



Central & Eastern European (CEE) Locations for Finance & Accounting Services Delivery – Delivery Options Bloom in Western Europe’s Backyard

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Market Report: November 2014 – Preview Deck

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¹ Banking, financial services, and insurance

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Background and scope of the research

Background of the research

Central and Eastern Europe (CEE) has emerged as one of the leading delivery locations for business process global services, particularly in Finance and Accounting (F&A). Availability of multi-lingual and highly qualified finance talent, close cultural ties with Western Europe and North America, proximity to western markets, and favorable business environment are some of the key factors driving the CEE business process industry for offshore/nearshore F&A services delivery. CEE accounts for a substantial chunk of the global services industry. Within business process services, F&A constitutes bulk of the share, and the market is likely to grow even further.

In this research, we analyze Central and Eastern Europe as a destination for delivery of nearshore/offshore F&A services for global service providers and buyers, across various dimensions:

- Market characteristics
- Labor pool across entry-level and employed talent
- Operating cost
- Risk assessment
- Implications for stakeholders

The scope of the analysis includes:

- Nearshore/offshore F&A services
- Includes services sectors across Global In-house Centers (GICs) and third-party service providers
- Analysis of key cities in Central and Eastern Europe: Bratislava, Bucharest, Budapest, Krakow, Lodz, Prague, and Sofia

Overview and abbreviated summary of key messages

This report examines CEE as a location for multi-lingual F&A services delivery. It focuses on market characteristics, labor pool analysis across entry and employed talent, operating cost, and risk assessment across eight LATAM locations – Bratislava, Bucharest, Budapest, Krakow, Lodz, Prague and Sofia.

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

Market overview

- CEE business process services industry employs 55,000-60,000 FTEs for finance and accounting services delivery, out of which about 75% are hired by GICs
- CEE accounts for over 9% (i.e., 13,000-16,000 FTEs) of the global non-voice Finance and Accounting Outsourcing (FAO) services market

Assessment of talent pool

- Most of the CEE locations offer sizable entry-level graduate pool with multi-lingual capabilities (English and other West European languages) and finance and accounting domain knowledge
- Krakow is the leading location from talent pool perspective, with sizable entry-level as well as experienced talent pool

Assessment of cost

- Annual operating cost for transactional F&A services varies significantly among the locations in CEE. The established locations (Krakow, Prague, Budapest, and Bratislava) have higher operating cost per FTE than the emerging ones (Lodz, Sofia, and Bucharest)
- All locations in CEE have low to medium wage inflation

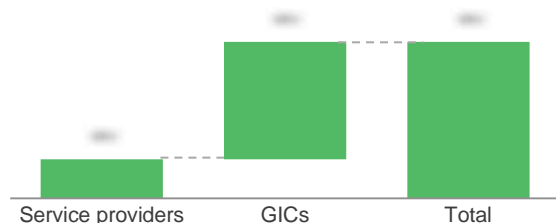
Assessment of risk

- Prague, Krakow, Lodz, and Bratislava offer favorable ecosystem for the F&A service industry to flourish
- Sofia, Bucharest, and Budapest have somewhat higher risk due to talent pool and macroeconomic issues

This report assesses key aspects of F&A services delivered from Central and Eastern Europe

CEE F&A services market size

FTEs in the F&A service delivery in CEE
2014; Number of FTEs in '000



Assessment of talent pool

Annual relevant graduates for
F&A services (multi-lingual proficiency)
2014; '000s

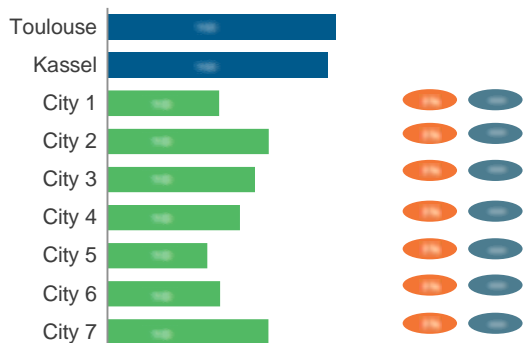
Annual employable graduate pool for F&A
services (multi-lingual proficiency)
2014; Numbers



Assessment of operating cost

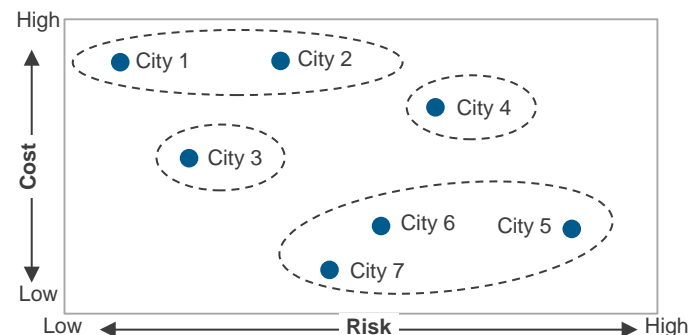
Operating cost range per FTE
2014; US\$ in '000s per annum

Operating cost difference with Toulouse
Operating cost difference with Kassel



Assessment of risk

Cost-risk trade-offs



LI research calendar

Topic	Release date
"Next-wave" location profile: Bulgaria	June 2014
"Next-wave" location profile: Peru	June 2014
"Next-wave" location profile: Romania	July 2014
"Next-wave" location profile: Chengdu, China	July 2014
"Next-wave" location profile: Vietnam	August 2014
"Next-wave" location profile: Nicaragua	August 2014
"Next-wave" location profile: Kenya	September 2014
"Next-wave" location profile: Latvia	September 2014
"Next-wave" location profile: Jaipur	September 2014
"Next-wave" location profile: Uruguay	September 2014
"Next-wave" location profile: Sri Lanka	September 2014
Tier-2/3 Locations in India for Offshore IT Services Delivery – Does Reality Meet the Hype?	September 2014
Is Philippines Stepping Up to Lead the Industry into the Next Horizon of Global Services?	October 2014
U.S. Onshore Delivery Puzzle – Demystifying Location Selection	October 2014
Global Locations Annual Report	November 2014
Central & Eastern European (CEE) Locations for Finance & Accounting Services Delivery – Delivery Options	
Bloom in Western Europe's Backyard	November 2014
Locations for delivery of English-language contact center services in Central America and Caribbean	Q4 2014
"Next-wave" location profiles: Kochi, India	Q1 2015
"Next-wave" location profiles: Penang, Malaysia	Q1 2015
Function focus report: Delivery of contact center services from nearshore-UK locations	Q1 2015

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. **Next-wave Location Profile – Bulgaria** ([EGR-2014-2-LP-1135](#)); 2014. Everest Group's Next Wave Location Profiles provide crisp, yet insightful assessment of emerging / “next-wave” countries or cities for services delivery. This report on Bulgaria offers perspectives on global sourcing profile of Bulgaria, key opportunities, drivers, and challenges, along with an overview of talent availability, operating costs, and environment risks.
2. **Next-wave Location Profile – Latvia** ([EGR-2014-2-LP-1211](#)); 2014. Everest Group's Next Wave Location Profiles provide crisp, yet insightful assessment of emerging / “next-wave” countries or cities for services delivery. This report on Latvia offers perspectives on global sourcing profile of Latvia, key opportunities, drivers, and challenges, along with an overview of talent availability, operating costs, and environment risks.
3. **Finance & Accounting in Latin America (LATAM)** ([EGR-2013-2-R-1009](#)); 2013. This research report analyzes LATAM as a destination for nearshore/offshore FAO services in English language and the region's unique value proposition. The report would help buyers and service providers, who are evaluating entering or expanding their existing footprint in LATAM, to develop a holistic perspective of global services in FAO

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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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