



## Location Spotlight – Poland

Locations Insider™ (LI)

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

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## 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

## Poland | At a glance



Most mature location in CEE with an attractive cost-talent proposition for multi-lingual global services delivery

### Key factoids

- Annual tertiary graduates**  
350,000-400,000
- Annual operating cost per FTE**, offers 40-60% savings over the UK and 10-30% savings over the Czech Republic

### Current overview

- Key locations for delivery in Poland include Warsaw, Krakow, and Wroclaw
- With a combined employee headcount of 247,000, Poland is extensively leveraged by both service providers and Global In-house Centers (GICs) for business process and IT services delivery
- Primarily serves the UK and other West European locations
- Due to higher competitive intensity in tier-1 cities, multiple companies have started leveraging tier-2 Polish cities such as Lodz, Tri-city, and Katowice for multi-functional delivery

### Key drivers

- Strong cost-talent proposition, with players operating multi-functional centers
  - Lower cost (40-60%) compared to UK tier-2 cities (e.g., Croydon) for IT & Business Process (BP) services delivery
  - Significant tertiary graduate pool with technical and multi-lingual skills
- High maturity for business services delivery due to availability of multi-lingual talent
- Strong government support for IT-BP sector with incentives such as corporate tax exemption for companies operating in SEZs and funding for creation of R&D centers

### Key challenges

- High competition to acquire skilled talent, given presence of multiple established players
  - High attrition costs pose some challenges for talent management and cost effectiveness, especially in tier-1 locations (e.g., Warsaw and Krakow)
- Tier-3 locations (e.g., Lublin and Szczecin) face some concerns around availability of modern infrastructure
- Some concerns around new regulations related to the personal income tax and social security regime that is likely to increase employment costs in Poland

KEYPLAYERS: CISCO | JPMORGAN CHASE & CO. | UBS | STATE STREET | CREDIT SUISSE | CITI | ATOS | IBM | CAPGEMINI



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

Macroeconomic stability and strong infrastructure capabilities make Poland an attractive destination for global services delivery

| Parameter      | Everest Group rating                  | Comments   |
|----------------|---------------------------------------|--|
| Geopolitical   | <span style="color: yellow;">■</span> | <ul style="list-style-type: none"> <li>Poland holds 52<sup>nd</sup> rank among 167 countries in the Democracy Index 2018 compiled by the Economist Intelligence Unit</li> <li>The geopolitical risk in Poland has been moderate as compared to other East European countries. However, the new government led by the Law and Justice Party has been facing the heat due to its controversial and nationalist policies. The government's failure to address rule-of-law issues might prompt EU to impose sanctions on Poland</li> </ul> |
| Macroeconomic  | <span style="color: green;">■</span>  | <ul style="list-style-type: none"> <li>The Polish economy is expected to grow at 4% in 2019, driven by booming private consumption and investment. However, capacity constraints and weaker external demand might lead to slower growth</li> <li>Moody's rated Poland A2, with a stable outlook and is expected to maintain its investment grade rating</li> <li>Poland holds the 5<sup>th</sup> rank among 74 emerging economic countries in the Inclusive Development Index Report by World Economic Forum (WEF), 2018</li> </ul>    |
| Infrastructure | <span style="color: green;">■</span>  | <ul style="list-style-type: none"> <li>Global Competitiveness Index 2018-2019 (World Economic Forum) ranks Poland 27<sup>th</sup> out of 140 countries for the quality of its infrastructure</li> <li>Poland has good infrastructure facilities and a well-developed road &amp; air network</li> <li>The country also has a well-developed telecom infrastructure and has accessibility to free Internet in many areas within major tier-1 cities such as Warsaw and Krakow</li> </ul>   |

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



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# Research calendar – Locations Insider™

Published
  Planned
  Current release

## Flagship Locations Insider reports

### Release date

|  |                     |
|--|---------------------|
| Location Spotlight – San Jose, Costa Rica..... | May 2019            |
| Location Spotlight – India .....               | June 2019           |
| Global Locations Annual Report 2019 .....      | September 2019      |
| Location Spotlight – Egypt.....                | September 2019      |
| Location Spotlight – Morocco .....             | October 2019        |
| Location Spotlight – The Czech Republic .....  | October 2019        |
| Location Spotlight – Montreal .....            | October 2019        |
| <b>Location Spotlight – Poland .....</b>       | <b>October 2019</b> |
| Location Spotlight – Romania .....             | Q4 2019             |
| Location Spotlight – Israel .....              | Q4 2019             |
| Location Spotlight – Trivandrum, India .....   | 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 or complementary content that may be of interest

1. **2019 Locations Predictions: Follow the Talent** ([EGR-2019-37-V-3060](#)); 2019. The report offers predictions on overall and location-specific services delivery, upon which organizations can anchor their transformation agendas. This viewpoint recommends organizations to embed intentional design principles in their location strategies, encompassing scope, drivers, planning, and stakeholders. It will help determine the key design principles to drive enterprise-wide service delivery transformation and overall locations strategy prediction. In addition, it includes location-specific forecasts and key risks to watch out for when transforming the delivery strategy
2. **Global Locations Annual Report 2019: Demand for Next-gen Services Defining Locations Strategies | Key Trends Shaping the Landscape** ([EGR-2019-37-R-3313](#)); 2019. The Global Locations Annual Report 2019 is a unique and comprehensive guide to understanding the nuances of the locations landscape and interpreting locations-related developments and trends to frame locations strategy. It presents insights into the size and growth of the global services market, update of center setup activity, changes in risk profiles of locations, and an analysis of the maturity, arbitrage, and potential of locations (MAP Matrix™)
3. **EU GDPR: What does the Disruption mean for your Industry** ([EGR-2018-0-V-2708](#)); 2018. This whitepaper outlines the key changes proposed by GDPR and their impact on global service delivery through the lens of increased overheads, opportunity for transformation, and push toward consolidation. This paper highlights second-level insights into the business implications of GDPR across multiple industry verticals. This includes perspectives on susceptibility to data breach, typical data flow structure, and related data privacy considerations across different industries
4. **Poland Tier-2/3 Cities: Complementing Tier-1 Cities or Carving a Niche for Digital Services?** ([EGR-2017-2-R-2451](#)); 2017. The report analyzes tier-2/3 Polish cities as destinations for offshore and nearshore services delivery for global companies

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