

SHARED SERVICE CENTERS



S A R I O

Slovak Investment
and Trade Development Agency

The Central Europe region

In recent years there has been strong interest of international companies in relocating and centralizing their business services to the Central Europe region (hereinafter only "CEE"). The CEE is a popular location for companies that want to establish new Shared Services Centres or Call Centres (hereinafter only "SSC and CC"). The attractiveness of the region is based on a number of factors, like an available and skilled labor force, a broad knowledge of languages, geographic and cultural proximity to Western Europe, well-developed infrastructure and considerably lower wage costs in comparison with Western European or North American levels.

Based upon the latest Colliers International & A.T. Kearney survey, the actual Shared Service Center "Hot Spots" include Bratislava, Brno, Budapest, Prague, Krakow and Wroclaw, while Kosice, Bucharest, Hradec Kralove, Trenčín, Ostrava, Sofia and others cities of the region are considered to be future top locations.

Slovakia

The Slovak economy is a well-performing market economy. Slovakia offers many advantages, such as relatively low wage costs for a talented and well-educated labor force, as well as many foreign languages spoken (English and German in particular), a business friendly environment and a good quality of life. Many international companies like Dell, IBM, Hewlett-Packard, AT&T, Lenovo, Accenture and NESS have already discovered Slovakia and taken advantage by opening operations here.

"What was the decisive factor for locating in Slovakia?"



Veit Dengler, Dell Business Centre Bratislava, General Manager

"Among the important factors were the legal system, the state of the economy, the business climate and the quality of governance. The number one criterion, however, were the people. It was they who had the greatest impact on our company's growth. In 2001, we didn't say we'd be employing two thousand employees here by 2008. At first, our expectation was to set up a business centre to support our German-speaking customers by employing approximately 300 people. The result is that we now have a business centre in Bratislava and this is where the largest number of our financial specialists in Europe is based." Nowadays, Dell European Business Centre in Bratislava employs cca. 1450 professionals and became a key service centre for EMEA region.



invent Rolf Lobreyer, Hewlett Packard, EMEA Delivery Manager

"Among the decisive factors that contributed to Slovakia's placing first in our research were the very good language skills of the Slovaks, the competitive voice and data networks, the stable economic and political environment, as well as the geographic location of Bratislava, which is very close to the majority of our EMEA customers operating in Western Europe, while also being close to the Eastern Europe that represents an important emerging market for us."



Marek Gešo, Accenture, Head of Marketing

"In addition to its favorable cost structure, business environment and skilled labor, Slovakia's geographic and cultural proximity to the majority of European trade centres is another reason why Accenture established its centres in Slovakia. Bratislava provides the needed conditions for this type of knowledge-based business."

Source: The Slovak Spectator

Major established Shared Service Centers and Call Centers in Slovakia

Company	Location	Main services	No. of employees in 2011 –approx.
Accenture Outsourcing	Bratislava	Finance, Supply Chain & Logistics	600
Accenture Technology Solutions	Bratislava	Technical Support & Centre for Technology Solutions	600
Ajilon	Bratislava	IT Networks Monitoring Centre	270
Alcatel/Lucent	Bratislava	IT & Telecom Development	100
Allianz Business Services	Bratislava	SSC for Finance, IT	106 + expansion planned
Amazon	Bratislava	Technical Helpdesk & Service Support	200 (400 end of 2012)
Amylum	Trnava-Boleráz	Finance	54 + expansion planned
Ariba	Košice	IT	25
Asseco Central Europe	Bratislava	SW Development	800
AT&T Global Network Services Slovakia	Bratislava, Košice	CC for Sales, Technical Support, Customer Service, SSC for Finance, Accounting, Billing	2200 + expansion planned
Austrian Airlines	Bratislava	CC for Customer Service, Reservation	50 + expansion planned
BASF	Bratislava	SSC for Accounting, IT, HR	45
Crystal Call	Bratislava, Nitra, Trenčín, Topoľčany	CC for Telemarketing Services	630
Danisco	Bratislava	SSC for Accounting	50 + expansion planned
Datalan	Bratislava	ICT Service Centre & Outsourcing	66
DELL European Business Centre	Bratislava	Finance, Accounting, Marketing, Sales, Technical Support, Customer Service	1900 + expansion planned
Deutsche Telekom	Bratislava	Telecom Support	211 + expansion planned
Emerson Network Power	Bratislava	Technical Helpdesk	130 + expansion planned
Erni Slovakia	Bratislava	IT Services	30
ESET	Košice, Bratislava	IT – Antivirus SW Development	350
First Data	Bratislava	IT Services	410 + expansion planned
Henkel	Bratislava	SSC for Accounting	472
Hewlett-Packard Slovakia	Bratislava	Hardware B2B Support, Application Management	1600
IBM (ISC)	Bratislava, Košice, Banská Bystrica	Accounting, Financing, B2B Support, Customer Service	3500 + expansion planned
InsData	Nitra	Software & Cross Border Service	251
Johnson Controls International Bratislava	Bratislava	Finance, Accounting, HR, IT, Sales	900 + expansion planned
KONE	Bratislava	Accounting, Finance	150 + expansion planned
Kraft Foods European Business Services Centre	Bratislava	Accounting, Financial Services	1100 + expansion planned
LENOVO European Global Supply Chain Centre	Bratislava	Customer, Technical Assistance Centre	650
NESS Slovakia	Bratislava	IT Solutions, Technical Support	411
O2 Telefonica	Banská Bystrica	Customer Service Call centre	95
ON Semiconductor	Piešťany	EMEA & AMR Customers Service Centre	240
Orange	Bratislava, Banská Bystrica	Customer Service Call Centre	353
Sauer-Danfoss	Považská Bystrica	European Finance Centre	120

Siemens	Bratislava	IT Solutions, Technical Support	1059
Soitron	Bratislava	IT services, outsourcing	590
SwissRe Business Services	Bratislava	Finance, IT	460 + expansion planned
Sykes	Košice	Customer Service & Support, Telemarketing	7
T-Com	Košice, Prešov, Banská Bystrica, Žilina, Bratislava	Multimedia Services	4, 800
T-Systems Slovakia	Košice	IT, Technical Support & Centre for Technology Solutions	2,000 + expansion planned
Zurich Insurance Ireland	Bratislava	CC, Sales Support	53

Note: The following list of Shared Service Centres and Call Centres does not reflect the complete number of established companies in Slovakia, but is a sample of the major players, such as newly implanted ones.

Source: SARIO and LUGERA & Makler spol. s r.o. - HR Consultancy, 2011.

There are several criteria which companies use when deciding in which country to locate an SSC or CC. The most important factors are:

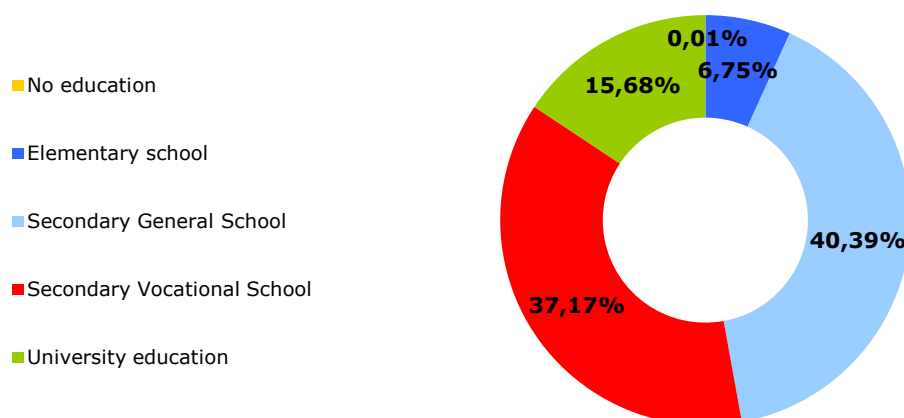
1. **Workforce** (availability, capability - education, language skills, wage costs and labor productivity)
2. **Infrastructure and premises** (availability of office space, rental costs, reliable telecommunications networks, optical fibers)
3. **Stability** (political and economical, investment support)

1. WORKFORCE

1.1 Availability and Capability

The key criteria for setting up an SSC or CC still remains the availability of a sound labor force. The population of Slovakia is about 5.4 million, about 2.7 million of whom are economically active and about 1.8 million of whom fall in the 20 to 39 years old age bracket. Last year, about 1.13 mil. attained an upper secondary education and 0.39 mil. attained university education. The graph below shows the distribution of the economically active population according to the highest attained education.

Slovak population according to education



Source: Statistical Office of the Slovak Republic, 2011

In Slovakia, a very high portion of people study at secondary schools and continue their studies at universities. The share of people with a university education is also increasing. This positive development trend is underlined by the fact that Slovakia has achieved the highest share of people with a secondary or higher education among all EU countries and one of the highest shares of university educated people. Total literacy rate in Slovakia reaches 99.6%.

Most SSCs and CCs employ university graduates specializing in finance, accounting or in IT, or graduates of so-called commercial academies (secondary schools specialized in accounting).

The table below shows the number of students and graduates at different types of universities in Slovakia proving the continuous growth trend in University education:

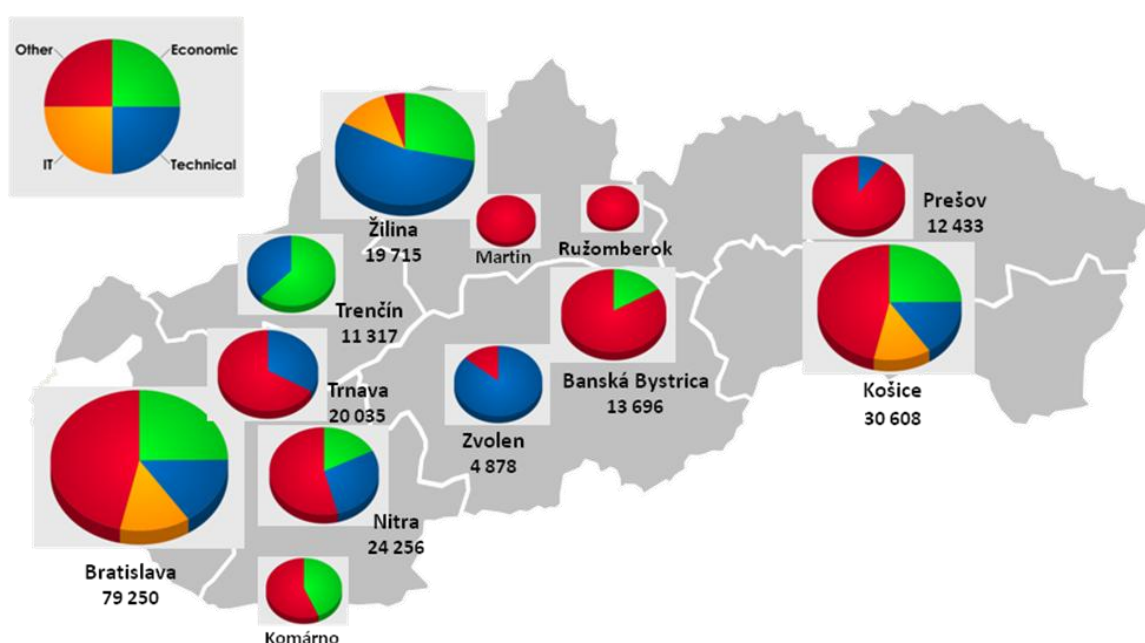
Year		2007/2008	2008/2009	2009/2010	2010/2011	2011/2012 as of 31.10.2011
Slovak universities together	No. of students	187, 000	208, 072	230, 127	209, 487	216, 303
	No. of graduates	37, 000	58, 477	72, 335	70, 398	71, 650
Faculties of social sciences	No. of students	85, 000	111, 258	124, 473	134, 854	129, 455
	No. of graduates	13, 000	34, 887	40, 416	47, 693	35, 130
Technical faculties	No. of students	42, 000	66, 715	68, 161	61, 547	42, 414
	No. of graduates	8, 000	17, 901	19, 199	16, 608	12, 574
Economical faculties	No. of students	41, 500	19, 859	37, 493	30, 469	39, 670
	No. of graduates	8, 600	5, 498	12, 720	9, 668	12, 970

Source: SARIO calculation and Institute for Information and Prognosis of Education, 2012 (rounded numbers).

Slovakia has a very well developed network of 35 universities. In the academic year 2011/2012 there have been 216,303 students enrolled in Slovak universities and there will be 71, 650 graduates. The graph below copies a growing trend of university enrolled education.

Slovakia also offers a geographically balanced proportion of education. The biggest and the best known universities are located in Bratislava (Comenius University, Slovak Technical University, University of Economics etc.), while the other major university cities are Košice (Pavol Jozef Šafárik University, Technical University in Košice), Banská Bystrica (Matej Bel University), Trnava (University of Trnava), Prešov (University of Prešov), Nitra (Konštantín Filozof University), Žilina (University of Žilina) and Trenčín (Alexander Dubček University, Vysoká škola manažmentu / City University of Seattle).

Universities across Slovakia & major fields of studies



Source: Institute for Information and Prognosis of Education, 2012.

In addition, secondary schools, or so-called commercial academies, provide students with good accounting skills. Grammar schools prepare students for university study and foster a good knowledge of foreign languages. The table below gives an overview of commercial academies and selected vocational schools, such as grammar schools in each region of Slovakia reflecting the academic year 2011/2012 as of 15.9.2011.

Region	Commercial schools and selected vocational school specializing in accounting and business management			Grammar schools (Gymnasium)		
	2011/2012		2010/2011	2011/2012		2010/2011
	No. of schools	No. of students	No. of graduates	No. of schools	No. of students	No. of graduates
SLOVAKIA	182	37, 281	11, 099	248	85, 071	18, 796
Bratislava	13	3, 581	1, 015	44	14, 128	2, 756
Trnava	19	5, 025	1, 267	22	7, 094	1, 582
Trenčín	19	4, 585	1, 186	19	7, 346	1, 639
Nitra	22	3, 650	1, 458	28	8, 598	2, 053
Žilina	25	5, 784	1, 660	29	12, 200	2, 655
Banská Bystrica	28	4, 245	1, 137	30	8, 949	2, 053
Košice	26	3, 957	1, 675	36	12, 827	2, 916
Prešov	30	6, 454	1, 701	40	13, 929	3, 142

Source: Institute for Information and Prognosis of Education, 2012.

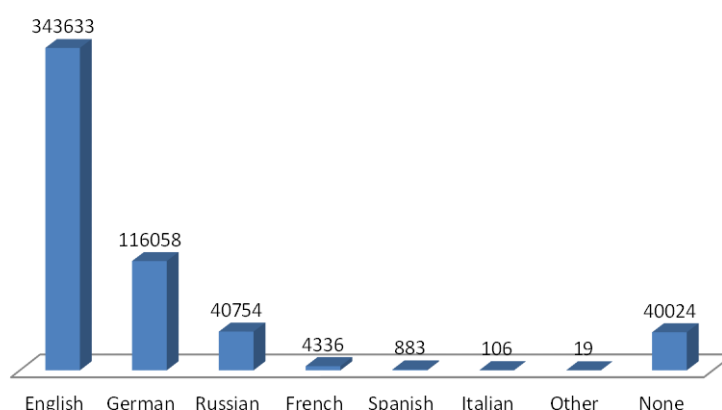
1.2 Language skills

Slovakia is an open economy able to offer a workforce with a high-level of language skills. That's one of the reasons why Slovakia is an ideal destination for offshore services locations focused on the markets of CEE and other European countries as well.

English is the most commonly spoken foreign language. The country's proximity to Austria and Germany is reflected in German being the second most spoken foreign language. People in Slovakia are also able to communicate in Czech language fluently and understand Polish and other Slavic languages. Thanks to coexistence with the Hungarian minority living in the southern parts of Slovakia, more than 11% of Slovak citizens speak Hungarian, as well.

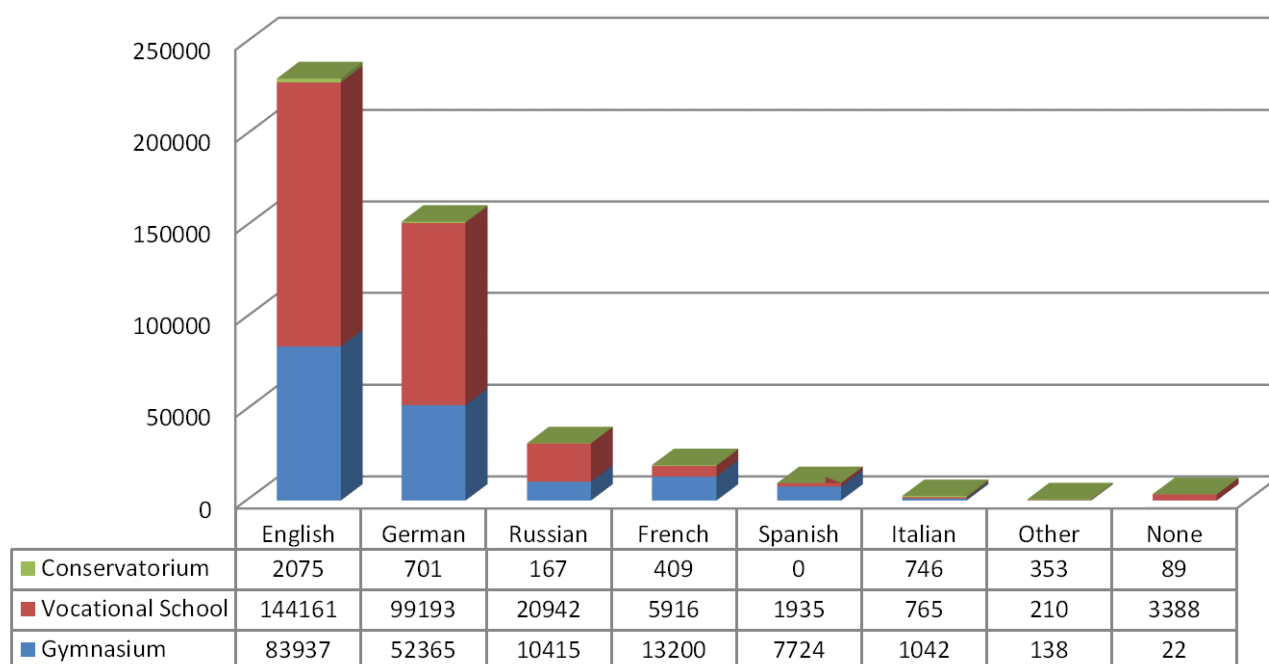
Foreign languages are already taught at primary schools, later on continuing at secondary schools. Following tables demonstrate the most common foreign languages taught at both primary and secondary schools in academic year 2010/2011 as of 15.9.2010:

The most common foreign languages taught at Slovak Primary Schools in 2011/2012



The total number of pupils at primary schools is 408,288 out of which 365,079 are learning languages.

The most common foreign language taught at Slovak Secondary Schools in 2011/2012



The total number of students at gymnasiums (university preparation schools) is 85,071; at vocational schools 168,974 and at conservatories 2,859

The total percentage of knowledge of foreign languages:



English
90,85%



German
60,10%



French
7,71%



Russian
12,44%



Spanish
3,81%

Source: The Institute for Information and Prognosis in Education, www.uips.sk, 2012, SARIO calculations, 2012

1.3 Wage costs and Labor productivity

Slovakia continues to benefit from its offering potential employers reasonably low wages. Of course, there are countries in which labor costs are still lower than those of the CEE, but when taken globally – set up in geographical, economical and political framework - CEE countries still represent the best option, due in part to the similarity of the cultures.

According to information of Statistical Office of the SR, the average gross monthly salary in the economy reached 786 EUR in 2011. Please note that there are regional and sector differences in the level of wages.

Wage development in Slovakia is described in the below table and demonstrates wage development of the average salary (excl. social contribution costs) in Slovakia in period of 2002-2011:

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Monthly average wage (€)	316	346	395	448	504	596	723	744.5	769	786

* Gross salaries excluding social security contributions of 35.2% paid by the employers.

** The minimum wage in Slovakia reached 327.20 EUR as of January 2012.

Note: Amount in EUR was calculated with the average exchange rate in respective year.

Source: The Statistical Office of the Slovak Republic, 2012.

Average monthly wage and labor costs in 2011*	Slovakia	Czech Republic	Poland	Hungary
Average monthly wage	€ 786	€ 987 (23,984 CZK)	€ 803 (3.399,52 PLN)	€ 771 (223,634 HUF)
Social Security paid by employer	35.2%	34.0%	17.48%–20.41%	27%+1.5%
Monthly total labor costs	€ 1,062	€ 1,322	€ 943– € 967	€ 998,44

* For total labor costs of your employee, you have to add to the salary costs of social security contributions. Social security contributions in Slovakia cover all the contributions and there are no extra or hidden costs for the employer. The employee pays for himself the social security costs of 13.4%. The contributions in Slovakia are upwards limited. Limit for Slovakia for 2012 is set up at 3 076,00 EUR and everything earned above this figure is not subject to social security payments.

** Exchange rate (as of May 15th 2012) EUR 1 = 25.4503695CZK

Exchange rate (as of May 15th 2012) EUR 1 = 295.387112HUF

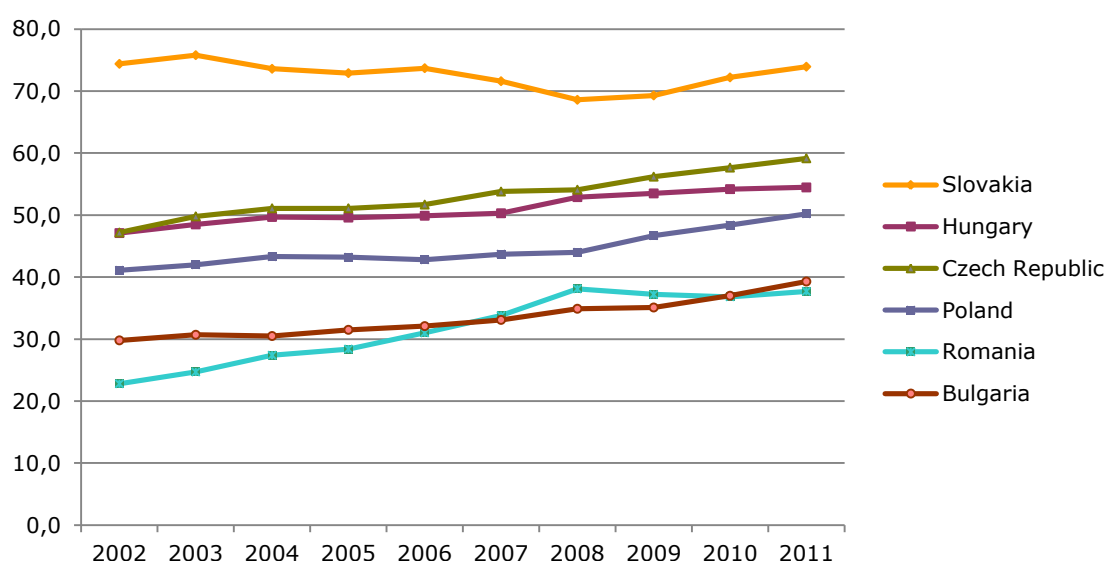
Exchange rate (as of May 15th 2012) EUR 1 = 4.34127912PLN

Source: National Statistical Office of Czech Republic, Hungary, Poland, Slovakia, 2012.

In years of economic upturn the unemployment was falling gradually till 2008 where this positive trend stopped just under 10% (from 19.2% in 2001 to 9.6% in 2008). Due to the economic crisis, some companies were forced to discharge employees and thus total unemployment rose to 12.1% in 2009, and 14.4% in 2010. In 2011 however, there was a turning point and unemployment rate started to decrease by almost 1 percentage point to 13.5%.

This increase in wages has been matched by corresponding increases in skill supply and quality indicators. Recent statistical reports also prove the fact that there has been an increase in Slovak productivity ranking the country to a leader position among EU27.

Labour productivity in CEE per hour worked as percentage of EU15 average



Note: Labor productivity per hour worked, GDP in Purchasing Power Standards (PPS) per hour worked relative to EU15 (EU15=100)

Source: Eurostat, epp.eurostat.ec.europa.eu, 2011.

The statistical data stated above give a general overview on wages, but they can also provide an analogy on wage development in the area of SSCs and CCs. Salary increases in the SSC sector are expected to be at a level of 5 %in following 3-5 years, proving stable development in this area.

Following tables show remuneration of professionals in field of services including: Information Technology & Telecommunication statistically evaluated by Trexima in the third quarter of 2011, and most recent remuneration trends in Accountancy and Financial Services, such as in IT and Telecommunication Services in 2011, based upon calculations of LUGERA & Makler spol. s r.o. - HR Consultancy:

INFORMATION TECHNOLOGY & TELECOMMUNICATION SERVICES

ICT Position	Average gross monthly salary in € per region							
	Bratislava	Trnava	Banská Bystrica	Nitra	Trenčín	Žilina	Košice	Prešov
Head IT Managers	3, 500	N/A	1, 559	2, 118	N/A	1, 912	2, 120	N/A
Software designers and analysts	2, 337	1, 227	1, 785	1, 672	1, 274	1, 346	1, 520	1, 106
Other IT experts	2, 146	1, 430	1, 286	1, 192	1, 144	1, 342	1, 146	1, 020
Programmers	1, 825	1, 317	1, 194	930	1, 156	1, 251	1, 343	1, 209
Telecom engineers and technicians	2, 072	1, 246	N/A	1, 451	1, 433	N/A	1, 035	N/A
Computer and other relevant activities	1, 769	1, 289	1, 068	N/A	1, 074	1, 613	1, 615	823

Source: Trexima, 3Q 2011.

INFORMATION TECHNOLOGY & TELECOMMUNICATION SERVICES

IT & Telecom position	Bratislava	Žilina	Košice
	Monthly gross salary in €		
JAVA TEAM			
Java TL	2,477	2,154	2,369
Senior Java Developer (+4 yoe)	2,477	2,154	2,369
Java Developer (1-4 yoe)	1,681	1,462	1,608
Junior Java Developer (u2 yoe)	1,150	1,000	1,100
.NET TEAM			
.NET Senior Developer (+4 yoe)	2,300	2,000	2,200
.NET Developer (1-4 yoe)	1,592	1,385	1,523
.NET Junior (u2 yoe)	1,062	923	1,015
Testing TEAM			
Senior Tester (+4 yoe)	1,769	1,538	1,692
Tester (1-4 yoe)	1,327	1,154	1,269
Junior Tester (u2 yoe)	929	808	888
Network TEAM			
Network Engineer	1,681	1,462	1,608
Junior Network Engineer	1,062	923	1,015
SAP			
Junior Engineer	1,200	1,000	1,100
Advanced Engineer/Consultant	2,100	1,700	1,900
ABAP developer	1,900	1,400	1,700
Business Analyst			
Junior Analyst	1,100	1,000	1,000
Senior Analyst	2,000	1,800	1,850
Project Manager			
Project Manager	2,500	1,800	2,000

Team Leader			
Team Leader	2,300	1,700	1,900
Solution Architect			
Solution Architect	2,700	2,000	2,300
Database Administrator			
Junior	1,000	800	900
Senior	1,700	1,400	1,500
Help Desk Support			
Junior	1,000	800	900
Senior	1,300	1,000	1,100
WEB Design			
Junior	1,100	900	1,000
Senior	1,600	1,300	1,450
CIO (intl. company, over 200 employees)			
CIO	4,500	2,700	3,000

Source: LUGERA & Makler spol. s r.o. - HR Consultancy, 2012.

ACCOUNTANCY & FINANCIAL SERVICES

Accountancy position	Monthly gross salary in €	
	Lower	Average
CFO	4,500	8,000
Finance Director	3,500	6,500
Financial Controller	1,900	3,200
Finance Manager	2,700	4,350
Management Accountant	1,900	2,400
Cost Accountant	1,330	1,655
Part Qualified Accountant	1,160	1,230
Accounts Assistant	830	965
Inter-Company Accounts	950	1,225
Audit Manager	3,900	4,950
Auditor	2,600	3,800
Business Analyst	1,160	1,575
Shared accounting services position		
SSC Director	4,500	6,250
Accounts Payable Manager	2,400	2,700
Accounts Receivable Manager	2,400	2,700
General Ledger Manager	2,600	2,950
Accounts Payable Supervisor	1,500	1,750
General Ledger Team Leader	1,600	1,850
Accounts Receivable Team Leader	1,500	1,750
Business Process Reengineering Specialist	1,400	1,600

Business Process Reengineering Team Member	900	1,150
General accounting & accounts position		
Bookkeeper	1,100	1,450
Accounts Payable	900	1,050
Accounts Receivable	900	1,050
Credit Manager	1,500	1,750
Credit Control (3+ yrs experience)	1,200	1,400
Credit Control (1-3 yrs experience)	930	1,115
General Ledger Clerk	900	1,050
Payroll Supervisor	1,400	1,600
Payroll Clerk	830	1,015
Accounts Clerk (3 yrs experience)	1,100	1,300
Accounts Clerk (2 yrs experience)	950	1,025
Accounts Clerk (1 yr experience)	900	950

Source: LUGERA & Makler spol. s r.o. - HR Consultancy, 2012.

2. INFRASTRUCTURE

Slovakia's strategic geographical location makes the country an ideal platform for approaching the dynamically growing markets of CEE as well as countries of Western Europe. Major European transit corridors pass through the Slovakia connecting the Western and Eastern parts of European continent. For the purposes of SSCs & CCs, IT and telecom infrastructure are of primary importance, dynamic development of aviation, railway and road transportation plays also an important role.

Aviation, Railway and Road network

Possibility to fly to Europe and the rest of the world is also secured via Vienna International Airport (app. 60 km from Bratislava), Budapest Airport (app. 180 km from Bratislava) or Prague Airport (app. 351 km from Bratislava). Major Slovak airports providing both regular and European charter flights: Bratislava, Poprad, Košice, Piešťany, Žilina and Sliač.

List of regular flights from major Slovak airports:

Airport	Destinations
Bratislava	ALGHERO; BARCELONA - GERONA; BIRMINGHAM; BRISTOL; BRUSSELS - CHARLEROI; BURGAS; COPENHAGEN; DUBLIN; EDINBURGH; GRAN CANARIA; HERAKLION; KOSICE; LIVERPOOL; LONDON - LUTON ; LONDON - STANSTED; MALAGA ; MILAN - BERGAMO; MOSCOW - VNUKOVO; OSLO; PALMA DE MALLORCA; PARIS - BEAUVAIS; PARIS - CHARLES DE GAULLE; PRAGUE; RHODES; ROME - CIAMPINO; SPLIT; TEL AVIV and ZADAR
Košice	BRATISLAVA; PRAGUE; VIENNA
Žilina	Charter flights
Poprad/Tatry	Charter flights: TURKEY; BULGARIA Regular flights: GDANSK, WARSAW

Source: www.letiskobratislava.sk; www.airport-poprad.sk; www.letisko.sk; <http://www.airportkosice.sk/>, 2012.



The Slovak road network consists of 18,040 km roads and motorways, incl. 430 km highways in operation, 242 km motorways; 3,317 km 1st class roads; 3,639 km 2nd class roads and 10,411 km 3rd class roads. International roads "E" are of 1,536 km, international routes "TEM" of 931 km and "TEN-T" corridors of 925 km. The length of urban roads represents 25,942 km. The present infrastructure is in the process of intensive development and modernization. In order to promote economic development and investments, the Slovak Government is following up on the priority of connecting the western and eastern part of Slovakia with a highway between Bratislava and Košice by the end of the year 2020.

The railway infrastructure in Slovakia has been ranked according to Moody's Investors Service - Moody's Central Europe **A1 / Aaa.sk rating with outlook stable**, thanks to continuous modernization of the railway infrastructure, railway corridors and stations, realization of new railway tracks, modernization of teleinformation network MOTIS2. Most of the Slovak railway tracks are part of the network of international corridors and all comply with international standards.

In 11 months of 2011 the loading volume was 34 457 mil. ton which represented 17,2% on the total volume of loaded goods.

According to the Pan-European conference of ministers of transport, three railways corridors were approved to be included in the Trans- European corridor networks:

- Corridor No. IV (Berlin – Prague – Bratislava – Štúrovo – Budapest – Istanbul/Thesaloniki)
- Corridor No. V (Terst – Budapest/Bratislava – Uzhorod – Lvov)
- Corridor No. VI (Gdansk – Lodz – Žilina)

2.1 IT & Telecom infrastructure

Slovakia can provide SSCs and CCs with high-quality and reliable telecommunications and optical fibers networks. The main player in the telecom market is the fixed-line operator Slovak Telecom with its fully digitalized network. The majority share in Slovak Telecom is owned by Deutsche Telekom. Slovak Telecom is also the owner of the second biggest wireless operator, T-mobile, and both companies provide fast Internet connections as well. Telecom infrastructure in Slovakia in general achieves the highest of European standards. The telecom market is fully liberalized, and therefore the competition helps keep prices at a reasonable level. Leading providers of mobile phone services include: T-Mobile, Orange and Telefónica O2.

List of the largest telecommunication, Internet and data services providers in Slovakia by sales (in 2011):

Telecommunication providers	Internet service providers	Voice services providers
Slovak Telekom	Slovak Telekom	Orange Slovensko
Orange Slovensko	Orange Slovensko	Slovak Telekom
Telefónica Slovakia	Danubia Tel - Swan	GTS Slovakia
Towercom	GTS Slovakia	Danubia Tel - Swan
GTS Slovakia	Slovanet	Slovanet
Danubia Tel - Swan	Antik Telecom	Vnet
Slovanet	Vnet	Telefónica Slovakia
Energotel	DSI Data	UPC Broadband Slovakia

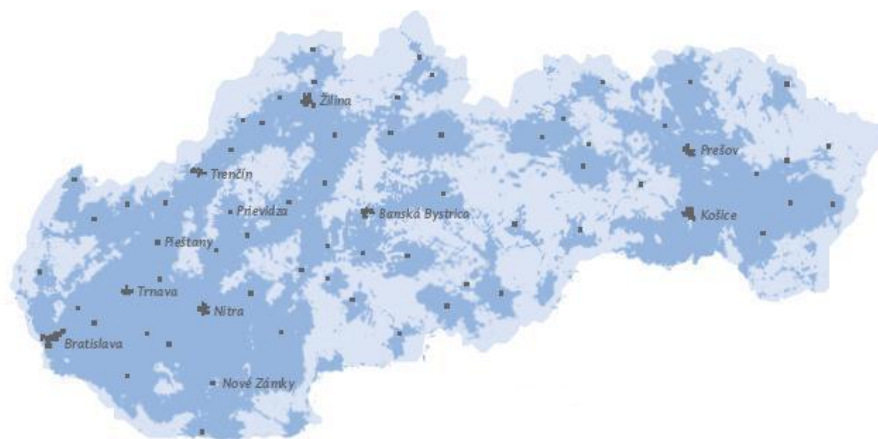
Source: Trend: „Top v infotechnológiách,“ 05/2012.

ICT network

Slovakia has a lower broadband penetration rate than other EU member states. The average rate in the EU27 is 26.5% and 28.9% in the EU15, Slovakia reached penetration rate of 16.4% in 2011. This situation provides an opportunity for future growth.

Slovakia is catching up the EU27 average in the rate of households having their own Internet access, but it has shown a catching up tendency. In 2011, the average rate in the EU15 is 73% and EU27 is 70%; Slovakia reached 71%, followed by Poland 68%, Czech Republic 67% and Hungary 65%. Last year, the preferred connection types within households included: modem or ISDN- 15%; DSL – 17%; other broadband – 41% in 2011; cell phone with internet connection (GPRS, UMTS) – 35% in 2010. Statistics also show that in 2011 over 75% Slovak households had a computer. In 2009, 102% per 100 Slovaks had subscription to cellular mobile services. In 2011, 97% of companies had Internet access and over 99 % were using PC. Preferred connection types in enterprises included: fixed broadband access – 76%; DSL – 57%; mobile connection (mobile phone, GPRS, UMTS) – 47%.

Wireless Broadband & Fiber Optics



Combined coverage of 5.3Mbps Flash-OFDM, 3.6Mbps HSDPA/HSUPA, and 2.0Mbps WiMAX mobile technologies; the labeled cities are wired with up to 120.0Mbps fiber optics.

2.2 Office space

High-standard offices at reasonable costs are another decisive factor when deciding on the location of a Shared Services Centre. This is why most SSCs and CCs in Slovakia are based in Bratislava, where the widest range of office space is available.

Bratislava is located at the western edge of Slovakia, on the border with Austria and Hungary. It is the capital city of Slovakia, totaling more than 442,000 inhabitants, though this number does not include people who commute to Bratislava on a daily basis. Bratislava is the only capital in the world which borders two other countries. It lies a mere 50 km from Vienna and is an hour's drive from both the border with the Czech Republic and Budapest. The city benefits from this nearness to Vienna and Budapest. It is also the seat of universities that focus on languages and business as well the seat of a technical university.

Despite great competition, Bratislava is and will remain the number one city for investors in the field of SSCs and CCs to go to.

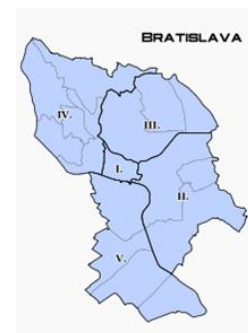
The office space market in Bratislava was slightly slowed through last financial crises. Estimated absorption of the office market is at the level of 50,000 sqm per year. In Bratislava a considerable quantity of office space will emerge in the coming years. Today there are approximately 1.47 million sqm of office space in Bratislava, but by the end of 2012 there should be another 63,800 sqm for rent. In 2012–2013 around 10 real estate projects should be finished, bringing a new supply of more than 114,000 sq m of modern office space over the next two years.

The fundamental factor of demand is always price. While at the start of the market growth the average rental was at about €15.00–16.00/sqm/month, the competitive level is now considered to be between €9.00–14.00/sqm/month.

The average price for rent is considered to be about €11.00/sqm/month. Rent for Class A office space in Bratislava ranges from €10.00–16.00/sqm/month, with occasional highs of €17.00/sqm/month in the top areas of the city. Rents for Class B office space are dropping, and effective rates below €8.50/sqm/month can be found. However, large tenants are still able to push effective rents below €10.00/sqm/month for Class A space.

Office locations Bratislava

1. **Staré Mesto/Old Town (Bratislava I)**
2. **The harbor and wider business district (Bratislava I & II)**
3. **Nové Mesto (Bratislava III)**
4. **Petržalka (Bratislava V)**
5. **Westend Park (Bratislava IV)**
6. **Airport area (Bratislava II)**



Staré Mesto/Old Town (Bratislava I)

The center of Bratislava, or the so-called Old Town, is an attractive part of the city with pedestrian zones and historical buildings. Properties are often used for both commercial and business purposes here, with retail units on the ground floors and offices or residential apartments above. The area is characterized by small floor plates and Class B or C space, usually refurbished, in historical buildings with limited parking options.



The harbor and wider business district (Bratislava I & II)

The harbor area and the wider business district are new central business districts for office space. Here you can find office projects like Apollo Business Center I-II, Bratislava Business Center I-V and City Business Center I-V, with occupiers including HB Reavis, SAP, Swiss Re, AT&T, IBM, Accenture, Metlife or Citibank. Bratislava's tallest building, refurbished Tower 115, is located in the harbor area as well, adjacent to the extensive Eurovea

project – mixed use including office (3 separate buildings), residential, shopping part and a hotel, developed by Ballymore.



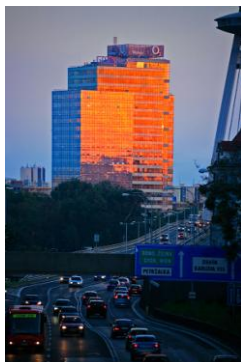
Nové Mesto (Bratislava III)

The Nové Mesto, or New Town, is characterized by new modern properties and refurbished projects. The Millennium Towers I & II are home to large tenants such as IBM and T-Mobile. The latest development Lakeside Park offering ca 24,700 sq m of A-class office space is located in this district as well with AT&T as a major tenant. Reding Tower 2, office building of A-class standard, developed by YIT will be finished in the fall 2012.



Petržalka (Bratislava V)

On the south side of the River Danube, lying along the D1 highway between two bridges (Starý Most and Nový Most), is an area of new office and retail development. Aupark Tower adjacent to Aupark Shopping Center with ca 31,600 sq m of A-class office space is dominant building in the area with major Tenants as AT&T, Eset or Telefonica O2 Slovakia. Digital Park was completed at the end of 2006 and its extension Digital Phase II with ca 40,000 sq m of A-class office space completed in 2009. Currently phase III of Digital Park project is under construction with aim to complete in September 2012 adding ca 20,000 sq m of A-class office space.



Westend Park (Bratislava IV)

West end part of Bratislava is emerging office location with few office projects totaling ca 40,000 sq m of modern office stock. It is the seat of well known companies such as Generali Group, Iveco, Fiat, Siemens and

others. The advantage of this location is the fact that it is located very close to the highway to Brno, Prague or Vienna and very well connected by public transport with other parts of the city. All important services are provided in Westend Park (canteen, restaurant, bank, post office, notary) and city center is located approx. 8-10 minutes by car/public transport. Location provides sufficient parking options.



Airport area (Bratislava II)

East part of Bratislava is well developed office location with few big office projects totaling ca 100,000 sq m of modern office stock. Dominant are 4 buildings – Galvaniho business centers located directly at main road – Galvaniho, offering high standard for reasonable rents. It is the seat of well known companies such as Samsung, Hewlett-Packard, Hyundai, Softip, Datalan and others. The advantage of this location is very good connection with rest parts of Slovakia by highway D1 and close proximity to Bratislava airport. All important services are provided in walking distance and nearby biggest shopping center in Slovakia Avion. City center is located approx. 15 minutes by city bypass. Location provides generous parking options.



List of some new development projects offering office space in Bratislava:

Project name	Office space in m2	Rent EUR m2/month	Location	Available (m2)	Developer/ Landlord	Website
AC Petržalka	9,500	10.50-11.50	Bratislava V	0	Vodohospodárske stavby	www.acpetrzalka.sk
Aircraft	11,000	9.00-11.00	Bratislava II	2,500	Aircraft Diagnostic Company	N/A
Apollo Business Center II.	79,000	10.50-14.50	Bratislava II	0	HB Reavis Group	www.apollobc.sk
Astoria Palace	5000	16.00-18.00	Bratislava I	830	IPR	www.ipr.sk
Aupark Tower	31,600	12.50-14.00	Bratislava V	0	Heitman	www.hbreavis.com
BBC I Plus	14,500	12.00-13.00	Bratislava II	9,000	CA Immo International	www.bbc1plus.sk

BBC V	30,500	11.00-12.00	Bratislava II	13,000	Heitman	www.bbcv.sk
Carlton	10,600	13.00-15.00	Bratislava I	6,000	Bifrost	www.carlton.sk
Central	17,500	11.50-13.00	Bratislava III	1,900	Immocap	www.central.sk
City Business Centre III-V	24,500	12.50-14.50	Bratislava II	1,500	HB Reavis Group	www.cbc.sk
Digital Park II	40,000	13.00-14.50	Bratislava V	1,800	Penta Investments	www.digitalpark.sk
Digital Park III	20,000	13.00-14.50	Bratislava V	20,000	Penta investments	www.penta.sk
Eurovea	23,500	12.00-19.00	Bratislava I	7,500	Ballymore Properties	www.eurovea.sk
Forum Business Center	17,000	N/A	Bratislava II	0	HB Reavis Group	www.hbreavis.com
Galvaniho Business Center III	16,500	11.00	Bratislava III	600	Lindner (Immorent)	N/A
Galvaniho Business Center IV	22,000	11.00	Bratislava III	0	Lindner (Immorent)	N/A
Jarošova OC	11,000	9.50-11.50	Bratislava III	4,500	GTC	www.jarosova.sk
Lakeside Park I	24,700	10.50-14.50	Bratislava III	600	TriGranit	www.lakesidepark.sk
Lakeside Park II	45,000	N/A	Bratislava III	Design stage	TriGranit	www.lakesidepark.sk
Panon Office	5,500	10.50-11.50	Bratislava V	2,500	Panon office	www.panonoffice.sk
Park One	11,000	14.00-16.00	Bratislava I	650	Convergence	www.parkone.sk
Prievozska 14	6,500	9.50	Bratislava II	1,000	Sekyra group	N/A
Reding Tower 2	8,000	10.50-11.50	Bratislava III	7,000	YIT	www.redingtower.sk
River Park	29,000	12.00-14.00	Bratislava I	200	J&T Real estate	www.riverpark.sk
Tower 115	33,000	11.00-12.50	Bratislava I	1500	J&T Real estate	www.tower115.sk
Trade Center II	7,200	9.50	Bratislava II	800	Vered	www.tradecenter.sk
Twin City	54,000	N/A	Bratislava II	Design stage	HB Reavis Group	www.hbreavis.com
Westend Quadrant	30,000	N/A	Bratislava IV	Design stage	J&T Real estate	www.jtrealestate.sk

Westend Square	17,000	11.50-12.50	Bratislava IV	1,300	J&T Real estate	www.jtrealestate.sk
Zaha Hadid	28,000	N/A	Bratislava I	Design stage	Penta Investment	www.penta.sk

Source: SARIO, CBRE, King Sturge, Colliers International, 2012.

Regional cities

As the Slovak market matures, office development is spilling beyond Bratislava into regional cities (so-called tier-two or tier-three cities). According to Ernst and Young's Shared services roundtable, Košice and Trenčín are considered to be tier-two cities in Slovakia. When looking at the education factor, Žilina, Banská Bystrica, Nitra, Prešov and Trnava are cities that should definitely be taken into consideration as well.

Košice is located on the east part of Slovakia. It is the second biggest Slovak city and is becoming a very promising location for SSCs and CCs. Some have already located there: for instance, T-Systems has its Technical Support & Centre for Technology Solutions here, while AT&T and T-Com have call centers in the city.

*"The capitals of outsourcing and the flat earth have given way to new spots which are ripe for development. For the money, you're smart to invest in Belfast and Ho Chi Minh City, or Chengdu, China and **Košice, Slovakia**."*

Dennis Donovan, Principal of Wadley-Donovan-Gutshaw Consulting
Source: CoreNet Global

Investors can also take advantage of nearness of Košice and Prešov. **Prešov** is Slovakia's third largest city and is connected to Košice by highway. You can travel from one city to another in 30 minutes, which is a very comfortable time for commuting. These cities together have more than 300,000 inhabitants, and offer great network of universities. While Prešov focuses more on languages and social science, Košice is a well-known for its Technical University, as well as business, law and medicine. Other positive factors for Košice are its international airport and the fact that right now there are not too many SSC there and thus the market is not yet saturated. For expats, Košice's attractiveness has grown over the years, as it is a reasonably large city. There is very strong community of American nationals, as US Steel is located in the city, and seat of AmCham here also prepares many events for local expats.

Trnava is the closest tier-two city to Bratislava, with a good language and technical university. It is close enough to Bratislava to allow people to easily commute to and from the capital. Other advantages are that the main employer in the city is PSA Peugeot (a car producer that primarily needs blue collar workers), and there are not yet any SSCs and CCs there for people willing to work in this kind of environment.

Trenčín is a city in northwest Slovakia with excellent connection to Bratislava (only an hour's drive away) and universities focused on economics and technical sciences.

Nitra is the fourth largest city in Slovakia and the seat of a university focusing on languages. Nitra is also approximately one hour's drive from Bratislava.

Banská Bystrica has a central location and lies approximately 2.5 hours away from Bratislava by car. The city is the seat of a university focusing on languages and economics. O2 has already established a call centre here.

Žilina is a city located in the northern part of Slovakia. It is the seat of technical university, a fact that might interest IT companies in particular. Siemens already has a technical support center in Žilina that employs over 500 people.

There is still not enough Class A office space in most regional cities, therefore the rents are much lower compared to Bratislava, but a number of new projects will soon settle this matter.

Emerging locations average office rents*:

Location	Žilina	Košice	Trnava	Banská Bystrica
Rents	5.25 – 7.75	5.75 – 9.00	7.50 -10.50	5.25 – 8.25

Source: King Sturge

List of some development projects offering office space:

Project name:	Office space in sqm:	Rent EUR/ sqm/month:	Location:	Date of completion:	Developer:	Website:
Bastion Office	9,000	N/A	KOŠICE	2011	Eastfield Atlas	www.bastioncenter.sk
ECOPOINT	16,000	N/A	KOŠICE	In preparation (2013)	Bischoff & Compagnons	www.ecopoint.sk
Business Centre Košice I-II	10,000	N/A	KOŠICE	Q4/2009	VSH Development	www.bck.sk
River Business Center	16,000	N/A	KOŠICE	Q4/2009	East Development Company	N/A
Cassovar	17,000	N/A	KOŠICE	Q4/2009	Global Group	www.cassovar.sk
Central park	4,500	N/A	KOŠICE	Q2/2011	Letterstone Slovakia	www.central-park.sk
Aupark Tower Košice	13,800	N/A	KOŠICE	2011	HB Reavis Group	www.hbreavis.com
Trade Center Košice	8,000	N/A	KOŠICE	Q3/2007	Vered	www.tradecenter.sk
Tesla Košice	17,600	N/A	KOŠICE	2008	Penta investments	www.penta.sk
Rozvojova	13,000	N/A	KOŠICE	2008	N/A	N/A
Europe Business Center	7,200	8.00-12.00	BANSKÁ BYSTRICA	2Q 2008	VAV Invest	www.europabc.sk
Mikado Office House	2,200	N/A	NITRA	4Q 2008	LL Real Invest	www.llrealinvest.sk
VBC Business center	5,000	8.00-9.00	NITRA	3Q 2007	DYNAMIK HOLDING	www.vbc.sk
Masaryčky	6,000	N/A	TRENČÍN	2Q/2008	Z.A.I.C.	www.centrum-masarycky.sk
CISS City	30,000	N/A	ŽILINA	2009	CISS	www.cisscity.sk
Dve Veže	13,640	N/A	ŽILINA	2Q/2010	Licitor Group, a.s.	www.dveveze.com
Crystal Palace	2,000	N/A	ŽILINA	2010	Crystal Palace	www.crystalpalace.sk
IBG Building	1,350	7.00-10.00	ŽILINA	2010	IBG Slovakia	N/A
Europark	12,000	N/A	ŽILINA	2009	SSiM	www.ssim.sk

Business Center Trnava	5,000	N/A	TRNAVA	Q1/2009	Karavela	www.karavela.sk
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Source: SARIO, CB RICHARD ELIS, King Sturge, Colliers International, 2012.

Real Estate Costs

Cities in Slovakia offer a wide selection of offices. When looking at their rent prices it is only to be noted that Slovakia is a cost-attractive country.

Offices	
Region	Price/EUR/m ² /year
Bratislava	96 - 150
Trnava	90 - 110
Trenčín	60 - 100
Nitra	90 - 110
Žilina	84 - 100
Banská Bystrica	66 - 133
Košice	50 - 120
Prešov	40 - 100

Source: SARIO, 2012.

3. STABILITY AND SUPPORT

Stability

The recent political situation in Slovakia is characterized as stable. Stability of the country is also assured thanks to the membership of Slovakia in international organizations, such as the EU, Schengen Area, the OECD, the NATO, the UN and as of the 1st of January 2009 Slovakia became the 16th Member of Euro zone.

When evaluating the economic environment, in 2007 Slovakia's GDP growth of 10.4% was the highest in the European Union (EU) and the GDP growth of 6.4% in 2008 was the second highest. Because of the global economic crisis which accelerated in 2009, the IMF's prediction stated Slovakia's GDP growth at level of -4.7%. Positive economic growth was remarked after Parliamentary election in 2010, after announcing both fiscal and structural reforms to support creating favourable business environment. During this period, the economy recorded a 4% GDP growth, second highest in the EU (Sweden recorded a 5.5% growth) and 3.3% in 2011. Forecasts for 2012 declare economic growth of 3% by WB, 2.6 % by OECD and 2.4% by IMF with a strong potential of reaching over 3.1% in 2013. According to the predictions of the European Commission, Slovakia should reach the fastest growth In Eurozone in 2012.

Country Credit Ranking

Slovakia is generally recognised as an open market economy whose ability and willingness to pay its liabilities puts it, according to the prestigious rating agencies, into the 'Investment' level. All reputable rating agencies rate Slovakia as one of the best from the Central and Eastern Europe - Moody's Corporation gives us the rating A2, Fitch Ratings' is A+ and Standard & Poor's rating A-. From the viewpoint of the investment security Dun & Bradstreet rates the country with low risk on the return on the investment on the level of DB2d, which is the best rating from the V4 countries.

In spite of the current situation, Slovakia is one of the few countries to maintain a stable/positive outlook, in which our ratings are not expected to change in the near future. Following table provides an overview of the most recent country credit rankings evaluated by: Moody's and Fitch, Standard and Poor's and shows OECD's country risk ratios.

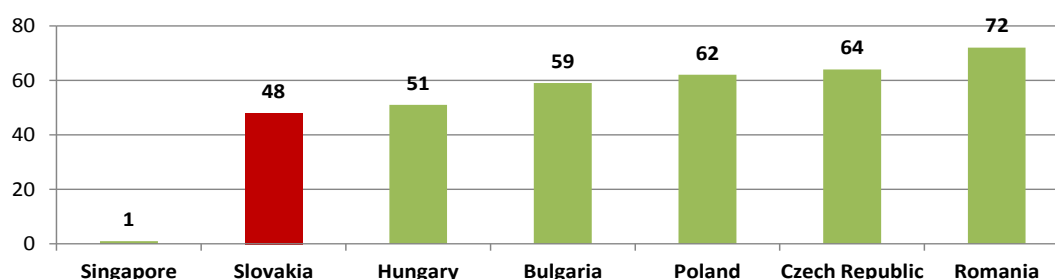
Country	Standard and Poor's	Moody's	Fitch	OECD Country Risk (the lower the better)
Slovakia	A- (Stable)	A2 (Negative)	A+ (Stable)	0
Czech Republic	AA- (Stable)	A1 (Stable)	A+ (Positive)	0
Poland	A- (Stable)	A2 (Stable)	A- (Stable)	2
Hungary	BBB- (Negative)	Ba1 (Negative)	BB+ (Negative)	0

Sources: Standard & Poor's, Moody's, Fitch; OECD Report, 2012.

Doing Business in Slovakia

World Bank's Doing Business Report provides objective measures of business regulations and their enforcement across 183 economies and selected cities at the sub-national and regional level. The methodology covers following fields: starting a business, employing workers, paying taxes (there is a 19% flat tax rate in Slovakia and 0% dividend tax), enforcing contracts, protecting investors, closing business and trading across borders.

In the Doing Business Report 2012 Slovakia gained the best position among all CEE countries:

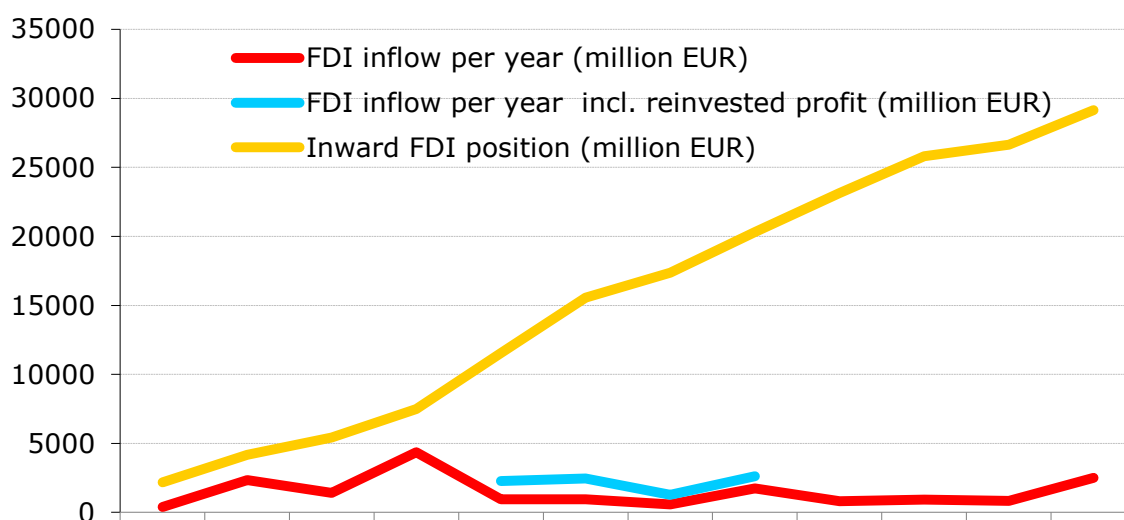


Source: Doing Business Report 2012, World Bank, www.doingbusiness.org, 2012.

Foreign Direct Investments

Slovakia has handled several hundred successful investment projects from various countries and in a wide range of industrial sectors. These investment projects, mainly originating from Germany, South Korea, Austria, France and Italy have had a substantial impact on the economic growth of the country.

The total volume of FDI inflow to Slovakia reached 26 645.06 million EUR by 31 December 2010:



Note: Amount in EUR was calculated with the average exchange rate in the respective year. Data for 2011 are not available yet.

Note: From 2003 the NBS has been using a different methodology as in the previous years – it started including reinvested profit in the FDI inflow and inward FDI position. Thus, data from the period 1999 – 2002 (FDI inflow per year, Inward FDI position) contain only equity capital. Data of Inward FDI position in the period 2003 – 2008 contain equity capital + reinvested profit. Data of FDI inflow per year contain equity capital. FDI inflow per year incl. reinvested profit was not available for 2007, 2008 and 2009.

Source: National Bank of Slovakia, www.nbs.sk, 2012

Investment Support

Governments of countries promote investment by providing state support to investors and also foreign and domestic investors with the ultimate aim to promote and increase employment, reduce regional disparities, promote economic growth in the country.

Under the new Act on Investment Aid, the **technological centres** and **centres of strategic services** (named *shared service centres*, SSCs) in Slovakia are in the category of eligible projects that are supported. SSCs are projects where the company provides services with high added value, promoting employment of qualified experts, centres for software development and customer support centres. Technological centres are the establishments in which the company performs activities leading to the improvement of the production process and its quality, in other words perform research and development. But production does not fall within the technological centre scope of activities.

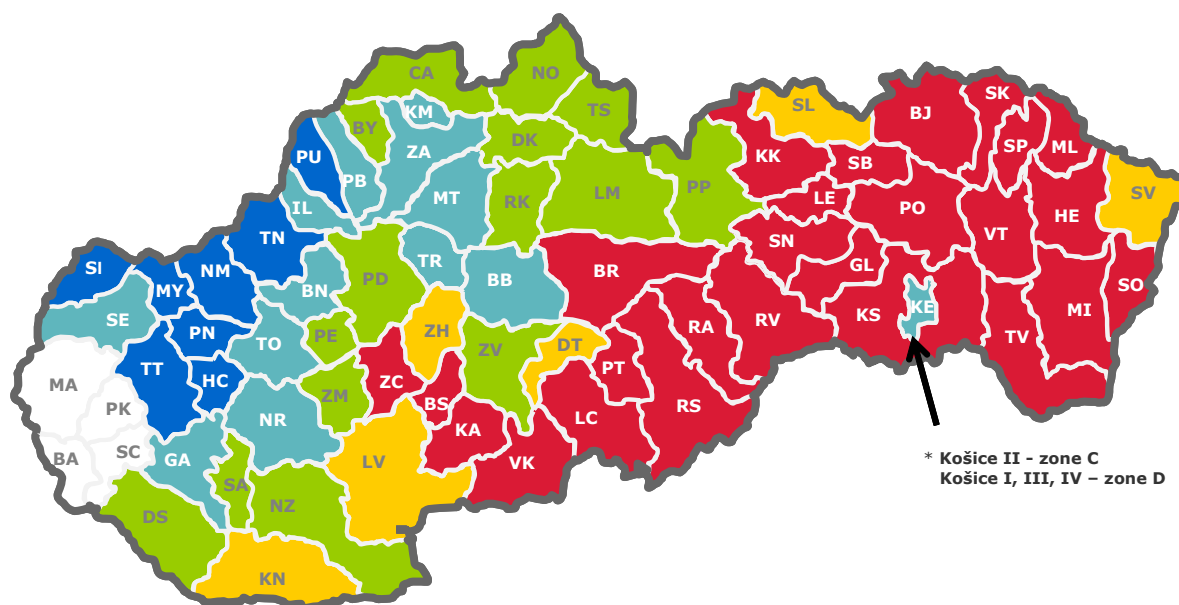
Minimum amount of investment in technological centres and shared services centres is independent from the unemployment rate in the proposed location. The conditions are following:

Technological centres	Shared services centres
<ul style="list-style-type: none"> - minimum investment of 500 ths. EUR on the fixed assets - at least 250 ths. EUR must be covered by own equity - the company must employ at least 60% of employees having university education 	<ul style="list-style-type: none"> - minimum investment of 400 ths. EUR on the fixed assets acquirement, - at least 200 ths. EUR must be covered by own equity - the company must employ at least 30% of employees having university education

The investment project must be implemented within three years (36 months) after the approval of regional aid.

Eligible costs for the purpose of providing regional assistance are deemed costs of acquisition: land, buildings, machinery and technological equipment, intangible assets (licenses, know-how) or wage costs of all new employees within the period of two years. For SSC / CC projects, an investor can receive grants for regional investment aid, such as: financial contributions, tax credits, grants for newly created jobs resp. by form of transfer of state property to investor at a discounted price. The maximum amount, ratio of combination and mutual investment incentives varies depending on unemployment rate in particular district. The sum of the incentives may not exceed the maximum intensity of regional aid.

Following map shows the division of districts into 5 zones depending on unemployment rate (Bratislava region is excluded):



The Act on Investment Aid approves the maximum intensity and forms of aid as follows:

SSC	Max. intensity (% of eligible costs)*		Cash grant (% of eligible costs)		Contributions to new jobs	
	West	Center+ East	West	Center+ East	West	Center+ East
Zone A	40%	50%	30%	37%	10.5 ths. EUR	13.1 ths. EUR
Zone B	40%	50%	25%	31%	10.5 ths. EUR	13.1 ths. EUR
Zone C	40%	50%	20%	12% / 25%	10.5 ths. EUR	11.8 ths. EUR
Zone D	35%	44%	15%	18%	9.1 ths. EUR	10.5 ths. EUR
Zone E	30%	38%	10%	12%	7.8 ths. EUR	9.1 ths. EUR

* The amount of tax relief is the same as maximum intensity

R&D	Max. intensity (% of eligible costs)*		Cash grant (% of eligible costs)		Contributions to new jobs	
	West	Center+ East	West	Center+ East	West	Center+ East
Zone A	40%	50%	30%	37%	12 ths. EUR	14.6 ths. EUR
Zone B	40%	50%	25%	31%	12 ths. EUR	14.6 ths. EUR
Zone C	40%	50%	20%	12% / 25%	12 ths. EUR	13.1 ths. EUR
Zone D	35%	44%	15%	18%	10.5 ths. EUR	11.6 ths. EUR
Zone E	30%	38%	10%	12%	8.76 ths. EUR	10.2 ths. EUR

* The amount of tax relief is the same as maximum intensity

Source: SARIO, Regionálna pomoc- investičné stimuly, 2012.

4. SSC SWOT ANALYSIS IN SLOVAKIA

STRENGTHS

- **excellent language skills**, especially English, German, French, Spanish, Italian languages, Czech, Hungarian and other CEE languages including Russian
- **large number of fresh university and specialized secondary schools graduates** thanks to baby boom in 1980s
- more than **209 thousand university students** and **over 70 thousand university graduates** in academic year 2010/2011
- **political stability** and **high economic growth**
- **EURO** as official currency from 2009
- **flat income tax rate** of 19% (system also prohibits double taxation, and there are no taxes imposed on dividends)
- **high loyalty** and **lower attrition** of employees
- **excellent quality of life** and historically cultural diversity thanks to proximity of Hungary and Austria
- very well developed **infrastructure**
- **dynamically growing real estate market** with A-level offices
- **geographical location** close to main EU markets
- easily accessible location: within 30 min. travel to Vienna IA (the biggest in CEE) and Bratislava IA
- **time zone advantage**
- **cultural closeness** to European and American customers
- **favorable labor costs**
- **success stories** of established CCs & SSCs

WEAKNESSES

- relatively smaller labor pool in comparison to Czech Republic or Poland
- Bratislava and Košice as the only two main cities for big SSC & CC operations
- lack of appropriate office space outside Bratislava (this problem can be solved in a relatively short time)

OPPORTUNITIES

- **ongoing interest** of investors to both locate and relocate CCs & SSCs in the region
- **ability of Bratislava and Košice to attract** skilled and educated people from other parts of Slovakia and even Poland and Czech Rep. (e.g. DELL)
- **new hot spots** (regional cities) with a sufficiency of skilled manpower and lower operating costs like: **Nitra, Banská Bystrica, Žilina**
- transfer of more complicated (value-added) SSC activities to CCE countries

THREATS

- competition from surrounding countries offering relatively larger labor pools, although the competition is also higher than in Slovakia
- the high influx of new CCs & SSCs at the same time can cause a tight labor market (newcomer's advantage)

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