

## Location Spotlight – Lithuania

March 2021: Complimentary Abstract / Table of Contents



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# Contents

• Research methodology	4
• At a glance	5
• Overview	6
• Market activity	7
• Talent and cost overview	9
• Global services delivery overview	11
• Risk profile	12
• Research calendar	14

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

Location Spotlight – Lithuania

## Lithuania | at a glance



One of the prominent Central and East European (CEE) locations leveraged for its IT-BP service delivery; increasingly being leveraged for digital and fintech services delivery

**KEY FACTOIDS**

- 28,000-29,000 annual tertiary graduates
- Annual operating cost per FTE 45-50% savings over tier-2 UK (Mac) 0-10% costlier than tier-1 Poland

Current overview	Key drivers	Key challenges
<ul style="list-style-type: none"> <li>The capital city of Vilnius is the key delivery location in Lithuania, although Kaunas is increasingly being leveraged for its cost advantage and talent pool</li> <li>Employing over 20,000 FTEs, Lithuania is leveraged by both Global Business Services and service providers for IT and BP service deliveries; digital services are becoming increasingly popular among delivery centers</li> <li>Primarily serves Western European clients, although has seen a rise in clientele from the US in the past few years</li> </ul>	<ul style="list-style-type: none"> <li>Offers large availability of talent pool for IT and BP (F&amp;A), along with competitive labor costs</li> <li>Relatively stable growth owing to fast recovery from COVID-19 economic collapse; predicted to return to pre-pandemic levels of growth by 2022</li> <li>Stable business and operating environment with favorable government policies and incentives, well-developed IT, safety and security, and telecom infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>BP market approaching saturation in Vilnius, placing cost pressure on centers established in the city</li> <li>Relatively small market may pose talent scalability of for large setups</li> <li>Impact of strained relations with China over Taiwan and Hong Kong protests may spill over to businesses set up in country</li> </ul>

**KEY PLAYERS:** Cognizant, HCL, hp, IBM, Moody's, Nasdaq, Uber

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Location Spotlight – Lithuania

## Lithuania | risk profile (page 1 of 2)

### Geopolitical stability and strong government support for the IT-BP sector through strong infrastructure

Legend: ■ Highly favorable ■ Favorable, some concerns ■ Least favorable

Parameter	Everest Group rating	Comments
<b>Geopolitical</b>	<span style="color: yellow;">■</span>	<ul style="list-style-type: none"> <li>Strong and stable government: the new government<sup>1</sup> plans to continue the existing COVID-19 relief measures and increase economic stimulus</li> <li>The country's relationship with its neighbor, Belarus, is under heat after Lithuania rejected the legitimacy of Belarus' 2020 Presidential elections; its relations with China too became strained after Lithuania recognized the existence of Taiwan</li> <li>The country is on the road to recovery from red-tapism, with government focusing on improving administrative and operational efficiency for investors in the last five years</li> </ul>
<b>Macroeconomic</b>	<span style="color: yellow;">■</span>	<ul style="list-style-type: none"> <li>Lithuania has been growing at a steady rate of 3.5% for the past five years, after dropping to -5.9% in Q2 2020. The economy is recovering, with growth rate of 3.7% in Q3 2020</li> <li>IMF predicted the contraction of the Lithuanian economy, following the impact of COVID-19, to be restricted to 1.8% in 2021, the lowest in Europe</li> <li>Ratings agency Moody's gave Lithuania an A3 issuer rating, reflecting its moderate government debt and a strong debt affordability</li> </ul>
<b>Infrastructure</b>	<span style="color: green;">■</span>	<ul style="list-style-type: none"> <li>Lithuania offers a cost-efficient and reliable network of roads, railways, and airports, giving affordable access to markets of the Northern and Western Europe and Asia</li> <li>It ranks among the top 40 nations (rank 39 out of 141 countries) in the Global Competitiveness Report by World Economic Forum</li> <li>The country offers an affordable internet connectivity with 80% penetration rate</li> </ul>

<sup>1</sup> Lithuania elected a new government in October 2020  
Source: Everest Group (2021), EIU, WRR, doingbusiness.org, WEF; interviews with market participants

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# Research calendar

## Locations Insider™

■ Published
 ■ Planned
 ■ Current release

### Flagship Locations Insider reports

### Release date

Location Spotlight – Wuxi, China	August 2020
Location Spotlight – Taiwan	September 2020
Location Spotlight – San Antonio, Texas, The United States	October 2020
Location Spotlight – Birmingham, The United Kingdom	December 2020
Location Spotlight – Nigeria	December 2020
Location Spotlight – Raleigh, The United States	December 2020
Location Spotlight – Coimbatore, India	January 2020
<b>Location Spotlight – Lithuania</b>	<b>March 2021</b>
Location Spotlight – Cali, Colombia	Q1 2021
Location Spotlight – Hungary	Q1 2021
Global Locations State of the Market 2021   Risk Watch	Q1 2021

### Thematic Locations Insider reports

### Release date

Africa: Emerging IT-BP Delivery Force	July 2020
Leading European Locations for Global Delivery of Engineering Services	October 2020
Data & Analytics Handbook – Delivery Location Strategy to Steer Through Digital Disruption	November 2020
Leading LATAM Locations for Global Services Delivery	Q1 2021

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