



## Location Spotlight – Slovakia

Locations Insider™ (LI)

Market Report – May 2020: Complimentary Abstract / Table of Contents

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# This report provides perspectives on key aspects of the global sourcing market in Slovakia

## Slovakia | At a glance



Prominent CEE location leveraged for multi-lingual BP and IT services delivery to primarily support nearshore Europe

### KEY FACTOIDS

- 30,000-32,000 annual tertiary graduates
- Annual operating cost per FTE 40-60% savings over tier-2 UK (Croydon) 5-15% costlier than tier-1 Poland (Warsaw)

### Current overview

- Bratislava is the key delivery location in Slovakia; however, there has been an uptick in the recent past in leverage of tier-2/3 cities such as Kosice
- With a combined employee headcount of about 60,000 FTEs, Slovakia is leveraged by both Global Business Services (GBS) centers and service providers for multi-lingual BP and IT services delivery. BP services contribute to a larger share of 60-65% of the total employees
- Primarily serves the UK and other West European locations

### Key drivers

- Presence of a good quality multi-lingual talent pool
  - Among the top EU nations in multi-lingual competency, with over 85% of the population speaking at least one foreign language
- Well-developed infrastructure with good quality IT/BP real estate; good inter-city connectivity due to well-developed transportation infrastructure with robust rail and road network
- Strong government support for the IT-BP sector with multiple investment incentives

### Key challenges

- Relatively higher cost of operations than other CEE locations
- Some concerns around inadequacy of the legal framework, high taxes on labor income, difficulty in hiring foreign labor, and relatively less efficient air transport and seaport services
- With Western Europe (WE) being the prime source geography for Slovakia, COVID19 outbreak and economic uncertainties in WE are likely to impact the global services industry



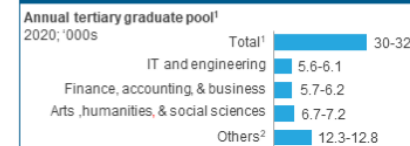
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## Slovakia | Talent and cost overview (page 1 of 2)

Slovakia offers a sizable entry-level graduate talent pool for IT and BP services delivery

### Entry-level talent pool



- With the presence of many leading universities (e.g., Comenius University and Slovak University of Technology in Bratislava) and educational centers, Slovakia has one of the highest literacy rates in CEE countries (99.6%)
- Bratislava is the largest education hub, accounting for nearly 40% of the graduate pool
- High availability of English-speaking talent, as it is the primary foreign language in the majority of schools and universities
- Evidence of companies leveraging high-school graduates for delivery of voice- and non-voice-based services

Highly favorable Favorable, some concerns Least favorable

### Functions supported

Functions	Maturity
Contact center	Highly favorable
Non-voice BP	Favorable, some concerns
IT-ADM	Favorable, some concerns
IT infrastructure	Favorable, some concerns
Digital	Least favorable

- Slovakia is a prominent location in CEE for multi-lingual global services delivery, given the presence of multiple GBS centers and service providers supporting both IT (ADM and infrastructure) and BP (both voice and non-voice) services
  - While IT services contribute to 35-40% share of the total employees (~60,000) in global services delivery in Slovakia, BP services contribute to a larger share of 60-65%
  - Within BP services, share of non-voice services, especially finance & accounting, is relatively higher as compared to that of voice services
  - Within ITS, work mix includes both IT-ADM (e.g., application development, maintenance, and testing) and IT-infrastructure (e.g., cloud, network, and security); however, the share of IT infrastructure is relatively higher
- The gaming industry has been on a rise in Slovakia, with an uptick in the number of game studios and gaming professionals; revenue from the gaming industry has doubled in the last two years

<sup>1</sup> Total annual tertiary graduates include university and technical/vocational graduates across all streams, excluding secondary pool and migration from neighboring countries  
<sup>2</sup> Other key streams include agronomy, veterinary, education, health, and services

Source: Everest Group (2020); inputs from recruitment firms, market players, and investment agencies



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# Research calendar – Locations Insider

Published
  Planned
  Current release

## Flagship Locations Insider reports

### Release date

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 – Indonesia	April 2020
<b>Location Spotlight – Slovakia</b>	<b>May 2020</b>
Location Spotlight – Guatemala	Q3 2020
Location Spotlight – Wuxi, China	Q3 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 State of the Market 2020: Moving Forward in Turbulent Times | Key Trends Shaping the Landscape** ([EGR-2020-37-R-3646](#)); 2020. The Global Locations State of the Market report describes the nuances of the global services locations landscape and interprets locations-related developments and trends to help in locations portfolio strategy design. It presents insights into market size and growth as well as global services exports by region and country. It also offers an update of locations activity by region and country as well as trends affecting global locations (changes in the investment environment, key global developments, and changes in exposure to various risks)
2. **2020 Location Predictions: Confronting the Impending Slowdown** ([EGR-2020-37-V-3618](#)); 2020. In this viewpoint, we share our predictions for the global services market and growth in key delivery locations in 2020. We share specific predictions for 40+ locations, representing >95% of the global services market. This viewpoint will help you determine overall global services market forecast, location-specific predictions, key risks that can impact services delivery, and next-wave locations expected to gain prominence in the future
3. **Location Spotlight – Bulgaria** ([EGR-2020-37-R-3691](#)); 2020. This report analyzes Bulgaria and offers perspectives on the global sourcing profile of Bulgaria, key opportunities, drivers, and challenges, along with an overview of talent availability, operating costs, and environmental risks
4. **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

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](mailto:parul.jain@everestgrp.com)  
**Kunal Anand**, Senior Analyst – Global Sourcing: [kunal.anand@everestgrp.com](mailto:kunal.anand@everestgrp.com)

Website: [www.everestgrp.com](http://www.everestgrp.com) | Phone: +1-214-451-3000 | Email: [info@everestgrp.com](mailto: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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