



Topic: Global Locations Compass – Poland
Comprehensive Assessment of Global Services Industry in
Poland and Implications for Services Strategy

Global Sourcing (GS)

Market Report: November 2013 – Preview Deck

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¹ Banking, financial services, and insurance

Background and scope of the research

Background of the research

Poland is a leading destination in Central and Eastern Europe for global services delivery. It is classified as a mature location on Everest Group's Market Vista Locations Maturity Heatmap¹. With its large multi-lingual graduate pool, various government sponsored investment incentives, and complex Business Process (BP) skills advantage, Poland offers an attractive proposition for organizations seeking a suitable destination to set up new delivery centers. Although the focus of companies setting up delivery centers is primarily on serving the BP segment, Information Technology (IT), Engineering Services (ES), and Research and Development (R&D) centers are also gaining traction. At the same time, challenges related to complex tax laws and eurozone recession may impact the nature and pace of global service delivery growth from this location.

In this research, we analyze Poland as a destination for global service providers and buyers, across various dimensions

- Global sourcing market characteristics
- Player activity (new set-ups and expansions)
- Key industry / government bodies promoting its growth
- Education system
- Labor pool, cost, market activity, and risk analysis for key cities
- Future outlook
- Implications for buyers and service providers

The scope of analysis includes:

- Offshore services sector across in-house centers and third-party service providers in Poland
- Offshore services includes IT, BP, and ES/R&D
- Key cities in Poland: Warsaw, Krakow, Wroclaw, Lodz, and Katowice

¹ Everest Group's Market Vista report Q2 2013

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Overview and abbreviated summary of key messages

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Poland emerged as one of the leading destinations for global service delivery, driven primarily by its high-quality multi-lingual talent pool, rapidly-growing financial services talent base, and government impetus. This report provides an assessment of the global services sector in Poland on parameters such as nature and scale of activity, key drivers, challenges, opportunities, and implications for buyers and service providers. The report intends to help investors develop a holistic perspective on the location..

Some of the findings in this report, among others, are:

Overview of the global sourcing sector

- Multi-lingual service is Poland's key advantage as a global service delivery location
- The financial services sector remains the leading vertical for service delivery and is expected to grow as financial institutions expand their presence in Poland
- Service delivery is growing in scope and increasingly more complex work is being delivered out of Polish service centers

Assessment of cities

- Warsaw, Krakow, and Wroclaw are leading cities in Poland for global service delivery; Krakow offers significant depth in the financial services sector
- While tier-1 cities, such as Warsaw and Krakow, offer relatively higher depth of skills and scalability owing to their higher maturity, operating costs and competitive intensity are also higher compared to tier-2/3 cities

Overview and abbreviated summary of key messages

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Assessment of the operating environment

- Overall, Poland presents an attractive environment for businesses, with high political and economic stability, strong data protection laws, attractive incentives for IT/BPO sector, and low threat from natural hazards or crime/terrorism
- However, it also presents some challenges related to complex tax laws, strict labor laws, and limited investments into modernization of air and road transport infrastructure

Future outlook

- Polish global sourcing industry is growing at a rapid pace, with enterprises and service providers adding new capabilities and increasingly offering more specialised skills
- Polish currency movements have been favorable to the outsourcing industry and the trend is likely to continue till Poland has an independent currency
- The window of cost arbitrage with the United States is favorable and expected to sustain for at least the next 10 years

This study offers a detailed analysis of Poland's IT-BP services industry including business environment, city assessment, and future outlook

Country overview



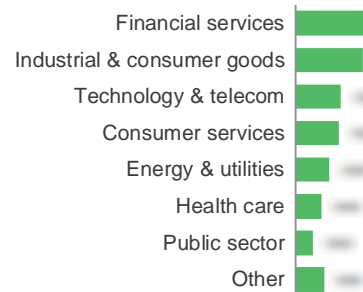
Region: Europe
Capital: Warsaw
Time zone: GMT+2
Government type: Parliamentary republic
Population: 38.5 million (2011 census)
Literacy rate: 99.5%
Official language: Polish



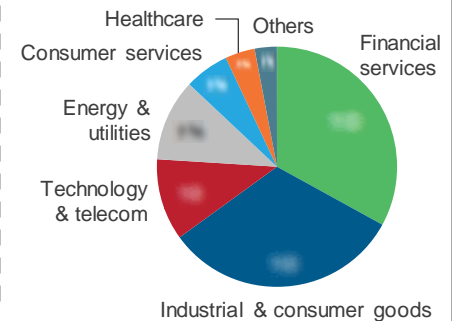
- The Republic of Poland, commonly referred to as Poland, is the ninth largest country in Europe and the sixty-ninth largest country in the world in terms of area
- The Kingdom of Poland was formed in 1025. From 1569 to 1795 it was part of the Polish-Lithuanian Commonwealth, post which the Commonwealth ceased to exist and the Polish lands were partitioned among the Kingdom of Prussia, the Russian Empire, and Old Austria. Poland regained its independence as the Second Polish Republic in 1918
- Poland is a unitary state made up of 16 voivodeships
- In 1994, Poland became an associate member of the European Union (EU). It formally joined the EU in May 2004

Overview of IT-BP services sector

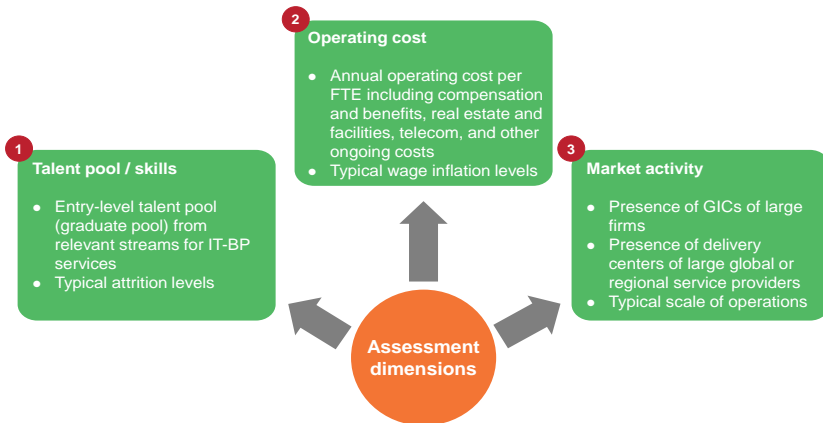
Distribution of global delivery centers (GICs and service provider centers) by industry supported 2012; Percentage



Distribution of FTEs in global delivery centers by parent industry 2012; Percentage

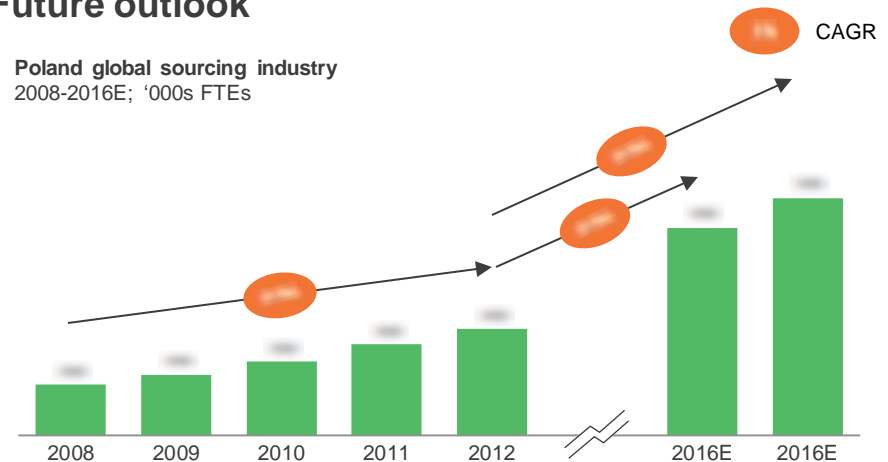


Assessment of cities



Future outlook

Poland global sourcing industry 2008-2016E; '000s FTEs



Source: Everest Group (year)

GS research calendar

Published
 Current

Topic	Release date
Global In-house Center (GIC) Landscape in Costa Rica and Trends in Offshore GIC Market	April-2013
Driving Impact through Collaboration: Collaboration in the GIC-Parent, GIC-Vendor, and GIC-GIC Ecosystem	April-2013
The Classic Sourcing Model Conundrum – Global In-house Center (GIC) vs. Third-party Provider	May 2013
Delivering Value Beyond Savings in the GIC Model – A Survey of Organizations with GIC Operations	June-2013
Webinar Deck: Two Sides, One Story – Value Beyond Savings from Global In-house Centers (GICs)	July-2013
Outsourcing and Offshoring Trends in the Oil and Gas Sector	September-2013
Webinar Deck: Emerging Locations for Global Delivery	September-2013
Global Trends in the Captive Landscape. Focus geography – Malaysia	October-2013
Global Locations Compass – Poland	November-2013
Global Locations Compass – Mexico	Q4-2013
Viewpoint: Realities behind Myths on Location Concentration Risk	Q4-2013

Additional research references

The following documents are recommended for additional insight on 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 Offshore GIC Landscape and Trends: Focus Geography – Poland** ([EGR-2012-2-R-0747](#)); 2012. This report provides an in-depth analysis of the global offshore GIC landscape and insights into key trends of the last 30 months (2009-2011). The report also provides a deep-dive into the GIC landscape in six key industry verticals and a focus section on Poland
2. **Global Location Compass reports:** These reports analyze the unique value propositions of leading global services destinations. The reports provide detailed data and in-depth analyses and enable investors who are evaluating, entering, or expanding existing footprint in the country to develop a holistic perspective on the location. Everest Group published multiple such reports:
 - **The Philippines** ([EGR-2012-2-R-0637](#)); 2012
 - **China** ([EGR-2011-2-R-0606](#)); 2011
 - **Brazil** ([EGR-2012-2-R-0768](#)); 2012
3. **Global Location Insights: Healthcare BPO is a "Hidden Jewel" for The Philippines' Global Services Industry** ([EGR-2013-8-R-0822](#)); 2013. This report offers a view on the Philippines' proposition in the healthcare BPO services, its growth potential, and the key drivers for the industry

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At a glance

- With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of the next generation of global services
- Through its practical consulting, original research, and industry resource services, Everest Group helps clients maximize value from delivery strategies, talent and sourcing models, technologies, and management approaches
- Established in 1991, Everest Group serves users of global services, providers of services, country organizations, and private equity firms in six continents across all industry categories

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