

## Location Spotlight – Serbia

November 2023: Complimentary Abstract / Table of Contents



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# Contents

1. Research methodology	4
2. At a glance	5
3. Overview	6
4. Market activity	7
5. Talent and cost overview	8
6. Global services delivery overview	10
7. Risk profile	11
8. Research calendar	13

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

Location Spotlight – Serbia

## Serbia | at a glance



Emerging location primarily leveraged by service providers and GBS organizations majority for IT-ADM and IT engineering services with the potential to increase and grow the delivery of non-voice BP and contact center services given strong English language and regional language support

**KEY FACTORS**

- 24,000-28,000 annual tertiary graduates
- Annual GDP: 25-40 billion USD
- Unemployment: 55-70%

Current overview	Key drivers	Key challenges
<ul style="list-style-type: none"> <li>Emerging location, largely leveraged by both service providers and GBS enterprises as a spoke location for IT-ADM and IT engineering services for European markets</li> <li>Limited evidence of non-voice BP, digital, and R&amp;D services in the country</li> <li>Belgrade, the country's capital, is the key destination for global services activity. Limited traction in other cities</li> </ul>	<ul style="list-style-type: none"> <li>Offers considerable cost arbitrage of about 63% over the UK</li> <li>Strategic positioning in a +/- 2h time zone to serve regional customers</li> <li>Offers good multilingual skills, including those for English, Serbian, Bosnian, Croatian, and Montenegrin</li> <li>Conducive business and operating environment with attractive government incentives, which is further strengthened by a high level of digitization</li> </ul>	<ul style="list-style-type: none"> <li>Macroeconomic challenge due to conflict and the Russian situation as well as sanctions</li> <li>Lower maturity of global offshore and nearshore services</li> <li>Concerns around current regulatory processes</li> </ul>



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Location Spotlight – Serbia

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

Moderately developed infrastructure; some concerns around geopolitical and macroeconomic stability

Parameter	Everest Group rating	Comments
Geopolitical	Highly favorable	<ul style="list-style-type: none"> <li>The country ranks 101<sup>st</sup> among 180 countries in the Corruption Perception Index 2021. The rank has declined in comparison to last year as a result of mismanagement of the most valuable public companies and the open promotion of direct agreements for obtaining the most prestigious jobs with the state</li> <li>It is ranked 68<sup>th</sup> out of 167 countries in the Democracy Index 2021 and is classified under the "Flawed Democracies" category, which is compiled by the Economist Intelligence Unit (EIU)</li> <li>Political Stability Index of Serbia is -0.13, largely owing to the unresolved Kosovo conflict</li> <li>There is widespread unrest due to protests against shootings, political corruption, and a rise in violent crimes</li> </ul>
Macroeconomic	Favorable, some concerns	<ul style="list-style-type: none"> <li>Economic growth in Serbia dropped to around 2% amid the energy crisis and surging inflation in the wake of the Ukraine war</li> <li>CPI rate was reported at 12% due to rising interest rates on consumer spending and investment activity, and reduced trade dynamics with key trading partners in the EU</li> <li>A large majority of debt is denominated in foreign currency, making it vulnerable to currency fluctuations</li> <li>Standard and Poor's credit rating for Serbia stands at BB+ with a stable outlook</li> <li>The country's market-based economy relies on manufacturing and exports, and state-owned companies have a significant presence in certain sectors</li> </ul>
Infrastructure	Favorable, some concerns	<ul style="list-style-type: none"> <li>Serbia is ranked 72<sup>nd</sup> out of 141 countries in the Global Competitiveness Index for its infrastructure quality</li> <li>Transportation by air to and from Belgrade is possible from most major destinations around the world. The country intends to reassign all eight of its military airfields for commercial use</li> <li>The government announced the new National Investment Plan, allocating approximately \$14 billion for major development projects to be completed by 2025, which will provide opportunities for foreign firms</li> </ul>

Source: Everest Group (2023); inputs from recruitment firms, market participants, and investment agencies

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■ Published
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Reports title	Release date
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