



## **Location Spotlight – Romania**

Locations Insider™ (LI)

Market Report – October 2019: Complimentary Abstract / Table of Contents

# Our research offerings for global services

▶ Market Vista™ Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available	
▶ Application Services	▶ Human Resources
▶ BPS   Banking & Financial Services	▶ ITS   Banking & Financial Services
▶ BPS   Healthcare & Life Sciences	▶ ITS   Healthcare
▶ BPS   Insurance	▶ ITS   Insurance
▶ Catalyst™	▶ IT Services Executive Insights™
▶ Cloud & Infrastructure	▶ ITS   Life Sciences
▶ Customer Experience Management Services	▶ Locations Insider™
▶ Data & Analytics	▶ PricePoint™
▶ Digital Services	▶ Procurement
▶ Engineering Services	▶ Recruitment & Talent Acquisition
▶ Enterprise Platform Services	▶ Service Optimization Technologies
▶ Finance & Accounting	

## Membership information

- This report is included in the following research program(s)
  - [Locations Insider™](#)
- If you want to learn whether your organization has a membership agreement or request information on pricing and membership options, please contact us at [info@everestgrp.com](mailto:info@everestgrp.com), [unitedkingdom@everestgrp.com](mailto:unitedkingdom@everestgrp.com), or [india@everestgrp.com](mailto:india@everestgrp.com)

## More about membership

In addition to a suite of published research, a membership may include

- Accelerators™
- Analyst access
- Data cuts
- Pinnacle Model™ reports
- PriceBook
- Virtual Roundtables
- Workshops

## Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

# This report provides perspectives on key aspects of the global sourcing market in Romania

## Romania | At a glance



Favorable location for multi-lingual services delivery at a lower cost; significantly leveraged for technology and operations

### KEY FACTOIDS

83,000-87,000 annual tertiary graduates

Annual operating cost per FTE 65-75% savings over tier-2 UK (Croydon) and tier-2 US (Dallas)

### Current overview

- Mature location leveraged to primarily support the European region for services such as
  - IT- ADM, IT Research and Development (R&D) including chip design, embedded software, and information security
  - Multi-lingual business process services, including contact center, finance & accounting, supply chain, and HR & administrative processes
- Attrition rates are comparable to other global sourcing destinations in the region
- Key locations for delivery in Romania include Bucharest, Cluj-Napoca, Iasi, and Timisoara

### Key drivers

- Large multi-lingual tertiary graduate pool with high employability in the IT industry due to good quality of higher technical education
- Offers scalable European language delivery skills (e.g., Spanish, Italian, French, and German) along with English
- Significant cost arbitrage over the Western European countries with strong government support for the IT sector
- Substantial scalability potential available, most GICs have achieved a scale in the range of 500-1000 FTEs

### Key challenges

- Concerns around political instability, excessive bureaucracy, and corruption in the administration
- Absence of strong legal framework for the protection of intellectual property rights may pose a threat to the software industry
- High migration of talent pool may cause challenges in the long-term talent sustainability; Romania has the fourth-largest diaspora in Europe
- Attrition in tier-1 cities such as Bucharest increased in recent years

KEY PLAYERS:



Copyright © 2019, Everest Global, Inc.  
EGR-2019-37-R-3356

3

## Romania | Risk profile (page 1 of 2)

Stable macroeconomic environment and availability of developed infrastructure for IT- BPO sector; concerns around political stability and ease of doing business

Parameter	Everest Group rating	Comments
Geopolitical		<ul style="list-style-type: none"> <li>• Ranked 66th in the World Democracy Index 2018, compiled by the Economist Intelligence Unit</li> <li>• Political instability due to minority government, with the state naming third Prime Minister in a year</li> <li>• Concerns around red-tapism and perception of a weak government lowering investor confidence</li> </ul>
Macroeconomic		<ul style="list-style-type: none"> <li>• Romania's credit rating stands as stable across the key rating agencies (Standard &amp; Poor, Fitch and Moody)</li> <li>• Limited financial risk with a moderate government debt (around 35% of GDP)</li> <li>• Low inflation rates (3-4%) with moderate GDP growth of over 4%</li> <li>• While appreciation of Romanian leu indicates stability, it might have a negative impact on Romania's attractiveness for global services delivery</li> <li>• Some concerns around the country's high exposure to a number of fiscally vulnerable economies in the European region through trade and finance channels</li> </ul>
Infrastructure		<ul style="list-style-type: none"> <li>• Romania's quality of infrastructure is ranked 55th out of 140 countries in the World Economic Forum's "Global Competitiveness Index 2018"</li> <li>• Presence of an international airport with direct connectivity to many European countries, adequate public transport including buses and trams within the city</li> <li>• Good availability of infrastructure for the IT-BPO sector; the presence of a well-developed telecommunication network including high-speed internet lines</li> </ul>

Source: Everest Group (2019); EIU, WEF Global Competitiveness Report, World Bank



Copyright © 2019, Everest Global, Inc.  
EGR-2019-37-R-3356

11

# Research calendar – Locations Insider™

■ Published   ■ Planned   ▭ Current release

## Flagship Locations Insider reports

Release date

Location Spotlight – Guadalajara, Mexico .....	May 2019
Location Spotlight – Hyderabad, India .....	May 2019
Location Spotlight – San Jose, Costa Rica .....	May 2019
Location Spotlight – India .....	June 2019
Location Spotlight – Chennai .....	June 2019
Global Locations Annual Report 2019 .....	September 2019
Location Spotlight – Egypt .....	September 2019
Location Spotlight – Morocco .....	October 2019
<b>Location Spotlight – Romania .....</b>	<b>October 2019</b>
Location Spotlight – Trivandrum, India .....	Q4 2019
Location Spotlight – Israel .....	Q4 2019

## Thematic Locations Insider reports

Global Hotspots – Analytics in BFSI .....	May 2019
European Digital Services Talent Handbook: Prepare for Digital Disruption .....	June 2019
Global Handbook – Focus on Language Skills Availability Across the World .....	Q4 2019
Global Handbook – Focus on Cloud Skills Across the World .....	Q4 2019

Note: For a list of all of our published Locations Insider™ reports, please refer to our [website page](#).

# Additional Locations Insider™ research references

The following documents are recommended for additional insights into the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **Global Locations Annual Report 2019: Demand for Next-generation Services Defining Locations Strategies | Key Trends Shaping the Landscape** ([EGR-2019-37-R-3313](#)); 2019. The global services landscape witnessed high growth in 2018 in terms of overall market activity for new center setups. The Global Locations Annual Report 2019 takes a stance in describing the nuances of the global services locations landscape and, interpreting locations-related developments and trends for designing locations portfolio strategy. It presents insights into the size and growth of this market, global services exports by region & country, an update of locations activity by region & country, and trends affecting global locations. It also provides industry-leading comparison and analysis of key changes in maturity, arbitrage, stability, and potential of global delivery locations (cities) through our PEAK Matrix™
2. **European Digital Services Talent Handbook: Prepare for Digital Disruption** ([EGR-2019-37-R-3194](#)); 2019. This handbook by Everest Group aims to support market players in their quest for supporting the right kind of digital services from the right place in the right way. It highlights the relative attractiveness of key European locations for supporting digital services based on a holistic and multi-faceted assessment covering 20+ parameters, clustered into two broad dimensions – Enablers and Digital Services Talent Pulse. At an overall level, it aims to support stakeholders that are evaluating European locations to deliver digital services and need actionable insights vis-à-vis internal business considerations such as type of services, cost savings, and proximity to the business
3. **“Next-wave” Location Profile – Timisoara** ([EGR-2018-37-R-2649](#)); 2018. This report analyzes Timisoara and offers perspectives on global sourcing profile of Timisoara, key opportunities, drivers, and challenges, along with an overview of talent availability, operating costs, and environment risks

For more information on this and other research published by Everest Group, please contact us:

**Parul Jain**, Practice Director

[parul.jain@everestgrp.com](mailto:parul.jain@everestgrp.com)

**Samyak Mittal**, Practice Director

[samyak.mittal@everestgrp.com](mailto:samyak.mittal@everestgrp.com)

**Ratandeep Burman**, Senior Analyst

[ratandeep.burman@everestgrp.com](mailto:ratandeep.burman@everestgrp.com)

Website: [www.everestgrp.com](http://www.everestgrp.com) | Phone: +1-214-451-3000 | Email: [info@everestgrp.com](mailto:info@everestgrp.com)



## About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at [www.everestgrp.com](http://www.everestgrp.com).

### Dallas (Headquarters)

info@everestgrp.com  
+1-214-451-3000

### Bangalore

india@everestgrp.com  
+91-80-61463500

### Delhi

india@everestgrp.com  
+91-124-496-1000

### London

unitedkingdom@everestgrp.com  
+44-207-129-1318

### New York

info@everestgrp.com  
+1-646-805-4000

### Toronto

canada@everestgrp.com  
+1-416-388-6765

## Stay connected

### Website



[www.everestgrp.com](http://www.everestgrp.com)

### Social Media



@EverestGroup



@Everest Group

### Blog



[www.everestgrp.com/blog/](http://www.everestgrp.com/blog/)

*This document is for informational purposes only, and it is being provided "as is" and "as available" without any warranty of any kind, including any warranties of completeness, adequacy, or fitness for a particular purpose. Everest Group is not a legal or investment adviser; the contents of this document should not be construed as legal, tax, or investment advice. This document should not be used as a substitute for consultation with professional advisors, and Everest Group disclaims liability for any actions or decisions not to act that are taken as a result of any material in this publication.*