



Location Spotlight – Bulgaria

Locations Insider™ (LI)

Market Report – April 2020: 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

Membership information

- This report is included in the following research program(s)
 - [Locations Insider™](#)
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This report provides perspectives on key aspects of the global sourcing market in Bulgaria

Bulgaria | At a glance



One of the most financially attractive locations in Central and Eastern Europe (CEE); mainly leveraged to support transactional BPS and ITS delivery

KEY FACTOIDS

25,000-30,000 annual tertiary graduates

Annual operating cost per FTE
65-70% savings over Dallas
16-21% savings over Krakow

Current overview

- Key locations of delivery in Bulgaria include Sofia, Plovdiv, and Varna
- With a combined market revenue of US\$65-US\$75 billion, Bulgaria is leveraged by both service providers and Global Business Services (GBS) for delivery of IT (~31% share of revenue) and business process services (~69% share of revenue)
- Leveraged for multi-lingual (English, Russian, German, Spanish, and French) delivery

Key drivers

- Attractive cost arbitrage with respect to established service delivery locations in Central and Eastern Europe (CEE), such as Krakow, Budapest, and Prague
- Mature location for supporting transactional IT and BP services
- Favorable location for global services delivery, especially in terms of geopolitical and macroeconomic environment and safety & security
 - One of the lowest tax rates in European Union (EU)

Key challenges

- Administrative stress and ongoing corruption scandals pose some threat to the current business environment
- Potential concerns for scaling up of operations, including English-language support
- The quality of the infrastructure in tier-2/3 cities is below EU standards and might not support large businesses
- Potential risk of labor shortages in the future owing to an ageing and declining population

KEY PLAYERS:



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3

Bulgaria | Risk profile (page 1 of 2)

Favorable political and macroeconomic environment, with good road and rail connectivity

Parameter	Everest Group rating	Comments
Geopolitical		<ul style="list-style-type: none"> • The country has been relatively stable politically despite frequent government changes and reshuffles • Possibility of a rise in political risk if the government coalition fails to complete its full four-year term ending in May 2021. This instability stems from recurring corruption-related scandals involving politicians from the ruling coalition • Ranked 47th on the World Democracy Index 2019, compiled by the Economist Intelligence Unit
Macroeconomic		<ul style="list-style-type: none"> • Growth is predicted to remain solid in 2020, fueled by persistently strong domestic demand <ul style="list-style-type: none"> – Household consumption will continue to drive activity against a backdrop of low unemployment (5.3% in September 2019) and wage increases – However, due to the outbreak of COVID-19, the economy is likely to get impacted as it relies heavily on the export, agricultural, and construction sectors, making it vulnerable to changes in global demand conditions • The Bulgarian government has undertaken a pro-business stance to attract Foreign Direct Investment (FDI) and stimulate business activity
Infrastructure		<ul style="list-style-type: none"> • Ranked 56th out of 141 countries on the WEF's Global Competitive Index 2020 for the quality of its infrastructure • Road and rail connectivity is good in tier-1 cities; however, the overall quality of infrastructure is below the EU average, with much modernization needed in tier 2/3 cities • Sofia has one of the highest Internet speeds in Europe. The city has the second highest average internet connection rate in the region

Source: Everest Group (2020); EIU, WRR, doingbusiness.org; WEF; interviews with market participants



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9

Research calendar – Locations Insider

Published
 Planned
 Current release

Flagship Locations Insider reports

Release date

Global Locations Annual Report 2019	September 2019
Location Spotlight – Egypt	September 2019
Location Spotlight – The Czech Republic	September 2019
Location Spotlight – Morocco	October 2019
Location Spotlight – Romania	October 2019
Location Spotlight – Israel	October 2019
Location Spotlight – Trivandrum, India	October 2019
Location Spotlight – Mumbai	February 2020
Global Locations Annual Report 2020	March 2020
Location Spotlight – Bulgaria	April 2020
Location Spotlight – Slovakia	Q2 2020
Location Spotlight – Indonesia	Q2 2020

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	November 2019
Global Handbook – Focus on Cloud Skills Across the World	Q2 2020

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

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. **Global Locations Annual Report 2020: Moving Forward in Turbulent Times | Key Trends Shaping the Landscape** ([EGR-2020-37-R-3646](#)); 2020. The Global Locations Annual Report 2020 describes the global services locations landscape and interprets locations-related developments and trends to design a best-fit locations portfolio strategy. It presents insights into market size and growth, global services exports by region and country, locations activity by region and country, and trends affecting global locations (changes in investment environment, key developments across the world, and changes in exposure to various risks)
2. **Talent Handbook for Language Skills: Answering the Calls for a Global Marketplace** ([EGR-2019-37-R-3423](#)); 2019. This report helps market players in selecting the most suitable locations for their language-related needs. It highlights the relative attractiveness of key global locations for different languages based on a comprehensive assessment of 20+ parameters, grouped under two broad categories: Enablers and Language Talent Pulse
3. **Location Spotlight – Romania** ([EGR-2019-37-R-3356](#)); 2019. This report analyzes Romania and offers perspectives on the global sourcing profile of Romania, key opportunities, drivers, and challenges, along with an overview of talent availability, operating costs, and environmental risks

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

Parul Jain , Practice Director – Global Sourcing:	parul.jain@everestgrp.com
Surbhi Gupta , Senior Analyst – Global Sourcing:	surbhi.gupta@everestgrp.com
Sana Jamal , SIS – Information Services:	sana.jamal@everestgrp.com

Website: www.everestgrp.com | Phone: +1-214-451-3000 | Email: info@everestgrp.com



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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

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