authorities, representatives of the universities, HR agencies, Real Estate brokers, and last but not least – reference visits. Credentials presented by other companies who already have invested in Poland, do's and don'ts, pitfalls to avoid – you can count on genuine insights from those who already have done that exercise. You can count on BST counselling regarding available incentives, be it tax exemptions or cash grants, too.

Done deal? End of our joint 'business setup' journey? No way! It will be our honor to organize with you a press conference and help in increasing the company's visibility.

Staying in touch with companies already settled in Poland, providing post investment care, helping you clear day-to-day hurdles – all of that lies in our competences as we are your spokesman.

Advising to and working with global corporations and maintaining network relations with leading investors has enabled us to gain a profound recognition of business sector necessities. BST has over a decade of proven track record, only in 2015 successfully assisted in 25 projects, altogether aiming at the creation of almost 5 thousand new work places.

Come work with us! Let us help you and make your day!



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