



“Next-wave” Location Profile – Lisbon, Portugal

Locations Insider™ (LI)

Market Report – November 2018: Complimentary Abstract / Table of Contents

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- 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 Lisbon

Lisbon | Quick snapshot



Established location in Portugal for global delivery of IT and back-office services with multilingual capabilities

KEY FACTOIDS

- 30,000-34,000 annual tertiary graduates
- Annual operating cost savings of 38-43%
- 30-35% savings

Current overview	Key drivers	Key challenges
<ul style="list-style-type: none"> The Portuguese global services market is 45,000-50,000 FTE strong with majority of the workforce located in Lisbon Predominantly leveraged for IT and back-office services, with most companies supporting multiple functions One of the most attractive locations in Western Europe from an operating cost and relevant talent availability perspective Presence of both Global in-house centers (GICs) and third-party service providers 	<ul style="list-style-type: none"> Availability of a large and high quality entry-level and experienced talent pool across BP and IT for transactional as well as complex services Multilingual capabilities with high proficiency in Portuguese, English, French, and Spanish Well-developed infrastructure, high ease of doing business, strong geopolitical & macroeconomic environment, and safety from natural calamities 	<ul style="list-style-type: none"> Rising competitive intensity with higher attrition rates, especially for business processes, given the presence of significantly-scaled operational leading players Relatively higher cost of operations compared to some CEE locations such as Bucharest (50-60%)

KEY PLAYERS: Microsoft, BNP PARIBAS, SIEMENS, accenture, Atos

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Lisbon | Risk profile (page 1 of 2)

Highly favorable risk profile with geopolitical stability and strong infrastructure make Lisbon an attractive destination for global services delivery

Parameter	Everest Group rating	Comments
Geopolitical	Highly favorable	<ul style="list-style-type: none"> Portugal's key strength is its political stability; all institutions and political structures are business-friendly Portugal has an average value of 1 point on the Political Stability Index provided by the World Bank where -2.5 indicates weak political stability and 2.5 indicates strong stability Portugal stood at the 26th rank worldwide in the Democracy Index 2017, compiled by the Economic Intelligence Unit, which measures the state of democracy in 167 countries
Macroeconomic	Favorable, some concerns	<ul style="list-style-type: none"> Portugal's economy is likely to remain stable with the estimated GDP growth projected to remain above 2% in 2018 and 2019; the economy grew at 2.7% in 2017, reaching EUR 179.2 billion and achieving its strongest growth since the year 2000 according to the Portuguese National Statistics Office The macroeconomic risk has reduced considerably due to an increase in GDP and the falling unemployment (CAGR of -8% over five years) The Global Competitiveness Index 2017-2018 (World Economic Forum) ranks Portugal 1 out of 137 countries in terms of stability in the annual percentage change in inflation Fitch gave a BBB rating to Portugal, implying that it has a low expectation of default; however, business or economic factors could adversely affect the country
Infrastructure	Favorable, some concerns	<ul style="list-style-type: none"> The Global Competitiveness Index 2017-2018 (World Economic Forum) ranks Portugal 13 out of 137 countries for the quality of overall infrastructure <ul style="list-style-type: none"> Ranked 8th for quality of roads Ranked 13th for fixed-telephone lines (/100 population) Ranked 25th for the quality of port infrastructure Lisbon has one of the busiest international airports serving Portugal Lisbon has a subway system, the Lisbon Metro, and Metro Sul do Tejo, that has more than 35 kms of lines. Additionally, there are extensive tram networks in the city, local urban transport networks, and taxi services

Source: Everest Group (2018); EIU; World Bank; Moody's; interviews with market participants
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Research calendar – Locations Insider™

Published
 Planned
 Current release

Flagship Locations Insider™ reports

Release date

"Next-wave" Location Profile – Timisoara, Romania	June 2018
"Next-wave" Location Profiles – Santiago, Chile	June 2018
"Next-wave" Location Profile – Bangalore, India	July 2018
"Next-wave" Location Profiles – Johannesburg, South Africa	August 2018
"Next-wave" Location Profile – Singapore	August 2018
"Next-wave" Location Profiles – Campinas, Brazil	August 2018
"Next-wave" Location Profile – Dublin	September 2018
"Next-wave" Location Profiles – Lisbon, Portugal	November 2018

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Additional Locations Insider™ research references

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

1. **“Next-wave” Location Profile – Emergence of Western Europe for Centralized Global Service Delivery to Europe** ([EGR-2017-2-R-2266](#)); 2017. This report analyzes Western Europe and offers perspectives on the global sourcing profile of Western Europe, key opportunities, drivers, and challenges, along with an overview of talent availability, operating costs, and environment risks
2. **“Next-wave” Location Profile – Dublin, Ireland** ([EGR-2018-37-R-2769](#)); 2018. This report analyzes Dublin and offers perspectives on the global sourcing profile of Dublin, key opportunities, drivers, and challenges, along with an overview of talent availability, operating costs, and environment risks
3. **Global Locations Annual Report 2018: Service Delivery Portfolios in a Disrupted World** ([EGR-2018-37-R-2646](#)); 2018. The Global Locations Annual Report 2018 is a unique and comprehensive guide to understanding the nuances of the global services locations landscape and interpreting locations-related developments and trends to frame locations strategy. This report has three tenets – key trends shaping the landscape, risk watch, and locations PEAK Matrix. It presents insights into the size and growth of the global services market, updates on locations activity, changes in risk profiles of locations, and an analysis of the relative maturity, arbitrage, and potential of locations for multiple functions

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