

Location Spotlight – Barcelona, Spain

October 2022: Complimentary Abstract / Table of Contents



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

Location Spotlight – Barcelona, Spain

Barcelona | at a glance



Established nearshore delivery location with a mix of both enterprises and service providers and offers moderate cost arbitrage over Dallas and London

KEY FACTOIDS

- 74,000-76,000 annual tertiary graduates
- Annual operating cost savings: 35-40% over Dallas, 30-35% over London

Current overview	Key drivers	Key challenges
<ul style="list-style-type: none"> Primarily leveraged by service providers and GBS organizations for supporting engineering, IT ADM, contact center, and non-voice BP services such as HR and finance & accounting Growing presence of digital services delivery with growth in innovation, R&D, and excellence centers Barcelona is predominantly leveraged for delivery in Spanish language. However, it is also utilized for delivering languages such as English, French, German, Dutch, and the Nordic languages 	<ul style="list-style-type: none"> Significant tertiary graduate pool with good technical and multilingual skills High-quality infrastructure supported by superior rail, road, airport, electricity, and telecom infrastructure Offers an attractive cost arbitrage of 35-40% over Dallas, the US, and 30-35% over London, the UK 	<ul style="list-style-type: none"> Some concerns regarding business environment <ul style="list-style-type: none"> Exposure to natural disasters Restrictive labor regulations and bureaucracy Macroeconomic concerns such as increasing public debt <ul style="list-style-type: none"> High reliance on tourism makes the economy vulnerable to external shocks



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Location Spotlight – Barcelona, Spain

Barcelona | risk profile (page 1 of 2)

Stable geopolitical environment and availability of excellent infrastructure; some concerns around macroeconomic stability

■ Highly favorable
 ■ Favorable, some concerns
 ■ Least favorable

Parameters	Everest Group rating	Comments
Geopolitical	■	<ul style="list-style-type: none"> Spain offers a stable political environment and has a constitutional monarchy with a parliamentary system of government Spain holds 24th rank among 167 countries in the Democracy Index 2021 compiled by the Economist Intelligence Unit (EIU); this ranking has been stable throughout the years, and the regime is considered a flawed democracy Some concerns around the Catalan independence movement, which is likely to prompt disruptive protests in Barcelona and other Catalan cities; however, no major impact on businesses has been observed
Macroeconomic	■	<ul style="list-style-type: none"> Spain's GDP contracted by ~10% in 2020 as a result of the COVID-19 crisis; however, the GDP rebounded to ~5-6% in 2021 Spain's economy faces a high level of public debt (~97% of the GDP) due to reduced public consumption and fewer investment opportunities Spain's economy is tourism-driven, making it highly vulnerable to changes in the global environment Standard & Poor rated Spain at A with a negative outlook, owing to rising public debt and shrinkage in the overall macroeconomic environment
Infrastructure	■	<ul style="list-style-type: none"> Spain is ranked 7th out of 141 countries in the Global Competitiveness Index (compiled by World Economic Forum) for its infrastructure quality Spain has superior telecom infrastructure, supporting and covering more than 95% of the population Barcelona offers an excellent public transportation system through an extensive road, rail, and air network; it has good connectivity to key business centers within Europe and other major global cities <ul style="list-style-type: none"> Barcelona also offers a high-speed train link with other metropolitan cities such as Madrid, Seville, and Malaga

Source: Everest Group (2022); EIU; Transparency International; WRR; WEF; interviews with market participants

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Research calendar

Locations Insider™

■ Published
 ■ Planned
 ■ Current release

Reports title	Release date
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Risk Radar Newsflash Presidency Win for Gustavo Petro in Colombia Poses Short-term Services Delivery Risk; Firms Should Adopt a Wait-and-Watch Approach	June 2022
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