Sector Overview

As the Czech Republic has become an important location for business shared services, the sector is now one of the fastest growing industries in the country. Its role in the labour market is very significant, as it currently employs over 75,000 people, with that figure projected to reach 100,000 by 2020. Companies already established here are expanding their presence in the Czech Republic as the portfolio of their activities is becoming more complex and advanced. The country offers several attractive locations for business shared services – besides Prague and Brno, more and more companies are focusing on cities such as Ostrava and Olomouc.

Sixteen-percent growth within the sector in 2016 shows the vast potential for business shared services in the Czech Republic, as it is not just the second most attractive country in the CEE region, but also one of the most attractive countries in Europe with respect to this sector.

The main factors that make the Czech Republic an excellent location for shared-services centres are:

+ Location in the centre of Europe
+ Well-developed internal infrastructure
+ Talented workforce available at a lower price
+ Availability of offices
+ Telecommunication and data networks
+ Cosmopolitan society, large expat community
+ Government support
Czech Business Services Sector in Figures

- Employment growth in the sector in 2016: 16%
- People employed in the sector: 75,000
- Foreign services centres: 79%
- Business services centres with at least 500 employees: 48
- Czech services centres: 21%
- Business services centres: 200

Data Source: ABSL Report: Business Services Sector in the Czech Republic 2017
Selected Investors

- Germany
- Poland
- Austria
- Slovakia

Locations:
- PRAGUE
- BRNO
- PILSEN
- OLOMOUC
- OSTRAVA

Companies:
- Oracle
- Bodycote
- Expedia
- Novell
- Accenture
- Honeywell
- Novartis
- Johnson & Johnson
- Jarden BSG
- ExonMobil
- Siemens
- Skupina ČEZ
- ADP
- SAP
- DHL
- Sony DADC
- Aimtec
- IBM
- BlueLink
- Skype
- Monster
- Mann + Hummel
- Exel
- CGI
- Xerox
- ABB
- TESCO SW
- Monster
- SolarWinds
- AT&T
- Dixon
- Lufthansa
- Edwards
- FEI
- Infosys
- Comdata Group
- Czech Republic

Countries:
- Germany
- Poland
- Austria
- Slovakia

Regions:
- Central Europe

Additional information:
- Selected investors listed across various locations in the map.
Investment Success Stories

“CzechInvest has been a valuable partner to the Pfizer Global Financial Solutions team in Prague. On many occasions, CzechInvest has provided useful information or helped us make contact with other organisations locally and has even provided some assistance to our colleagues in the process of applying for work permits in the Czech Republic. Our partnership has been significant in our efforts to establish a world-class business services group in Prague and we look forward to continuing that cooperation.”

KyRic Tucker
Site Lead, Global Financial Solutions, Pfizer Inc.

“Johnson & Johnson’s cooperation with CzechInvest is long-term and beneficial. Regular provision of information on the possibilities of investment support is important for our company, and we also value the conferences organised by CzechInvest on topics concerning human resources and the business environment in the Czech Republic.”

David Mansfeld
Managing Director, JNJ Global Business Services s.r.o.

“CzechInvest played an important role in Dixons Carphone’s decision-making when selecting a European location for the establishment of a shared-services centre in 2007. Since then, CzechInvest has continued to be a significant partner for us, as it provides us with consulting and advisory services in areas connected with the specifics of doing business in the Czech Republic, knowledge of the business services sector, new possibilities of financial support, labour law and new trends in the area of HR.”

Miroslava Ambrožová
HR & Operations Manager, Dixons Carphone CoE, s.r.o.
## Top Locations for Business Services Centres

<table>
<thead>
<tr>
<th></th>
<th>Prague</th>
<th>Brno</th>
<th>Ostrava</th>
<th>Olomouc</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unemployment rate</strong></td>
<td>2.9% (3.4% Central Bohemia)</td>
<td>4.8%</td>
<td>6.4%</td>
<td>4.6%</td>
</tr>
<tr>
<td><strong>Number of university students in 2016/2017</strong></td>
<td>124,674</td>
<td>67,244</td>
<td>28,107</td>
<td>21,315</td>
</tr>
<tr>
<td><strong>Business Administration and HR students</strong></td>
<td>30,641</td>
<td>11,700</td>
<td>6,936</td>
<td>777</td>
</tr>
<tr>
<td><strong>ICT students</strong></td>
<td>10,334</td>
<td>8,615</td>
<td>3,150</td>
<td>467</td>
</tr>
<tr>
<td><strong>Law students</strong></td>
<td>4,700</td>
<td>2,667</td>
<td>0</td>
<td>1,502</td>
</tr>
<tr>
<td><strong>Expats</strong></td>
<td>250,544</td>
<td>43,787</td>
<td>25,688</td>
<td>10,928</td>
</tr>
<tr>
<td><strong>Language skills</strong></td>
<td>English 68%, German 41%, Russian 40%, French 9%, Spanish 6%</td>
<td>English 54%, German 48%, Russian 40%, French 5%, Spanish 2%</td>
<td>English 46%, German 42%, Russian 34%, French 2%, Spanish 3%</td>
<td>English 61%, German 42%, Russian 42%, French 6%, Spanish 4%</td>
</tr>
<tr>
<td><strong>Modern office stock</strong></td>
<td>3.2 million m²</td>
<td>525,000</td>
<td>208,400</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Rental price</strong></td>
<td>Prague city centre 18.5-19.5</td>
<td>Prague inner city 15-16.5</td>
<td>11-13</td>
<td>10-11.5</td>
</tr>
<tr>
<td></td>
<td>Prague outer city 13-14.5</td>
<td></td>
<td>9-10</td>
<td>9-10</td>
</tr>
</tbody>
</table>

Figures for 2016/2017
**Prague**
- Main location for business services with over 100 centres and 40,000+ employees
- Fulfils all requirements of international companies – excellent system of public transport, modern office spaces, well-developed internal infrastructure, large expat community
- Political, educational, cultural and economic centre of the country
- Renowned among expatriates as one of the most attractive places to live in Europe

**Brno**
- Second largest city in the Czech Republic
- Highly attractive city with excellent infrastructure, cultural life and lower costs compared to Prague
- The sector plays a crucial role in the city: over 30 major centres, 20% annual growth and 15,000+ employees
- Several world-class universities, large talent pool in ICT, economics and business
- IT hub of the Czech Republic

**Ostrava**
- Former industrial region, currently an important business services location
- 25 major business services centres employing 7,000+ people
- 9,000+ university graduates every year
- 20% annual growth within the sector
- Substantial talent pool, modern office spaces and well-developed infrastructure attract major international companies
- Rich cultural life and proximity to beautiful landscapes

**Olomouc**
- Attractive city with over 2,000 graduates with language specialisation annually
- 16% annual growth within the sector
- Roughly 15 business services centres employing more than 5,000 people
Workforce and Languages

The Czech Republic’s total labour pool is estimated at 5.3 million; nearly 60% of people now work in the services sector.

More than 72% of Czechs are able to speak at least one foreign language, with English and German being the most prominent.

The country has a large community of expats who enjoy its international atmosphere and cultural life and often seek job opportunities in shared-services centres.

270,000+
Employed foreigners from the EU-28

135,000+
Employed foreigners from third countries

42,220
Foreign students at Czech universities

67,500
University students in the fields of business administration and HR

20,075
Graduates of BA and HR study programmes

11,950
Students in foreign language study programmes
Quality of Living Index

<table>
<thead>
<tr>
<th>Country</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>0</td>
</tr>
<tr>
<td>USA</td>
<td>2</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>4</td>
</tr>
<tr>
<td>Poland</td>
<td>6</td>
</tr>
<tr>
<td>Slovakia</td>
<td>8</td>
</tr>
<tr>
<td>Hungary</td>
<td>10</td>
</tr>
<tr>
<td>Romania</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: fDi Benchmark, a service from the Financial Times Limited, 2017

Top Cultural and Creative Cities

<table>
<thead>
<tr>
<th>Rank</th>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Paris</td>
</tr>
<tr>
<td>2</td>
<td>Munich</td>
</tr>
<tr>
<td>3</td>
<td>Prague</td>
</tr>
<tr>
<td>4</td>
<td>Milan</td>
</tr>
<tr>
<td>5</td>
<td>Brussels</td>
</tr>
</tbody>
</table>

Source: Top Cultural and Creative Cities Monitor 2017, EC
### Sixth Safest Country in the World

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Iceland</td>
<td>1.192</td>
</tr>
<tr>
<td>2</td>
<td>Denmark</td>
<td>1.246</td>
</tr>
<tr>
<td>3</td>
<td>Austria</td>
<td>1.278</td>
</tr>
<tr>
<td>4</td>
<td>New Zealand</td>
<td>1.287</td>
</tr>
<tr>
<td>5</td>
<td>Portugal</td>
<td>1.356</td>
</tr>
<tr>
<td>6</td>
<td>Czech Republic</td>
<td>1.360</td>
</tr>
<tr>
<td>7</td>
<td>Switzerland</td>
<td>1.370</td>
</tr>
<tr>
<td>8</td>
<td>Canada</td>
<td>1.388</td>
</tr>
<tr>
<td>9</td>
<td>Japan</td>
<td>1.395</td>
</tr>
<tr>
<td>10</td>
<td>Slovenia</td>
<td>1.408</td>
</tr>
</tbody>
</table>

Source: Institute for Economics and Peace, Global Peace Index, 2017

### Fourth most popular destination among people working abroad

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Singapore</td>
</tr>
<tr>
<td>2</td>
<td>New Zealand</td>
</tr>
<tr>
<td>3</td>
<td>Canada</td>
</tr>
<tr>
<td>4</td>
<td>Czech Republic</td>
</tr>
<tr>
<td>5</td>
<td>Switzerland</td>
</tr>
<tr>
<td>6</td>
<td>Norway</td>
</tr>
<tr>
<td>7</td>
<td>Austria</td>
</tr>
<tr>
<td>8</td>
<td>Sweden</td>
</tr>
<tr>
<td>9</td>
<td>Bahrain</td>
</tr>
<tr>
<td>10</td>
<td>Germany</td>
</tr>
</tbody>
</table>

Source: HSBC Expat Explorer Survey, 2016/2017
The Association of Business Service Leaders (ABSL) is a leading organisation of the most important foreign investors in the business services sector in the Czech Republic. As the business services comprise one of the largest employers in the country, ABSL was established to give sector a common voice to help shape its environment and destiny.

ABSL in the Czech Republic was established in 2013 by 15 founding members. Currently, ABSL includes around 60 companies that conduct business in the area of shared-services centres, business process outsourcing, information technology outsourcing and research and development and thus contribute to the sector’s growth.

ABSL engages in a number of activities aimed at stimulating growth of the business services sector as well as increasing the investment attractiveness of the Czech Republic on the international scene. The association conducts some of its initiatives in cooperation with CzechInvest.

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