

BSC BUSINESS SERVICE CENTER FORUM



May 21, 2015
Hotel Crowne Plaza
Bratislava

The Business Service Center Forum (BSCF)

brings together shared service centers (SSC) and business process outsourcing (BPO) providers operating in Slovakia.

- **A Shared (Business) Services Center (SSC)** is an organizational unit responsible for the execution of specific tasks (eg. Finance & Accounting, IT support, HR) supporting the core activity of the company.
- **Business process outsourcing (BPO)** involves contracting of the operations and responsibilities of specific business processes to a third-party service provider.

A little after a year since its launch, the activities of the Business Service Center Forum (BSCF) culminated in a conference entitled "Slovakia's Potential for Business Service Centers". AmCham managed to bring together 19 Business Service Centers (BSCs) operating

in Slovakia with the aim of raising awareness of the BSC sector's role in the Slovak economy and helping it grow further in Slovakia.

A special video introducing the BSC sector prepared especially for this conference was presented at the beginning of the program. All 19 BSCs united under the BSCF umbrella took part in a survey conducted by AmCham to introduce the BSC sector in a compact and accessible manner. The data reflects their status quo over 2014 and provides valuable insight into the number and composition of their employees, the nature of the services provided, as well as their financial contribution to the Slovak economy. The impressive numbers and interesting statistics presented in the video were explained in detail by Gabriel Galgóci of AT&T, the Chair of BSCF.

This introduction into the world of BSCs was followed by a keynote speech by David Barnes of IBM. The main message of his speech was a warning not to take the current growth of the BSC sector in Slovakia for granted. As he mentioned, "Slovakia has lost a bit of its shine" and the number of jobs created in Slovakia through foreign direct investments (FDI) has actually declined over the past few years. His speech provided a valuable insight into the decision making process that takes place before a company chooses a destination for its expansion. Mr. Barnes mentioned two



The majority of BSCs is still clustered in **Bratislava**. However, investors are discovering the advantages of other locations, in particular, **Košice** in the eastern part of Slovakia.

major issues that currently lower Slovakia's chances of attracting foreign investments. The first one is an urgent need to better align the output of education institutions with the business needs, the second issue concerns labor legislation, specifically the Labor Code, which is perceived as Slovakia's comparative disadvantage by investors.

These remarks were followed by the first panel discussion which took a closer look at the BSC sector from a global perspective and summarized Slovakia's strengths and weaknesses in comparison to its regional and global competitors. The importance of the BSC sector is underlined by the fact that it creates higher value-added jobs, which is in line with Slovakia's goal of transforming into a knowledge-based economy. The willingness to listen to the needs; and concerns of the BSC sector demonstrated by Rastislav Chovanec, State Secretary at the Ministry of Economy, who took an active part in the first panel discussion, sends a very positive signal

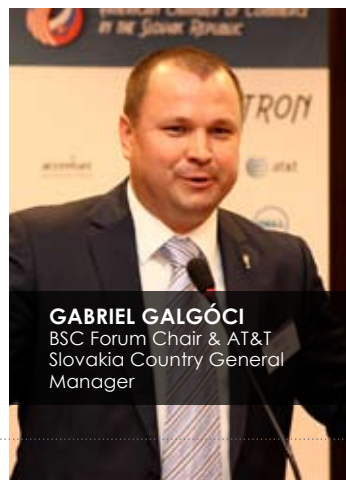
Currently, service centers in Slovakia employ more than **20,000 people**, their average age is **31 years** and most of them hold a **university degree**. In the past year, their headcount has increased by **10%**. Service centers have a lean management structure. Only **9%** of their employees are foreign nationals.



JAKE SLEGERS
Executive Director
of AmCham Slovakia



RASTISLAV CHOVANEC
State Secretary,
Ministry of Economy



GABRIEL GALGÓCI
BSC Forum Chair & AT&T
Slovakia Country General
Manager



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BSCs in Slovakia are mostly mature centers that provide **value-add services** and sophisticated processes for their global or regional operations or for third parties (outsourced services).



PANEL 1: WHERE TO INVEST: CENTRAL EUROPE, LATIN AMERICA OR SOUTH-EAST ASIA?
 From left: **Stephen Caulfield**, General Manager, Dell Bratislava; **Theodore Sedgwick**, U.S. Ambassador to Slovakia; **Rudolf Steger**, CEO, Henkel Slovakia; and **David Barnes**, VP, Governmental Programs, IBM Corporation

regarding the possible future cooperation between BSCF and this ministry. One of the practical complications mentioned by the panelists from the business sector concerned the challenging process of arranging work permits for foreign managers. The State Secretary Chovanec promptly agreed to back an initiative to streamline this process.



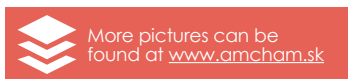
PANEL 2: CONDITIONS FOR BSCS IN SLOVAKIA: HOW TO CULTIVATE COMPETITIVE ADVANTAGE?
 From left: **Peter Rusiňák**, Director, Center for North American Studies, EUBA; **František Jakob**, Director, University Centre for Innovation, TUKE; **Marian Fišera**, Central Europe BPO Program Manager, Accenture; **Marín Šúra**, CEO, Hewlett-Packard Slovakia; and **Romana Kanovská**, State Secretary, Ministry of Education

BSCs make a significant financial contribution to the Slovak economy and to the state budget. In 2014 they have paid around **259 million euros** in employee income taxes and social security contributions. Moreover, BSCs pay their employees almost double the Slovak average monthly salary; these salaries have grown annually by **4%** since 2011.

The second panel featured speakers from business, academia and government who discussed the existing conditions for BSCs in Slovakia and also presented several concrete ideas on how to improve them in order to help the BSCs expand. Most of the discussion revolved around the topic of education; all the panelists agreed that closer cooperation between business and academia is the right path to solving most of the existing problems. Education is a key area of focus for BSCF as well, as was pointed out by the Forum's Vice-Chair Wade Baze of Dell, "Having a strong talent pool of highly educated resources, with

the right skill set to further sustain and support this growing industry, is key to our success".

BSCF's first mission was to build awareness with the government and the business environment in general. On this front, the conference was a clear success. What is more, the interest and willingness to participate in further discussions and steps was evident on the side of the government and academia representatives and the potential for further co-operation seems very promising.



BSCs encourage their employees to participate in voluntary community projects and corporate social responsibility (CSR) activities. Throughout 2014 they devoted over **25 000 man hours** (3184 working days = 636 weeks) of work to Slovak communities.