

Location Spotlight – Scotland

September 2022: Complimentary Abstract / Table of Contents



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

Location Spotlight – Scotland

Scotland | at a glance



KEY FACTS

- 73,000-77,000 annual tertiary graduates
- Annual operating cost per employee: 37-40% savings over UK, 29-33% savings over US

Promising location in the Northwestern European region, currently being leveraged by both service providers and GBS organizations for delivering IT and BP services to global markets

Current overview





- A promising Northwestern European region housing multiple scaled operations from Global Business Services (GBS) organizations and service providers
- Glasgow and Edinburgh are the key business locations leveraged by global services companies in Scotland, with evidence of companies achieving large-scale operations (1,000+ FTEs)
- Scotland is emerging as an attractive location for companies looking to set up / expand in the European region due to geopolitical instability caused by the Ukrainian-Russian conflict

Key drivers

- Offers considerable cost arbitrage across functions over UK tier-1 locations (37-40%)
- Stable business environment; availability of top-ranked colleges and universities offering high-quality entry-level talent
- Lucrative investment incentives focused on the services sector offered by the government

Key challenges

- Some concerns around the relatively unstable situation and safety & security in the country
- Lower maturity of global services delivery at offshore and nearshore locations
- Rising inflation likely to further erode cost advantages

KEY PLAYERS:     

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Location Spotlight – Scotland

Scotland | risk profile (page 1 of 2)

Scotland has a highly favorable geopolitical and macroeconomic situation, with a favorable infrastructural setting; though, mild concerns around security exist

Parameters	Everest Group rating	Comments
Geopolitical	<div style="width: 100%; height: 10px; background: linear-gradient(to right, green 90%, yellow 90%);"></div>	<ul style="list-style-type: none"> Scotland ranks 18th out of 167 countries in the EIU Democracy Index 2021 and is classified under the full democracy category The country ranks 11th among 180 countries in the Corruption Perception Index, and progress has been made in tackling corruption and minimizing bureaucratic red tape The business outlook is investor-friendly with support from the government; however, there are some concerns regarding political instability in the country
Macroeconomic	<div style="width: 100%; height: 10px; background: linear-gradient(to right, yellow 60%, orange 60%);"></div>	<ul style="list-style-type: none"> Standard & Poor's credit rating for Scotland stands at AA with a stable outlook The exit of UK from the European Union (BREXIT) has led to higher inflation and persistent global supply disruptions Energy prices continue to be the main driver of inflation in 2022, as the military conflict in Ukraine pushes up several commodity prices including oil, gas, and certain foods Higher inflation will dent households' purchasing power and lead to softer private consumption in 2022
Infrastructure	<div style="width: 100%; height: 10px; background: linear-gradient(to right, green 100%);"></div>	<ul style="list-style-type: none"> Scotland is ranked 9th out of 141 countries in the Global Competitive Index (compiled by the World Economic Forum) for its institutional infrastructure management Scotland has a well-laid public transportation system providing multiple options, such as buses, trams, underground subway trains (called the metro), and ferries Served by five international airports. Glasgow has one of the busiest international airports in Scotland Provides Universal Healthcare to all citizens free of cost with the best of facilities

Source: Everest Group (2022); EIU; Transparency International; OECD; OPEC; World Bank; WEF; investment agencies; interviews with market participants

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Research calendar

Locations Insider™

■ Published
 ■ Planned
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Reports title	Release date
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Location Spotlight – Peru	July 2022
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