

BUSINESS SERVICES SECTOR IN POLAND 2019





Report prepared by the Association of Business Service Leaders (ABS L)
in cooperation with EY, JLL, Randstad Polska and Randstad Sourceright



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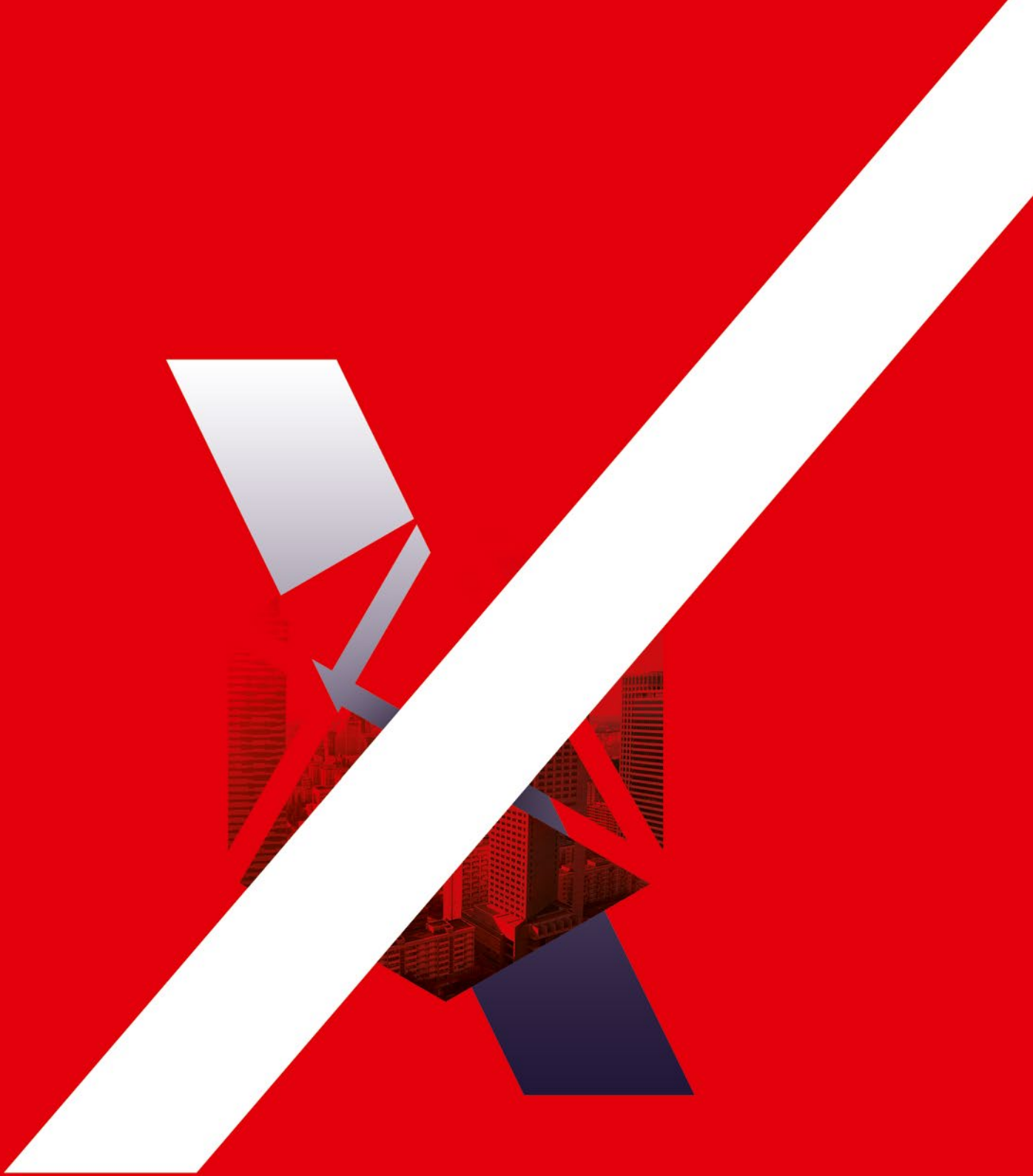
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FOREWORD

Dear Sir/Madam,

It is with great pleasure that I present what is now our tenth annual report on the business services sector. This round number is a good occasion to reflect on what has really taken place over the last decade.

When, more than a dozen years ago, a small group of leaders met for the first time, no one imagined that those informal gatherings of representatives of foreign companies would lead to the creation one of the largest organizations of foreign investors in Poland and Central and Eastern Europe. And who would have thought that those investments would result in the formation of a new sector of the economy comprising the organization of services provided in Poland for foreign branches of those companies? The significant outlays incurred by companies in enhancing the skills of their employees have led to the creation of a group of more than 300,000 solidly trained experts, including in the areas of finance, accounting and information technology. Those experts are not leaving Poland, though they could easily compete for jobs in the major capital cities of Europe. They have access to the latest technologies, and take part in implementing innovative solutions using automation and artificial intelligence in the organization of business processes. Without those foreign and recently also Polish investments, we would be missing many of those award-winning skyscrapers, the entire ecosystem of smaller local businesses (including startups) that have grown up around our sector, and the thriving suburbs of Poland's largest agglomerations. Let us not forget that this human capital is our greatest national resource, and that those who have gained experience in the sector are now supplying the ranks for a whole range of Polish businesses, and opening their own innovative companies with aspirations for foreign expansion. We continue to support what works, and are working hard to keep the top earners within the country,

for indirectly they are creating many additional jobs in our economy, which is still catching up with that of the West.

I trust that reading this report and its conclusions will fill you with the optimism that results from being aware of what we have achieved as an industry, and will at the same time make you aware of the difficult challenges ahead that require greater engagement, rational decision-making and support from all stakeholders of our sector.



WOJCIECH POPŁAWSKI

VICE PRESIDENT, ABSL
MANAGING DIRECTOR,
ACCENTURE OPERATIONS

1 OVERVIEW OF THE BUSINESS SERVICES SECTOR

What is the situation in the business services sector in Poland in 2019? What is the position of the analyzed locations in terms of employment in the sector and inflow of new investments? Are regional and sub-regional cities an appealing alternative to the largest locations? Which of the service activities plays the greatest role in the structure of the operations of those companies analyzed in the report?

Among others, this chapter attempts to provide answers to the above questions. This part of the report looks at the scale and the different operations of business services centers in Poland.

In Q1 2019, Poland had 1,400 Polish and foreign BPO, SSC/GBS, IT and R&D service centers with a combined headcount of 307,000 (10% more than in the previous year). In the period from the beginning of 2018 to the end of Q1 2019, 91 new services centers began their operations, of which 16 were launched in 2019. Foreign centers dominated the new investment category (80%). The total share of the three largest business services locations: Kraków, Warsaw and Wrocław (Tier 1 cities

in terms of employment in the sector and its maturity) in the total number of new centers was 42%. Tier 2 locations (Tri-City, Katowice and Metropolis GZM, Łódź and Poznań) also reported a similar share (40%). Other new investments (18%) were placed in Tier 3 cities (Bydgoszcz, Lublin, Rzeszów, Szczecin) and others (Tier 4). The above geographic proportions are therefore similar to the previous periods analyzed.

FIGURE 1

BUSINESS SERVICES SECTOR IN POLAND IN NUMBERS

**307,000**

Total number of jobs at business services centers, of which 247,000 are at foreign centers (80%) and 60,000 are at Polish centers (20%).

**900+**

Number of investor companies with business services centers in Poland (of which 70% are foreign investors).

**1,400**

Total number of BPO, SSC/GBS, IT and R&D business services centers in Poland, of which 66% are owned by foreign investors. In the period from the beginning of Q1 2018 to the end of Q1 2019, 91 new services centers commenced their operations, which is comparable to the corresponding period in the previous year. The new investments will create a total of over 10,000 jobs.

**86**

Number of Fortune Global 500 investors with business services centers in Poland.

**7**

Number of business services locations with BPO, SSC/GBS, IT and R&D business services centers hiring more than 10,000 employees.

**54**

Number of business services centers with at least 1,000 employees.

**14%**

Share of foreigners in the employment structure of the business services centers in question in Poland. It is estimated that the number of foreigners employed at the services centers nationwide may be at least 35,000.

**10%**

Growth in the number of jobs at business services centers in Poland in the last year (Q1 2018-Q1 2019). Since Q1 2016, the total number of jobs increased by 43%.

**336,000**

Number of jobs in the sector in Q1 2020 as forecast by ABSL (according to the optimal scenario).

It is worth noting that the database of services centers in Poland is updated regularly by ABSL, which may mean changes in terms of previous years' figures. Therefore, it is important to avoid direct comparisons using previously published ABSL reports, and instead rely on the information presented herein.

Source: ABSL own study, Q1 2019 data



REPORT CONCEPT AND METHODOLOGY

The primary objective of the report titled “Business services sector in Poland in 2019” is once again to provide readers with comprehensive information about the activities of the BPO, SSC/GBS, IT, R&D service centers in Poland, as well as outline the directions of growth for the sector.

The report adopted a broad definition of the sector to include the activities of business processes outsourcing centers (BPO), shared services centers / global business services centers (SSC/GBS), IT centers, and research and development centers (R&D). The primary source of information about the way in which these entities operate were the results of a nationwide survey that ABSL conducted in Q1 2019 (for which the tool used was an online survey). This year’s survey was completed by 200 companies with a total of 155,000 employees in their business services centers in Poland, which represents 51% of all persons employed in the sector.



200

Companies that took part in this year’s nationwide ABSL survey.



51%

Share of the headcount at the companies participating in this year’s ABSL survey in the total headcount at BPO, SSC/GBS, IT and R&D business services centers in Poland.

The results of the studies concern the activities of business services centers whose parent companies have their headquarters in Poland (Polish centers) and abroad (foreign centers). Each entity was assigned to one of the primary types (BPO, SSC/GBS, IT, R&D), taking into account the dominant profile of its operations. Contact centers providing services to external customers were classified as BPOs. IT centers are entities that outsource IT solution services (e.g. system, application or infrastructure maintenance, technical support) and/or develop and sell (implement) software for external customers. It is worth noting that the studies do not include companies that provide services only in Polish for customers in Poland. This restriction does not apply to IT and R&D centers that offer software development, which, as a rule, requires the “product” to be developed in English. Each business services center is treated as a separate unit for analysis if it is located in a different town/agglomeration (geographic criterion). The report takes into account BPO and SSC/GBS centers with a headcount of over 25. This does not include companies in the process of creating jobs with an anticipated target headcount of over 25. The minimum headcount criterion also did not apply to IT and R&D centers.

Please note that the report may be downloaded free of charge as an EPUB file at www.absl.pl. Limited hard copies of the report are also available. Please contact us if you would like to receive this version of the publication.

This report could not have been prepared without the information obtained from respondents to the nationwide ABSL survey. We would like to thank all of the company representatives who took time out of their busy schedules to complete our survey. We are also grateful for the assistance the project received from representatives of local governments and institutions that support investors. We would also like to thank the co-authors of the study for generously sharing their expert knowledge in preparing content for this publication.

As always, we would appreciate any feedback regarding the contents of the report that might help ensure that the publication meets its readers’ expectations.

EMPLOYMENT CHANGES IN THE SECTOR

The number of employees at BPO, SSC/GBS, IT and R&D centers in Poland in Q1 2019 was 10% higher than in Q1 2018. This means that 28,000 new jobs were added, more than half of which (55%) were in three of the country's largest business services locations (Kraków, Warsaw, Wrocław). The vast majority (85%) were generated by foreign centers.

The rate of job growth in the sector has been on the decline since 2016. The CAGR was 12.8% (2016-2019). Employment increased by 15% in the period from Q1 2016 to Q1 2017. From Q1 2017 to Q1 2018, headcount increased by 13%, and in the next period under analysis (Q1 2018 to Q1 2019), it was three percentage points lower (10%). This means that 5,000 fewer new jobs were created compared to the corresponding, previously analyzed period (2017-2018).

Key factors that may result in the slowing of employment growth in the sector may include labor supply challenges and costs. The rate of change in employment will also depend on the scope of implementation of (integrated) automation solutions, in particular, in the area of time-intensive business process elements (repetitive activities).

It is worth noting that the compound annual growth rate of employment is lowest for cities with the highest share of jobs in the sector in the total working age population (Kraków and Wrocław).

In the coming years, we should expect continued growth of employment in the sector, which will start to gradually losing momentum in view of increasingly limited workforce supply and an increased presence of automation solutions at companies. This scenario may also be further reinforced by the implementation of legislative changes resulting in diminishing the appeal of creating jobs in highly knowledge-intensive areas of activity (among other things, in the area of modern technologies).

In simpler terms, companies (particularly in cities that are not among the largest business services locations) will find it more difficult to compete for highly-qualified specialists. This will affect Poland's competitive edge as a place for investment in business services centers.



85 new jobs per day in the sector

The average number of new jobs created daily at BPO, SSC/GBS, IT and R&D centers in Poland from the end of Q1 2016 to the end of Q1 2019.

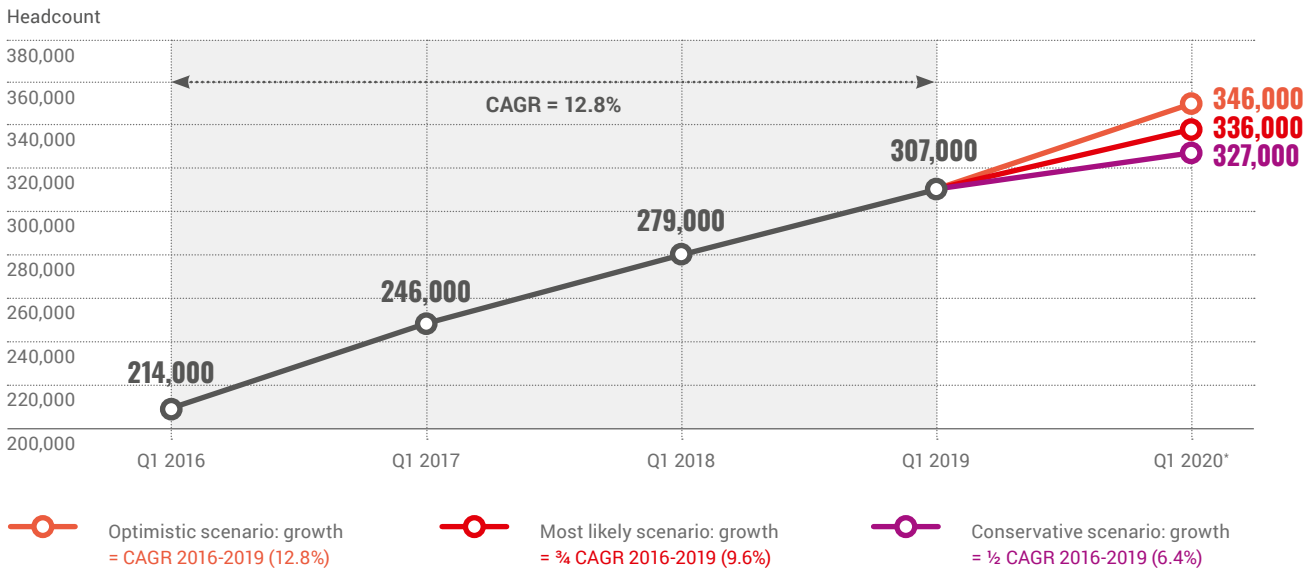
According to the most likely scenario, total employment in the business services sector in Poland in Q1 2020 will reach 336,000, i.e. it will be higher than the Q1 2018 figure by 9.6%.

New jobs will largely be created in the main business services locations. Smaller regional cities and medium-sized cities will primarily be a source of human resources for centers operating in the largest agglomerations, while those with adequate investment potential will see the emergence of smaller centers, mainly IT, F&A and customer service centers.

Overview of the business services sector

FIGURE 2

CHANGES IN EMPLOYMENT LEVELS AT SERVICE CENTERS IN POLAND SINCE Q1 2016



* ABSL forecast

Source: ABSL own study

EMPLOYMENT STRUCTURE IN THE SECTOR BY CENTER SIZE AND TYPE

Poland has 54 centers with a headcount of at least 1,000. Combined, they employ more than 102,000 individuals (which represents 1/3 of the jobs in the sector). Almost all of the largest centers are owned by foreign entities¹.











The ten largest investors in the business services sector in Poland employ a total of 56,000 people. Each of these companies has at least 4,000 employees

at their business services centers. It is worth noting that the group of 10 largest investors includes Polish companies such as Comarch and the Asseco Group. Among local companies that stand out in terms of the number of jobs at services centers are outsourcing companies such as the OEX Group, the CCIG Group, the Arteria Group or IT providers such as IT Kontrakt, EUVIC, intive and Future Processing.

¹ Please note that this refers to individual business services centers rather than specific investors' overall headcounts.

TABLE 1

10 LARGEST INVESTORS IN THE BUSINESS SERVICES SECTOR IN POLAND IN TERMS OF JOBS IN BPO, SSC/GBS, IT, R&D SERVICES CENTERS

Investor	Parent company headquarters location	Number of employees at centers in Poland (employment range)
Cappgemini		8,000-9,000
IBM		7,000-8,000
Nokia		6,000-7,000
Comarch		5,000-6,000
Atos		5,000-6,000
Credit Suisse		5,000-6,000
State Street		4,000-5,000
Asseco Group		4,000-5,000
Citigroup		4,000-5,000
Sii		4,000-5,000

Source: ABSL own study

The average headcount at business services centers in Poland is 222 (the median is 90²). Not including hybrid centers, the highest average headcount is found at shared services centers (336 people), with the lowest at IT centers (146 people). On average, BPO centers have 270 employees, while R&D centers have 212 employees. The latter figure is largely due to the high headcounts at entities such as: Nokia, Intel, GE, Samsung or Motorola, which, combined, accounted for 30% of the jobs at research and development service centers in Poland. When we look at average headcounts at Polish and foreign centers, we note that they are much higher in the latter (271). The noticeably lower average headcounts at domestic centers (126) are due to, among other things, the large number of small, mainly new IT centers in the pool of entities in question.

² The median value indicates that half of the business services centers in Poland have more than 90 employees, while the other half have fewer than 90 employees.

Average headcount at business services centers in Poland increased by 16% compared to 2016.

The highest CAGR of average employment in the period under analysis was reported for SSC/GBS centers (6%). The average headcount increased at the slowest rate at BPO centers (only 1.7% per year).

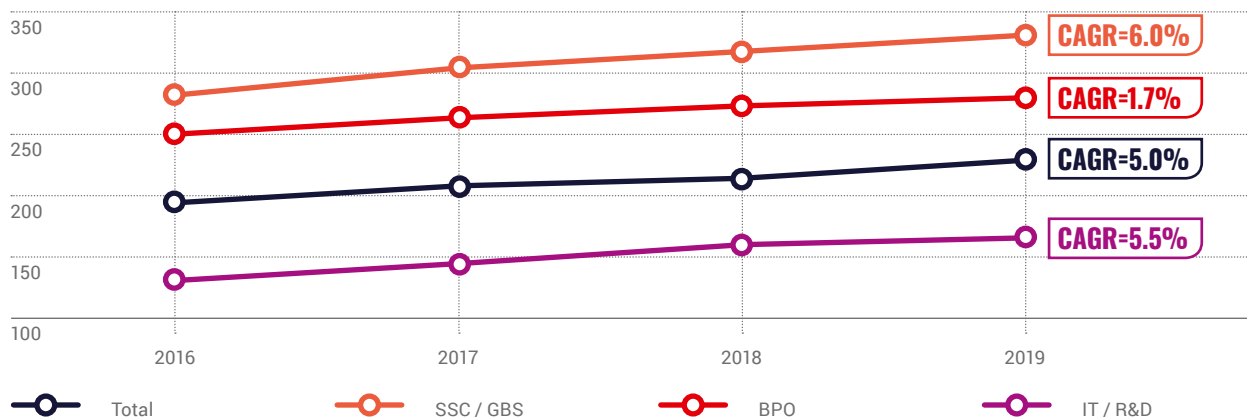
The largest share of jobs in the sector (33%) was generated to date by shared services centers and global business services centers (SSC/GBS)³,

³ Please note that ABSL studies cover only entities that offer at least some of their services in foreign languages. Thus, numerous shared services centers operating only in Polish for their parent companies in Poland have been excluded. These often include units of major Polish companies such as: Tauron, Ruch (Fincores Business Solutions), Poczta Polska, Enea, Energa, PKO etc. It is estimated that more than ten thousand people are employed by these entities. Therefore, the share of shared services centers in the employment structure pertains mainly to headcounts at foreign SSCs/GBSs (predominantly) and at Polish centers providing services for foreign branches of parent companies.

Overview of the business services sector

FIGURE 3

CHANGES IN AVERAGE EMPLOYMENT LEVELS AT SERVICE CENTERS SINCE Q1 2016 BY TYPE OF CENTER



CAGR = Compound Annual Growth Rate

Source: ABSL own study

TABLE 2

CHANGES IN EMPLOYMENT STRUCTURE OF THE SECTOR SINCE Q1 2016 BY TYPE OF CENTER

	2016	2017	2018	2019
SSC/GBS	31%	32%	33%	33%
IT	30%	31%	32%	32%
BPO	21%	20%	18%	18%
R&D	14%	13%	13%	13%
Hybrid / other model	4%	4%	4%	4%

Source: ABSL own study

followed by IT centers (32%), outsourcing centers (18%) and R&D centers (13%). This year's analysis also highlighted hybrid centers and other organizational models, which jointly represent 4% of the headcount in the sector. The structure presented has not changed significantly compared


to the previous years. It is worth noting, however (Table 2), that since 2016, the share of employment has increased slightly in SSC/GBS centers (by 2 p.p.) and IT (also by 2 p.p.), while the share of BPO centers diminished (by 3 p.p.) and R&D centers (1 p.p.).

K 
for
KINGS CITY

R 
for
**REGIONAL
CAPITAL CITY**

K 
for
**KEY TO
DEVELOPMENT**

A 
for
**AREA OF
CREATION**

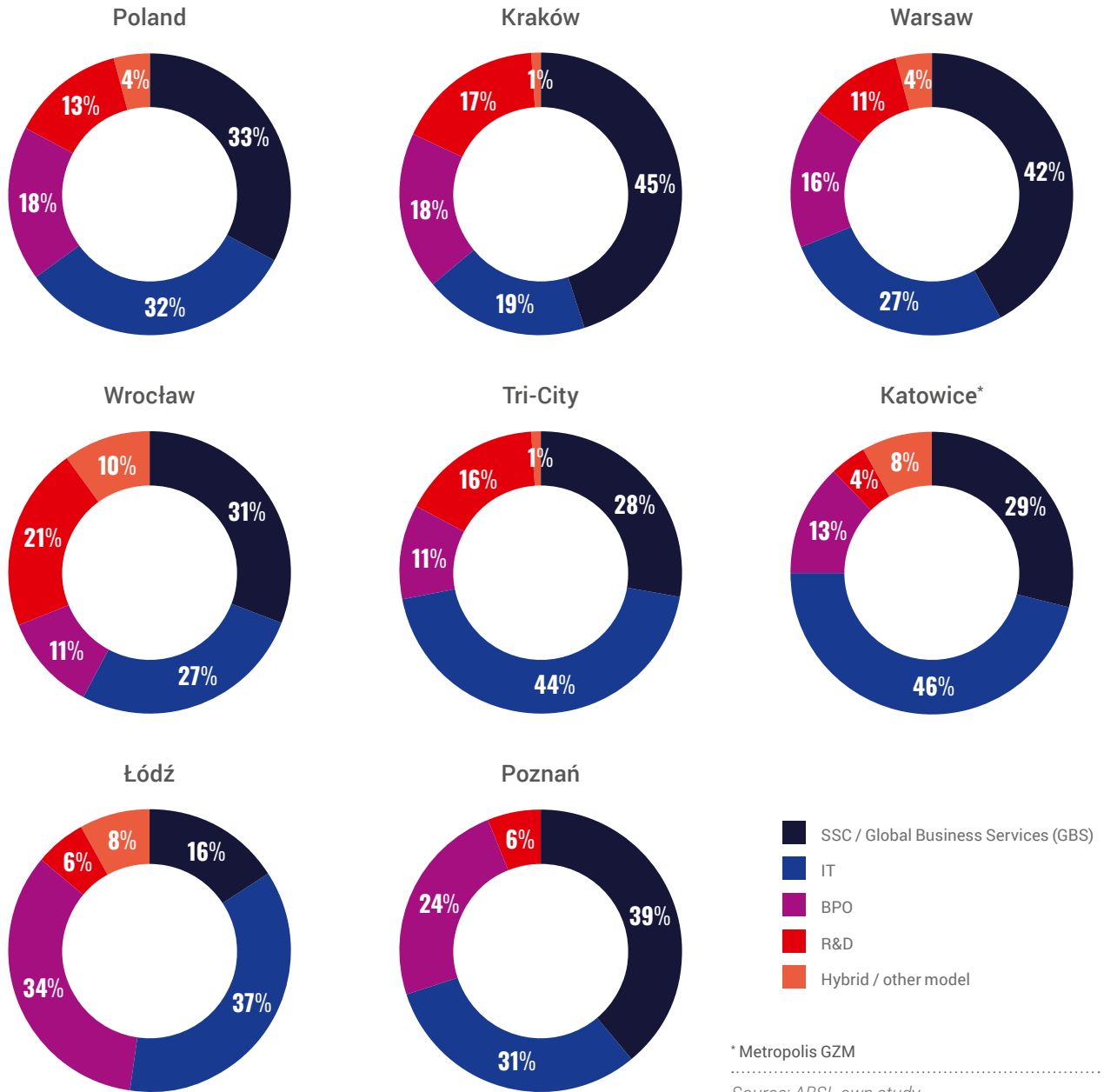
O 
for
**OPEN TO
THE WORLD**

W 
for
**WORKING
POPULATION**

**KRAKOW'S
BUSINESS
ALPHABET**

FIGURE 4

EMPLOYMENT STRUCTURE OF SELECTED BUSINESS SERVICES LOCATIONS IN POLAND BY TYPE OF CENTER (ACCORDING TO THE DOMINANT PROFILE OF THEIR OPERATIONS)



Among the locations not listed in Figure 4, where the headcount in the sector exceeds 5,000, it is worth highlighting the very high share of employment at IT centers in Bydgoszcz (as much as 86%).

The IT centers in Lublin, Szczecin and Rzeszów also have the highest share in the employment structure (at least 45% in each of the cities).

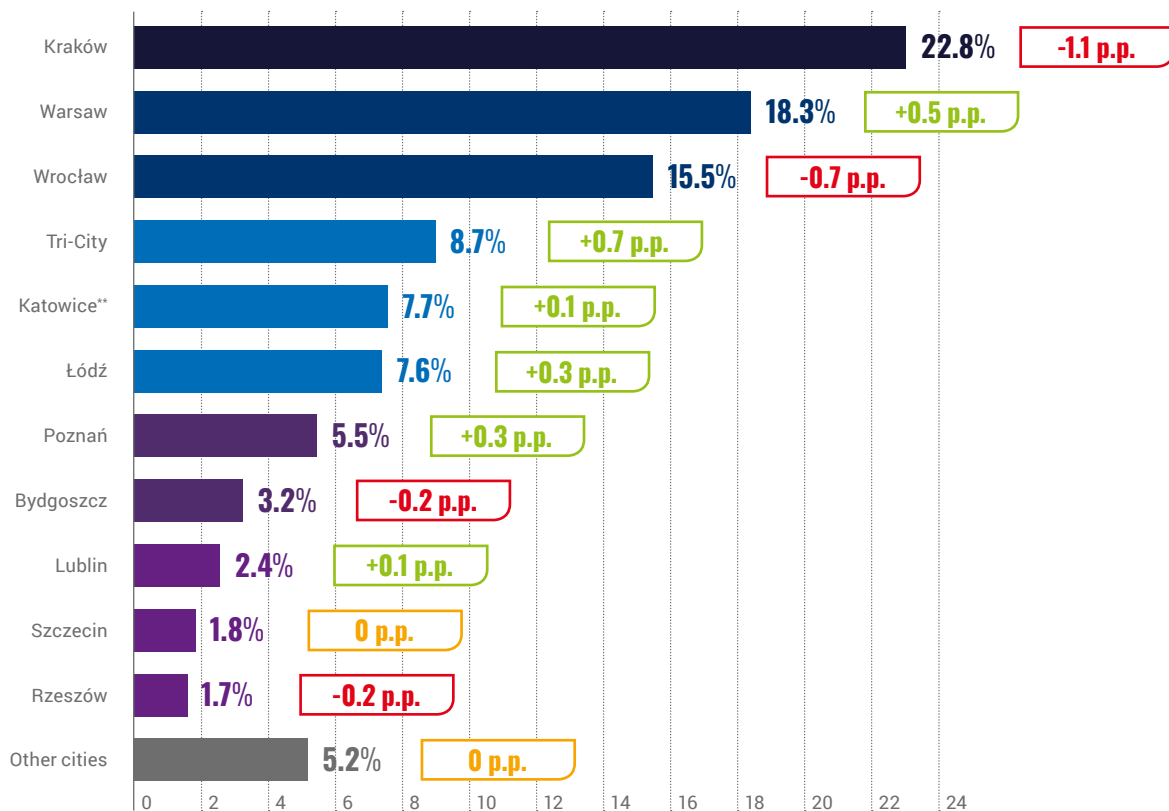
BUSINESS SERVICES LOCATIONS IN POLAND

Business services centers created jobs in nearly 50 cities. In 19 of them, the headcount in the sector is at least 1,000. Eleven of the largest business services locations in Poland (Figure 5) account for 95% of the industry's total headcount. In seven locations, the headcount at BPO, SSC/GBS, IT and R&D business services centers exceeds 10,000. Business services centers in the next twelve locations have between 1,000 and almost 10,000 employees.

Kraków once again remains the clear leader in the number of jobs in the sector. Kraków's business services centers now have 70,000 employees, which means that the city has a nearly 23% share in the structure of employment in the industry in Poland. The sector created more than 56,000 jobs in Warsaw and 47,500 jobs in Wrocław.

FIGURE 5

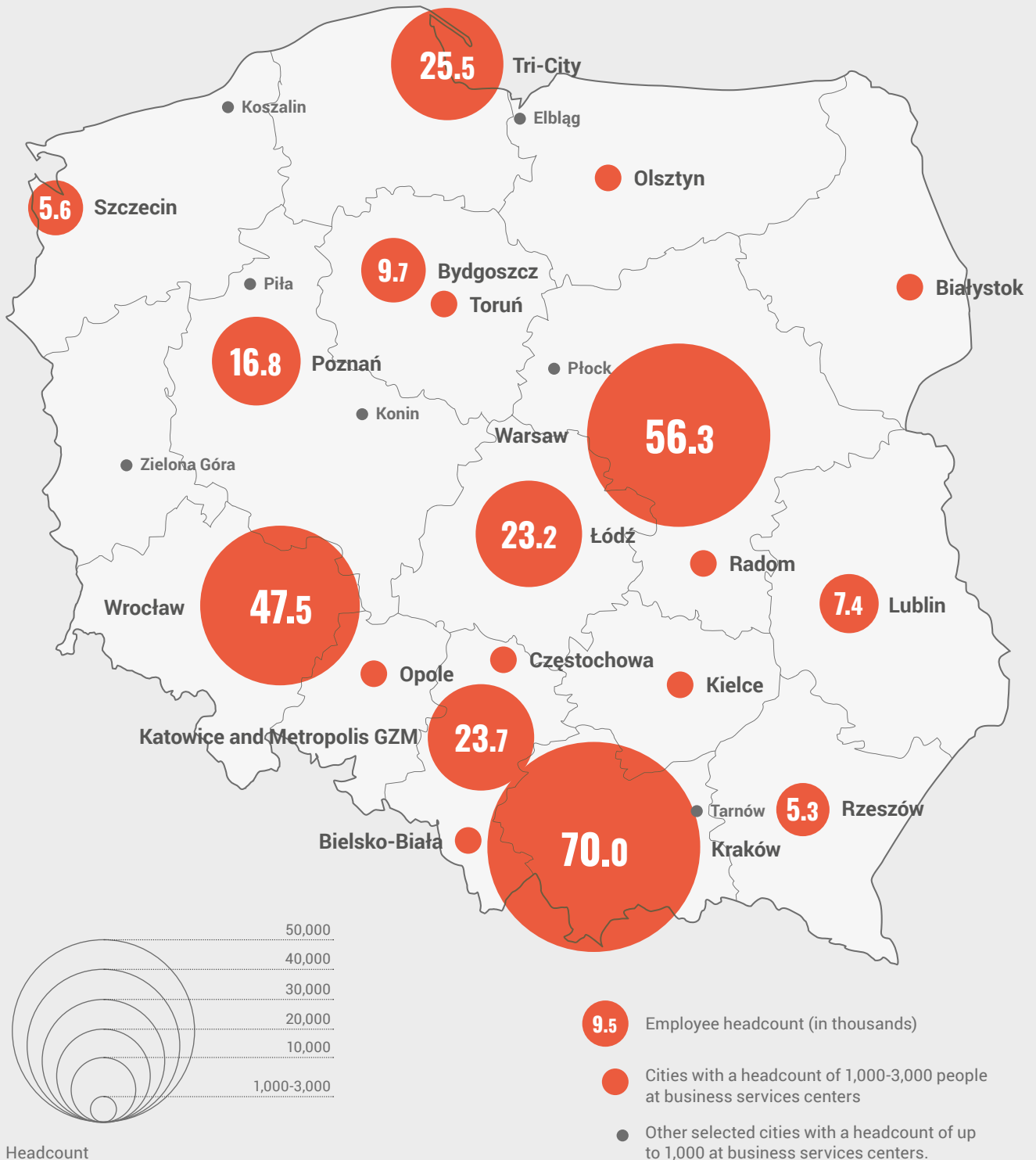
SHARE OF INDIVIDUAL LOCATIONS* IN THE TOTAL HEADCOUNT AT BUSINESS SERVICES CENTERS IN POLAND



* It should be noted that the unit of analysis in the report is an agglomeration/metropolis. For instance: Kraków is analyzed together with the suburban area of Zabierzów, and the Tri-City is deemed to comprise Gdańsk, Gdynia and Sopot. Metropolis GZM's standing on each list is the result of collating data from the business services centers operating in Katowice, Gliwice, Dąbrowa Górnicza, Bytom, Chorzów, Ruda Śląska, Sosnowiec and Tychy.

** Metropolis GZM

FIGURE 6
HEADCOUNT AT BPO, SSC/GBS, IT AND R&D CENTERS IN BUSINESS SERVICES LOCATIONS



Source: ABSL own study

When we look at the changes in the share of each location category in the employment structure of the sector, we can see that in the period from Q1 2016 to Q1 2019, a group of regional Tier 2 locations (Tri-City, Katowice and GZM, Łódź and Poznań) reported considerable growth, with the largest impact in this case from the increase in the share of the

Tri-City in the headcount in the sector. However, a significant decrease of nearly 1.2 percentage points of the share was reported by Tier 1 cities, largely due to the figures reported by Kraków and Wrocław. The share of Tier 3 and Tier 4 cities did not change significantly in the period under analysis.

TABLE 3

THE SHARE OF EMPLOYMENT IN THE SECTOR BY BUSINESS SERVICE LOCATION MATURITY IN POLAND AND THE CHANGE IN THE SHARE IN THE YEARS 2016-2019

Tier	Locations	Change in the share in employment structure (p.p.)
Tier 1	Kraków, Warsaw, Wrocław	-1.2
Tier 2	Tri-City, Katowice and Metropolis GZM, Łódź, Poznań	+1.4
Tier 3	Bydgoszcz, Lublin, Rzeszów, Szczecin	-0.2
Tier 4	Other (including Kielce, Bielsko-Biała, Białystok, Opole, Olsztyn, Częstochowa)	0

Source: ABSL own study

Among the seven major (Tier 1 and Tier 2)⁴ business services locations under analysis, the largest percentages of job growth in the sector in the period from Q1 2018 to Q1 2019 were reported in Poznań and Katowice (together with Metropolis GZM). In both locations, the number of jobs increased by 14% YoY. The top three cities in terms of growth also included Warsaw (12%).

In terms of the absolute value of job growth in the period from Q1 2018 to Q1 2019, by far the largest number of new jobs in the sector were created in Kraków (6,500) and Warsaw (nearly 6,000). In third place is Wrocław with just over 3,000 new jobs. Combined, the three cities account for more than half (55%) of all new jobs in Poland created by the sector in the period under analysis.

In the longer comparative period (Q1 2016-Q1 2019), the location with the highest percentage of job growth at business services centers is the Tri-City

(where the number of jobs increased by a total of 56%), followed by Poznań (52%) and Łódź (49%). The most new jobs in the period from Q1 2016 to Q1 2019 were created in Kraków (18,700), followed by Warsaw (18,100) and Wrocław (12,900).

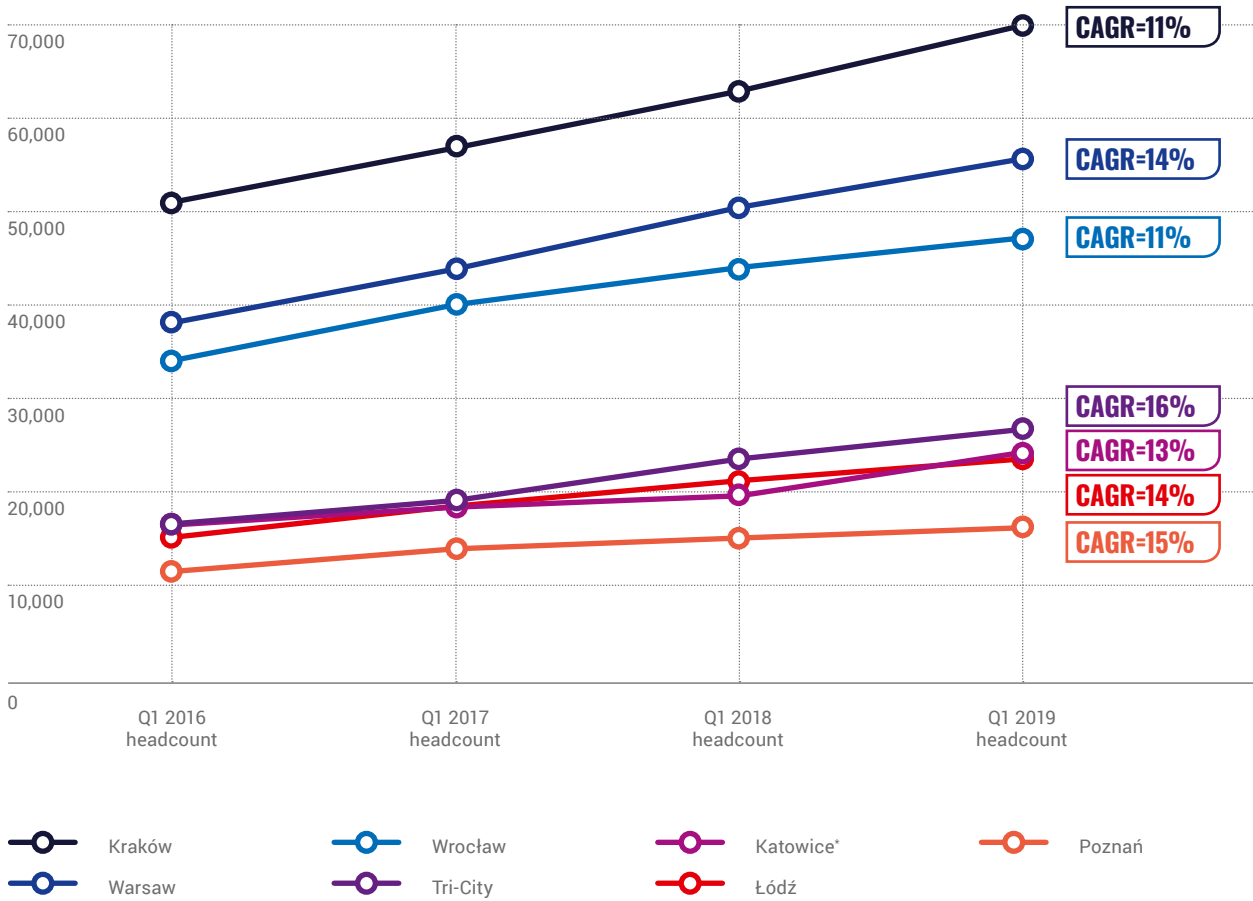
It is worth noting that the vast majority of new jobs (70%) created by the sector in the period from Q1 2016 to Q1 2019 resulted from increasing headcounts in already existing business services centers. The remaining 30% stems from new investments.

⁴ Included in the comparison are locations where the current headcount in the sector is at least 15,000: Kraków, Warsaw, Wrocław, the Tri-City, Katowice and Metropolis GZM, Łódź and Poznań. Note: it is important to avoid direct comparisons using previously published ABSL reports, and instead rely on the information presented herein. This is due to the fact that the ABSL database is continually updated, which also includes supplementing and updating data from previous years.

Overview of the business services sector

FIGURE 7

CHANGES IN HEADCOUNT IN THE SECTOR IN MAJOR BUSINESS SERVICES LOCATIONS IN POLAND SINCE Q1 2016



CAGR = Compound Annual Growth Rate

* Metropolis GZM

Source: ABSL own study

BUSINESS SERVICES AS A REGIONAL FOCUS

$$LQ = \frac{\left(\frac{\text{headcount at BPO, SSC/GBS, IT, R\&D business services centers at a location}}{\text{working age population at a location}} \right)}{\left(\frac{\text{total headcount at BPO, SSC/GBS, IT, R\&D business services centers at all locations under analysis}}{\text{total working age population at all locations under analysis}} \right)}$$

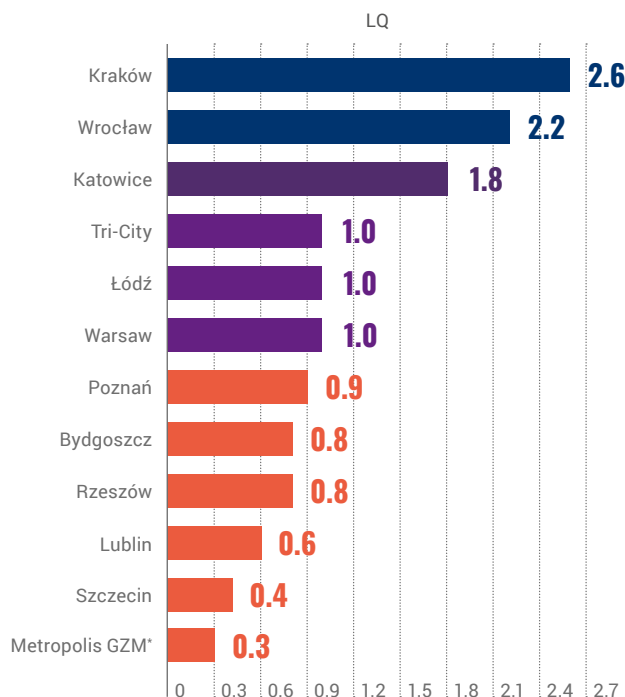
This portion of the report attempts to identify the locations where the business services sector is a regional focus. The comparison looks at the 11 largest business services locations in Poland and uses the location quotient (LQ). The LQ helps us determine the locations where business services jobs are “overrepresented” (LQ >1) and relatively “underrepresented” LQ <1). In this case, “overrepresentation” should be interpreted positively as a regional focus.

In the example under discussion, the location quotient is a ratio of the share of employment in the sector in the number of working age people in a given location to the value of that indicator for the group of all locations under analysis, taken as a frame of reference.

When we look at the value of the location quotient as an indication of a regional focus of each location, it appears to be the highest for Kraków and Wrocław. It can, therefore, be assumed that business services have the biggest effect on the local job market in those cities and can definitely be considered a “regional focus”. Among the locations under analysis, Metropolis GZM and Szczecin have the lowest LQ.

FIGURE 8

VALUE OF THE LOCATION QUOTIENT (LQ) AS AN INDICATOR OF THE REGIONAL FOCUS OF SELECTED LOCATIONS WITH RESPECT TO BUSINESS SERVICES



Note: the higher LQ value, the more business services sector can be considered as a regional focus of a given location.

*The calculations took into account the population of Metropolis GZM.

Source: ABSL own study

NUMBER OF CENTERS AND STRUCTURE OF NEW INVESTMENTS

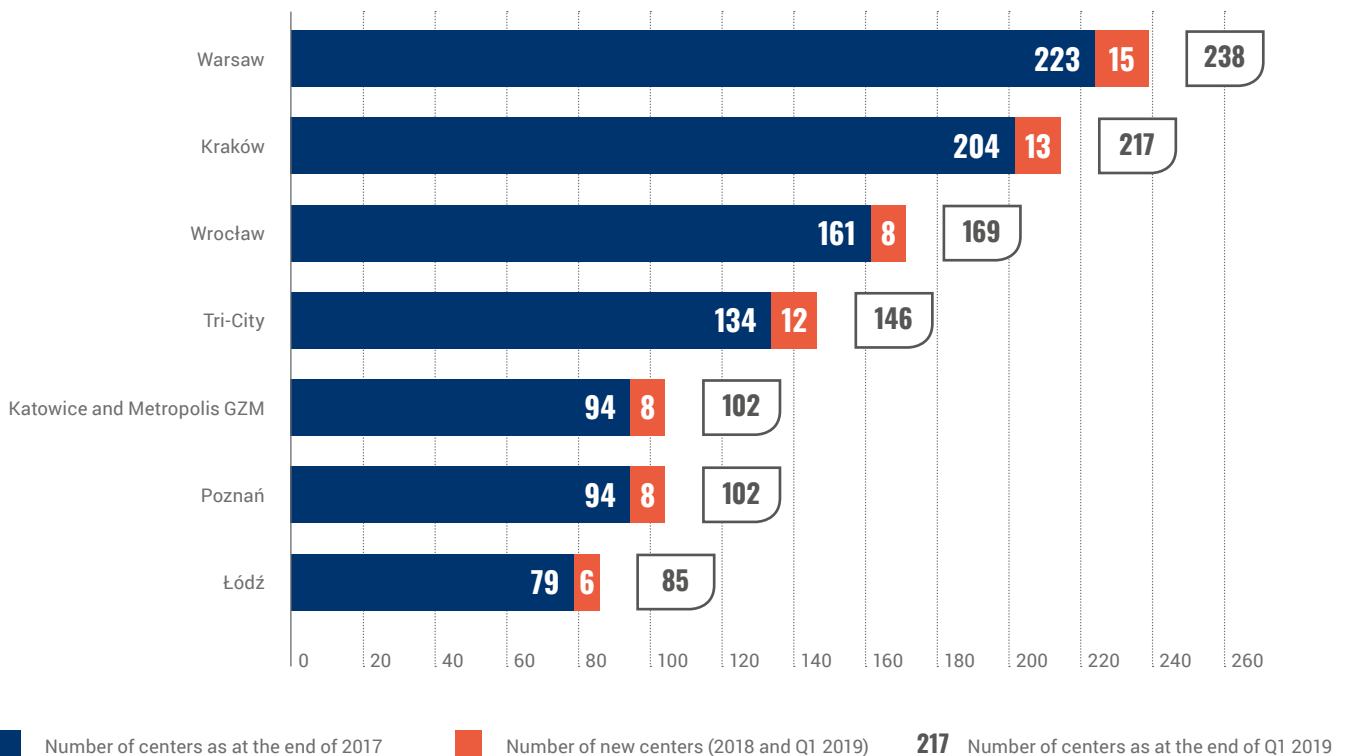
Warsaw has the largest number of business services centers in Poland (238). Locations with at least 100 centers also include Kraków (217), Wrocław (169), Tri-City (146), Katowice and Metropolis GZM (102) and Poznań (102). In the period from the beginning of Q1 2018 to the end of Q1 2019, the largest number of new entities were established in Warsaw (15), Kraków (13) and the Tri-City and (12). The very same group of locations had the largest number of new investments in the previous period under analysis (from the beginning of Q1 2017 to the end of Q1 2018). The above-mentioned locations represent nearly half

of all investments in Poland into services centers (45%) that have begun their operations since the beginning of 2018. It is worth noting that among smaller (Tier 3) locations, Bydgoszcz (with 7 new centers) and Lublin (with 5 new centers) have delivered a strong performance in terms of the number of new investments.

The average headcount claimed by the new centers is 112 (median = 80). However, new investments include centers that expect to have several hundred or even over a thousand employees in the next 2-3 years.

FIGURE 9

NUMBER OF BPO, SSC/GBS, IT AND R&D CENTERS IN SELECTED BUSINESS SERVICES LOCATIONS IN POLAND



Source: ABSL own study

Polish investments (with 21) represent the highest share in the new center category. In the period in question, US companies established 14 entities, while German companies established 12 and UK companies established 11. Therefore, the countries at the top of the list of countries of origin of investments are similar to last year's result. As usual, of prominence was the influx of investments from Scandinavia (a total of 10 new centers). Other countries account for 23 new centers, which, as every year, also includes a handful of investments from Asia.

In the period from the beginning of Q1 2018 to the end of Q1 2019, the majority of new investments were IT centers (43% of all investments). The second-largest category of new entities were shared services centers (33%), followed by R&D centers (15%) and BPO centers (8%). As of 2016, the hierarchy of each center type

in the structure of new investments was the same. Since their inception, the new centers (operating since the beginning of 2018) have already generated 6,200 jobs, accounting for 22% of new jobs in the sector. These figures are higher than they were in last year's study.

It is worth noting that over 23 new entities (26% of the total) that began their operations in the period from Q1 2018 to Q1 2019 represented reinvestments by companies whose business services centers were already successfully operating in Poland. The large number of reinvestments highlights a trend that clearly enriches the business service landscape in Poland. Please note that reinvestments also play an important role in the structure of new investments in Tier 3 and 4 locations. On the other hand, reinvestments are a substantial minority in the largest business services locations.

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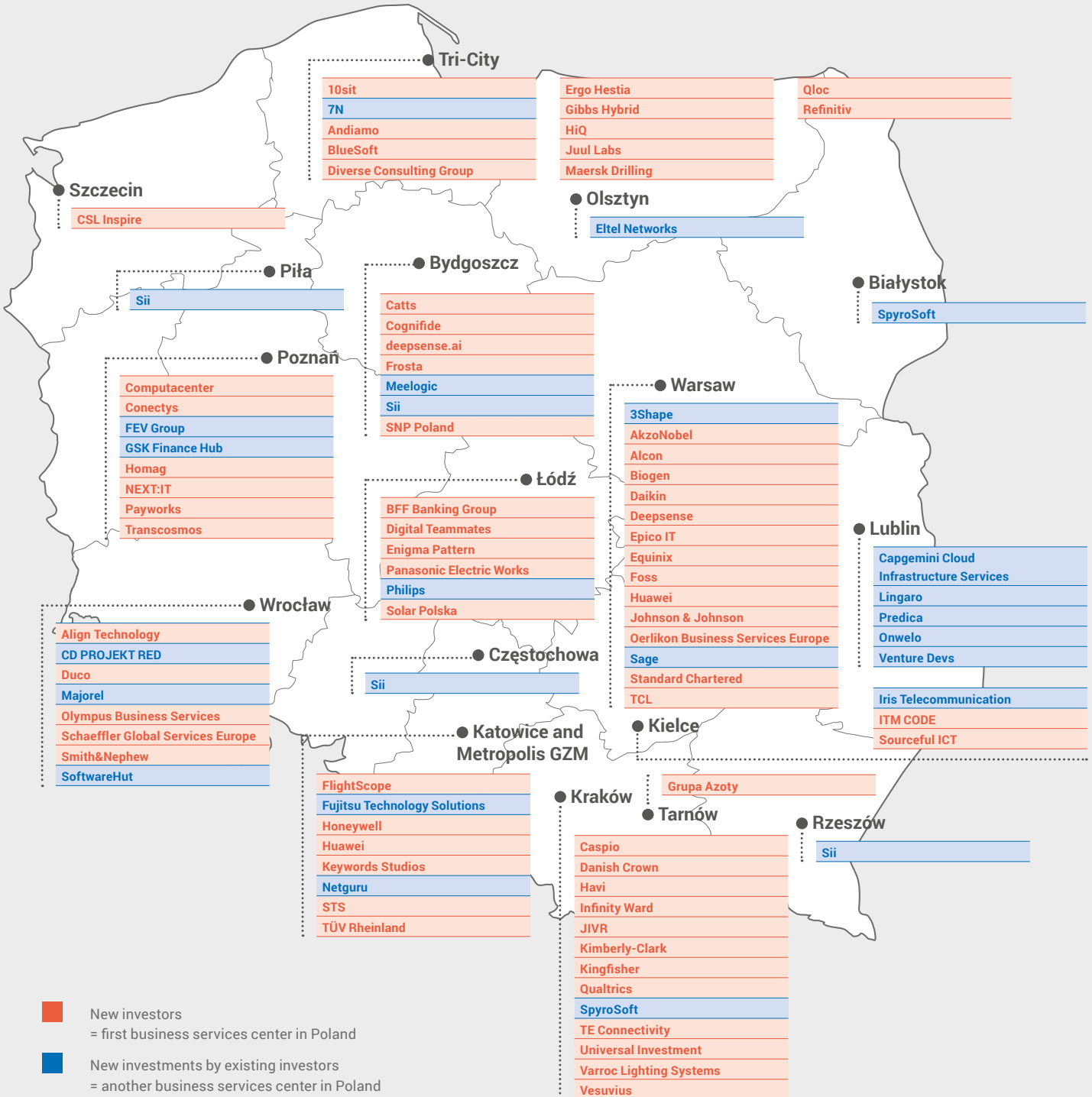
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FIGURE 10

EXAMPLES OF NEW INVESTMENTS AT BUSINESS SERVICES LOCATION IN POLAND (Q1 2018-Q1 2019).



Source: ABSL own study

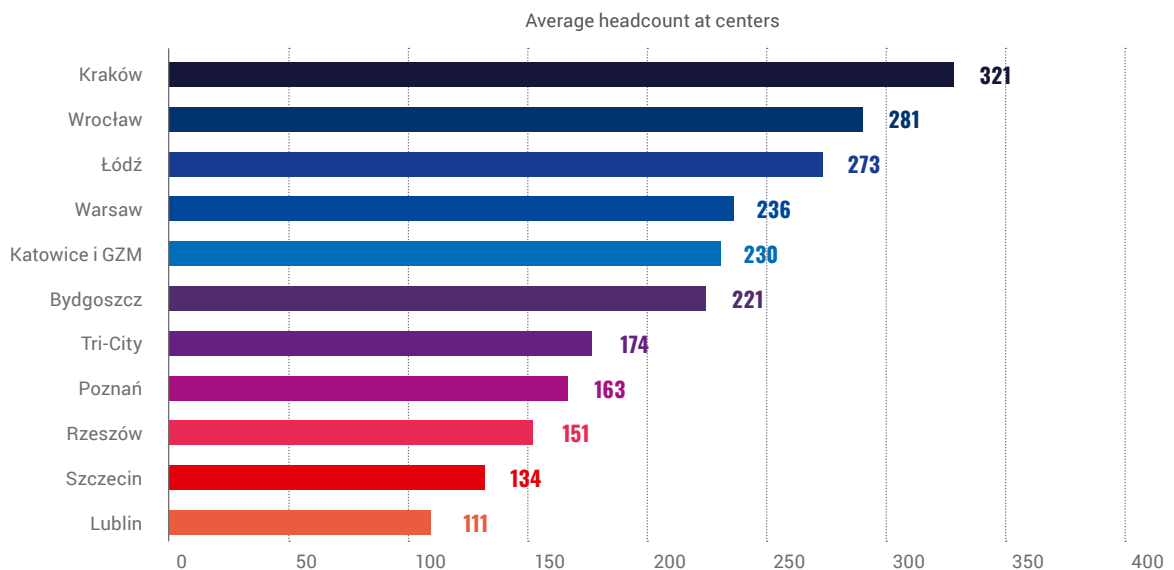
AVERAGE HEADCOUNT AT BUSINESS SERVICES LOCATIONS

Kraków has the highest average headcount at services centers among the eleven major business services locations (321). This is due to the fact that Kraków is home to the largest number of centers with a headcount of over 1,000 – there are 18 of them there, which represents 1/3 of all such centers in Poland. Large-scale operations

are also a characteristic of the largest entities in Wrocław (with 10 centers employing over 1,000 people), which helps explain the city’s number-two ranking on the above list (281 employees). Bydgoszcz’s high ranking (6th place) is, among other things, due to the presence of large IT centers, e.g. Atos with over 3,500 employees.

FIGURE 11

AVERAGE HEADCOUNT AT BUSINESS SERVICES CENTERS IN MAJOR BUSINESS SERVICES LOCATIONS IN POLAND



Source: ABSL own study

GROWTH OF THE SECTOR: TOP 3 BUSINESS SERVICES LOCATIONS

Highest number of new set-ups (2018 and Q1 2019):

1. Warsaw
2. Kraków
3. Tri-City

Highest relative increase in the number of jobs at business services centers in the period from Q1 2018 to Q1 2019 (Tier 1 and Tier 2 locations):

1. Poznań
2. Katowice and Metropolis GZM
3. Warsaw

Highest relative increase in the number of jobs at business services centers in the period from Q1 2018 to Q1 2019 (Tier 3 and Tier 4 locations with a headcount of at least 1,000):

1. Częstochowa
2. Białystok
3. Opole

Highest relative increase in the number of jobs at business services centers in the period from Q1 2018 to Q1 2019 (Tier 1 and Tier 2 locations):

1. Kraków
2. Warsaw
3. Wrocław

Highest absolute increase in the number of jobs at business services centers in the period from Q1 2018 to Q1 2019 (Tier 3 and Tier 4 locations with a headcount of at least 1,000):

1. Lublin
2. Szczecin
3. Rzeszów

Overview of the business services sector

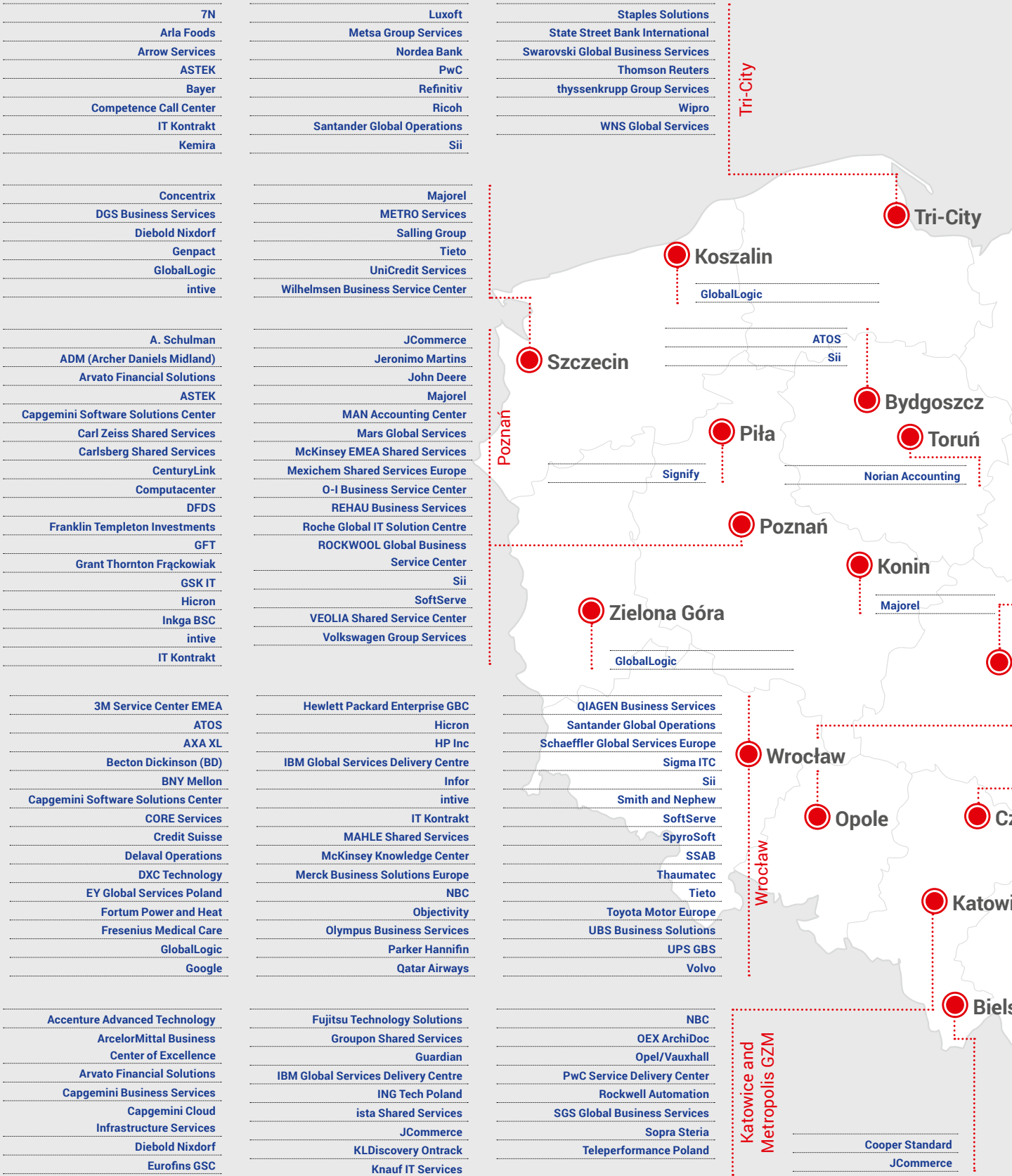
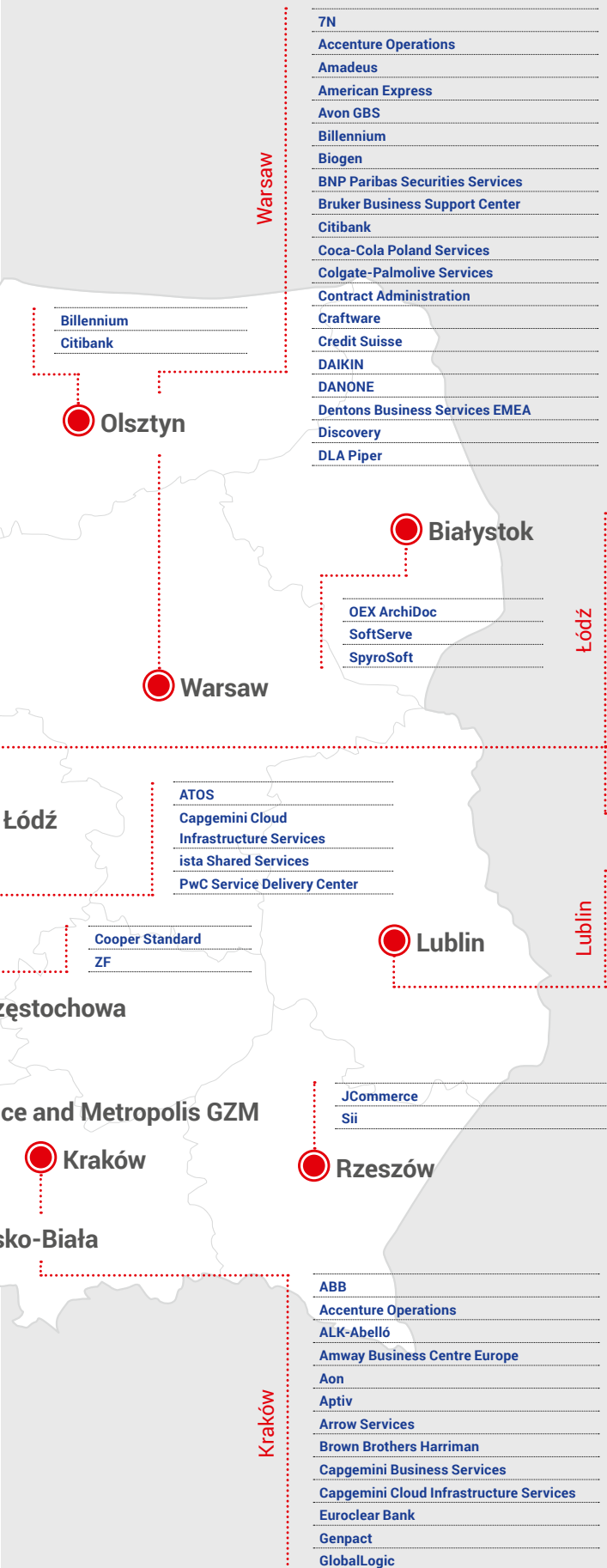


FIGURE 12
LIST OF SELECTED BUSINESS SERVICES CENTERS IN POLAND

Source: ABSL own study



DSV International Shared Services	Accenture Advanced Technology	Billennium	Billennium	Billennium	Billennium
DXC Technology	Adaptive Solutions & Advisory Group	Capgemini Cloud Infrastructure Services	Clariant	Capgemini Cloud Infrastructure Services	Capgemini Cloud Infrastructure Services
Elekta Business Services	Arvato Supply Chain Solutions	Concentrix	Conduent	Concentrix	Concentrix
Elopak	ATOS	Genpact	Craftware	Genpact	Genpact
EY Global Services	Billennium	intive	Digital Teammates	intive	intive
Franke	Clariant		Digital Workforce		
GFT Poland	Conduent		DXC Technology		
Goldman Sachs	Craftware		Flint Group		
Groupon Shared Services	Digital Teammates		Fujitsu Technology Solutions		
Hicron	Digital Workforce				
intive	DXC Technology				
IT Kontrakt	Flint Group				
J.P. Morgan Poland Services	Fujitsu Technology Solutions				
JLL					
KMD					
Lingaro					
Linklaters					
Lionbridge					
Mars Global Services					
Mercer Services Poland					

MMC Group Services	GFT	Lingaro	Motorola Solutions Systems
MoneyGram Poland	Infosys	OEX ArchiDoc	PMI SCE
National Westminster Bank (RBS)	McCormick Shared Services	Sii	QVC Poland Global Services
Nordea Bank	Nordea Bank	Voice Contact Center	Sabre
Oerlikon Business Services Europe	OEX Voice Contact Center		Shell
OEX E-Business	Philips		Sii
Pandora Shared Services	Sii		SpyroSoft
Procter & Gamble	Takeda SCE		State Street Bank International
ProService Finteco	Tate&Lyle Global Shared Services		Teleperformance Poland
Roche Global IT Solution Centre	UniCredit Services		Tieto
Schneider Electric	UPS GBS		TTEC Europe
Siemens	VEOLIA Shared Service Center		UBS Business Solutions Poland
Sii	Whirlpool		Wipro
Sonova Warsaw Service Center			
Standard Chartered GBS			
T-Mobile			
Technicolor			
Teleperformance Poland			
UniCredit Services			
Zoetis			

Note: the map presents only some centers owned by companies responding to this year's ABSL survey. Please join us for another nationwide survey (Q1 2020), which will allow us to include your business in this list.

MEDIUM-SIZED CITIES IN POLAND AS A LOCATION FOR BPO, SSC/GBS, IT AND R&D BUSINESS SERVICES CENTERS

The results of ABSL's studies commissioned by the Ministry of Investment and Economic Development (*Potencjał Miast Średnich w Polsce dla lokalizacji inwestycji BPO/SSC/IT/R&D [Medium-sized Polish cities' potential as locations for BPO/SSC/IT/R&D investments]*, Warsaw 2019⁶) indicate that certain medium-sized cities in Poland have the potential to become alternative venues for business services locations. However, their chances for sector growth depend on undertaking (continuing, reinforcing) a series of actions recommended by ABSL at the local level and beneficial growth-/investment-oriented activities on a regional and national scale (as part of the responsibilities of various stakeholders). For many of the analyzed cities, it is difficult to expect them to be appealing to companies in the sector, in particular, foreign-invested companies that conduct foreign-language operations for foreign customers. This is due to the fact that the investment potential of these locations is too small compared to the current and future expectations in the sector.

A good sign for medium-sized cities may be the increasing search for new staff resources and companies that already have services centers in Poland, which have a good grasp of the labor market and the challenges it involves. The difficulties involved in attracting talent from different areas of expertise in the original (existing) locations of the centers may, in the near future, encourage some companies not only to seek resources in medium-sized cities and relocating them back to their "home base", but also to create new organizational structures, often unknown to the Polish environment, such as networks of small, local branch offices reporting to the headquarters / head branch office.

We might conclude that, among business services sector companies, the group of companies that may have the greatest effect on the growth of the sector under analysis in medium-sized cities are IT companies. Due to the nature of their activities, it is easier for IT companies to establish small branch offices in medium-sized cities and take advantage of the business growth opportunities by relying on local staff resources in the locations in question. Another group of companies that may have a significant effect on the labor market in selected cities are large SSC/BPO companies looking for satellite operations where they could move part of their process support activities (typically less knowledge-intensive). Notably, an opportunity for such a role is available primarily to locations with good transit options to cities (city) where the company's larger centers are located. However, such cities must have a minimal internal potential (e.g. the number of potential candidates) and will otherwise remain merely recruitment areas for companies operating in metropolises.

The results of ABSL's studies indicate that foreign companies that operate on an international (often global) scale but do not yet have their business services centers in Poland, often do not consider medium-sized cities to be viable, realistic locations for their investment. With some exceptions, they are also not recommended (or even analyzed) by companies providing investment advice, a service used by new investors. The prevalence of mature business services locations, i.e. the largest metropolitan locations in Poland in the area of their recognizability is overwhelming.

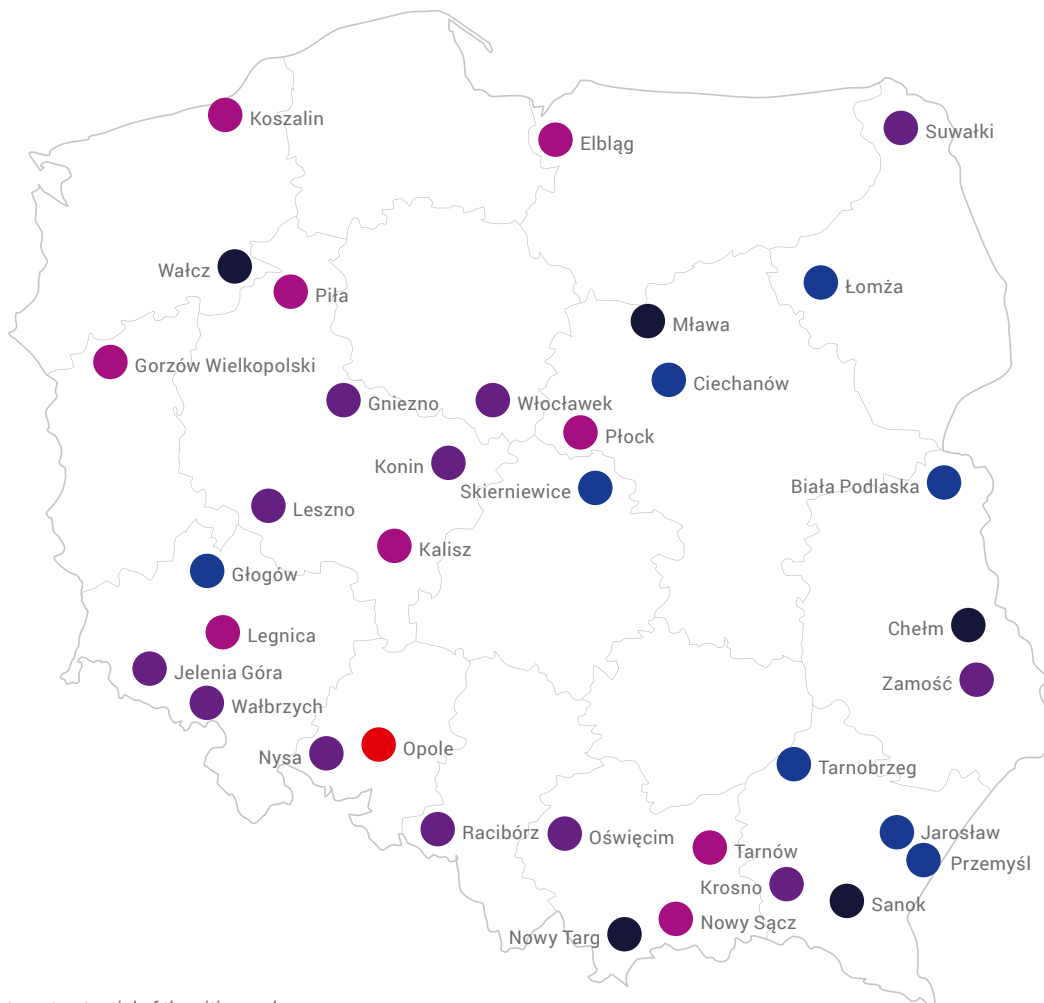
The report indicates that medium-sized cities with above-average investment potential for BPO, SSC/GBS, IT and R&D centers that can become permanent fixtures in the business services sector in Poland

include: Opole, Tarnów, Płock, Elbląg, Nowy Sącz, Kalisz, Legnica, Koszalin, Gorzów Wielkopolski and Piła.

⁵ The report is available for download on ABSL website: www.absl.pl

FIGURE 13

OPPORTUNITIES FOR GROWTH OF THE BUSINESS SERVICES SECTOR IN THE SELECTED MEDIUM-SIZED CITIES IN POLAND



The investment potential of the cities under analysis is highly diverse:

- The sector is an important element of the business landscape
- The sector is a real opportunity to diversify the business landscape
- Average chance of attracting external investors from the sector
- Poor competitive standing, low chance of attracting external investors
- Very limited chance of attracting external investors from the sector

Source: *Potencjał Miast Średnich w Polsce dla lokalizacji inwestycji BPO/SSC/IT/R&D [Medium-sized Polish cities' potential as locations for BPO/SSC/IT/R&D investments], Warsaw 2019*

ASSESSMENT OF A LOCATION AS A PLACE TO DO BUSINESS

One element of ABSL's nationwide survey is a question for company representatives about their opinion on individual factors that affect the activities of business services centers in Polish cities. It is worth clarifying that for companies with centers in more than one city, the assessment concerns the market where the company has the highest headcount.




Among the seven main business services locations in Poland, those rated the highest in terms of business services centers' overall satisfaction with the location as a place to do business were Poznań, Kraków and Wrocław. Table 4 shows the leading locations in each of the categories under

assessment. For comparison, the names of the locations that received the top three scores in 2018 were also included. It is worth noting that many of them maintained their standing in this year's top three.

Because the survey had to be conducted on a sufficiently large number of respondents, it only analyzes the scores for: Kraków, Warsaw, Wrocław, Tri-City, Katowice, Łódź and Poznań. It is worth remembering that the information presented reflects the subjective opinions of center representatives, and each location's standing does not necessarily reflect the actual situation of the subject matter under analysis.

TABLE 4

RANKING OF BUSINESS SERVICES LOCATIONS IN TERMS OF FACTORS AFFECTING A LOCATION AS A PLACE TO DO BUSINESS BY BPO, SSC/GBS, IT AND R&D CENTERS (2019)

Factor	 1	 2	 3
Overall assessment of the location as a place for doing business	POZNAŃ (Kraków)	KRAKÓW (Warsaw)	WROCLAW (Wrocław)
Availability of modern office space	TRI-CITY (Tri-City)	WARSAW (Warsaw)	ŁÓDŹ (Wrocław)
Availability of transportation (airports, trains)	WARSAW (Warsaw)	TRI-CITY (Kraków)	KATOWICE (Katowice)
Quality of public transportation	WARSAW (Poznań)	POZNAŃ (Warsaw)	TRI-CITY (Tri-City)
Collaboration with local universities	ŁÓDŹ (Łódź)	WROCLAW (Wrocław)	KRAKÓW (Kraków)
Working with the local investor support unit	ŁÓDŹ (Wrocław)	TRI-CITY (Łódź)	POZNAŃ (Poznań)
Availability of talent/highly-skilled workers	ŁÓDŹ (Kraków)	KRAKÓW (Warsaw)	WARSAW (Wrocław)
Quality of life	TRI-CITY	WARSAW	POZNAŃ

(Kraków) – locations that were in a given position in the 2018 ranking.

Source: ABSL own study based on the results of a survey addressed to business services centers (N=195 companies)

The survey respondents were also asked whether the level of competition on the local labor market is a challenge for their company. Over 3/4 of center representatives find competition among companies to be a challenge. Out of the seven largest business

services locations, the centers in Kraków, Wrocław and Warsaw are most affected by the pressure on the local labor market. Respondents found that the level of competition among centers has the least influence on the activities of companies in Łódź and Poznań.

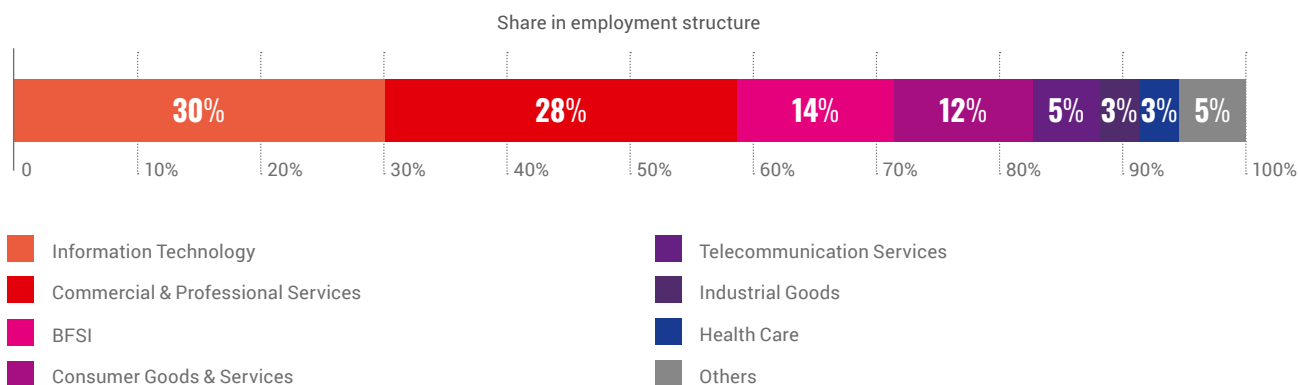
EMPLOYMENT STRUCTURE IN THE SECTOR BY BUSINESS SERVICES CENTER PARENT COMPANY INDUSTRY

Looking at the employment structure in the sector broken down by business services center parent company industry, we find that each sector's share essentially remained the same as in previous years. The majority of jobs remain in centers owned by companies from the IT industry and the commercial and professional services sector (in total 58%). In third

place in terms of share in the employment structure is BFSI (Banking, Financial Services & Insurance). Banks, financial institutions and insurance companies created 14% of the jobs in the sector. Other sectors have a 28% share in the employment structure.

FIGURE 14

EMPLOYMENT STRUCTURE OF BUSINESS SERVICES CENTERS BY PARENT COMPANY INDUSTRY



Source: ABSL own study

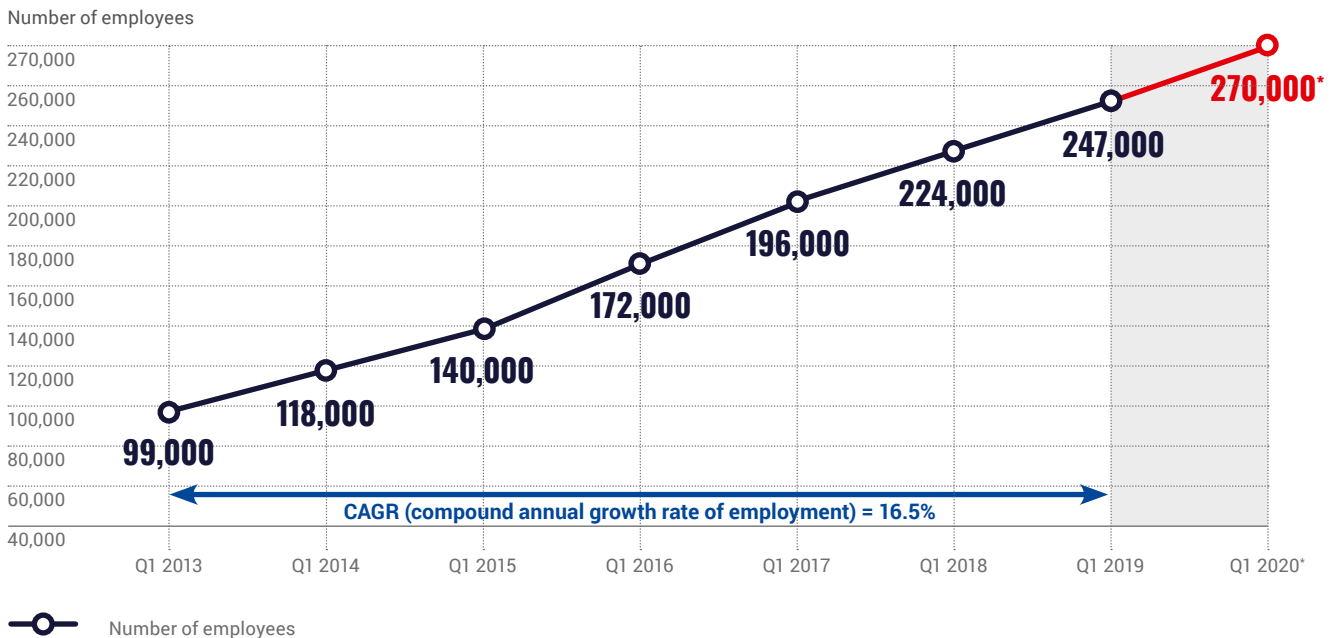
FOREIGN INVESTMENTS

Over 900 foreign service centers in Poland employ 247,000 people (Q1 2019). This means that foreign investors account for 80% of the jobs in the sector, managing 2/3 of the total number business services centers in Poland. In the period from Q1 2018 to Q1 2019, foreign companies created 23,000 new jobs in the sector (i.e. several thousand fewer than in the comparable, previously analyzed period from Q1 2017 to Q1 2018). This represents employment growth of under 10%, which is similar to the figures for the sector as a whole, including Polish companies. Since the beginning of 2013, yearly average employment growth at foreign centers has been at 16.5%. Based on job growth to date, we can estimate that foreign services centers in Poland will be employing over 270,000 people in 2020.

Foreign services centers located in Poland employ an average of 271 people (significantly more than Polish companies, where the average is 126). The figure continues to grow every year (up by a total of 60 since 2013). The average stated target headcount of newly-established foreign centers (Q1 2018-Q1 2019) is lower, much like in the previous years, and amounts to 130 people. It must be clarified, however, that in a large majority of cases, investors' initial assumptions are more conservative than the actual employment growth those centers see at a later stage.

FIGURE 15

EMPLOYMENT LEVELS AT FOREIGN SERVICE CENTERS IN POLAND



Please note: the previous years' figures concerning headcounts and the number of centers were verified in accordance with ABSL's current best knowledge. As part of updating the data, we also took into account differences resulting from changes in ownership and several investors terminating their operations in Poland.

* Forecast

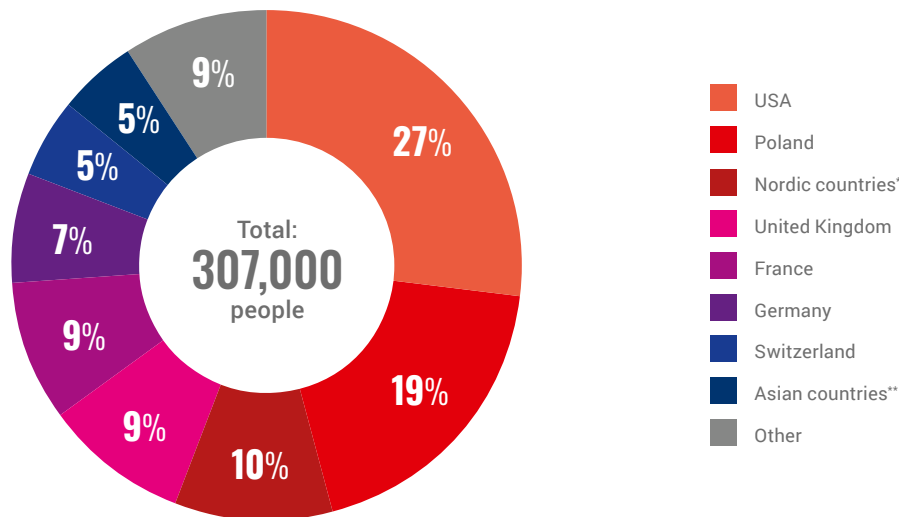
COUNTRIES OF ORIGIN OF BUSINESS SERVICES CENTERS

Poland is home to business services centers of companies from 41 countries (and entities for which no parent company headquarters location can be attributed). US centers have the largest share (27%) in the centers' employment structure. Polish entities account for 19% of jobs, while centers from Nordic countries account for 10%. Compared to the situation last year, it is worth noting a slight decrease in the share of US companies in the employment structure (of 2 percentage points) and an increase in the share

of German centers (of 1 percentage point). In general, the sector's employment structure by the centers' country of origin has not changed significantly in recent years. The most noticeable change is a decrease in the share of jobs at US centers (five percentage points in the period since 2016). However, it is precisely US investments (together with Western European investments) that continue to account for the largest number of jobs at services centers in Poland.

FIGURE 16

EMPLOYMENT STRUCTURE OF BUSINESS SERVICES CENTERS IN POLAND BY PARENT COMPANY HEADQUARTERS LOCATION



* Nordic countries: Sweden, Finland, Denmark, Norway

** Asian countries: Japan, India, South Korea, China, Israel, Qatar, Turkey, Singapore

Source: ABSL own study

The employment structure of business services centers in major business services locations categorized by parent company headquarters location features an average level of diversity.

While similarities between centers predominate, there are also visible differences in the scope of different countries' share in the employment structure.

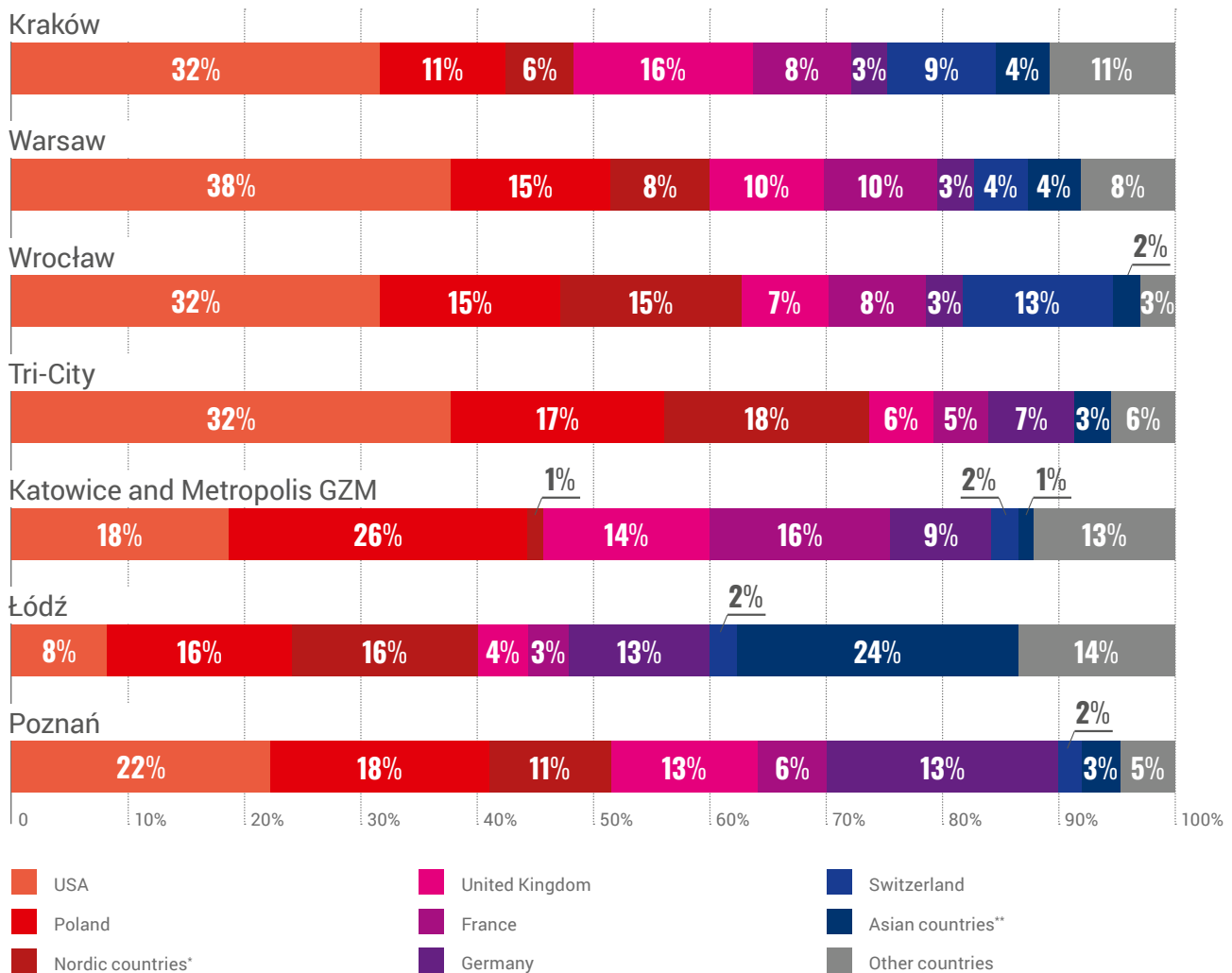
Overview of the business services sector

US centers have the largest share in the employment structure in five of the seven major business services locations (Warsaw, Tri-City, Wrocław, Kraków and Poznań). The highest share of US centers is reported in Warsaw and the Tri-City, where they employ 38% of the sector's workforce in each case. Polish companies are in first place in the employment structure in Katowice and GZM (26%); Asian

companies are in the lead in Łódź (24%). It is worth noting that the share of centers from the Nordic countries in the employment structure is much higher than their countrywide share in the Tri-City (18%), Łódź (16%) and Wrocław (15%), as is that of German centers in Poznań (20%), of Swiss centers in Wrocław (13%), and of British centers in Kraków (16%).

FIGURE 17

EMPLOYMENT STRUCTURE OF BUSINESS SERVICES CENTERS IN MAJOR BUSINESS SERVICES LOCATIONS BY PARENT COMPANY HEADQUARTERS LOCATION



* Nordic countries: Sweden, Finland, Denmark, Norway

** Asian countries: Japan, India, South Korea, China, Israel, Qatar, Turkey, Singapore

TYPES OF SERVICES DELIVERED BY BUSINESS SERVICES CENTERS

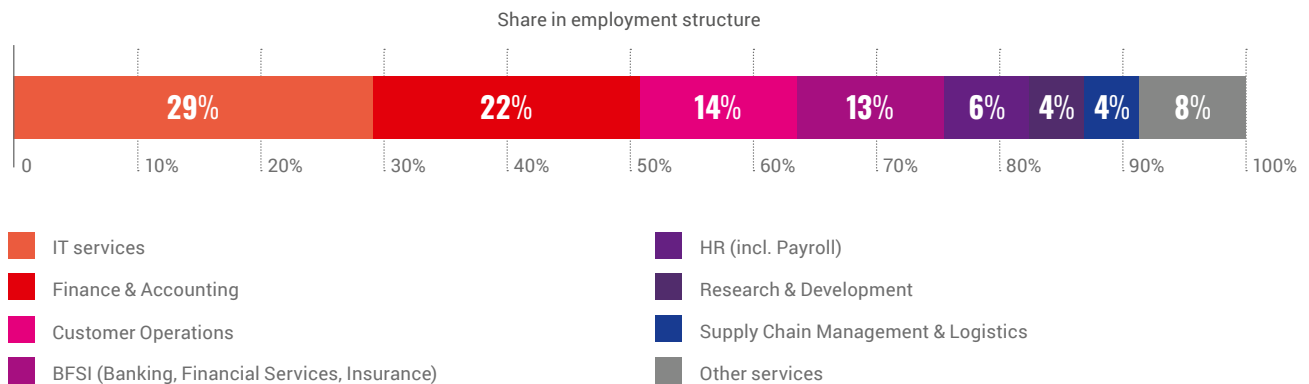
The structure of business services rendered at centers in Poland is extremely varied. The wide range of processes supported is composed of several dozen categories and subcategories. It should be noted that the vast majority of entities offer services in more than one business process category.

This part of the report lists the employment structure of business services centers by process category

supported. It is worth noting that IT and finance and accounting (F&A) combined generate just over half of the jobs in the industry (51%). In third place in terms of their share in the employment structure are services involving customer interaction (14%). An important role in the employment structure, with a 13% share, is also played by banking, financial and investment services (BFSI). In total, the above four process categories create over ¾ of the jobs in the sector.

FIGURE 18

EMPLOYMENT STRUCTURE OF BUSINESS SERVICES CENTERS BY PROCESS CATEGORIES SUPPORTED



Source: ABSL own study based on the results of a survey addressed to business services centers (N=200 companies employing 155,000 people)

Business services centers in Poland offer a wide range of services for customers from all over the world representing various market segments. Some of the most frequently supported industries (for both external and internal customers) are: BFSI, IT, the commercial and professional services industry, as well as the consumer goods and services sector. Companies from

each of the market segments mentioned are among the customers of at least 1/3 of the business services centers in Poland. It is worth emphasizing that almost all of the highlighted sectors increased their share in the presented structure compared to the previous year, which indicates a broadening of the scope of customers' industries by a large group of the centers under analysis.

Overview of the business services sector

FIGURE 19

EMPLOYMENT STRUCTURE IN SSC/GBS SERVICES CENTERS IN POLAND BY PROCESS CATEGORIES SUPPORTED

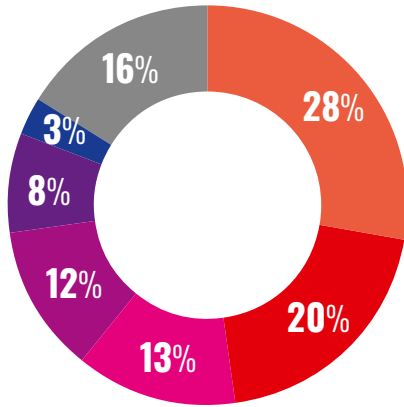
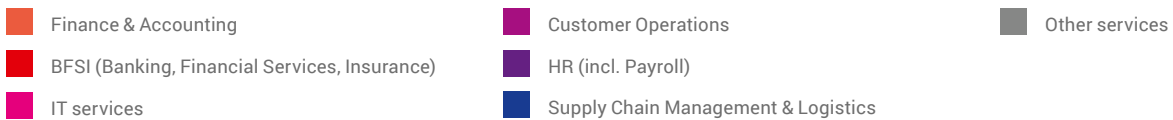
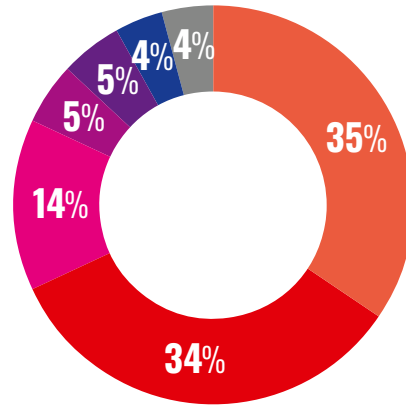


FIGURE 20

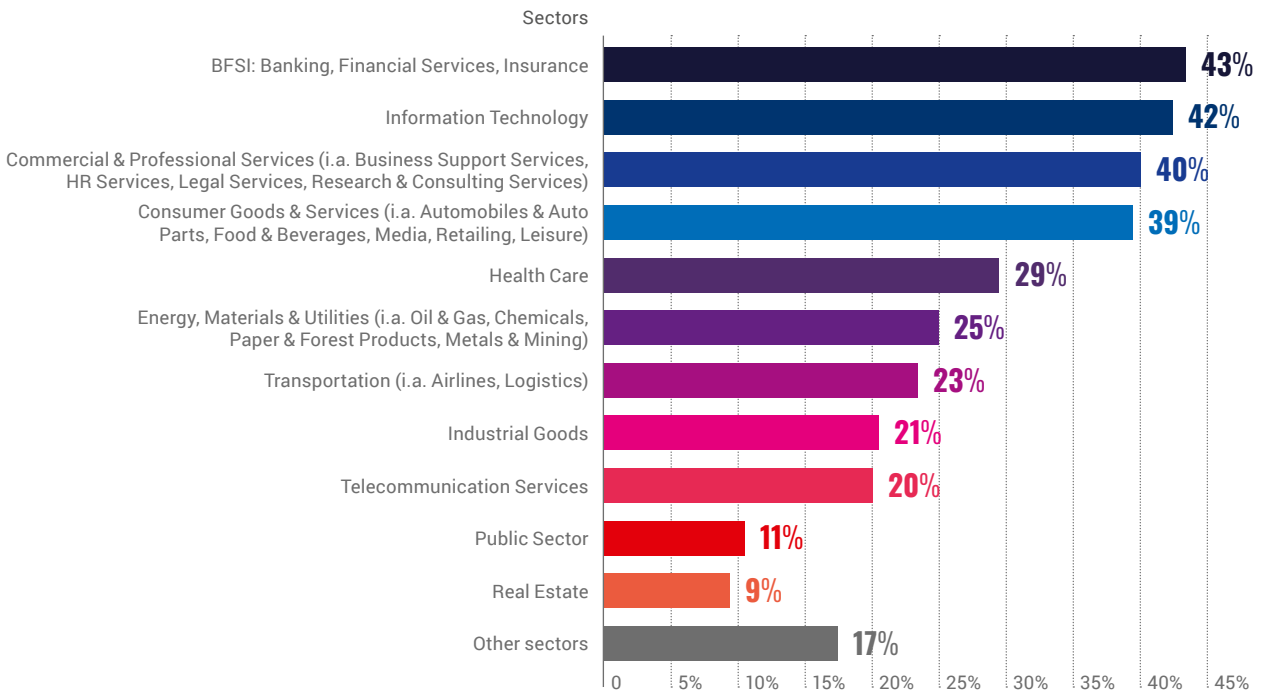
EMPLOYMENT STRUCTURE IN BPO SERVICES CENTERS IN POLAND BY PROCESS CATEGORIES SUPPORTED



Source: ABSL own study based on the results of a survey addressed to business services centers.

FIGURE 21

INDUSTRY STRUCTURE OF COMPANIES (EXTERNAL AND INTERNAL CUSTOMERS) SUPPORTED BY BUSINESS SERVICES CENTERS LOCATED IN POLAND



Source: ABSL own study based on the results of a survey addressed to business services centers (N=199 companies).

FIGURE 22

RANKING OF COUNTRIES FOR WHICH SERVICES ARE PROVIDED TO (INTERNAL AND EXTERNAL) CUSTOMERS BY BUSINESS SERVICES CENTERS IN POLAND



The most important target countries for which services carried out in Poland are provided continue to be Germany, the UK and the USA. France is in fourth place. Poland comes fifth.

- 1 Germany
- 2 UK
- 3 USA

1	Germany
2	United Kingdom
3	United States
4	France
5	Poland
6	Netherlands
7	Switzerland
8	Denmark
9	Sweden
10	Belgium
11	Spain
12	Italy
13	Finland
14	Norway
15	Russia

NB: How the ranking is constructed: respondents were asked to name the three most important countries that receive services from the business centers they represent. Countries named in first place were given 3 points each, countries named in second place 2 points each, and countries named in third place 1 point each. The graph shows the countries in the order that reflects the total number of points they received.

Source: ABSL own study based on the results of a survey addressed to business services centers (N=200 companies)



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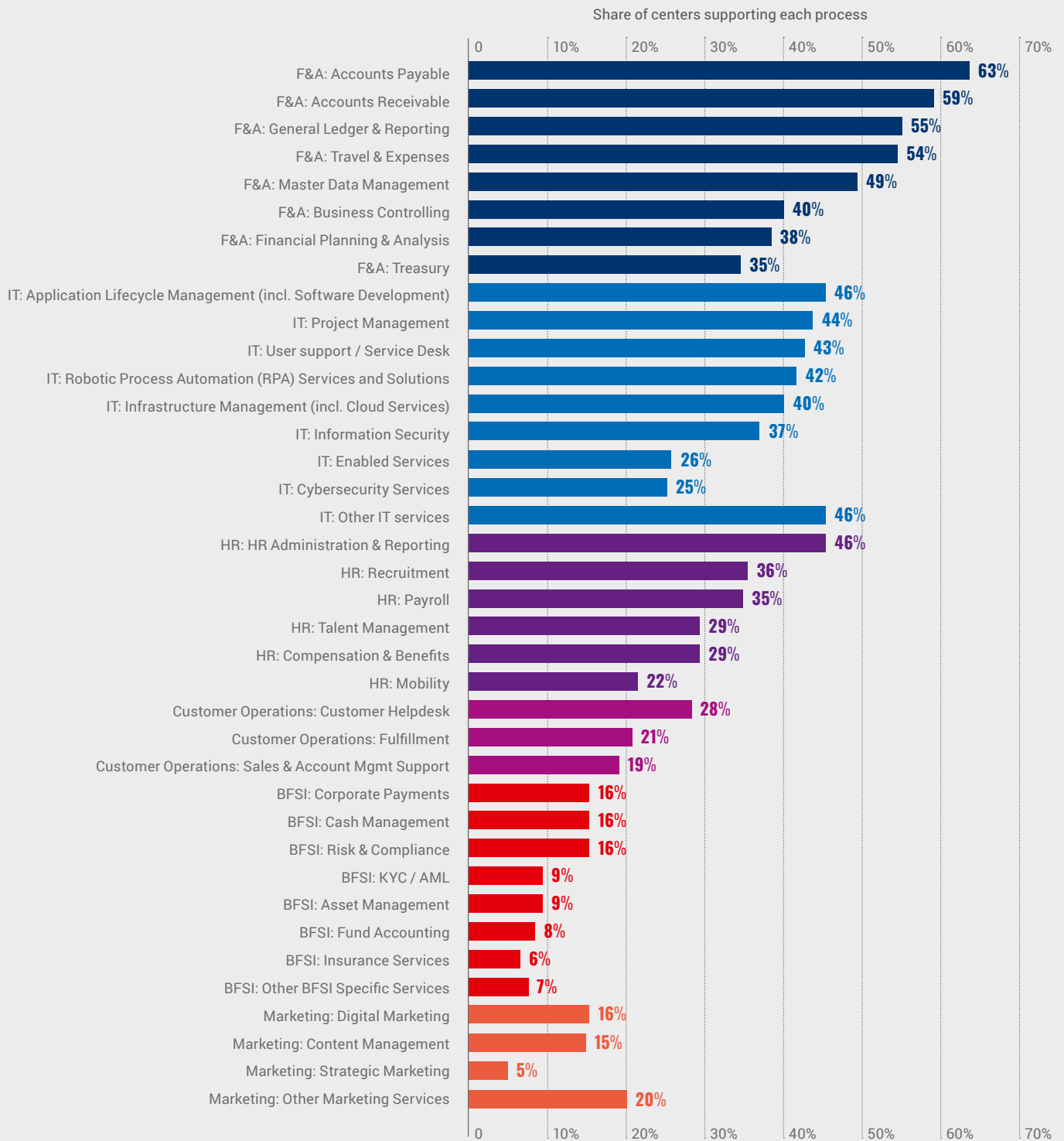
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FIGURE 23

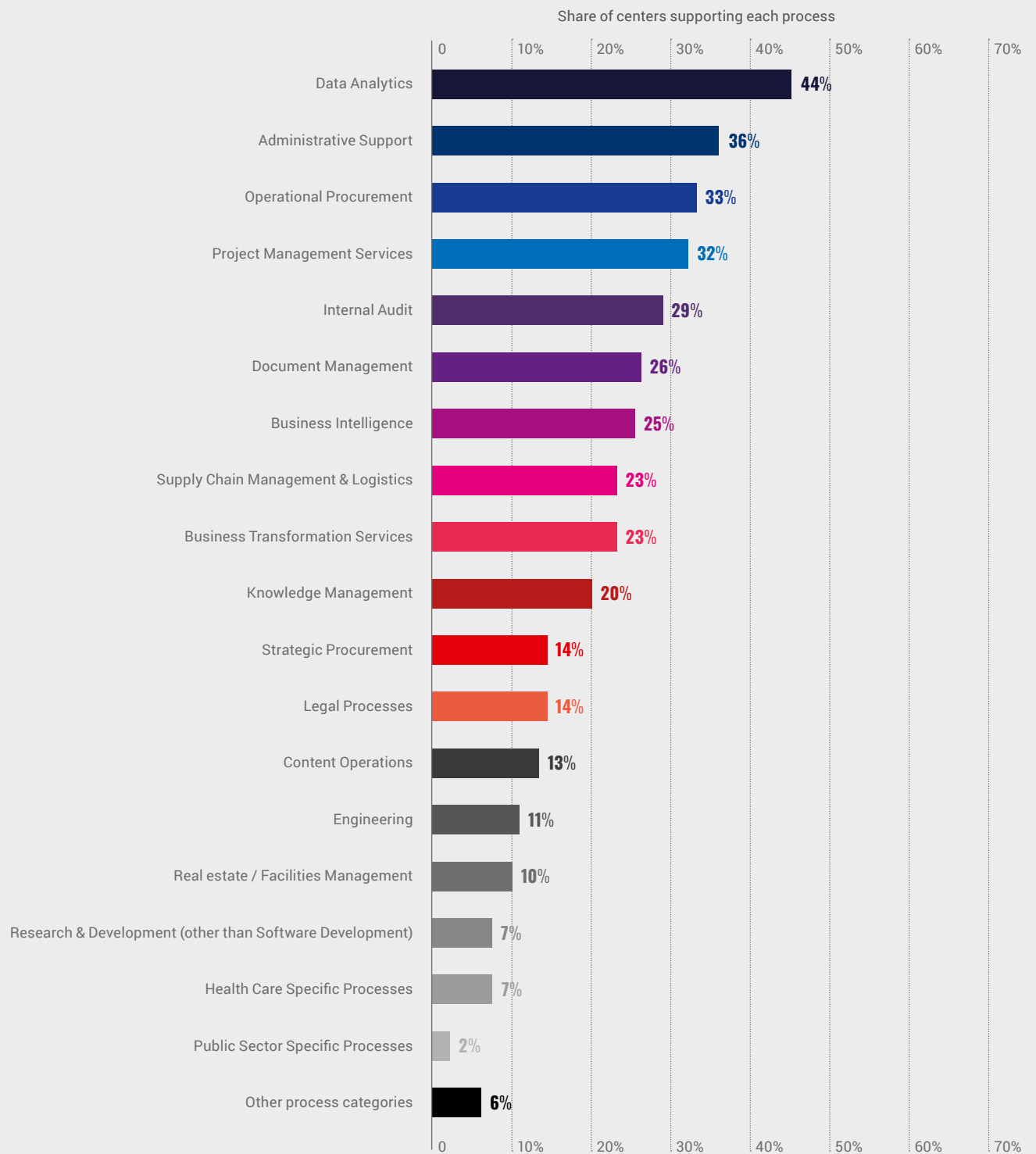
PROCESS CATEGORIES SUPPORTED BY BUSINESS SERVICES CENTERS IN POLAND



Source: ABSL own study based on the results of a survey addressed to business services centers (N=200 companies)

FIGURE 24

PROCESS CATEGORIES SUPPORTED BY BUSINESS SERVICES CENTERS IN POLAND



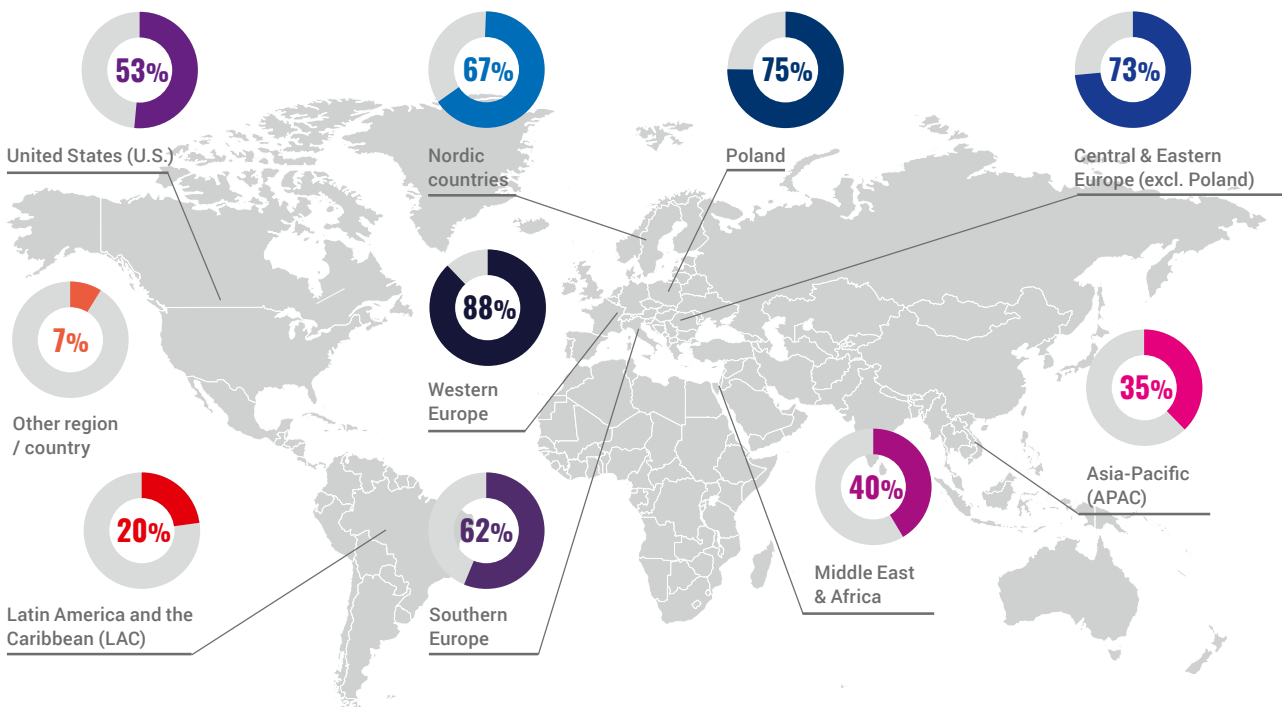
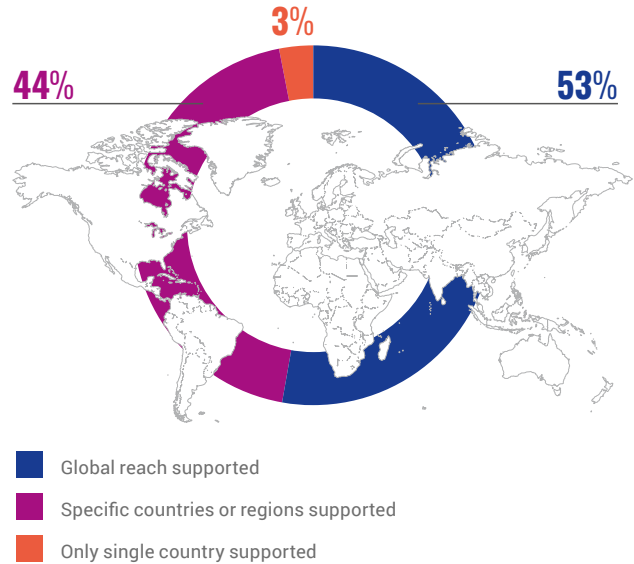
Source: ABSL own study based on the results of a survey addressed to business services centers (N=200 companies)

GEOGRAPHIC SCOPE OF SERVICES PROVIDED

FIGURE 25

GEOGRAPHIC SCOPE OF THE SERVICES PROVIDED BY BUSINESS SERVICES CENTERS IN POLAND

More than half of the centers under analysis (53%) operate globally, for customers (internal and external) in various parts of the world. This represents a 5 percentage point growth compared to 2018. The services for customers from specific countries or regions worldwide are provided by 44% of the companies. The largest number of centers is consistently focused on serving customers in Western Europe (88%), followed by Poland (75%). Compared to last year's survey, the share of companies serving Central and Eastern European countries increased by 5 percentage points (73%). The share of Nordic countries, i.e. direction four in the analyzed structure of the geographic reach of the services provided, is markedly higher (by 7 p.p.) than in 2017 and similar to that region's share in 2018.



Source: ABSL own study based on the results of a survey addressed to business services centers (N=199 companies).

COMPANIES' PLANS CONCERNING THEIR OPERATIONS



79%

Share of companies that broadened the scope of supported services in 2018 (N=198 companies) Noticeable downward trend – the share is 3 percentage points lower than in the 2017 study and 9 percentage points lower than the 2016 figure.



85%

Share of companies that plan to increase their headcount in the period from Q1 2019 to Q1 2020 (N=196 companies). Value 2 p.p. less than in the 2018 survey (for the period from Q1 2018 to Q1 2019). 12% of companies expect no changes in the headcount in the period analyzed, while 3% expect a reduced headcount.



87%

Share of business services centers that plan to expand their operations in the next year (N=196 companies). Highest share since (and including) 2017. Out of companies planning to expand operations, the majority are looking at both broadening the scope of their operations to include new processes and entering new markets (countries).

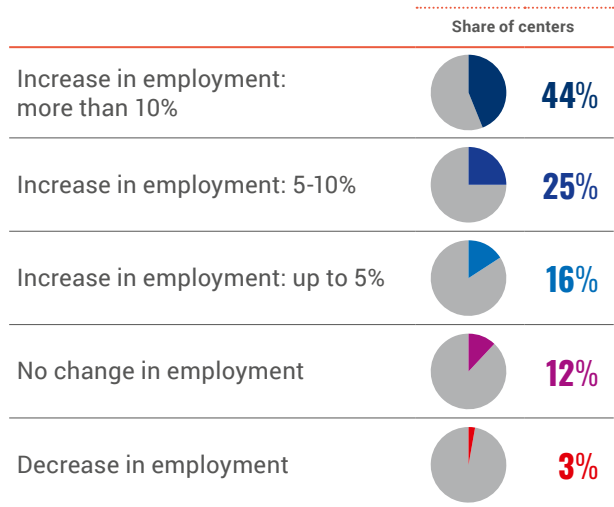


19%

The share of centers that plan to open a new business services center in the next year in another Polish city. In most cases, plans focus on investing in regional locations, aside from three largest areas of concentration of business services in Poland (i.e. aside from Kraków, Warsaw and Wrocław). It is worth noting that companies with at least two services centers in Poland (compared to companies with one services center) are more likely to take on new investments in other cities.

FIGURE 26

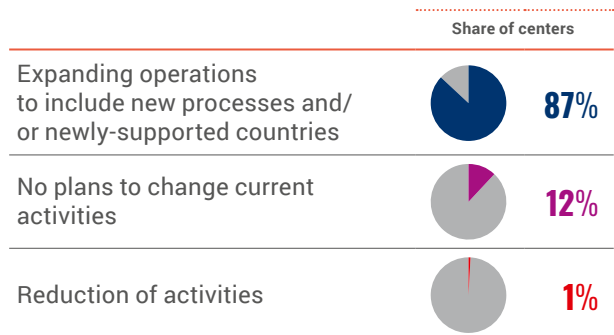
SERVICES CENTERS' PLANS REGARDING CHANGES IN HEADCOUNT BY Q1 2020



Source: ABSL own study based on the results of a survey addressed to business services centers (N=196 companies)

FIGURE 27

BUSINESS SERVICES CENTERS' PLANS TO EXPAND THEIR ACTIVITIES



Source: ABSL own study based on the results of a survey addressed to business services centers (N=196 companies)

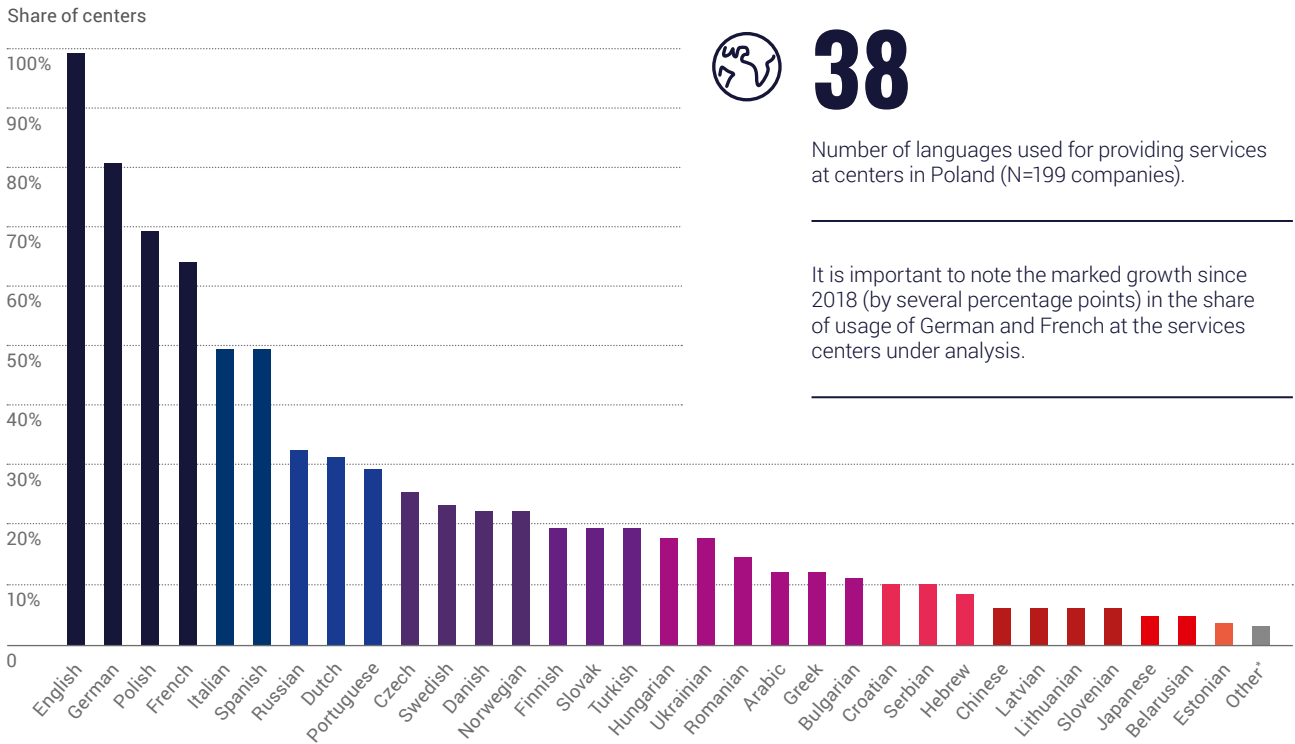
LANGUAGES USED AT BUSINESS SERVICES CENTERS

33
 Highest number of languages used at a single business services center (N=199 companies).

8
 Average number of languages used at business services centers (N=199 companies). Median = 6.

30%
 Share of business services centers using at least 10 languages in providing their services (N=199 companies).

FIGURE 28
 LANGUAGES USED AT THE CENTERS TO DELIVER SERVICES



* Includes: Hindi, Korean, Persian, Swahili, Urdu and Vietnamese.

Source: ABSL own study based on the results of a survey addressed to business services centers (N=199 companies).

FOREIGNERS EMPLOYED AT BUSINESS SERVICES CENTERS



94%

Share of business services centers employing foreigners (N=185 companies). The figure is 4 percentage points higher than in the 2018 survey and 9 percentage points higher than in the 2017 survey. A clear upward trend – another consecutive year of growth in the share of centers employing foreigners.



14%

Total share of foreigners employed at business services centers analyzed by ABSL (N=185 companies employing 137,000 people). This represents a 3.4 percentage point growth compared to 2018.



12%

The average share of foreigners employed at the services centers analyzed by ABSL (3 percentage point growth compared to 2018).



35,000 people

The number of foreigners employed at BPO, SSC/GBS, IT and R&D centers in Poland according to a conservative ABSL estimate.



45%

Share of business services centers where foreigners represent at least 10% of all employees (N = 185 companies). This represents a 7 percentage point growth compared to 2018.

FIGURE 29

MAJOR COUNTRIES OF ORIGIN OF FOREIGNERS EMPLOYED AT BUSINESS SERVICES CENTERS

1		Ukraine
2		Italy
3		Spain
4		India
5		Germany
6		Belarus
7		Russia
8		France
9		Portugal
10		Turkey
11		Romania
12		Netherlands
13		United Kingdom
14		Brazil
15		Finland

Note: how the ranking was constructed? Respondents were asked to state the five countries of origin of the largest number of foreigners employed at the business centers represented by them. Countries named in first place were given 5 points each, countries named in second place 4 points each etc. The graph shows the countries in the order that reflects the total number of points they received.

Source: ABSL own study based on the results of a survey addressed to business services centers (N=179 companies).



Ukraine



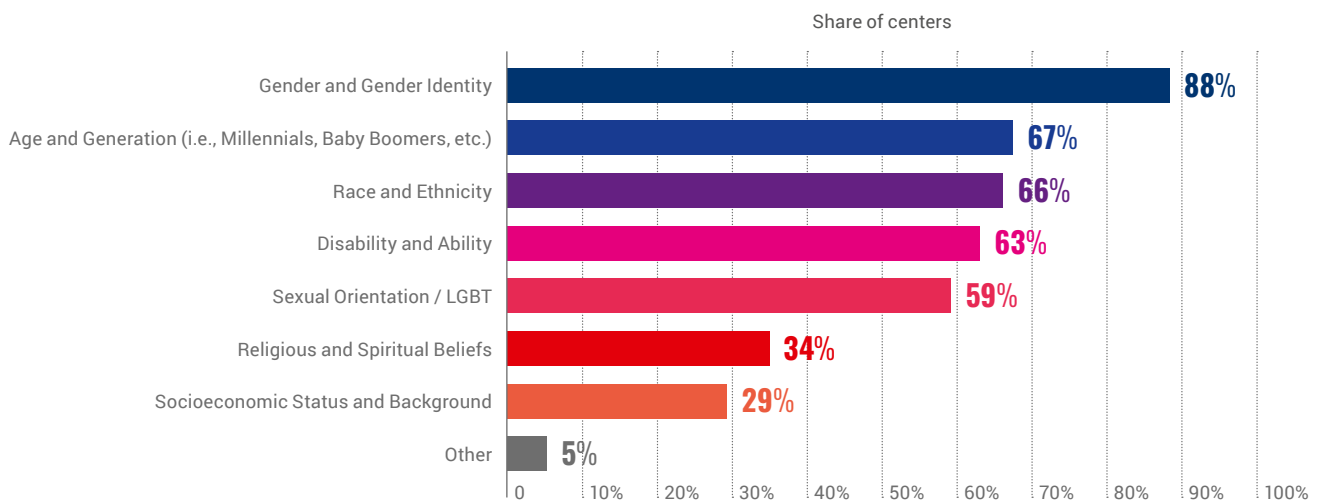
Ukraine is still the most frequently named country of origin of foreigners employed at business services centers. Looking at the data, it is clear that Ukrainians are the largest group of foreigners at 53% of the companies that employ foreigners. Furthermore, the vast majority of all the companies surveyed listed Ukrainians at the top of the five largest groups of foreigners. Italians come second in the list, and Spaniards third. The three main countries of origin of foreigners employed at business services centers have remained the same since 2017. All told, 35 countries were

named as the top five countries of origin of foreigners in business services centers. It is obvious that the number of all countries of origin of foreign employees of business services centers in Poland is higher. It is estimated that the sector's employees in Poland come from more than 50 countries worldwide. Therefore, multinationality can be described as one of the more distinctive features of the Polish business services sector (which applies in particular to the largest business services locations in Poland).

DIVERSITY AND INCLUSION POLICY

FIGURE 30

SUBJECT MATTERS ON WHICH THE DIVERSITY AND INCLUSION POLICY FOCUSES AT THE BUSINESS SERVICES CENTERS



Source: ABSL own study based on the results of a survey addressed to business services centers (N=112 companies).



56%

More than half (56%) of the nearly 200 surveyed services centers in Poland have a formally sanctioned diversity and inclusion policy. The vast majority of other companies have an informal awareness of the principles associated with the approach.



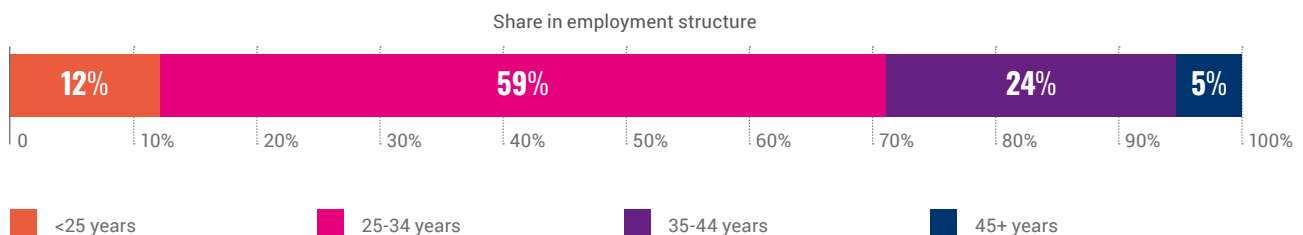
54%

Share of female employees in the business services centers analyzed. In management, the average share of women is 45% (the highest since and including 2016).

EMPLOYMENT STRUCTURE OF BUSINESS SERVICES CENTERS BY AGE OF EMPLOYEES

FIGURE 31

EMPLOYMENT STRUCTURE OF BUSINESS SERVICES CENTERS BY AGE OF EMPLOYEES

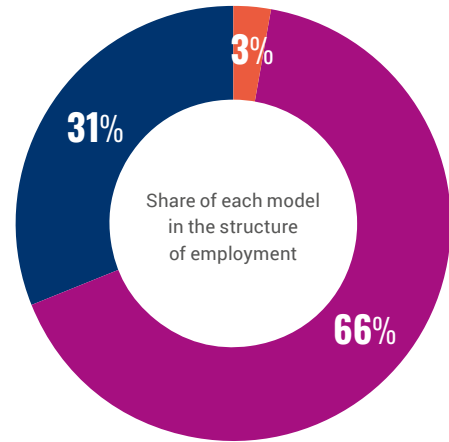
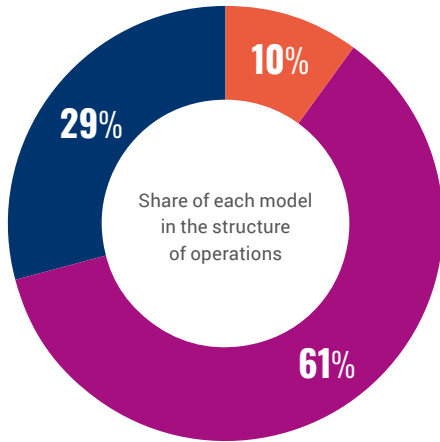


Source: ABSL own study based on the results of a survey addressed to business services centers (N=183 companies employing 138,000 people).

Compared to 2018, the share of persons aged 35-44 increased by 3 percentage points. There has been a decrease in the share of the youngest employees and employees aged 25-34, who continue to represent the majority of the sector's employees. The share of people aged 45 and over has not changed.

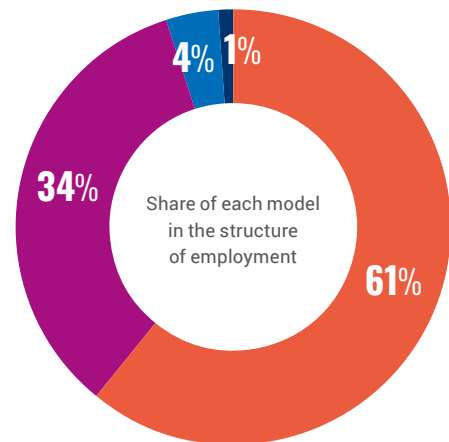
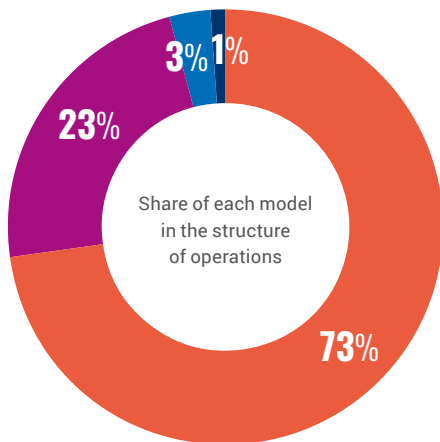
SSC/GBS CENTERS' OPERATING MODELS

FIGURE 32
STRUCTURE OF SSC/GBS CENTERS BY OPERATING MODEL



- Single function
(i.e., only one function e.g., only F&A)
- Multi-function
(i.e., more than one function e.g., F&A + IT + HR)
- GBS
(could be single or multi-function)

Source: ABSL own study based on the results of a survey addressed to business services centers (N=118 companies employing 75,500 people).



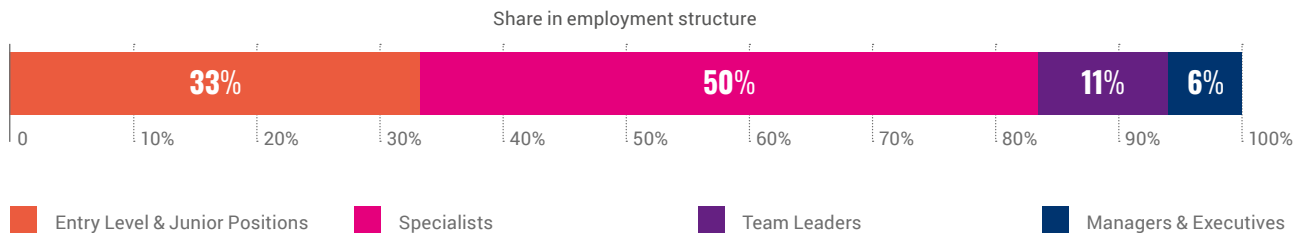
- All in-house / Captive
- Hybrid (in-house and selected third-party BPO)
- Mainly BPO driven by Multiple Vendors
- Mainly BPO driven by Single Vendor

Source: ABSL own study based on the results of a survey addressed to business services centers (N=118 companies employing 75,500 people).

EMPLOYMENT STRUCTURE BY JOB CATEGORY

FIGURE 33

EMPLOYMENT STRUCTURE OF BUSINESS SERVICES CENTERS IN POLAND BY JOB CATEGORY



Source: ABSL own study based on the results of a survey addressed to business services centers (N=184 companies employing 140,000 people).

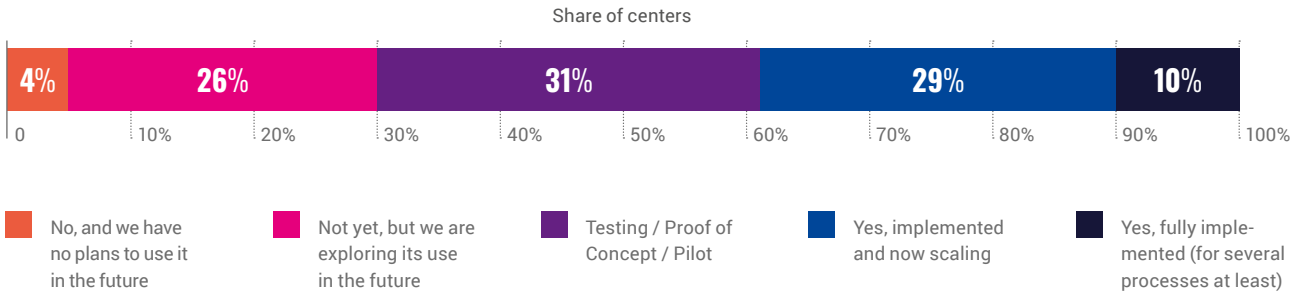
Compared to 2018, the share of specialist positions in the employment structure of services centers has increased (by 5 percentage points). They currently account for half of the jobs in the sector. This has also meant a decrease in the share of junior roles. The share of team leader, manager and managerial staff positions has remained similar.

BUSINESS PROCESS AUTOMATION

The vast majority of the centers under analysis (70%) implemented smart automation solutions in their operations (on a varying scale) or are currently in testing phase. For 30% of companies, no such implementation has occurred yet, but most entities in this group intend to apply these solutions in the future. It is worth adding that compared to 2018, there has been a noticeable decrease in the share of centers ruling out implementation of smart automation solutions (by 5 percentage points) and an increase in the share of companies who state that they use them in their day-to-day operations (by 12 percentage points).

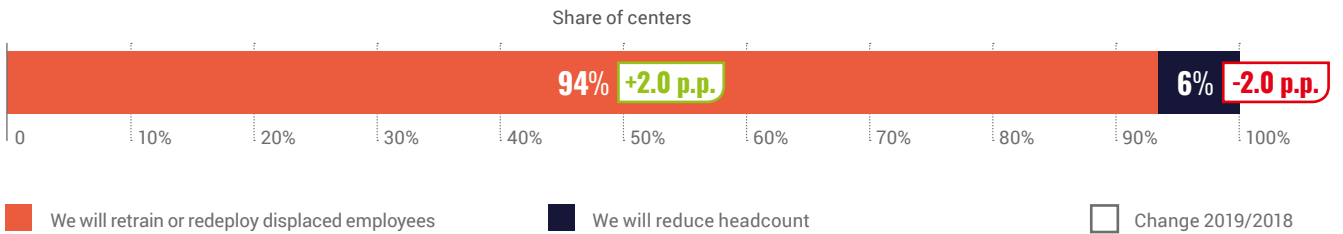
Overview of the business services sector

FIGURE 34
LEVEL OF IMPLEMENTATION OF SMART BUSINESS PROCESS AUTOMATION SOLUTIONS IN BUSINESS SERVICES CENTERS



Source: ABSL own study based on the results of a survey addressed to business services centers (N=192 companies).

FIGURE 35
THE EFFECT OF BUSINESS PROCESS AUTOMATION ON CHANGES IN EMPLOYMENT AT BUSINESS SERVICES CENTERS

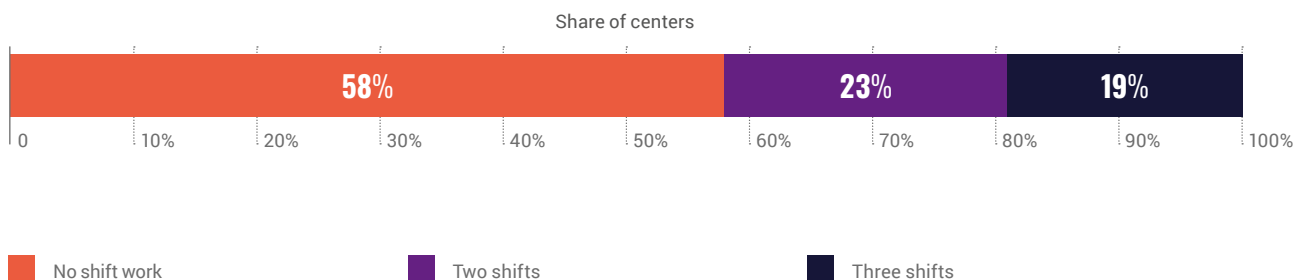


Source: ABSL own study based on the results of a survey addressed to business services centers (N=111 companies).

SHIFT WORK

The majority (58%) of companies under analysis do not use shift work. Most of the remaining 42% of centers have stated that they have a two-shift work system. The shift work system is much more common at business process outsourcing centers than at shared services centers, IT centers and R&D centers.

FIGURE 36
COMPANY STRUCTURE IN TERMS OF SHIFT WORK MODELS



Source: ABSL own study based on the results of a survey addressed to business services centers (N=195 companies).

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EMPLOYEE TURNOVER

The voluntary turnover rate in business services centers analyzed by ABSL for 2018 was 15% (just over 1 percentage point less than the 2017 figure). The involuntary turnover rate (not dependent on the employee) was 4% (as in last year's analysis).

TABLE 5

VOLUNTARY TURNOVER RATE BY CENTER TYPE AND LENGTH OF PRESENCE ON THE MARKET

Voluntary turnover rate	Business services centers overall	SSC / GBS	BPO	IT
Over 20%	19%	12%	62%	19%
10-20%	52%	60%	14%	47%
1-10%	27%	28%	19%	28%
Less than 1%	2%	0%	5%	6%
Mean	15%	15%	20%	15%

Voluntary turnover rate	Business services centers overall	<3 years	3-10 years	>10 years
Over 20%	19%	10%	16%	26%
10-20%	52%	28%	63%	49%
1-10%	27%	55%	20%	25%
Less than 1%	2%	7%	1%	0%
Mean	15%	11%	16%	16%

Source: ABSL own study (N=178 companies).

SOPHISTICATION OF THE BUSINESS PROCESSES SUPPORTED IN POLAND

Discussions about the growth of the business services sector in Poland often include the topic of increasing sophistication of the processes supported by the centers. To answer the question about what part of the services provided by the entities under analysis can be described as “sophisticated”, ABSL’s survey asked respondents to break down all the processes supported by a given center into processes that are not knowledge-intensive (e.g. transaction

processes) and sophisticated processes that are very knowledge-intensive. The results show that 60% of all processes were described as sophisticated (knowledge-intensive). This factor was much higher in the IT/R&D center group (70%). It is worth keeping in mind that this attempt to break down the process structure relies on the respondents’ subjective assessments and is provided for reference only.

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Overview of the business services sector

KRAKÓW

**70,000**

Number of employees in the business services sector.

**11%**

Jobs created in business services sector, CAGR (2016-2019).

**217**

Number of business services centers: BPO, SSC/GBS, IT, R&D (Q1 2019).

**13**

Number of centers established since the beginning of 2018 by the end of Q1 2019.

**34**

Number of business services centers with 500+ employees.

**76,000+**

Number of employees in the sector forecast for Q1 2020.

EXAMPLES OF NEW INVESTMENTS (Q1 2018 – Q1 2019)

Caspio

Danish Crown

Havi

Infinity Ward

JIVR

Kimberly-Clark

Kingfisher

Qualtrics

SpyroSoft

TE Connectivity

Universal Investment

Varroc Lighting Systems

Vesuvius

WARSAW



56,300

Number of employees in the business services sector.



14%

Jobs created in business services sector, CAGR (2016-2019).



238

Number of business services centers: BPO, SSC/GBS, IT, R&D (Q1 2019).



15

Number of centers established since the beginning of 2018 by the end of Q1 2019.



31

Number of business services centers with 500+ employees.



62,000+

Number of employees in the sector forecast for Q1 2020.

EXAMPLES OF NEW INVESTMENTS (Q1 2018 – Q1 2019)

3Shape	Epico IT	Sage
AkzoNobel	Equinix	Standard Chartered
Alcon	Foss	TCL
Biogen	Huawei	
Daikin	Johnson & Johnson	
DeepSense	Oerlikon Business Services Europe	

Overview of the business services sector

WROCLAW

**47,500**

Number of employees in the business services sector.

**11%**

Jobs created in business services sector, CAGR (2016-2019).

**169**

Number of business services centers: BPO, SSC/GBS, IT, R&D (Q1 2019).

**8**

Number of centers established since the beginning of 2018 by the end of Q1 2019.

**20**

Number of business services centers with 500+ employees.

**52,000+**

Number of employees in the sector forecast for Q1 2020.

EXAMPLES OF NEW INVESTMENTS (Q1 2018 – Q1 2019)

Align Technology

CD PROJEKT RED

Duco

Majorel

Olympus Business Services

Schaeffler Global Services Europe

Smith&Nephew

SoftwareHut

TRI-CITY



25,500

Number of employees in the business services sector.



16%

Jobs created in business services sector, CAGR (2016-2019).



146

Number of business services centers: BPO, SSC/GBS, IT, R&D (Q1 2019).



12

Number of centers established since the beginning of 2018 by the end of Q1 2019.



11

Number of business services centers with 500+ employees.



28,000+

Number of employees in the sector forecast for Q1 2020.

EXAMPLES OF NEW INVESTMENTS (Q1 2018 – Q1 2019)

- 10sit
- 7N
- Andiamo
- BlueSoft

- Diverse Consulting Group
- Ergo Hestia
- Gibbs Hybrid
- HiQ

- Juul Labs
- Maersk Drilling
- Qloc
- Refinitiv

Source: ABSL own study

KATOWICE AND METROPOLIS GZM



23,700

Number of employees in the business services sector.



13%

Jobs created in business services sector, CAGR (2016-2019).



102

Number of business services centers: BPO, SSC/GBS, IT, R&D (Q1 2019).



8

Number of centers established since the beginning of 2018 by the end of Q1 2019.



12

Number of business services centers with 500+ employees.



25,000+

Number of employees in the sector forecast for Q1 2020.

EXAMPLES OF NEW INVESTMENTS (Q1 2018 – Q1 2019)

FlightScope

Fujitsu Technology Solutions

Honeywell

Huawei

Keywords Studios

Netguru

STS

TÜV Rheinland

ŁÓDŹ



23,200

Number of employees in the business services sector.



14%

Jobs created in business services sector, CAGR (2016-2019).



85

Number of business services centers: BPO, SSC/GBS, IT, R&D (Q1 2019).



6

Number of centers established since the beginning of 2018 by the end of Q1 2019.



11

Number of business services centers with 500+ employees.



25,000+

Number of employees in the sector forecast for Q1 2020.

EXAMPLES OF NEW INVESTMENTS (Q1 2018 – Q1 2019)

BFF Banking Group

Digital Teammates

Enigma Pattern

Panasonic Electric Works

Philips

Solar Polska

POZNAŃ



16,800

Number of employees in the business services sector.



15%

Jobs created in business services sector, CAGR (2016-2019).



102

Number of business services centers: BPO, SSC/GBS, IT, R&D (Q1 2019).



8

Number of centers established since the beginning of 2018 by the end of Q1 2019.



8

Number of business services centers with 500+ employees.



19,000+

Number of employees in the sector forecast for Q1 2020.

EXAMPLES OF NEW INVESTMENTS (Q1 2018 – Q1 2019)

Computacenter

Conectys

FEV Group

GSK Finance Hub

Homag

NEXT:IT

Payworks

Transcosmos



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2 OFFICE MARKET

Polish cities are the top choice for both developers and occupiers across the region. New entities are entering the Polish market, and those that are already present here are diversifying their real estate portfolios across various cities and flexible offices are taking the market by storm. Secondary office markets such as Białystok, Bydgoszcz, Kielce, Olsztyn, Opole, Radom, Rzeszów and Toruń are developing continuously and their role in the country is becoming increasingly important every year.

The development of the office market can be seen in every major city in Poland: the booming flexible office market in Warsaw stands out against other office markets in Europe; Kraków is ranked as one of the best locations in Europe for companies from the modern business services sector; Wrocław has crossed the one million square meter office stock threshold; and the Tri-City office market is expected to reach that number by 2021. Additionally, the office market in Katowice exceeded 500,000 sq m in 2018, while Poznań and Łódź are expected to cross that threshold this year. The remaining office markets in Poland are considered by many companies as perfect locations for establishing their growing presence in Poland.

The driving force behind the growth of the market is the superb demand for offices from both local and international companies. Gross demand reached an impressive 1.5 million sq m in 2018. The business services sector contributed to half of the total take-up volume registered in the major regional markets outside Warsaw and a quarter in Poland as a whole. This has resulted in 400,000 sq m of leased space across the country. Such tremendous demand has resulted in a decreasing vacancy rate in Poland, which stood at 8.5% at the start of 2019. In terms of rental conditions in the major office markets in Poland, prices have remained relatively stable and attractive compared to other European markets.



Chapter content preparation: JLL

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FIGURE 37

POLAND OFFICE MARKET IN NUMBERS

**10,400,000** sq m

of modern office space in Poland in total.
The largest office market in the CEE.

**50%**

Demand generated by companies from
the business services sector outside
Warsaw, 25% including Warsaw.

**10.50-14.50** €

Prime headline rates per sq
m in the largest regional office markets;
in Warsaw, the upper band stands
at € 23.5.

**1,600**

Lease transactions in 2018.

**1,500,000** sq m

Office space leased in 2018.

**17**

Lease agreements of more than
10,000 sq m in 2018.

**9**

Developed office markets.

**1,600,000** sq m

Office space under construction.

**800,000** sq m

Office space scheduled for completion
in 2019.

**400,000** sq m

Leased by companies representing
the modern business services sector
in 2018.

**900,000** sq m

Record-breaking net-absorption.

**8.5%**

Vacancy rate in Poland and falling.

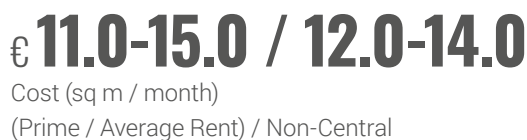
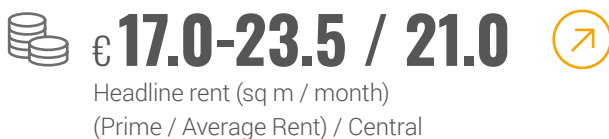
WARSAW

The development of the Warsaw office market is unstoppable, and it certainly seems that the sky's the limit. Occupiers activity is so high that new supply is being absorbed and the vacancy rate is at its lowest since 2012 and forecasted to fall further. 2018 was a year of the extraordinary activity of flexible space operators. The share of the flexes in the total take-up volume is standing out against many other important European office markets. Last year they leased an astonishing 112,000 sq m, which accounts for 13% of the total demand in Warsaw (and an incredible 22% in the central areas of the city). What's more, companies from industries as banking, consulting, IT, manufacturing, modern business services sector, professional services, public and others invariably contribute sustainable diversified growth in demand. With such a big impact on the total demand in the whole city, activity by occupiers in 2018 reached

a record-breaking 858,000 sq m, which was 4% higher than in 2017. Among the most notable transactions were a renewal and expansion by Deloitte for 22,100 sq m in Q22, a new deal by the Polish Financial Supervision Authority for 14,800 sq m in Piekna 2.0 and a 14,200 sq m pre-let by WeWork in Mennica Legacy. New supply which entered the market in 2018 was lower than that in previous year and totalled 233,000 sq m. The under-construction volume currently amounts to 720,000 sq m, and it is planned to be completed by 2021. 78% of total volume is located in the central areas of Warsaw which reflects in incredible interest across tenants who want to locate their offices in these areas. In the beginning of 2019 the vacancy rate was at the level of 8.7%, and it was the lowest level since 2012. It shows a very positive direction of the Warsaw office market development.



■ Tenants Market
 ■ Neutral Market
 ■ Landlord Market



KRAKÓW

Kraków has always been an outstanding office market. In 2017 it became the second market in the country to cross the threshold of 1 million sq m office stock. It is one of the best outsourcing destinations in Europe, home to a wide variety of both international and Polish companies, with modern office stock totalling almost 1,258,000 m². With ca. 257,000 sq m of office space being under construction, the city is currently the biggest construction site in the country outside Warsaw. Over 155,000 sq m of new office was delivered to the market in the city in 2018 (ca. 30% of space delivered across all regional markets). The success of the market is seen not only in the strong supply, but also in the occupiers' activity. 2018 with 209,000 sq m transacted on, was the second

record year when the total volume of the tenants' activity is considered. 64% of the total demand (almost 133,000 sq m) was leased by companies from modern business services sector and the biggest players of that sector were corporations as: Aptiv, Capgemini, Cisco, Ocado Technology, State Street, UBS and many others. Despite the growing market, the vacancy rate is decreasing, which confirms the huge interest by tenants who decide to lease new office areas in the city. In the beginning of 2019 the vacancy rate stood at 8.6%, which is 1.2 pp lower comparing to the end of the previous year. Prime rents have been relatively stable in Kraków for the last six years, and currently they range between €13.5 and 14.6 / sq m / month.



€ **13.3-13.5**

Headline rent (sq m / month)
(Prime / Average Rent)



Pipeline Under Construction



2018 Gross Take-up



Office Stock



2018 Completions



Vacancy

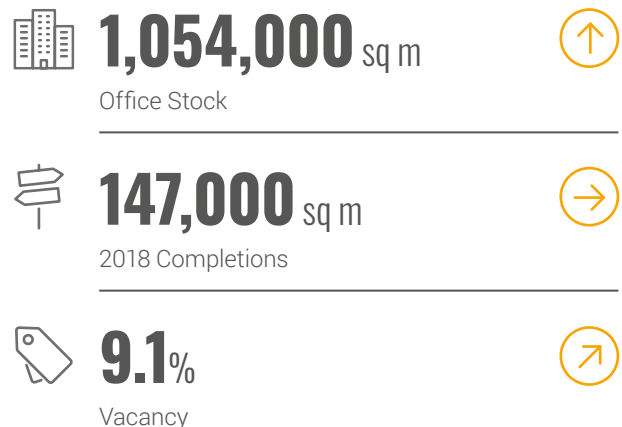
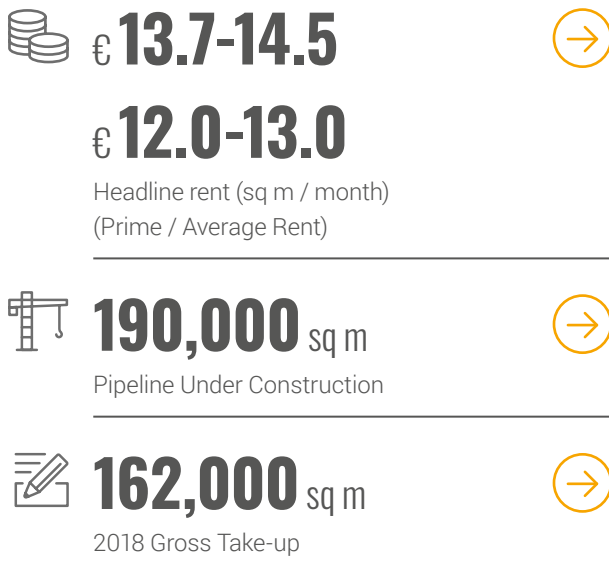
WROCLAW

Wrocław is a unique place that combines rich history and beautiful historical sites with ultra-modern business activity and a vibrant, youthful atmosphere. It is also the third largest office market in Poland which in Q2 2018 crossed 1 million sq m of office stock threshold. It is a place where 75% of modern business services sector employees are from outside of the city (according to Mobility Report 2018). The city shows no signs of slowing down and the outlook remains very optimistic. In 2018 a record-breaking 147,000 sq m of modern office area was added to the stock with another 190,000 sq m under construction. It shows that developers are willing to locate their projects in the city and they fully believe in the strength of the market. Amazing results were also

noted in the tenants' activity – ca. 162,000 sq m were transacted on, which was the second best result after 2017, when total take-up volume equalled 169,500 sq m. The most notable transactions included two deals by Santander for 27,000 sq m: an owner-occupier deal for 17,000 sq m, a new lease for 10,000 sq m in Business Garden, a renewal by IBM for 17,800 sq m in Wojdyła Business Park, a renewal by Nokia for 16,200 sq m in Green Towers and a renewal by Nokia Solutions and Networks for 14,100 sq m in West Gate. All that results in decreasing vacancy across the city. Currently it stands at 9.1%, while prime headline rents range between €13.7 and €14.5 sq m / month.



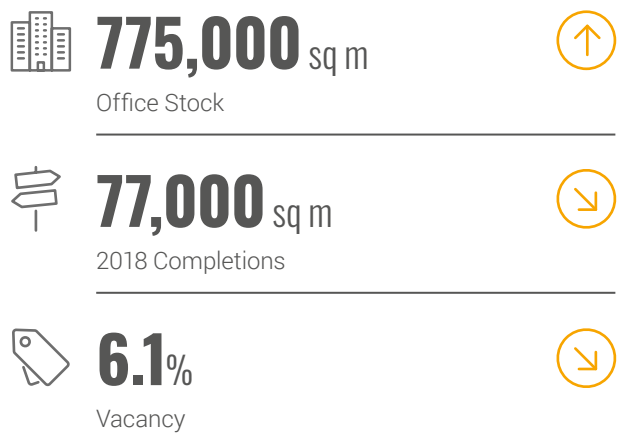
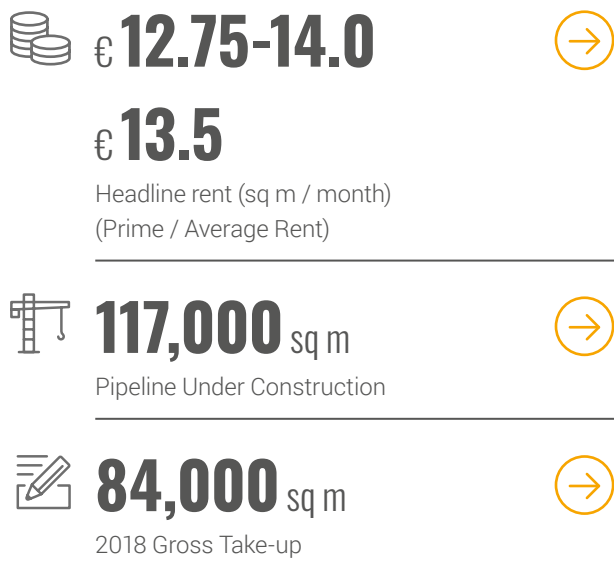
■ Tenants Market ■ Neutral Market ■ Landlord Market



TRI-CITY

The Tri-City is an agglomeration to watch. With over 117,000 sq m of modern office space under development its' office market is estimated cross a 1,000,000 sq m threshold by the beginning of 2021. Moreover, constantly increasing scale of the market enlarges the tenant-pool that may be seeking relocation possibilities within the Tri-City agglomeration. The mix of Gdańsk, Gdynia and Sopot ensures that all kinds of companies looking for office space in the Tri-City are able to find the place that best caters to their needs: from big office hubs with office towers, to a refurbished tenement in the outskirts, there is an option for everyone. Developers' activity goes

hand-to-hand with the demand for offices. In 2018 approximately 84,000 sq m of office space was leased, which was the third best result amongst regional markets. This volume included most notable deals as: new deal for 10,100 sq m by Sii in Olivia Prime A and three deals by EPAM in Olivia Business Centre totalling 10,400 sq m. Year by year the popularity of the market is confirmed by falling vacancy rate. From 11.1% in 2016, through 8.2% in 2017 to and amazing result of an index at level of 6.1% in the beginning of 2019. Currently prime headline rents in the region range from €12.75 to €14.0 / sq m / month.

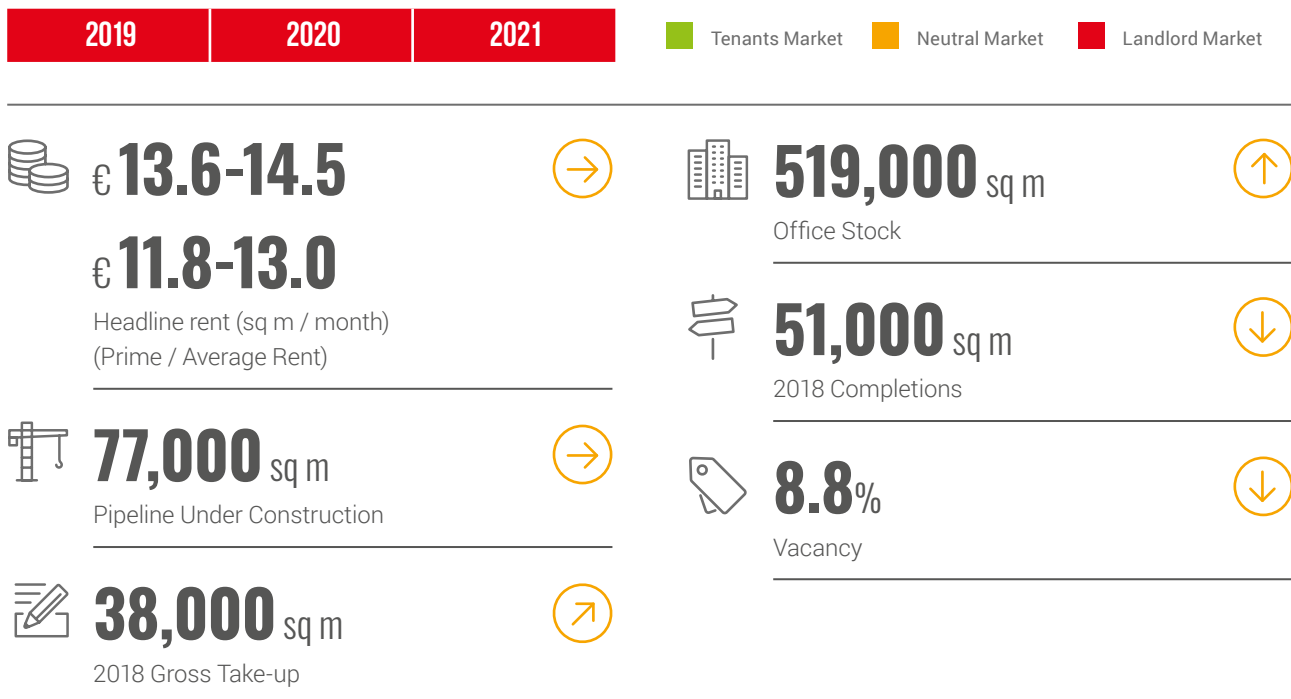


Source: JLL, January 2019

KATOWICE

Katowice is the largest city and the capital of Śląskie voivodeship. The city benefits from an excellent infrastructure, availability of talent from an agglomeration exceeding 2 million inhabitants and great efforts from the city authorities to promote the region. Katowice have perfect connections with other cities in the conurbation. Such infrastructure creates a convenient way not only for inhabitants but also for students from other cities looking for a job on local market. In the end of 2018, total office stock in the city exceeded 500,000 sq m and further 77,000 sq m is under construction. As the biggest changes of public areas are seen in the central zones of Katowice, also the biggest office developments are being constructed

there. Between 2010 and today, the market activity has mostly been driven by business services centres, which now lease about half of the occupied existing stock. In 2018, the demand for office space in the city was the highest in last three years, and stood at 38,000 sq m. The occupiers' activity is rising and the vacancy rate in the city is falling, which is the best proof of the successfully developing office market. In the beginning of 2019, the total available space in Katowice equalled 45,700 sq m, which relates to the level of vacancy rate of 8.8%, and it is the best result since 2010. Currently the prime rents range €12.75 – €14.5 / sq m / month.



POZNAŃ

Poznań is: a place with a famously strong economy, host of Poznań International Fair, a firm leader among Polish trade facilities, vibrant academic centre, important industrial and logistics hub and a place with high quality of life. With all of that, it is also an important office market, ranked as the sixth biggest one in Poland, totalling 479,000 sq m of the office space. With projects which are already being constructed (totaling ca. 104,000 sq m), it is expected to exceed half million sq m stock threshold in the first half of 2019. There is an established base of landmark office developments that have attracted some well-known and prestigious tenants. The demand in 2018 reached a very good result of 70,000 sq m, of which the biggest deal was a renewal and expansion for 14,800 sq m of Santander in Business Garden followed by a pre-let by

Żabka for 10,300 sq m in Nowy Rynek (building A). Additional to that, Poznań is home to other international corporatins from the modern business services sector, such as Franklin Templeton Investments, GSK Services, MAN Accounting Center, the Roche Global IT Solutions Center and Sii, among others. In the beginning of 2019, the vacancy rate in Poznań was one of the lowest amongst the biggest office markets in Poland and the lowest in the cities' history. The index decreased to the level of 7.3% which translates into approximately 35,000 sq m of immediately available office space. Currently the prime headline rents in Poznań range between €13.6 and €14.5 / sq m / month, which is a slight increase as compared with previous years.



€ **13.0-13.5**

Headline rent (sq m / month)
(Prime / Average Rent)



Pipeline Under Construction



2018 Gross Take-up



Office Stock



2018 Completions



Vacancy

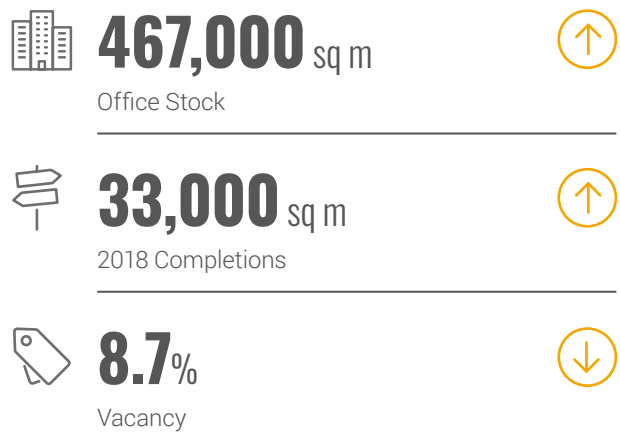
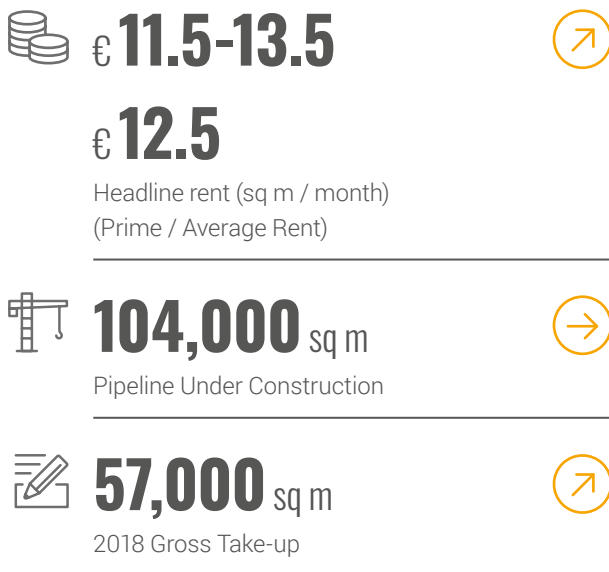
ŁÓDŹ

Łódź is ranked as the seventh largest office market in Poland and a city of the historical manufactories redeveloped into modern offices. With such a variety of buildings, Łódź is a perfect place for a range of companies to locate their offices: from start-ups and creative small firms to big, international corporations. With the central location in Poland, the city is a place with a convenient communication with other parts of Poland, with relatively short travel time. Currently ca. 104,000 sq m of office space are under construction with the biggest developments as Brama Miasta and Hi Piotrkowska. In 2018 three buildings

(totalling 33,000 sq m of modern office space) entered the market, of which the biggest one was Ogrodowa Office (24,700 sq m, occupied by companies as Harman Connected Services Poland or Orange Polska). The demand for the office space in the city has been stable for the last years and in 2018 it totalled 57,000 sq m. At the same time, the vacancy rate decreased to the level of 8.7% (0.9 pp drop comparing to the previous year). In terms of rental conditions in the city, prices have remained relatively stable. Currently the prime headline rents vary between €11.5 and 13.5 / sq m / month.



■ Tenants Market ■ Neutral Market ■ Landlord Market



LUBLIN

Lublin in the eight largest office market in Poland with approximately 194,000 sq m and the market shows that there is still a room for growth: additional 54,000 sq m are planned to be added to the stock in the next years. In 2018 25,000 sq m of office space was delivered with the biggest building Spokojna 2 of 18,500 sq m. In 2018 the record-breaking take-up volume was noted in the city, at the level of 14,000 sq m. The biggest lease agreements signed in 2018 in Lublin's offices were deals as: new deal by Generali in Nord office Park for 2,400 sq m, a pre-let for 2,300 sq m by Sollers Consulting in Spokojna 2 and a pre-let by eLeader

for 2,100 sq m in CZ Office Park C. Companies see Lublin as a great location for their secondary offices. The main players on the local market are firms from sectors as: banking, finance and insurance but companies from modern business services sector and IT are becoming more and more important. Vacancy rate is decreasing and, in the beginning of 2019, the index in Lublin stood at 15.4% which positions the city as a tenant favourable office market. Prime office headline rents for modern office space in Lublin currently range from €10.5 to 11.5 / sq m / month. Rents are still often quoted in PLN and the same service charges.



■ Tenants Market ■ Neutral Market ■ Landlord Market

€ **10.5-11.5** 

€ **10.0**

Headline rent (sq m / month)
(Prime / Average Rent)

0 sq m 

Pipeline Under Construction

14,000 sq m 

2018 Gross Take-up

194,000 sq m 

Office Stock

25,000 sq m 

2018 Completions

15.4% 

Vacancy

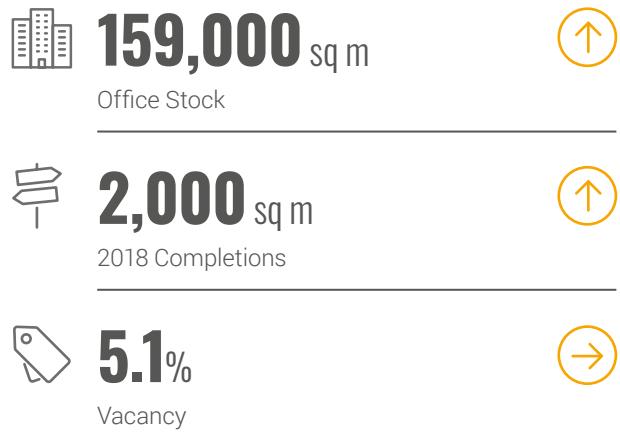
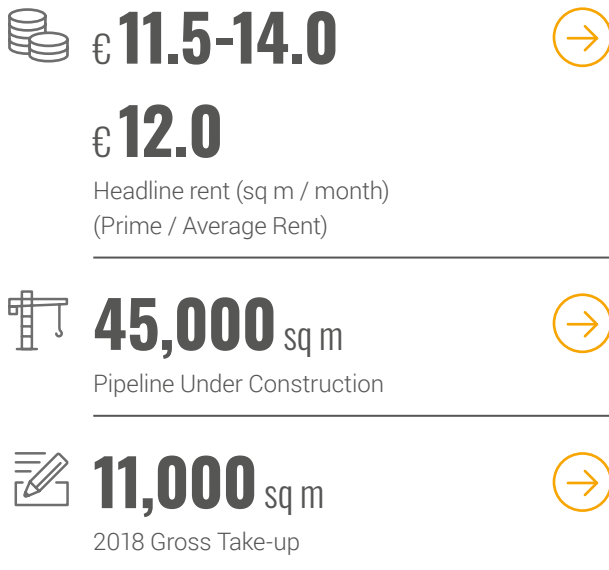
SZCZECIN

Office market in Szczecin is the smallest one amongst the major office markets in Poland but it stands out as the one with the lowest vacancy rate, at the level of 5.1% in the beginning of 2019. Currently modern office stock stands at 159,000 sq m. Additional 45,000 sq m of an office space is under construction in five buildings with the biggest one: first phase of Posejdon (19,800 sq m). The majority of them is planned to be developed by the end of 2019. In 2018 one office building was added to the market: Black Pearl, 2,400 sq m. The demand for offices in Szczecin in 2018 was at the level of 11,000 sq m, including

transactions as IAI SA and Arvato Polska in Piastów Office Center A and a new deal by Macrobond Financial in Oxygen building. The main tenant groups in Szczecin are companies representing sectors such as: finance, insurance and IT. What is worth to know is that companies from modern business services sector are increasingly active on the local market. Prime office headline rents for modern office space in Szczecin currently range from €11.5 to 14 / sq m / month. In refurbished tenements and older office buildings the rents may be given in PLN.



■ Tenants Market ■ Neutral Market ■ Landlord Market



Source: JLL, January 2019

TABLE 6

DEVELOPING OFFICE LOCATIONS IN POLAND

	Rzeszów	Bydgoszcz	Kielce	Białystok	Toruń	Opole	Olsztyn	Radom
Total Stock (sq m)	109,600	89,000	64,600	62,300	57,400	44,700	40,000	25,600
Vacancy Rate (%)	9.5%	11.8%	5.1%	6.5%	6.1%	14.1%	29.0%	16.9%
Completions 2018 (sq m)	0	15,900	0	0	0	1,800	0	6,800
Under Construction (sq m)	21,000	21,000	0	23,000	3,000	3,000	10,000	5,000
Prime Rental Band (€ / sq m / month)	9-12	8.5-10.5	9.5-10.5	8-10	9-10	8-11	8.5-10	8.5-10
Prime Rental Outlook	→	→	→	→	→	→	→	→

Source: JLL, data as at Q1 2019



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3 LABOR MARKET AND SALARIES

This chapter features an analysis of remuneration in services centers in the areas of F&A, GL, F&A, AP/AR, Banking, Customer Service, Procurement, HR, IT and R&D in eleven of the largest conurbations in Poland. Examples are also provided of some of the most common employee benefits offered at services centers.

The paper has been expanded to include key macroeconomic data concerning the labor market and educational potential. The number of students with the following majors: languages, business and administration, ICT and engineering is included. These are the groups of majors whose graduates are the most sought-after by employers in the business services sector.

The chapter concludes with an overview of the trends and challenges on the Polish labor market. The text contains tips for employers on developing a cohesive employment strategy.



Chapter content preparation: **Randstad Polska & Randstad Sourceright**





Randstad Polska is the largest personnel consulting and temporary staffing agency on the Polish market. By combining our passion for people with the power of today's technologies, we support people and organizations in realizing their true potential.

Randstad Sourceright is a global talent solutions leader, driving the talent acquisition and human capital management strategies for the world's most successful employers. We continuously build and evolve solutions across recruitment process outsourcing (RPO), managed services programs (MSP) and integrated talent.

DEMOGRAPHIC DATA AND EDUCATIONAL POTENTIAL

TABLE 7

POPULATION, POPULATION OF PRODUCTIVE AGE AND UNEMPLOYMENT RATE AT THE LARGEST BUSINESS SERVICES LOCATIONS IN POLAND

	 Population (total)	 Working age population	 Working and mobile age population*	 Unemployment rate (%)
METROPOLIS GZM**	2,260,807	1,365,741	835,142	1.7***
WARSAW	1,769,529	1,027,640	678,342	1.5
KRAKÓW	769,498	461,994	304,859	2.4
TRI-CITY	747,361	437,906	281,112	2.7****
ŁÓDŹ	687,702	395,788	244,289	5.6
WROCŁAW	639,258	381,152	254,291	1.9
POZNAŃ	537,643	318,054	210,224	1.2
SZCZECIN	403,274	240,037	151,865	2.7
BYDGOSZCZ	351,254	207,809	130,779	3.7
LUBLIN	339,811	202,557	129,655	5.7
RZESZÓW	190,849	117,119	78,715	5.3

* Age range contained within the working age bracket and comprising people (aged 18-44) who are able to move to a different position or place of work, or can re-train

** Metropolis GZM: Będzin, Bieruń, Bobrowniki, Bojszowy, Bytom, Chełm Śląski, Chorzów, Czeladź, Dąbrowa Górnicza, Gierałtowiec, Gliwice, Imielin, Katowice, Knurów, Kobiór, Łędziny, Łaziska Górne, Mierzęcice, Mikołów, Mysłowice, Ożarówice, Piekary Śląskie, Pilchowice, Psary, Pyskowice, Radzionków, Ruda Śląska, Rudziniec, Siemianowice Śląskie, Siewierz, Sławków, Sosnowiec, Sośnicowice, Świerklaniec, Świętochłowice, Tarnowskie Góry, Tychy, Wojkowice, Wry, Zabrze and Zbrosławice.

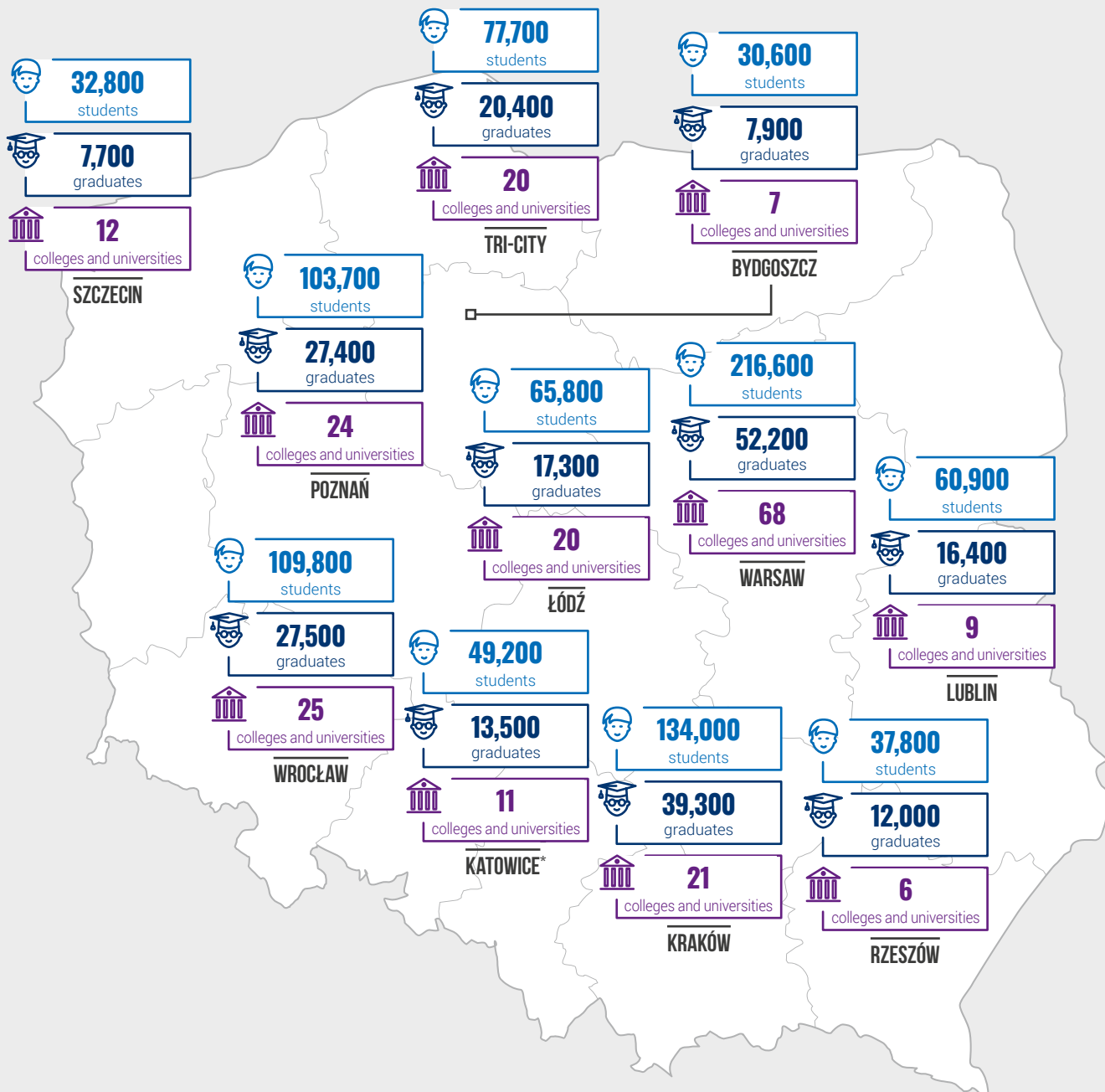
*** Katowice

**** Gdańsk

Source: Central Statistical Office (population structure: as on June 30, 2018; unemployment rate: January 31, 2019)

FIGURE 38

NUMBER OF STUDENTS, GRADUATES AND COLLEGES AND UNIVERSITIES IN POLAND AT SELECTED LOCATIONS



Note: data on students and graduates rounded to the nearest hundred. The figures refer to the total number of students and graduates in the locations listed (including affiliates).

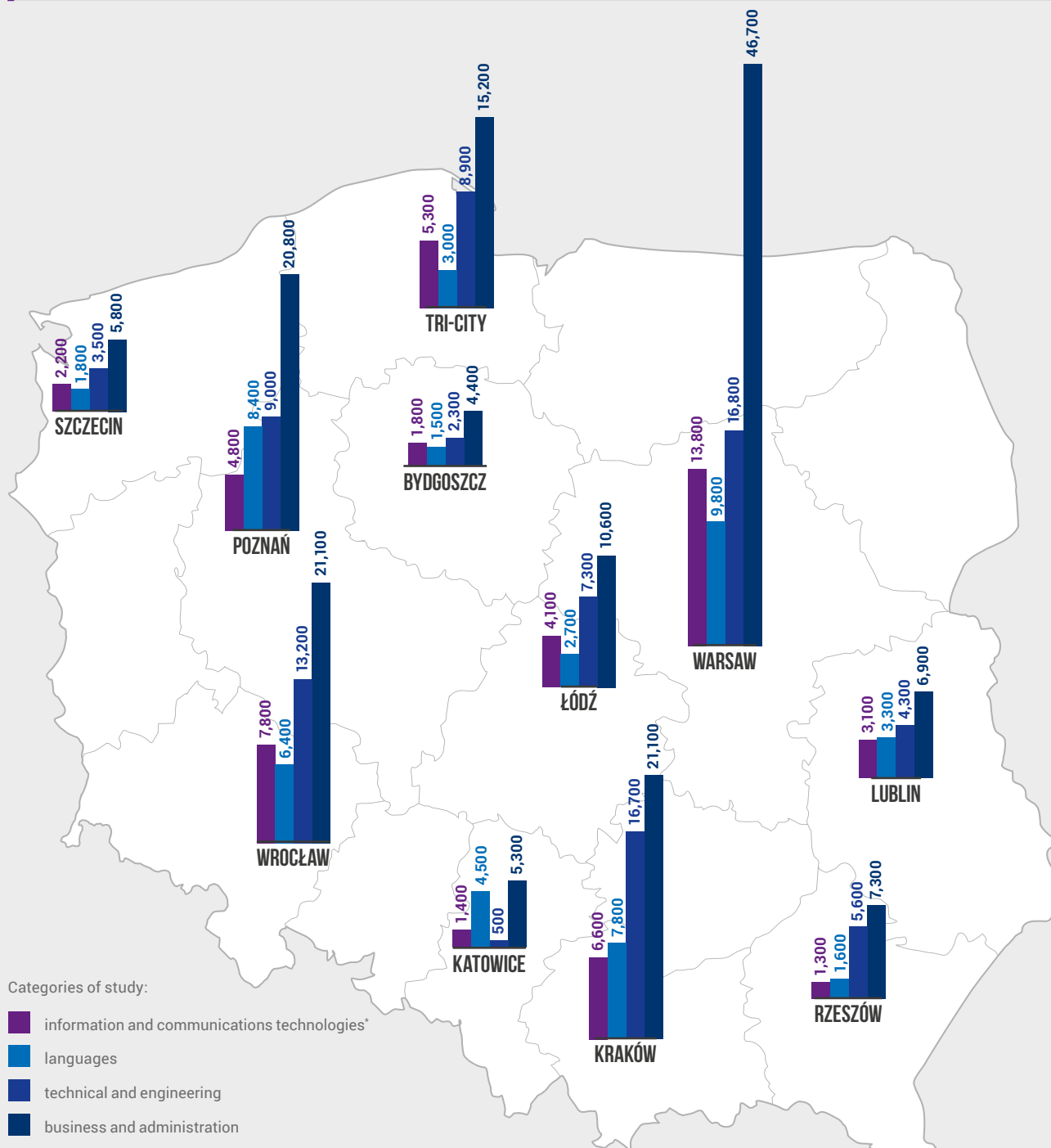
Data on the number of universities are based on the address of the home university in selected cities.

* Metropolis GZM: 90,000+ students; 20,000+ graduates and 19 colleges and universities

Source: National Information Processing Institute: data from the POL-on information system on higher education; winter semester in the 2018-2019 academic year; as at the end of December 2018

FIGURE 39

STUDENTS OF LANGUAGE, BUSINESS AND ADMINISTRATION, INFORMATION AND COMMUNICATIONS TECHNOLOGIES AND TECHNICAL AND ENGINEERING FACULTIES IN SELECTED LOCATIONS IN POLAND



Note: data on students and graduates rounded to the nearest hundred. The figures refer to the total number of students and graduates in the locations listed (including affiliates).

* Together with a subgroup of interdisciplinary programs and qualifications covering information and communications technology.

Source: National Information Processing Institute: data from the POL-on information system on higher education; winter semester in the 2018-2019 academic year; as at the end of December 2018



NEW FIELDS OF STUDY CREATED TO ACCOMMODATE THE BUSINESS SERVICES SECTOR

Research indicates that 5% of colleges and universities in Poland offer specialized post-graduate business services study programs. These are holistic professional development programs that prepare attendees for careers in SSC/BPO/R&D and IT centers. What sets them apart from other programs is the fact that the classes are taught primarily by business practitioners, whose primary goal is to help students grow their careers in international structures. To respond to market needs, universities have also created post-graduate programs addressed to management-level employees, in order to prepare them for managing shared services centers. The first such program was created by Collegium Civitas.

Warsaw has the highest number of colleges and universities offering new fields of study created to accommodate the business services sector. Examples of universities and fields of study in Warsaw include: the Warsaw School of Economics (Business Services), Collegium Civitas (Organizing and Managing Business Services Centers), and Kozminski University (Transition Manager). Examples of other centers include: Gdańsk: WSB University (BPO/SSC Management), Kraków: Cracow University of Economics (The future of global business services), Łódź: University of Łódź (Organizing and Managing Shared Services/BPO Centers), Poznań: WSB University (Business Services – BPO/SSC – focus: business services manager), Szczecin: WSB University (BPO/SSC Management), Wrocław: University of Economics (Finance and Accounting at Financial Centers).



247,840

Total number of general and technical high school students who took their school-leaving exams in May 2018.



93.2%

Share of examinees who chose English at the elementary proficiency level.



5.4%

Share of examinees who chose German (elementary).

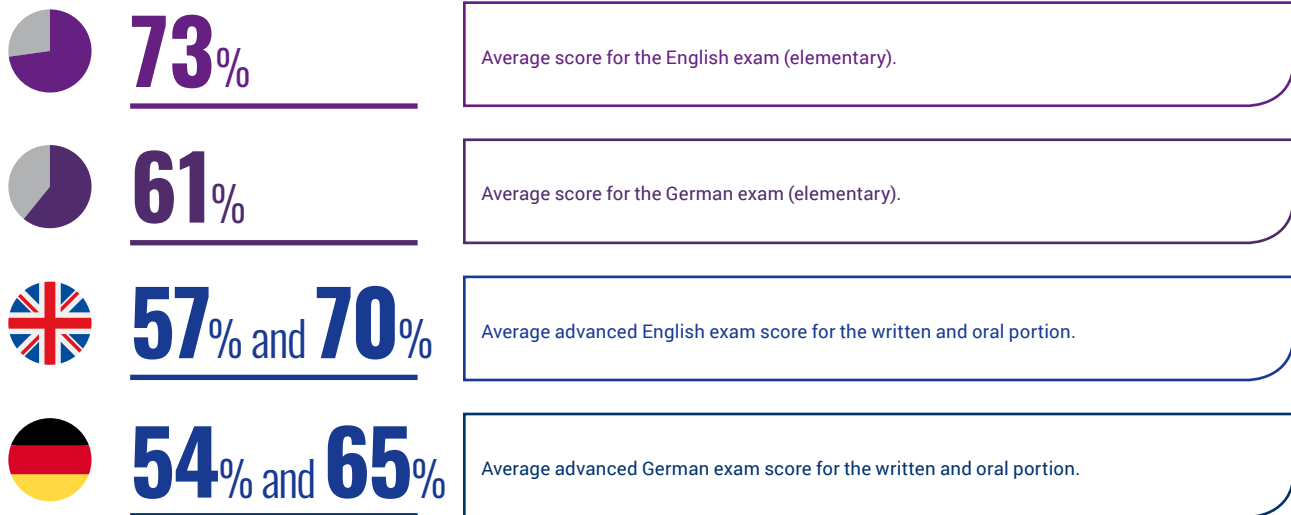


1.6%







Share of examinees who chose Russian (elementary).

96-100%

The pass rate for foreign languages.

**TABLE 8**

NUMBER OF PHILOLOGY STUDENTS IN EACH LOCATION

						
KATOWICE	690	50	410	320	310	340
BYDGOSZCZ	840	300	240	40	–	–
KRAKÓW	2,190	1,100	700	420	540	310
LUBLIN	1,060	160	160	330	350	350
ŁÓDŹ	690	40	340	240	140	290
POZNAŃ	1,600	1,780	640	380	620	250
RZESZÓW	900	300	160	–	–	–
SZCZECIN	610	480	110	260	120	100
GDAŃSK	390	30	–	250	–	30
WARSAW	2,420	210	220	410	10	220
WROCŁAW	1,910	1,070	290	610	300	360

Note: all figures rounded to the nearest hundred. Cities were listed on the basis of the actual location of each unit that has students.

Source: National Information Processing Institute: data from the POL-on information system on higher education; winter semester in the 2018-2019 academic year; as at the end of December 2018

Labor market and salaries

TABLE 9

NUMBER OF POTENTIAL CANDIDATES WITH SELECTED FOREIGN LANGUAGES

The table was prepared on the basis of the knowledge of foreign languages declared on the LinkedIn portal (total number of users in Poland – 2,600,000). The values presented depend on the popularity of LinkedIn in the various centers. All figures rounded to the nearest ten.

	WARSAW	KRAKÓW	WROCŁAW	TRI-CITY	METROPOLIS GZM	ŁÓDŹ	POZNAŃ
 elementary / limited working	12,470	6,330	3,380	1,740	970	1,380	1,020
 professional working	2,360	1,300	630	300	150	240	130
full professional / native or bilingual	1,980	1,300	630	270	100	220	150
 elementary / limited working	38,720	16,740	17,570	8,050	3,050	4,200	11,030
 professional working	4,320	1,740	1,930	740	300	440	1,290
full professional / native or bilingual	3,600	1,350	1,440	580	240	290	950
 elementary / limited working	14,810	6,090	4,070	2,820	980	1,680	3,110
 professional working	2,240	9,480	500	330	110	200	370
full professional / native or bilingual	2,230	1,140	620	250	120	240	290
 elementary / limited working	16,000	6,130	3,660	2,200	900	1,490	2,700
 professional working	2,480	1,040	570	300	180	240	400
full professional / native or bilingual	3,200	1,300	600	200	200	300	330
 elementary / limited working	4,800	2,800	1,500	1,700	340	700	900
 professional working	920	650	320	320	60	130	170
 full professional / native or bilingual	900	600	290	310	80	120	130

Source: Randstad on the basis of LinkedIn data.

SALARIES AT BUSINESS SERVICES CENTERS

TABLE 10

GROSS MONTHLY SALARY (IN EUR) AT BPO/SSC/IT/R&D CENTERS FOR EMPLOYEES WHO SPEAK ENGLISH. COMPARISON OF CITIES CORRESPONDING TO THE FIRST LEVEL (CLASSIFIED BY SCALE OF EMPLOYMENT IN SERVICES CENTERS)

The pay tables are based on an analysis of the remuneration offered in the recruitment processes in the business services sector in Poland. Q1 2019 data

	KRAKÓW		WARSAW		WROCŁAW	
	min	max	min	max	min	max
F&A: GL						
Junior Accountant (1-2 years' experience)	1,045	1,395	1,210	1,510	1,165	1,395
Accountant (2-3 years' experience)	1,395	1,745	1,630	2,095	1,395	1,745
Senior Accountant (over 3 years' experience)	1,675	2,095	1,975	2,325	1,745	2,095
Team Leader (team of 5-15 people)	2,210	3,255	2,325	3,490	2,325	3,370
Manager (team of up to 50 people)	3,255	5,115	3,490	5,350	3,955	5,580
F&A: AP / AR						
Junior Accountant (1-2 years' experience)	1,045	1,325	1,095	1,395	1,095	1,395
Accountant (2-3 years' experience)	1,165	1,630	1,395	1,675	1,280	1,535
Senior Accountant (over 3 years' experience)	1,510	1,975	1,580	1,975	1,510	1,815
Team Leader (team of 5-15 people)	2,095	3,025	2,140	3,025	2,210	3,025
Manager (team of up to 50 people)	3,025	4,650	3,255	4,650	3,490	4,885
F&A: FP&A						
FP&A Analyst (2-3 years' experience)	1,630	2,095	1,745	2,210	1,510	1,860
Senior FP&A Analyst (over 3 years' experience)	1,860	2,560	2,095	2,790	1,790	2,325
Team Leader (team of 5-15 people)	2,560	3,490	2,790	3,720	2,560	3,605
Manager (team of up to 50 people)	3,720	5,115	3,955	5,580	3,955	5,580
Banking						
Junior Fund Accountant (up to 1 year's experience)	930	1,165	1,115	1,395	1,095	1,395
Fund Accountant (1-3 years' experience)	1,165	1,560	1,280	1,860	1,280	1,630
Senior Fund Accountant (over 3 years' experience)	1,510	1,975	1,675	2,325	1,510	2,095
AML/KYC Junior Analyst (up to 1 year's experience)	930	1,165	1,045	1,280	975	1,210
AML/KYC Analyst (1-3 years' experience)	1,280	1,630	1,395	1,860	1,165	1,630
AML/KYC Senior Analyst (3-5 lat doświadczenia)	1,510	1,975	1,860	2,440	1,510	1,975
Junior Analyst (Product Control, Reporting, Business Analysis / up to 1 year's experience)	1,045	1,280	1,280	1,510	1,165	1,395
Analyst (Product Control, Reporting, Business Analysis / 1-3 years' experience)	1,300	1,905	1,510	2,095	1,350	1,905
Senior Analyst (Product Control, Reporting, Business Analysis / over 3 years' experience)	1,745	2,790	1,975	2,790	1,790	2,560
Team Leader (team of 5-15 people)	2,210	2,905	2,560	3,605	2,560	3,370
Manager (team of up to 50 people)	3,255	5,115	3,490	5,815	3,255	5,350
Customer Service						
Junior Specialist (no experience)	815	1,045	930	1,165	1,045	1,165
Specialist (over 1 year's experience)	930	1,280	1,045	1,440	1,095	1,510
Team Leader (team of 5-15 people)	1,860	2,790	1,745	2,560	1,975	2,675
Manager (team of up to 50 people)	2,790	3,955	2,325	3,835	3,025	4,420

Labor market and salaries

	KRAKÓW		WARSAW		WROCŁAW	
Procurement / Order Management						
	min	max	min	max	min	max
Junior Specialist (up to 1 year's experience)	1,045	1,395	1,165	1,440	1,045	1,300
Specialist (1-3 years' experience)	1,280	1,630	1,440	1,975	1,395	1,745
Senior Specialist (over 3 years' experience)	1,745	2,325	1,975	2,790	1,745	2,210
Team Leader (team of 5-15 people)	2,560	3,490	2,790	3,955	2,325	3,720
Manager (team of up to 50 people)	3,255	5,115	3,720	5,815	3,490	4,885
HR processes						
	min	max	min	max	min	max
Junior Specialist (up to 1 year's experience)	860	1,045	975	1,165	930	1,165
Specialist (1-2 years' experience)	1,045	1,395	1,115	1,440	1,045	1,395
Senior Specialist (over 2 years' experience)	1,280	1,860	1,440	1,860	1,465	1,860
Junior Payroll Specialist (up to 1 year's experience)	930	1,165	1,210	1,395	930	1,165
Payroll Specialist (1-3 years' experience)	1,165	1,630	1,440	2,095	1,395	1,630
Senior Payroll Specialist (over 3 years' experience)	1,580	2,095	1,975	2,440	1,510	2,095
Team Leader (team of 5-15 people)	2,095	3,255	2,560	3,490	2,210	3,720
Manager (team of up to 50 people)	3,490	4,650	3,255	4,885	3,720	4,650
IT						
	min	max	min	max	min	max
1st Line Support (2 years' experience)	1,045	1,440	1,165	1,630	1,165	1,630
2nd Line Support (2 years' experience)	1,165	1,905	1,510	1,905	1,630	2,095
3rd Line Support (2 years' experience)	1,860	3,255	2,095	3,025	2,210	3,025
IT Administration (3 years' experience)	1,745	3,255	1,975	3,255	1,630	3,025
Network / Security (3 years' experience)	2,095	3,490	2,560	3,835	2,095	3,605
Business / System Analyst (3 years' experience)	1,860	3,490	2,560	3,720	2,210	3,490
Developer (3 years' experience)	2,095	3,955	2,675	3,955	2,325	4,185
Tester (3 years' experience)	1,745	2,905	1,860	3,255	1,860	3,255
Team Leader (team of 5-15 people)	2,560	4,185	2,560	4,300	2,560	4,185
Project Manager (team of up to 50 people)	2,790	5,115	3,255	5,115	3,025	5,115
Data Science Engineer	1,630	3,720	1,860	4,185	1,745	3,955
Cloud Developer	3,490	5,350	4,185	5,815	3,720	5,465
DevOps Engineer	2,905	4,650	3,490	5,115	3,140	4,765
R&D						
	min	max	min	max	min	max
Technologist (over 2 years' experience)	1,165	1,975	1,280	2,325	1,350	1,815
Design Engineer (2-4 years' experience)	1,165	1,975	1,580	2,095	1,280	1,975
Product Development / NPI Engineer (2-4 years' experience)	1,395	1,975	1,745	2,210	1,440	1,975
Quality Engineer (2-4 years' experience)	1,165	1,975	1,395	2,095	1,395	1,860
R&D Manager (team of up to 50 people)	3,490	4,650	3,490	5,115	3,490	4,650

Source: Randstad Polska and Randstad Sourceright

TABLE 11

GROSS MONTHLY SALARY (IN EUR) AT BPO/SSC/IT/R&D CENTERS FOR EMPLOYEES WHO SPEAK ENGLISH. COMPARISON OF CITIES CORRESPONDING TO THE SECOND LEVEL (CLASSIFIED BY SCALE OF EMPLOYMENT IN SERVICES CENTERS)

The pay tables are based on an analysis of the remuneration offered in the recruitment processes in the business services sector in Poland. Q1 2019 data

	TRI-CITY		KATOWICE*		ŁÓDŹ		POZNAŃ	
	min	max	min	max	min	max	min	max
F&A: GL								
Junior Accountant (1-2 years' experience)	1,070	1,300	1,045	1,280	1,045	1,280	1,025	1,210
Accountant (2-3 years' experience)	1,280	1,720	1,300	1,630	1,210	1,510	1,395	1,675
Senior Accountant (over 3 years' experience)	1,560	2,025	1,675	1,975	1,510	1,860	1,630	1,905
Team Leader (team of 5-15 people)	2,325	3,490	2,095	3,140	1,975	3,025	2,095	3,025
Manager (team of up to 50 people)	3,490	5,350	3,025	4,650	3,025	4,185	3,490	5,115
F&A: AP / AR								
Junior Accountant (1-2 years' experience)	1,000	1,255	1,045	1,280	975	1,165	955	1,280
Accountant (2-3 years' experience)	1,210	1,490	1,165	1,465	1,070	1,350	1,070	1,630
Senior Accountant (over 3 years' experience)	1,465	1,745	1,395	1,745	1,350	1,675	1,395	1,860
Team Leader (team of 5-15 people)	2,210	3,025	2,095	2,905	1,815	2,560	1,860	3,025
Manager (team of up to 50 people)	3,025	4,185	2,790	4,420	2,560	3,720	3,025	4,185
F&A: FP&A								
FP&A Analyst (2-3 years' experience)	1,440	1,860	1,395	1,860	1,440	1,860	1,510	1,860
Senior FP&A Analyst (over 3 years' experience)	1,630	2,095	1,510	2,095	1,745	2,095	1,720	2,095
Team Leader (team of 5-15 people)	2,560	3,605	2,095	3,255	2,095	3,255	2,325	3,370
Manager (team of up to 50 people)	3,490	5,350	3,025	4,650	3,255	4,300	3,490	5,115
Customer Service								
Junior Specialist (no experience)	885	1,045	815	1,280	815	975	815	1,045
Specialist (over 1 year's experience)	1,000	1,395	1,045	1,860	930	1,165	975	1,395
Team Leader (team of 5-15 people)	1,630	2,560	1,675	2,325	1,395	1,860	1,440	2,095
Manager (team of up to 50 people)	2,095	3,720	2,325	3,490	2,095	2,790	2,095	3,490
Procurement / Order Management								
Junior Specialist (up to 1 year's experience)	885	1,115	975	1,165	930	1,115	930	1,165
Specialist (1-3 years' experience)	1,115	1,560	1,165	1,630	1,165	1,580	1,165	1,630
Senior Specialist (over 3 years' experience)	1,510	1,905	1,510	1,860	1,510	1,930	1,510	1,975
Team Leader (team of 5-15 people)	2,095	3,255	1,975	2,790	2,095	2,905	1,905	3,025
Manager (team of up to 50 people)	3,025	4,650	2,560	4,420	2,790	4,420	3,255	4,650

Labor market and salaries

	TRI-CITY		KATOWICE*		ŁÓDŹ		POZNAŃ	
	min	max	min	max	min	max	min	max
HR processes								
Junior Specialist (up to 1 year's experience)	885	1,165	815	1,165	745	885	930	1,115
Specialist (1-2 years' experience)	1,095	1,395	1,045	1,350	885	1,115	1,115	1,350
Senior Specialist (over 2 years' experience)	1,395	1,720	1,350	1,675	1,045	1,350	1,280	1,720
Junior Payroll Specialist (up to 1 year's experience)	930	1,165	930	1,165	930	1,115	930	1,115
Payroll Specialist (1-3 years' experience)	1,210	1,580	1,045	1,630	1,115	1,560	1,115	1,490
Senior Payroll Specialist (over 3 years' experience)	1,535	2,095	1,395	1,975	1,510	2,095	1,510	1,860
Team Leader (team of 5-15 people)	2,210	3,255	1,860	3,025	1,975	2,790	2,095	3,025
Manager (team of up to 50 people)	3,025	4,650	2,325	4,650	2,790	3,955	3,025	4,185
IT								
1st Line Support (2 years' experience)	1,045	1,395	1,165	1,630	930	1,395	1,165	1,395
2nd Line Support (2 years' experience)	1,280	1,745	1,280	1,745	1,165	1,630	1,630	2,095
3rd Line Support (2 years' experience)	1,745	2,560	1,745	2,675	1,580	2,440	1,860	2,210
IT Administration (3 years' experience)	1,395	2,210	1,630	2,560	1,630	2,560	1,630	2,325
Network / Security (3 years' experience)	1,745	2,560	1,975	3,370	1,955	3,255	1,700	2,790
Business / System Analyst (3 years' experience)	1,745	2,905	1,745	2,905	1,975	2,905	1,745	2,675
Developer (3 years' experience)	1,860	3,255	1,975	3,490	2,440	3,490	1,860	3,490
Tester (3 years' experience)	1,510	2,325	1,630	2,675	1,395	2,605	1,675	3,490
Team Leader (team of 5-15 people)	2,095	3,955	2,325	3,490	1,975	3,835	2,325	3,720
Project Manager (team of up to 50 people)	2,790	4,185	2,790	4,650	2,560	4,650	3,140	5,115
R&D								
Technologist (over 2 years' experience)	1,280	1,975	1,165	1,745	1,280	2,095	1,395	2,095
Design Engineer (2-4 years' experience)	1,280	1,975	1,280	1,975	1,510	1,975	1,395	2,095
Product Development / NPI Engineer (2-4 years' experience)	1,395	1,975	1,280	1,975	1,745	2,095	1,630	2,095
Quality Engineer (2-4 years' experience)	1,280	1,975	1,165	1,745	1,280	1,930	1,395	2,095
R&D Manager (team of up to 50 people)	3,025	4,185	3,490	4,650	3,025	4,650	3,255	4,650

* Katowice, Bytom, Chorzów, Dąbrowa Górnicza, Gliwice, Jaworzno, Mysłowice, Piekary Śląskie, Ruda Śląska, Siemianowice Śląskie, Sosnowiec, Świętochłowice, Tychy, Zabrze.

Source: Randstad Polska and Randstad Sourceright

TABLE 12

GROSS MONTHLY SALARY (IN EUR) AT BPO/SSC/IT/R&D CENTERS FOR EMPLOYEES WHO SPEAK ENGLISH. COMPARISON OF CITIES CORRESPONDING TO THE THIRD LEVEL (CLASSIFIED BY SCALE OF EMPLOYMENT IN SERVICES CENTERS)

The pay tables are based on an analysis of the remuneration offered in the recruitment processes in the business services sector in Poland. Q1 2019 data

	BYDGOSZCZ		LUBLIN		SZCZECIN		RZESZÓW	
	min	max	min	max	min	max	min	max
F&A: GL								
Junior Accountant (1-2 years' experience)	815	1,000	815	1,165	745	885	790	975
Accountant (2-3 years' experience)	930	1,210	1,045	1,510	1,045	1,395	955	1,235
Senior Accountant (over 3 years' experience)	1,165	1,560	1,280	1,975	1,395	1,860	1,165	1,745
Team Leader (team of 5-15 people)	1,745	2,095	1,975	2,790	1,860	2,790	1,630	2,325
Manager (team of up to 50 people)	2,325	3,720	2,325	3,720	2,790	4,185	2,095	2,790
F&A: AP / AR								
	min	max	min	max	min	max	min	max
Junior Accountant (1-2 years' experience)	745	930	745	975	745	885	765	930
Accountant (2-3 years' experience)	885	1,165	930	1,280	930	1,115	930	1,165
Senior Accountant (over 3 years' experience)	1,115	1,440	1,280	1,510	1,165	1,630	1,045	1,395
Team Leader (team of 5-15 people)	1,560	1,975	1,745	2,560	1,815	2,560	1,510	2,325
Manager (team of up to 50 people)	2,095	3,255	2,325	3,490	2,790	3,955	2,095	2,905
Customer Service								
	min	max	min	max	min	max	min	max
Junior Specialist (no experience)	700	835	745	955	815	1,165	650	835
Specialist (over 1 year's experience)	815	1,045	860	1,165	975	1,395	835	1,115
Team Leader (team of 5-15 people)	1,325	1,745	1,165	1,860	1,630	2,210	1,165	1,745
Manager (team of up to 50 people)	1,860	2,790	1,860	2,905	2,095	3,490	1,745	2,790
IT								
	min	max	min	max	min	max	min	max
1st Line Support (2 years' experience)	930	1,280	930	1,510	1,045	1,395	1,000	1,280
2nd Line Support (2 years' experience)	1,165	1,580	1,070	1,630	1,210	1,745	1,070	1,580
3rd Line Support (2 years' experience)	1,510	2,095	1,630	2,210	1,860	2,440	1,280	2,325
IT Administration (3 years' experience)	1,395	2,095	1,510	2,325	1,860	2,325	1,630	2,440
Network / Security (3 years' experience)	1,395	235	1,745	3,025	1,860	2,790	1,765	3,140
Business / System Analyst (3 years' experience)	1,395	2,095	1,630	2,790	2,095	2,790	1,700	2,905
Developer (3 years' experience)	1,745	2,790	1,860	3,025	1,975	3,255	1,860	3,140
Tester (3 years' experience)	1,395	2,095	1,510	2,560	1,630	2,560	1,280	2,440
Team Leader (team of 5-15 people)	1,860	3,140	2,095	3,720	2,325	3,490	1,860	3,605
Project Manager (team of up to 50 people)	2,325	3,720	2,675	4,420	2,790	4,185	2,560	4,650

Source: Randstad Polska and Randstad Sourceright

PAY INCREASE IN SELECTED CATEGORIES OF SERVICES IN POLAND

FIGURE 40

PAY INCREASE IN SELECTED CATEGORIES OF SERVICES IN POLAND

The specification of pay increases was drawn up on the basis of an analysis of the remuneration offered in the recruitment processes in the business services sector in Poland in the following areas: F&A GL, F&A AP/AR, Banking, Customer Service, Procurement, HR, IT, R&D carried out by Randstad. The comparison covers data for the years 2016-2019 for the 7 main business services locations.

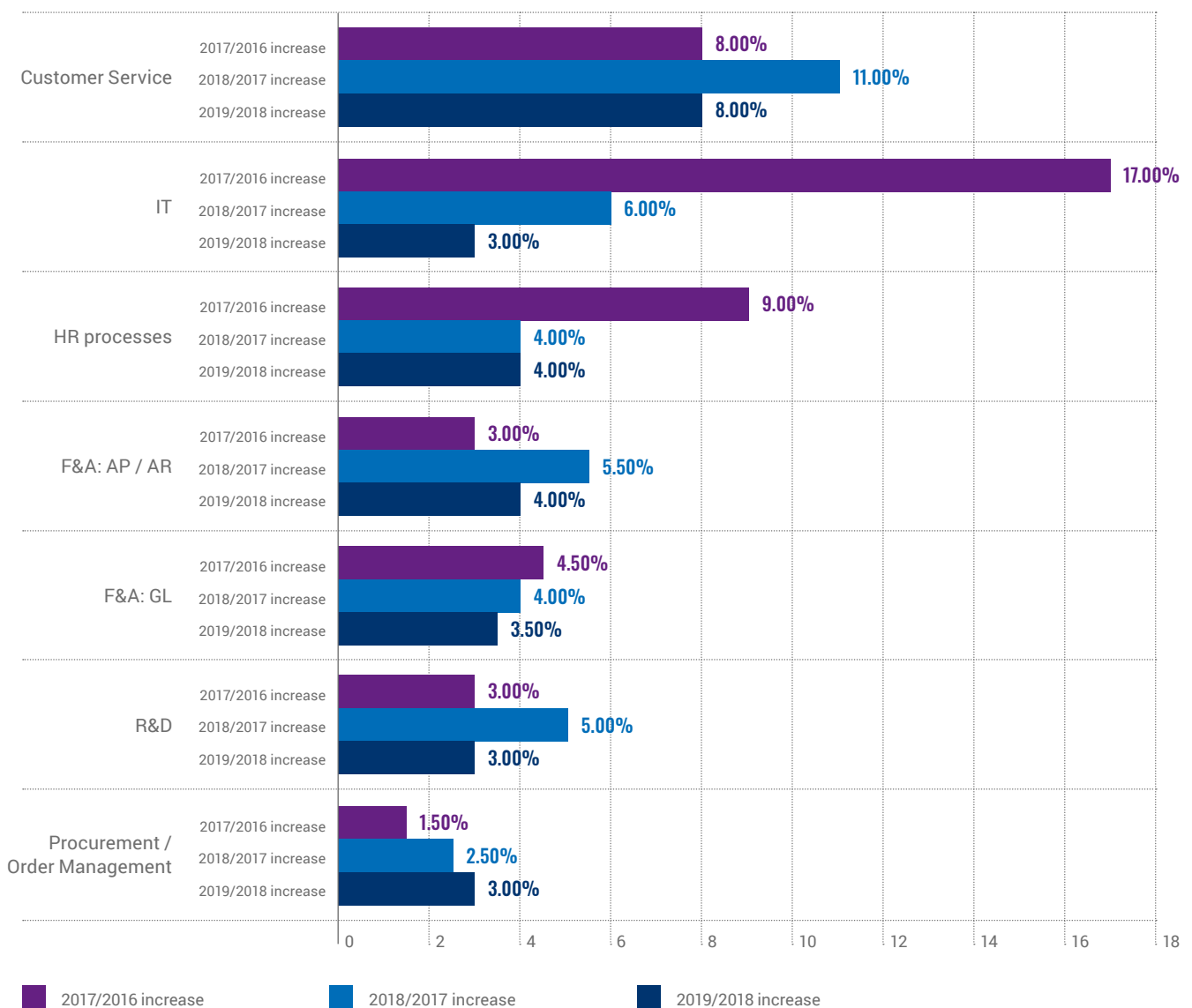


FIGURE 41**PAY INCREASE IN SELECTED CATEGORIES OF SERVICES IN POLAND**

The specification of pay increases was drawn up on the basis of an analysis of the remuneration offered in the recruitment processes in the business services sector in Poland in the following areas: F&A GL, F&A AP/AR, Banking, Customer Service, Procurement, HR, IT, R&D carried out by Randstad. The comparison covers data for the years 2016-2019 for the 7 main business services locations.

Kraków	2017/2016 increase	2018/2017 increase	2019/2018 increase
F&A: GL	3.50%	5.50%	4.50%
F&A: AP / AR	3.50%	3.50%	2.00%
Customer Service	7.00%	13.00%	10.00%
Procurement / Order Management	0.50%	1.50%	4.00%
HR processes	3.00%	3.50%	3.00%
IT	19.50%	5.50%	1.00%
R&D	0.00%	5.50%	2.50%

Warsaw	2017/2016 increase	2018/2017 increase	2019/2018 increase
F&A: GL	3.50%	1.00%	2.00%
F&A: AP / AR	2.50%	5.50%	3.50%
Customer Service	4.00%	4.00%	6.00%
Procurement / Order Management	2.50%	2.00%	1.00%
HR processes	1.50%	4.50%	3.00%
IT	27.50%	4.00%	2.50%
R&D	1.00%	6.00%	3.50%

Wrocław	2017/2016 increase	2018/2017 increase	2019/2018 increase
F&A: GL	10.00%	2.00%	3.00%
F&A: AP / AR	6.00%	6.00%	5.50%
Customer Service	4.00%	18.50%	13.00%
Procurement / Order Management	2.00%	3.50%	2.50%
HR processes	7.50%	4.50%	3.50%
IT	21.00%	6.00%	7.00%
R&D	2.50%	5.50%	4.00%

Tri-City	2017/2016 increase	2018/2017 increase	2019/2018 increase
F&A: GL	2.50%	4.00%	2.50%
F&A: AP / AR	2.50%	7.00%	4.50%
Customer Service	14.50%	10.00%	7.50%
Procurement / Order Management	1.50%	4.00%	2.00%
HR processes	18.50%	2.50%	4.50%
IT	8.00%	4.00%	2.00%
R&D	2.00%	1.00%	2.50%

Katowice*	2017/2016 increase	2018/2017 increase	2019/2018 increase
F&A: GL	6.50%	7.00%	7.00%
F&A: AP / AR	4.00%	7.50%	7.50%
Customer Service	5.00%	24.50%	2.50%
Procurement / Order Management	–	–	3.00%
HR processes	–	–	8.50%
IT	–	–	4.50%
R&D	–	–	1.00%

Łódź	2017/2016 increase	2018/2017 increase	2019/2018 increase
F&A: GL	3.00%	1.00%	2.00%
F&A: AP / AR	2.00%	4.50%	2.00%
Customer Service	3.50%	6.00%	6.50%
Procurement / Order Management	3.50%	2.00%	1.00%
HR processes	3.00%	2.00%	2.00%
IT	14.00%	5.50%	1.50%
R&D	3.00%	5.50%	4.50%

Poznań	2017/2016 increase	2018/2017 increase	2019/2018 increase
F&A: GL	2.50%	7.50%	2.50%
F&A: AP / AR	2.00%	5.50%	3.50%
Customer Service	17.00%	1.50%	9.00%
Procurement / Order Management	0.50%	5.00%	1.50%
HR processes	22.00%	8.00%	4.50%
IT	11.00%	9.00%	4.00%
R&D	8.00%	7.00%	2.00%

* Katowice, Bytom, Chorzów, Dąbrowa Górnicza, Gliwice, Jaworzno, Mysłowice, Piekary Śląskie, Ruda Śląska, Siemianowice Śląskie, Sosnowiec, Świętochłowice, Tychy, Zabrze.

Source: Randstad Polska and Randstad Sourceright

TABLE 13
LANGUAGE BONUSES PER MONTH [EUR GROSS]

Spread of rates for specialist position*	min	max
German	210	390
French	165	300
Russian	90	140
Spanish	140	220
Portuguese	160	280
Dutch	200	360
Danish	240	420

Spread of rates for specialist position*	min	max
Norwegian	240	420
Swedish	240	430
Czech	210	300
Slovak	190	290
Italian	140	250
Hungarian	200	300

Data rounded to tens

* Specialist positions = all positions considered in the salary charts except for managers and team leaders

Source: Randstad Polska and Randstad Sourceright

EMPLOYEE BENEFITS

The most common employee benefits, regardless of the type of service center, clearly fall into two groups – those that concern the form and organization of work, and those that focus on the health and well-being of the employees.

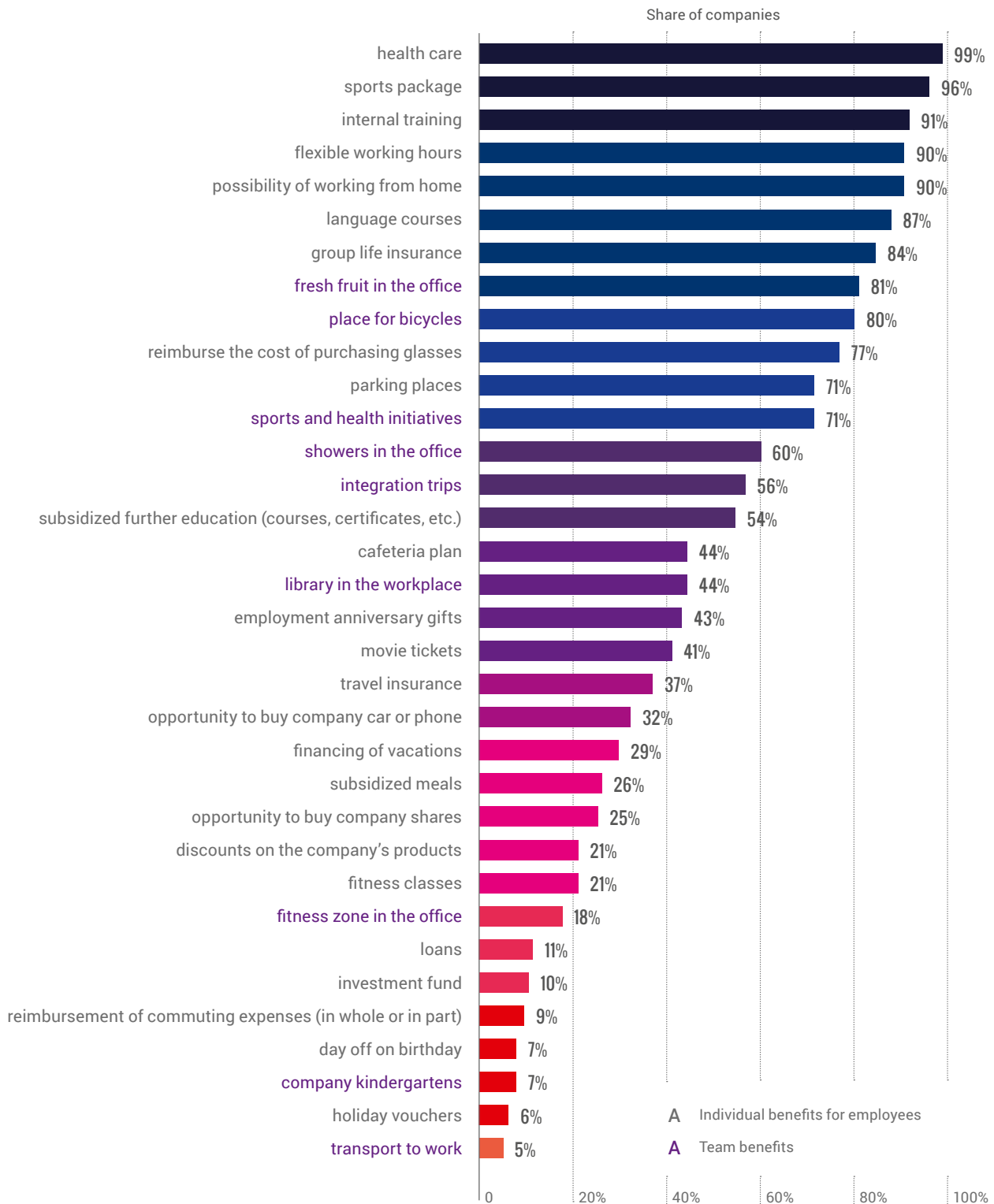
The first group are benefits focused on the organization of work, flexible working time arrangements and professional growth needs. Among those, we can identify primarily the increasingly popular practice of implementing flexible work schedules and allowing employees to work from any location, such as their homes or coffee shops. Employers at business services centers feel very strongly about promoting growth. They are happy to invest in additional employee training, particularly when it comes to improving language skills. To cultivate and support their teams' interests, they create "libraries", inspiring and encouraging them to pursue certain areas, not just those closely related to their positions.

The second group are benefits largely focused on the idea of well-being. One example is offering sports packages, organizing fitness classes or health and fitness programs, and supplying employee kitchens with fruit and healthy snacks. Increasingly, employers in the business services sector are encouraging employees to bike to work, and to make it easier for them, make investments to fit the offices out with showers and create dedicated parking areas and bike racks. Past experience indicates that these types of employee benefits are very well-received by younger generations of employees, such as Generation Z.

It is worth noting that employers in the business services sector increasingly focus not only on implementing benefits with specific employees in mind, but also generate solutions used by an entire community. They bring the team together and support the passions of its members. In designing benefit packages, they listen to their employees' needs, which helps them actually meet those needs and create employee satisfaction.

FIGURE 42

LIST OF THE MOST COMMON OFFERED EMPLOYEE BENEFITS IN THE OF BPO, SSC/GBS, IT AND R&D CENTERS



Source: Randstad Polska study based on the results of ABSL survey addressed to business services centers (N=197 companies).

TRENDS AND CHALLENGES ON THE LABOR MARKET

As the Polish economy continues to accelerate, talent leaders turn to innovation to support business needs.

With one of the more robust economies in the EU, Poland continues to outperform many of its neighbors. But as its workforce faces many challenges in the near future, including a tightening of the labor market, Polish employers are under pressure to elevate their talent strategies to maintain business ambitions. This is especially critical considering Poland's role as a destination market for many global organizations that have established business services centers in a number of cities across the country. To remain competitive as a destination market, the Polish workforce must continue to nurture and attract talent to these centers.

While many are optimistic about their companies' future, encouraged by technological innovation, the growing human cloud and the promise of digital transformation, talent leaders are also concerned about acquiring the resources and building workforce skills that will power growth.

Through Randstad Sourceright's 2019 Talent Trends survey of company leaders in Poland and discussions with human capital executives at roundtables in Warsaw, Wroclaw, Katowice, Krakow and other cities, it's clear that companies are excited about the impact of technology on workforce performance, but also concerned about the scarcity of and competition for talent as the country's economy continues to perform above the EU average. Furthermore, with Brexit weighing on the EU bloc for the foreseeable future, many Polish companies face uncertainty. On the one hand, there may be greater opportunities for Poland as companies leaving the U.K. look to establish regional offices elsewhere in the EU. On the other hand, that could further exacerbate competition for talent in Poland due to rising demand.

The good news for Poland is its economy remains exceptionally healthy. The International Monetary Fund projects that Polish GDP is expected to rise 3.8% in 2019, more than three times that of the EU (1.2%) overall. This robust rate is, in part, due to Poland continuing to be a destination for shared services investments for many regional and global businesses. Increasing domestic spending and expanding social programs are also helping to drive its economy. While this is good news for Polish businesses, the tightening labor market is tempering growth, according to the World Bank's 2019 Spring Outlook for Europe.

With a lower retirement age and more generous benefits for parents, the number of available Polish workers may be declining even as the employment rate is rising. This is leading to greater competition for those active in the labor market, especially for workers with skills in high demand. Furthermore, despite a significant slowdown in workers emigrating to the U.K., Poland is a significant source of emigrant labor to many other markets in the EU and around the world, further exacerbating talent scarcity at home. According to UK government data, Polish expats accounted for the single-largest bloc of foreign nationals in the UK.

The scarcity of skills and rising competition for talent is a reality many Polish employers face every day, and our research confirms this. More than half (58%) of human capital and C-suite leaders we surveyed said talent scarcity is one of the biggest concerns for their executive teams, and 82% believe competition for top talent will have as much if not more impact on their business in the next 12 months.

While enhancing talent acquisition strategies are clearly one solution many employers focus on, they also need to focus on internal mobility and retention as part of their overall workforce strategy. This is not surprising as employers around the world are investing

in their internal workforce in the hope of reducing turnover and spend on acquiring workers. Businesses operating in Poland also face stiff competition from other countries for its homegrown talent. As a result, interest in creating a better talent experience as well as a stronger employer is top the list for many.

Business services employers are mostly encouraged by developments in digitalization, technology and analytics. Especially when it comes to digital skill sets, 82% of talent leaders believe workers who are digitally fluent can help their company expand its reach and open up new opportunities. Similarly, they have a highly positive view of the power of people analytics, which 74% view as a critical tool for sourcing, attracting, engaging and retaining talent. And 56% are increasing their investment in robotics and automation in the hope of gaining greater talent acquisition efficiency and better outcomes – the highest of all spend categories associated with talent strategy.

Our findings echoed the sentiments of talent leaders at one roundtable meeting, where some expressed a dilemma with technology. While on the one hand they recognize automation and AI can help expedite tasks and capture data to provide insights into a company's labor usage, on the other hand how they effectively interpret information and put it to meaningful use isn't always clear. Polish HR leaders also questioned how they can use analytics to be more proactive rather than reactive when it comes to workforce planning.

Some business services employers say they are turning to a total talent management model to enhance their workforce planning effectiveness. By including contingent talent in their resourcing efforts, about one-third of Polish talent leaders we surveyed said they will gain visibility and become more strategic. In fact, 76% say they will probably or definitely adopt a total talent approach over the next

12 months. Other reasons they cite for undertaking such a transformation is to better align talent with business needs and to build for the future.

Part of the future for the Polish labor market will probably include a rise in the use of contingent workers and participation in talent communities, according to some HR leaders. Employers are expressing a strong interest in creating their own talent communities, but are still unclear how to get started or maintain such a community. It will be an important channel for recruiting talent on the local market because our survey of working professionals indicated as much. More than half (57%) said they are part of a talent community, and 37% say they joined specifically for help with seeking employment.

Whether it's talent to staff their permanent workforce or as temp or independent contractors, Polish employers are sure to become more innovative in their use of human capital. As our Talent Trends research and face-to-face discussions with talent leaders show, the market is rapidly evolving in step with business needs. More than ever, HR leaders will need to elevate workforce performance to ensure they stay one step ahead of the competition.

4 GBS AS A TRANSFORMATION ENGINE

Global Business Services (GBS) has the potential to be the transformation engine for the wider organization. That is the point of view of around 100 GBS leaders, who met and discussed trends and a future of the industry in April 2019 in Wroclaw, Poland. The below article summarizes that debate.

GBS is well set up to become the transformation engine for the wider organization, and with good reason: GBS often knows more about processes, owns more data and leverages more technology than any single function, and is a pioneer in cross-functional working. Depending, however, on the maturity and remit of an organization's GBS, some necessary steps need to be taken to make this future real.

GBS has been, and always will be, about efficiency. Productivity is the home base for GBS, and it should always be really good at it.

But at the same time, with a baseline of success and proven continuous improvement, and ambitious suggestions for how GBS can deliver even more value to the wider organization, GBS can win the mandate to evolve beyond merely productivity and efficiency.



Chapter content preparation: EY

EY is a global leader on the market for professional auditing, tax, business and transaction consulting services. EY has offices in over 150 countries, thanks to which it supports customers in every corner of the globe. In Poland, we work with many Shared Services Centers in such areas as strategic consulting, business transformations, new technologies, tax consulting, auditing, and personal consulting.

Transformation starts with good quality data, but many GBS organizations are challenged by data that needs a thorough clean-up before it can be the basis for automated or end-to-end (E2E) processes. Some GBS organizations have created data lakes and used them in accounts payable processes, for example, to prescribe how to correct invoices and, in turn, enable automation and analytics in the processes.

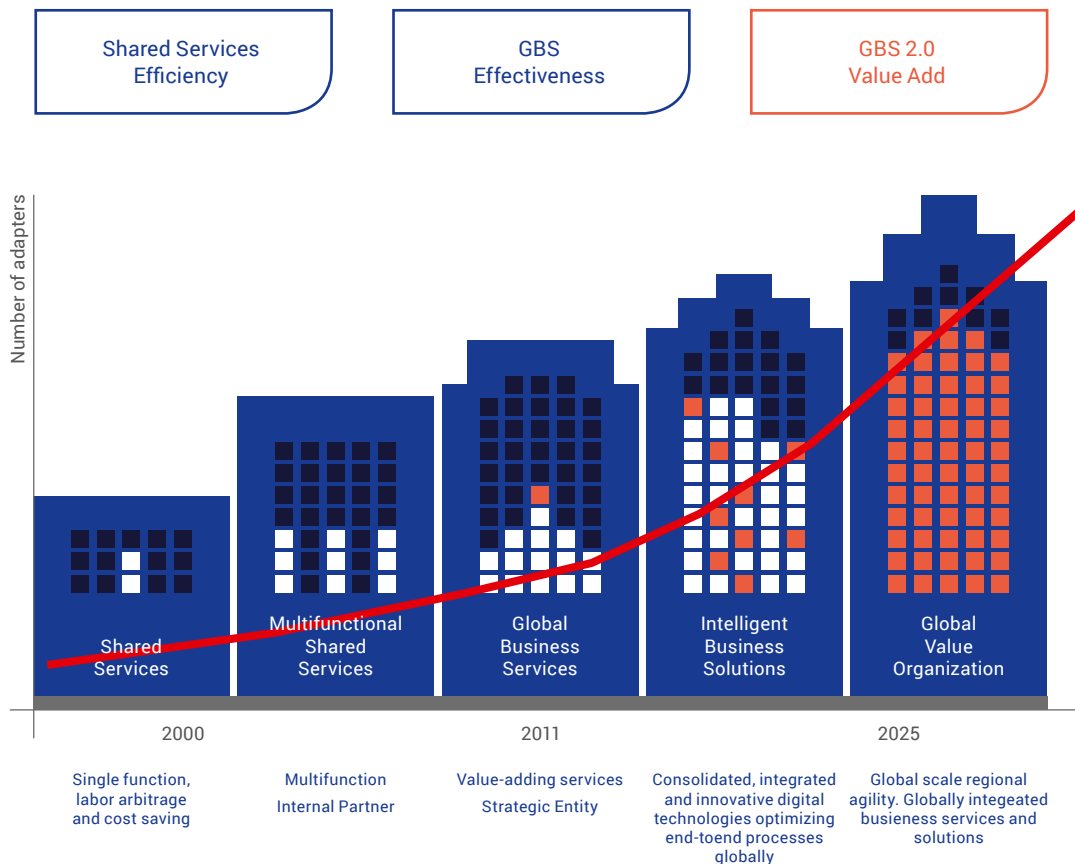
For some, however, standardization seems impossible as the world keeps moving – when one standard is reached, there are already new trends established,

necessitating change. However, GBS establishing data analytics and visualization can force a global standard to be adopted within the organization, which creates momentum for improving overall performance.

One opportunity for GBS to extend itself is in adding new service level agreements (SLAs) to its remit. GBS could ask itself, should we now measure value to the business, customers and suppliers? Delivering SLAs relating to customers means GBS could be taken more seriously faster.

FIGURE 43

DIGITAL ENABLEMENT IS A CORE DRIVER OF THE CURRENT EVOLUTION IN GBS TOWARD A GLOBAL VALUE ORGANIZATION



Source: EY

EARN THE MANDATE FOR TRANSFORMATION

GBS should never ask for a mandate to become a transformation engine: it must prove its own value – and market it.

For GBS organizations to get heard does, of course, require some form of mandate, ideally by having a sponsor at board level. GBS needs to build credibility, as trust is gained little by little. GBS needs to build on its success as a cost and efficiency driver, market it to the board, and ensure it has the right skills to set it up for its future, transformative role.

This is a journey that demands collaboration and a complete shift in mindset. The traditional back office work will still be part of what GBS does, but will also be co-creating and business partnering with the front of the organization. The self-perception of GBS needs to evolve from “we serve the business” to “we are the business.”

GBS should address key company challenges by providing not just reporting, and insights too – for example, identifying via data points where money is being leaked in the flow of a process. This can help improve revenue, margins and compliance too. By proposing use cases for the application of, for example, process mining, and organizational

approaches to it, GBS can show how it is possible to use insight to drive value into the business.

Some GBS organizations have already proven their excellence in certain areas to the extent that they now act as internal consultants, which drives change within the wider organization. This supports, for example, the adoption of new business models by providing global solutions for delivering local outcomes – an example of the concept of “glocalization.”

Expertise-based evolutions like this address a fundamental question of how to mix multidisciplinary people: GBS must collaborate in order to transform, because siloes will not achieve results. The organizational design structure has to be broken down in order to put brains together.

This, of course, is a big step for GBS and the wider organization. So, fostering communication around the fact that transformation is enterprise-wide, rather than GBS being an isolated transformation engine, will help make the case to the board. And with a seat at the table, GBS will earn the mandate to drive transformation both top-down and bottom-up.

APPLY A COMPREHENSIVE NEW APPROACH TO INNOVATION

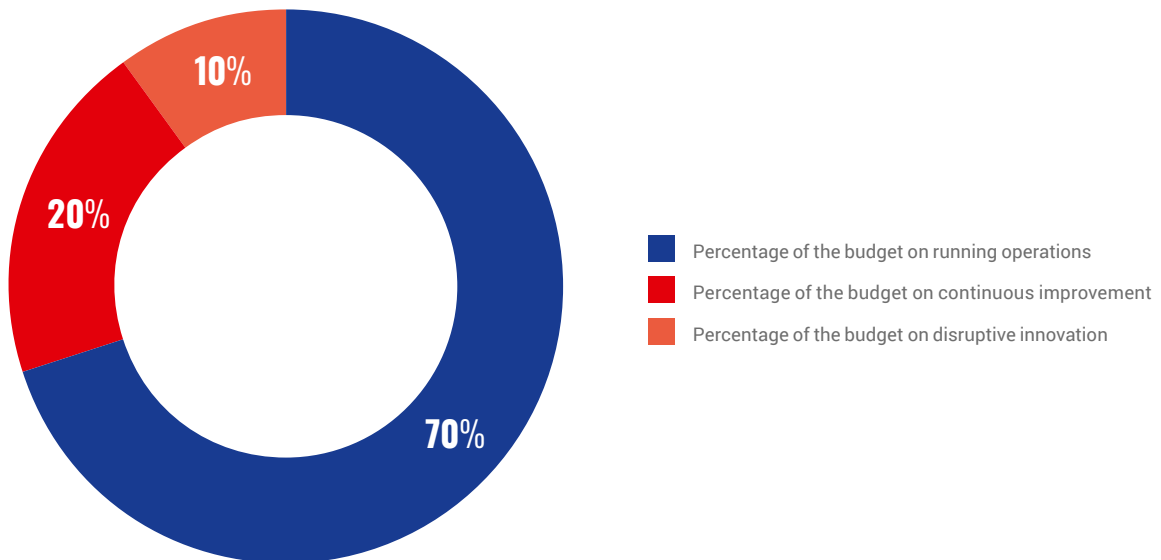
Blockchain, AI and Data Visualization are some of the next must-haves for GBS organizations. But so is a completely new, purposeful approach to developing and driving innovation.

GBS organizations are wired for continuous improvement these days. So, for GBS to have these competencies, and also competencies for disruptive innovation, is another dimension. Disruption requires a different approach, and many people that are currently within GBS don't have the right mind-sets to unlock the potential of technology. On top of this, there are, naturally, budget and prioritization constraints to enabling the evolution of GBS.

One can utilize a 5E approach – envision, enable, ecosystem, execute and expand – that can help GBS organizations balance the CEO's demands for efficiency, with the ambition to drive innovation.

One approach is for GBS to link the operational and development budget or follow the 70:20:10 principle – spending 70% of budget on operations, 20% on continuous improvement and 10% to establish a robust digital innovation platform that can help apply a comprehensive approach. This 10% could even be funded by GBS from its own efficiency improvements.

FIGURE 44
THE 70:20:10 MODEL



Source: EY

However, the crux of effective innovation is to be found elsewhere: the debate around innovation often focuses less on the what, and more on the how: technology is here, and more is arriving every day – so how do we apply it?

**But it's better
to start
by asking why.**

By starting with clear reasons for innovation, GBS can foster bottom up ideation, use global think tanks to exchange and identify innovative ideas between transformation and operations, work with an ecosystem of technology partners and new collaborators such as university students, while monitoring the start-up space for solutions to test and implement – all with much greater purpose.

And here again, a direct reporting line to board-level decision makers will help win support for new and innovative technology investments.



SUMMARY

For GBS to become a transformation engine, it first needs to change its mindset. GBS needs to think holistically, as a business owner, not just a supplier of services. It needs to go beyond the operational, while still proving its excellence in efficiency and productivity,

and show the board the quality of its ideas and the scale of extra value it can deliver to the wider business. Only then can GBS change the mindsets of others and win the trust to drive wider transformation.

In the Transformative Age, do you compete or collaborate?

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POLAND: COUNTRY OVERVIEW

SELECTED ECONOMIC INDICATORS



GDP Growth

4.6% (2017)
5.1% (2018)



GDP per capita (2018)

12,400 EUR



Unemployment rate (March 2019)

5.9%



Inflation (March 2019)

1.7%



EUR/PLN (average)

4.26 (2018)



USD/PLN (average)

3.61 (2018)



Poland has the eight-largest economy in the European Union and has been a leader in economic growth in the EU in the past ten years. One of the most important branches contributing to the growth of Poland's economy is the business services sector. The industry's impressive growth in recent years enabled Poland to strengthen its standing among the world's most important locations for investments into (BPO, SSC/GBS, IT and R&D) business services centers.

Language: **Polish**

Currency: **złoty (PLN)**

Number of cities with over 100,000 residents: **39**

POLAND IN INTERNATIONAL ORGANIZATIONS

EU (2004), NATO (1999), OECD (1996), WTO (1995), UN (1945) and others



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