BUSINESS SERVICES SECTOR IN THE CZECH REPUBLIC 2017

ABSL

Report prepared by
Association of Business Service Leaders in the Czech Republic (ABSL)

in cooperation with:
CzechInvest, Deloitte, Grafton Recruitment, Jones Lang LaSalle

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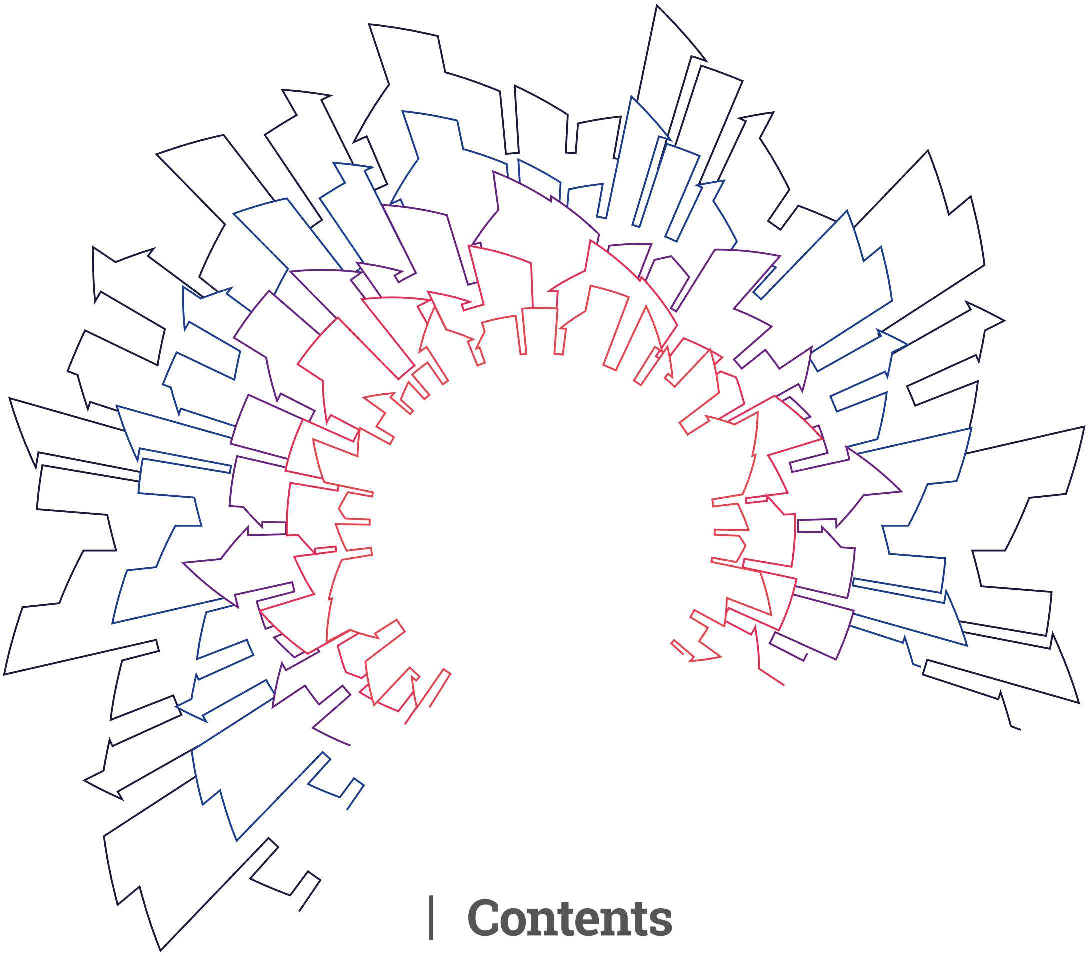

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Foreword

The business services sector in the Czech Republic is expanding and growing even faster than we forecast last year. In 2016 the sector has added 16% of new jobs and the average projected employment growth for next year is the same level. This gives us a good foundation to reach 100,000 employees in the sector by 2020. The sector has become one of the largest employers in the Czech Republic and one of the fastest growing industries in the country.

We clearly see that the most of the growth comes from development of the existing centres. Most of the business service centres have been increasing their level of maturity by focusing on higher performance, continuous improvement, driving automation, digital technologies and building value added services. All of these achievements help to build their reputation and bring new scope of services as well as geographical expansion of their service delivery.

This will create new challenges in finding people and attracting new talents to the business service sector. The people agenda is now firmly on the top of the priorities for most of our member centres and ABSL will continue to support the drive to attract and retain talent to the Czech sector.

In this new 2017 report, we present the latest data and analysis of our successful sector and I hope you will enjoy reading the insights into Czech business services. I would also like to thank our partners and members for their many contributions to the survey and the final report.

Ota Kulhánek
President, ABSL
Director, Accenture

ABSL Czech Republic. Our stories and challenges for 2017 and beyond.

Growth in Czech business services is one of fastest we have seen in recent years. In 2016, our sector has reached 75,000 people and is adding an additional 10,000 new jobs to the czech economy every year. These jobs are high value, international roles and require mostly graduates, language skills and increasingly sector experience and expertise

One of our challenges is clear - where do we continue to find all these talented employees? Over one third of the services sector are foreign employees and two thirds are graduates - making business services the LARGEST employer of international staff and university graduates in the country. Competition between centres is rising, as talent becomes harder to find in the market and employees become increasingly valuable for growing centres.

Good news is that centres can be seen to employ a wide range of employee packages and flexible friendly roles to attract and keep people. Diversity in teams is increasing as firms look to broaden their spectrum of employees and attract more disabled and secondary school graduates to their centres. ABSL is working with our members to build PR and media strategies to attract more talent to our great sector and highlight how Czech centres can leverage their offices and working practices to retain and motivate their people.

Czech Business services has attracted over 25,000 international talents to the country with a substantial benefit to the czech economy. These expats have voted the country into the top 4 countries in the world to enjoy their career and quality of life. A remarkable result for a small country to be in the same league as Canada, Singapore and London for young talents starting their careers.

The sector is a Czech success story with over 20 per cent of services being provided from Czech firms to the home market and internationally. This is one of the fastest growing sectors, especially with IT services and shows that the country lives up to its reputation as an IT tiger in Europe. ABSL is proud to include a growing number of Czech firms as our active members and we are committed to developing the Czech outsourcing sector and promoting our capability internationally.

Overall 2016 has been a very successful year for business services in Czech, with centres growing in size, deepening their portfolios and becoming more diversified in their employee strategies. Our members remain confident of further growth and predictions for 2017 growth rates remain high. We can be very proud of these achievements and ABSL is committed to working with the Czech government, universities and international partners to ensure that we keep Czech Republic as the most attractive place in Europe for business service careers.

Jonathan Appleton
ABSL Managing Director

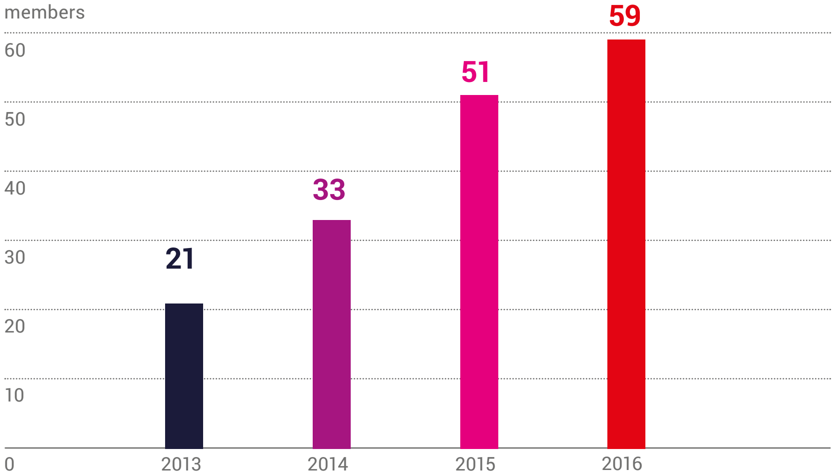


Figure 0.1
Number of ABSL members











Chapter Content Provider: **ABSL**

1 | Characteristics of the Business Services Sector in the Czech Republic

The map of Czech business services continues to expand as new centres arrive and existing centres build new capabilities into their portfolio. The Czech Republic has one of the highest density of business service centres in the world - on track to provide 100,000 jobs in the country by 2020. Investors rate the country as the highest in Central Europe for new opportunities and perhaps even more importantly, employees rate the country as one of the best in the world for their careers. An incredible achievement for any country and on this section, we show how the sector is developing and driving the country forward as a world leading Hub for Business Services.

About the Report

The purpose of this ABSL Report is to provide a comprehensive overview of business services sector in the Czech Republic and give overall insights and comments on the labour market, the office market and the investment incentive system.

The ABSL Survey was completed by 50 companies employing more than 16,500 people in the Czech Republic. This is a sufficiently representative sample of the sector as the responses included the major business service centres from the country. The survey provided key insights into the business service centres directly from their representatives and therefore became a crucial source of information for this report.

The survey was conducted during the Q3 2016, therefore, all data rely on this period.

50

companies which took part in this year's ABSL Survey

16,500 employees

work for respondents of the ABSL Survey in their business services centres in the Czech Republic

The study adopts a broad definition of the industry and it covers: business process outsourcing centres (BPO), shared service centres (SSC), information technology outsourcing (ITO) and research and development centres (R&D). Contact centres providing services to external customers were classified as BPO.

The report makes a distinction between captive service centres - serving the parent company, hybrid model - serving parent company together with external customers and commercial providers – outsourcing service centres serving external customers. Information technology outsourcing companies are entities that oursource IT solutions services (e.g. system, application or infrastructure maintenance, technical support) and/or develop and sell (implement) software for external customers (software development).

Each business services location is treated as a separate unit of analysis if it is located in a different city.

I would like to thank all the companies and institutions who helped ABSL to complete the survey.

Adela Pilátová
ABSL Operations Manager

Introduction

The business service sector is quickly becoming one of the major players on the job market within the Czech Republic. During the year 2016, the Czech Republic was home to 200 business service centres providing jobs for 75,000 people. Of these, one fifth were Czech centres employing more than 15,000 people.

In the past year the business service sector reported a growth of 16% adding more than 10,000 new jobs to the Czech labour market. Given this growth rate, we can estimate that by 2020 business service sector in the Czech Republic will employ at least 100,000 people.

Out of 160 companies with 200 business service centres in the Czech Republic, 26 are companies featured on the Fortune Global 500 and/or Standard & Poor's 500 list employing more than 21,000 people.

Employment structure of business service centres in the Czech Republic

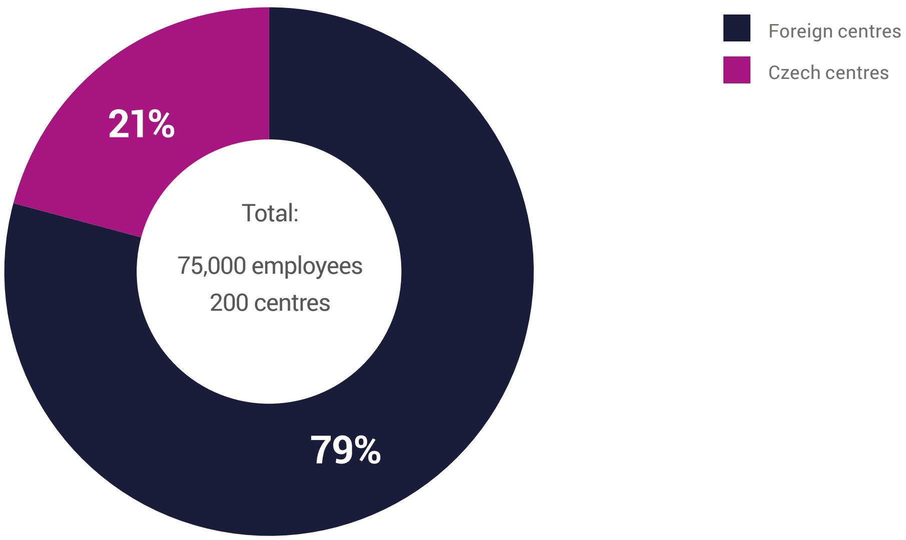


Figure 1.1
Source: ABSL's own study

The largest share of jobs in the sector (41%) is generated by shared service centres (SSC), followed by IT centres (ITO) accounting for 34% of total jobs within the business service centres in the Czech Republic.

There is a significantly different employment structure within the Czech and the foreign business service centres. While most jobs provided by the foreign centres are within shared service centres (41%), the Czech centres generate a majority of jobs within IT outsourcing centres (59%).

Compared to the foreign business service centres, the Czech centres also report a larger share of jobs within business process outsourcing (20% compared to 14% in foreign centres).

One in 5 centres in the country are now Czech. These 'homegrown' centres are amongst the fastest growing companies within the sector. The Czech centres together with their talented teams have gained a well-deserved international reputation that continues to attract new clients and investors to the country.

Employment structure of business service centres in the Czech Republic

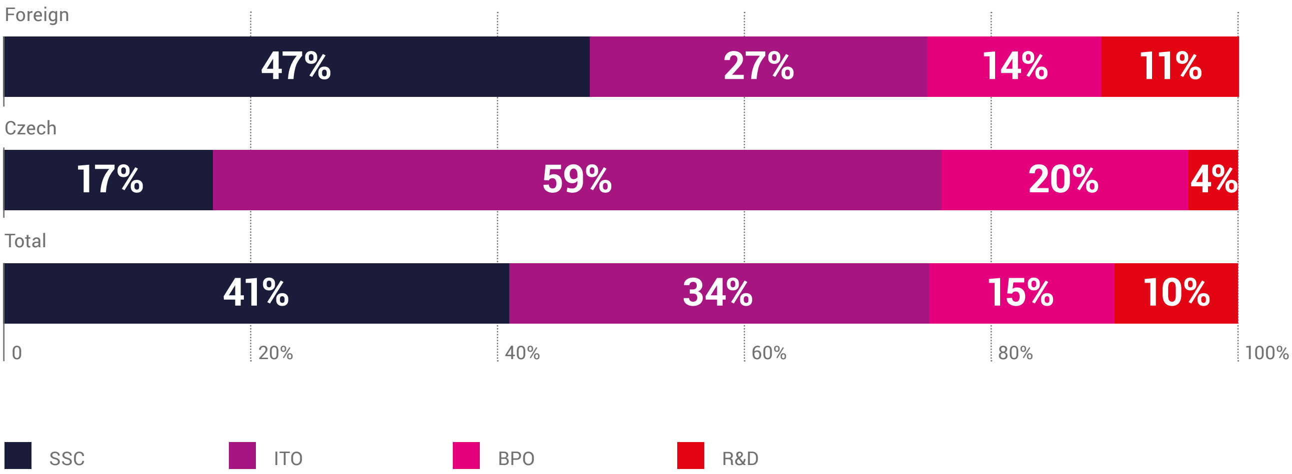


Figure 1.2
Source: ABSL's own study

BPO, SSC, IT AND R&D CENTRES IN THE CZECH REPUBLIC IN 2016

75,000

total number of jobs at business services centres

48

number of business services centres with at least 500 employees

200

total number of business services centres in the Czech Republic

100,000

number of jobs in the sector in 2020 as forecast by ABSL

16%

employment growth in business centres in the Czech Republic in the year 2016

3

number of business services locations with business services centres hiring more than 5 000 employees

26

number of Fortune 500 / Standard & Poor's Index investors with business services centre in the Czech Republic

33%

average share of foreigners employed at business service centre in the Czech Republic

Trends in the business service sector in the Czech Republic

The business service sector has become one of the most important employers on the Czech market, each year creating attractive jobs mainly based on the employment contracts for highly qualified personnel. The high growth in employment within the sector in recent years has made business services the most rapidly growing industry in the Czech Republic.

An expanding portfolio of services and the share of advanced, knowledge intensive tasks in the structure of services performed in the business service centres points to the evolution of the sector and the increasing role centres play in the global strategy of their parent companies.

The majority of business processes supported by business service centres feature a high degree of maturity which points to a significant increase in the level of transformation of work organization and to the complexity of tasks performed based on knowledge acquired in recent years. The development of those competencies and further investment in human capital will certainly have an impact on the growth of the Czech economy and on innovation thought knowledge transfer.

Around the business service sector there has formed a stable ecosystem of relations and cooperation with the commercial real estate industry, recruitment firms, key city administrations and universities.

The increasing use of automation and robotics on a large scale (also in the context of new technologies in the environment in which they function) is leading to a redefinition of certain positions and centres' areas of activity. Robotic Process Automation (RPA) tools are also opening the doors to new kinds of tasks such as automation management, data analytics and interpretation.

The progress made in automation has not resulted in a reduction in jobs but enabled business service centres to expand their scope of services.

Competition over talent is growing (including knowledge of foreign languages) in all regions and across all industries. The main focus will remain to bring new employees to the sector. This will include more active cooperation with universities and other schools to help them to adopt new capabilities and prepare their students for the new jobs and increase awareness of the business service sector among their students. One third of the employees in the business service centres are foreigners and focus on the international talents will continue being driven by demand for foreign languages. We will also need to address other experienced people in the market and show them they can build their careers in our sector.

Assessment of the location as a place to do business

In the survey the representatives of business service centres were asked for an opinion on the characteristic of the local markets as a place for business. They evaluated 6 main factors as well as the level of overall competition in their local markets. In the case of companies with centres in several cities, generally the respondents referred to the market in which they employed the majority of employees.

These were the same questions they assessed last year so it was possible to compare the development of each factor with the last year. It is very positive that all factors have improved their score.

As last year, the most positive feedback was for the quality of the public transport, availability of modern office, the accessibility and image of the city in the opinion of investors (all were rated above 8 on a scale 1 to 10). Also, the scores of the availability of the talents and the cooperation with local authorities have increased from last year.

On the other hand, due to the growth of the sector in most locations, business service leaders experience higher competition between the centres in local markets. The 'competition' score went up from 6.76 last year to 7.6 this year on a scale 1 to 10, where 10 means strongest competition. Although the level of competition is increasing, centre heads see positive developments in most of the factors in their local markets that allows them to continue to invest in their business centres and keep growing their operations.

6,76

average rating of competition between business service centres in local markets for year 2015

7,60

average rating of competition between business service centres in local markets for year 2016

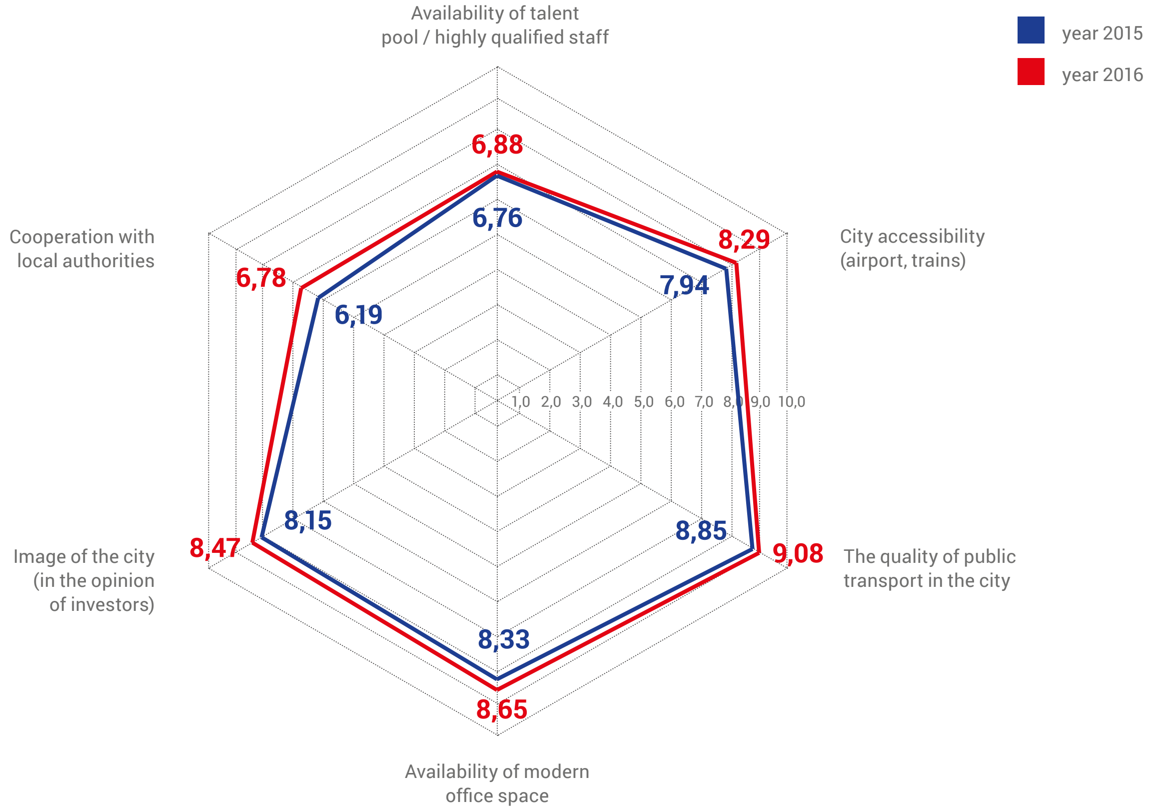


Figure 1.3
Assessment of the local markets as place to do business

Factor	1	2	3
Availability of talent pool / highly qualified staff	Ostrava	Praha	Brno
City accessibility (airport, trains)	Praha	Brno	Ostrava
The quality of public transport in the city	Praha	Brno	Ostrava
Availability of modern office space	Praha	Brno	Ostrava
Image of the city in the opinion of investors	Praha	Brno	Ostrava
Cooperation with local authorities	Brno	Praha	Ostrava
Perception of competition on the local market	Praha	Brno	Ostrava

Overall, the highest score was given to Prague. However, Brno is the number one in cooperation with local authorities and the biggest availability of talents and highly qualified staff are in Ostrava.

Table 1.1
Ranking of business services locations

18%

average employee turnover rate at business service centres

59%

average number of female employees at business service centres

6.6

average recruitment lead time (in number of weeks) in the business service centres

The average employee turnover rate in Czech business service centres is 18%. In general, the turnover rate in major locations is on a similar level (18%), smaller locations have a slightly lower rate. Also, Internal units (captive centres) show a lower rate (16%) of employee turnover than commercial outsourcing and hybrid organizations (20%). In addition, the turnover rate of organizations with more than 200 employees have a slightly higher rate (19%) than small entities (16%).

The survey shows that Czech business service centres have an average of 59% female employees in the sector.

Employment Growth

Since 2013 the employment in the sector in the Czech Republic has increased by 50% from 50.000 in 2013 to 75.000 employees in 2016. In 2016 the business service centres reported that they created an average of 16% of new jobs and the forecast for 2017 was at the same lever 16%. The growth was driven by establishing new centres as well as by the growth of existing centres. We estimate that the sector will continue this consistent level of growth and business services will reach 100.000 employees in the Czech Republic by the year 2020.

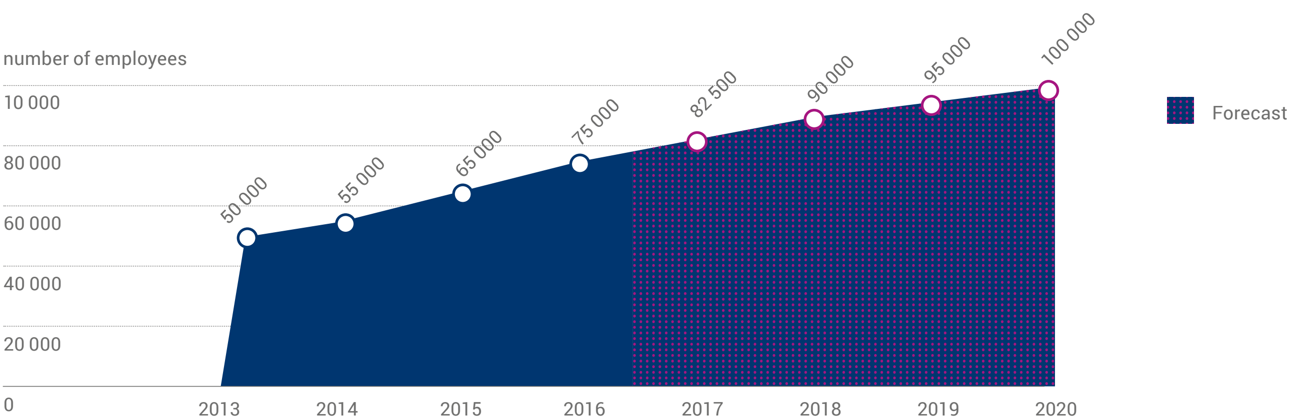


Figure 1.4
Employment in business service centres
Source: ABSL's own study

Employment structure of the business service centres by size

The typical business service centre in the Czech Republic on average employs 333 employees with a median of 180 employees (the median value indicates that half of the business service centres have more than 180 employees while other half have less than 180 employees). This number has slightly decreased on last year with the arrival of several newly opened centres with smaller employee numbers. The ratio of the centres with up to 200 employees has increased to 55%. According to our study 10% of Czech business service centres have more than 1000 employees.

333

average number of employees in the business service centres in the Czech Republic

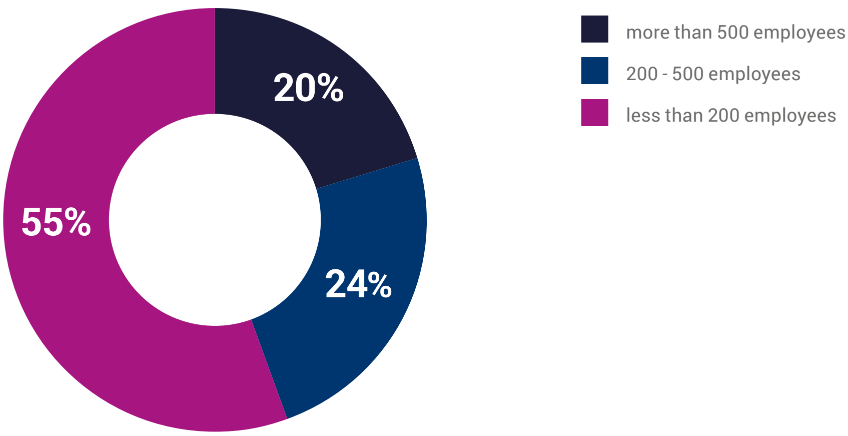


Figure 1.5

Number of business service centres by employee count

Source: ABSL Survey 2016

Employment structure of the business service centres by parent company industry

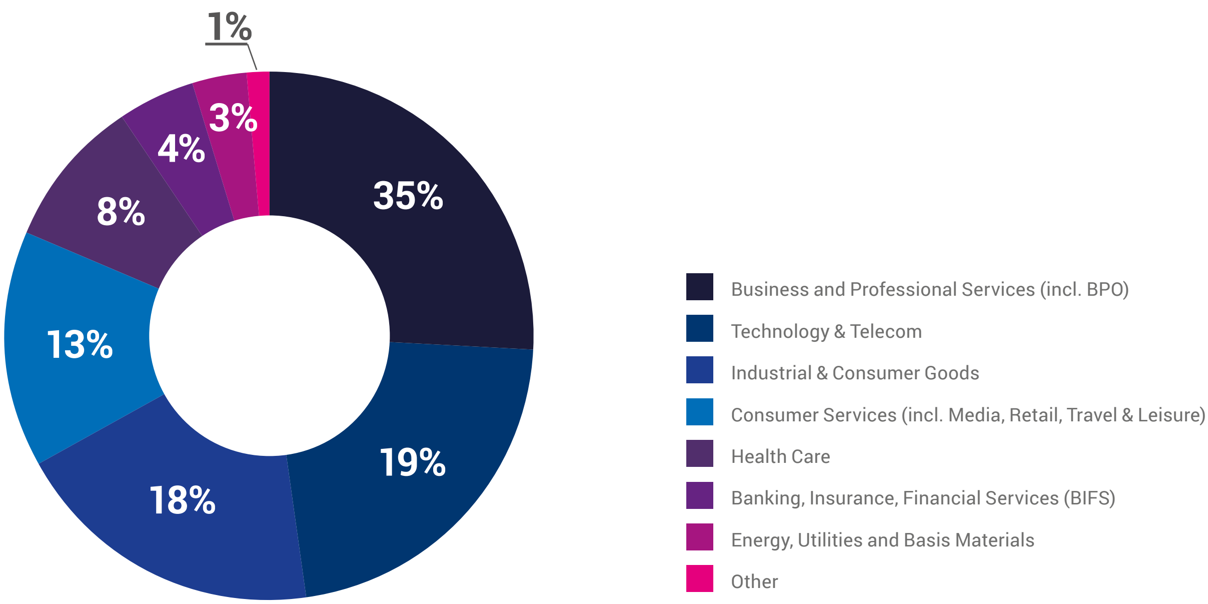


Figure 1.6
Employment structure of business service centres by parent company industry
Source: ABSL Survey 2016

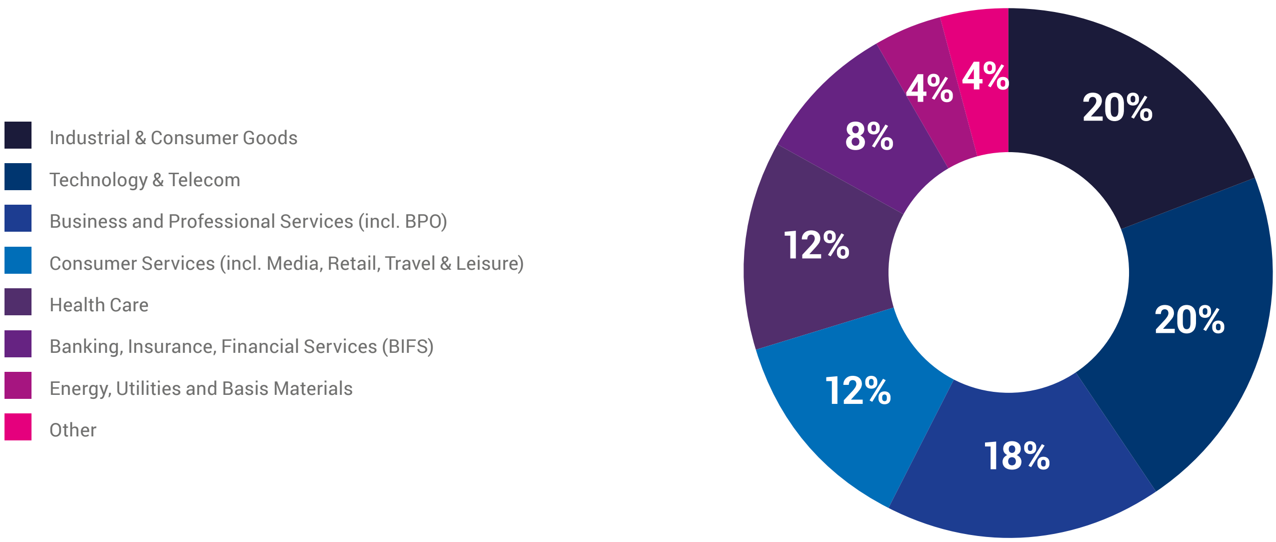


Figure 1.7
Number of business service centres by parent company industry
Source: ABSL Survey 2016

Countries of origin of business service centres

The biggest share of the investment in the Czech business service sector comes traditionally from US companies in terms of the number of centres, as well as employment levels. German and UK companies are the largest European investors and Europe represents over 50% of the sector. Recently we have seen more Czech centres established in the market with the third largest share in the business service sector.

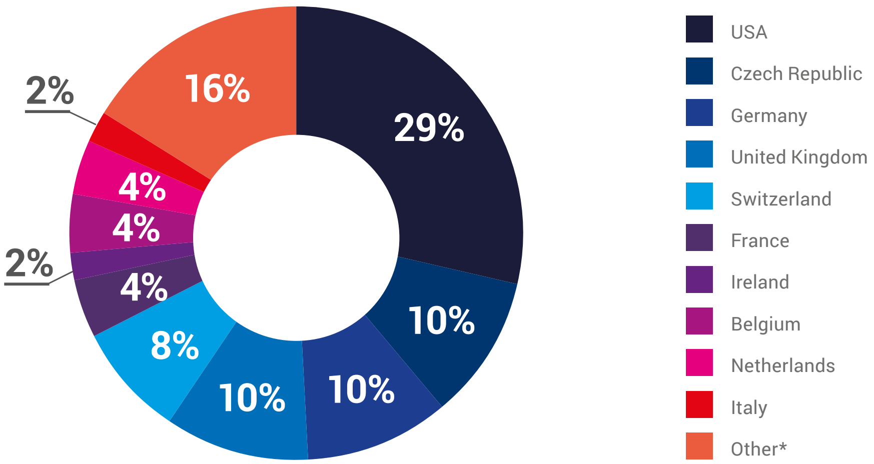


Figure 1.8
Structure of business service centres by parent company headquarter location
Source: ABSL Survey 2016
* Other – country of origin with less than 2%

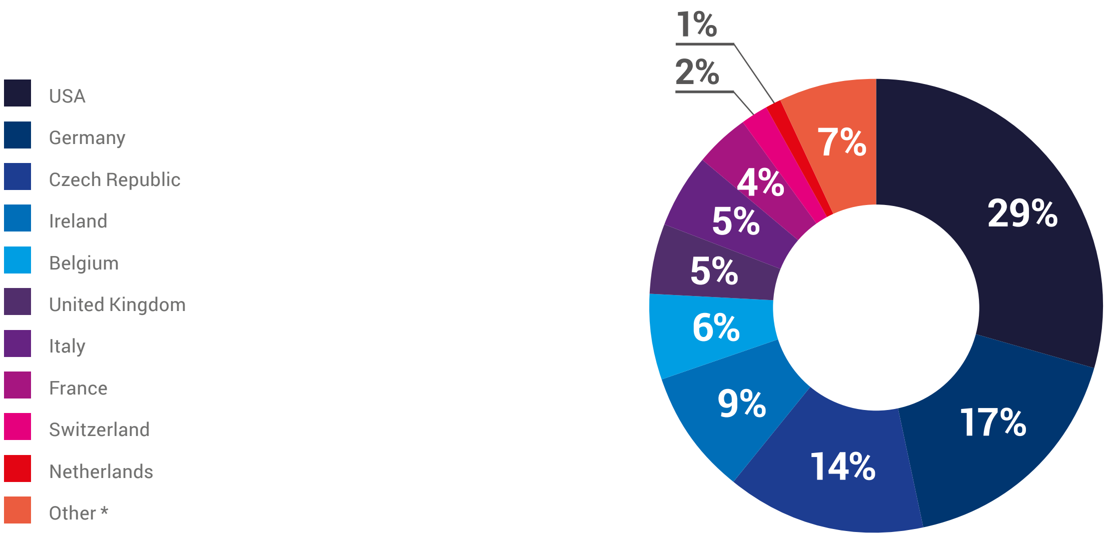


Figure 1.9
Structure of employment at business service centres by parent company headquarter location
Source: ABSL Survey 2016
* Other – country of origin with less than 2%

Types of services delivered by business service centres

The Business service centres in the Czech Republic support a diverse range of global industries. The Banking, Insurance and Financial service has grown recently significantly and currently is the largest industry supported by the Czech centres. Technology & Telecom as well as Industrial & Consumer Goods keep a strong position in the Czech business service sector with more than 30% share of the market.

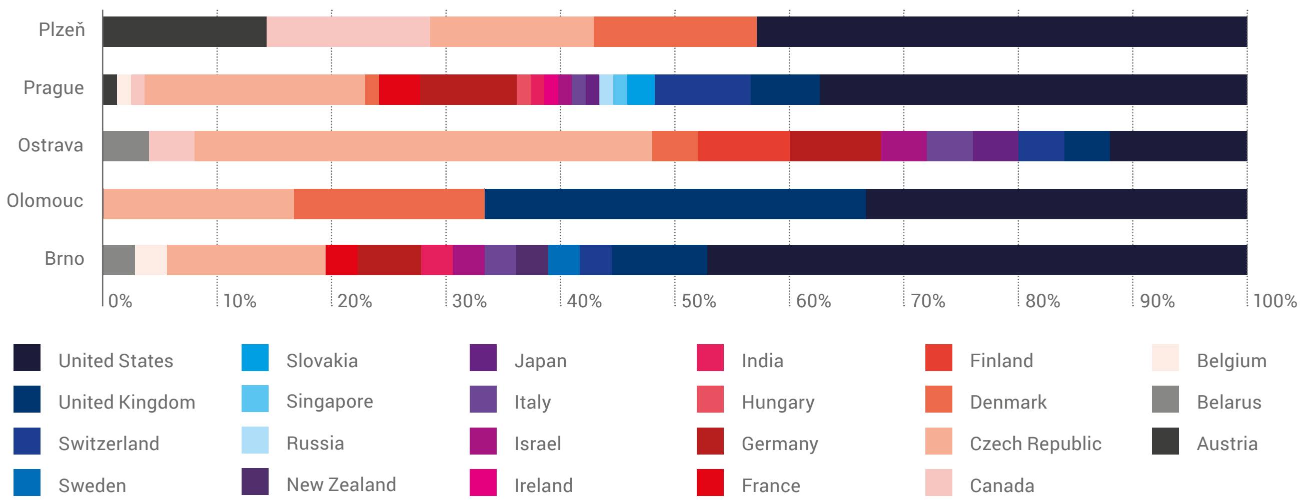


Figure 1.10
Majority owner nationality
Source: ABSL's own study

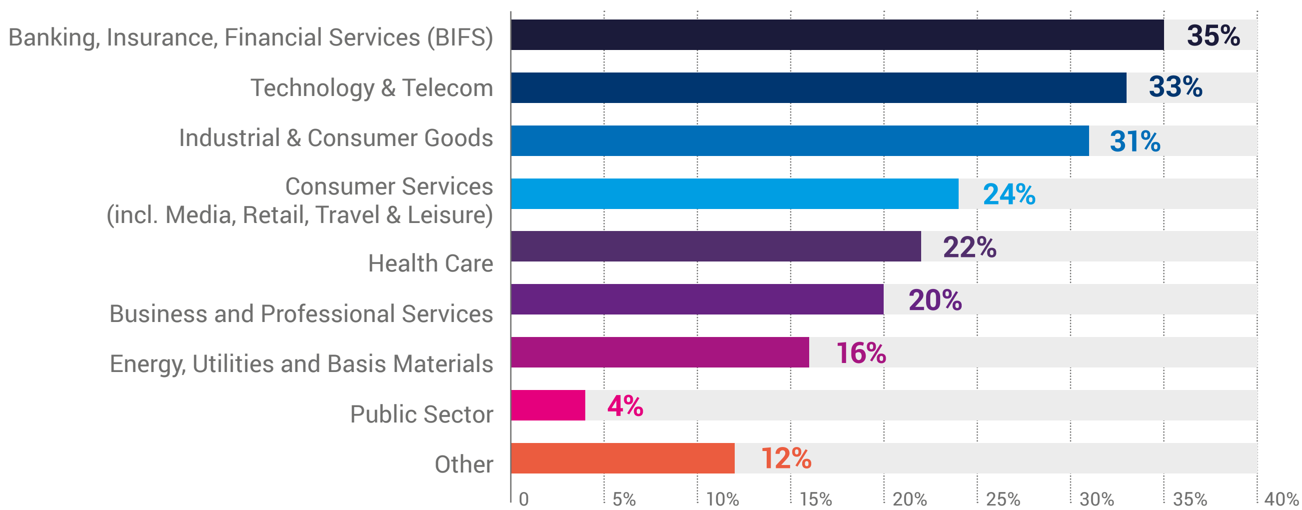


Figure 1.11
Industry structure of companies (external and internal customers) supported by business service centres located
Source: ABSL Survey 2016

Czech Business Service centres support a wide range of services. 80% of the business centres offer services in more than one business process category and on average they support 3 types of business services. 32% of the jobs are generated in the Finance and Accounting area followed by Customer Operations (27% of employees), HR (14% of employees) and IT (11% of employees).

Shared Service centres or captive centres tend to focus on internal processes in the areas of Finance and Accounting, HR or Supply Chain while BPOs and hybrid organizations have a larger scope in the Customer Operations and IT areas.

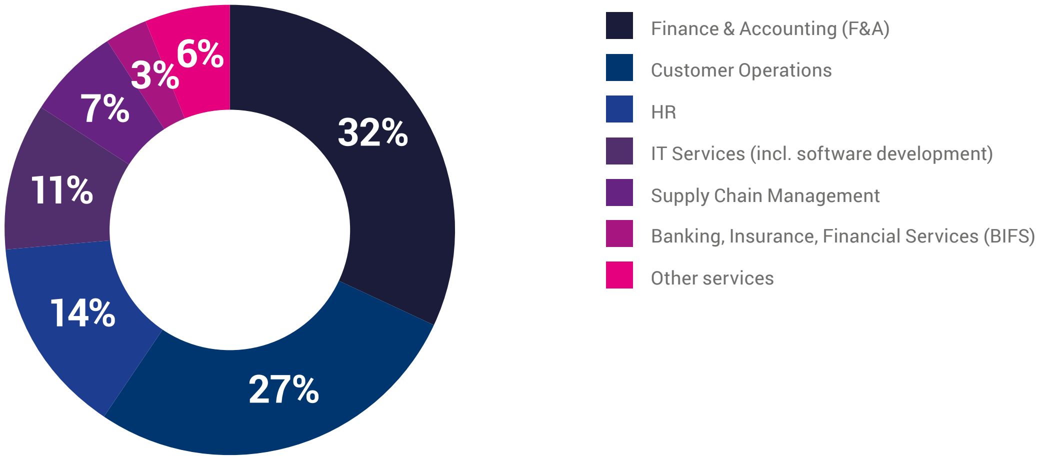


Figure 1.12
The structure of employment in business service centres by categories of supported business processes
Source: ABSL Survey 2016

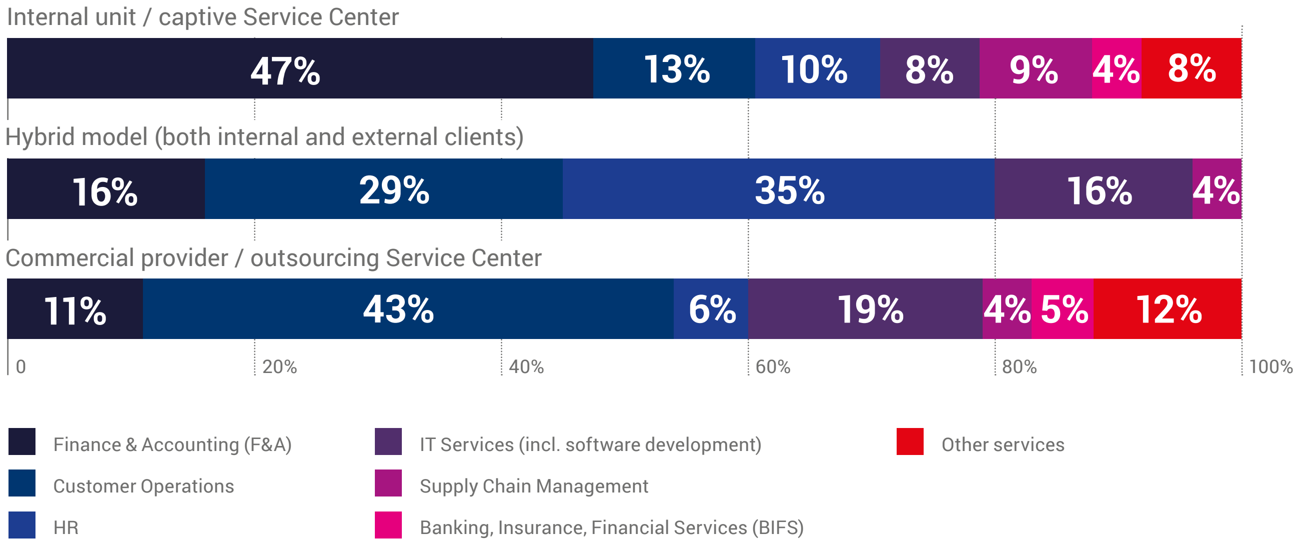


Figure 1.13
Employment structure of business services centres by business process categories supported at centres with different organizational model
Source: ABSL Survey 2016

In comparison to previous surveys, we observe more centres expanding their scope of services and this is reflected in the increasing share of individual business process categories supported by business service centres in the Czech Republic. 80% of the centres report that they have the Finance and Accounting scope and Customer Operations, HR and IT services are supported by more than 50% the centres. The most significant increase is in the growth of IT support services, which are now provided by over 50% of all Czech centres.

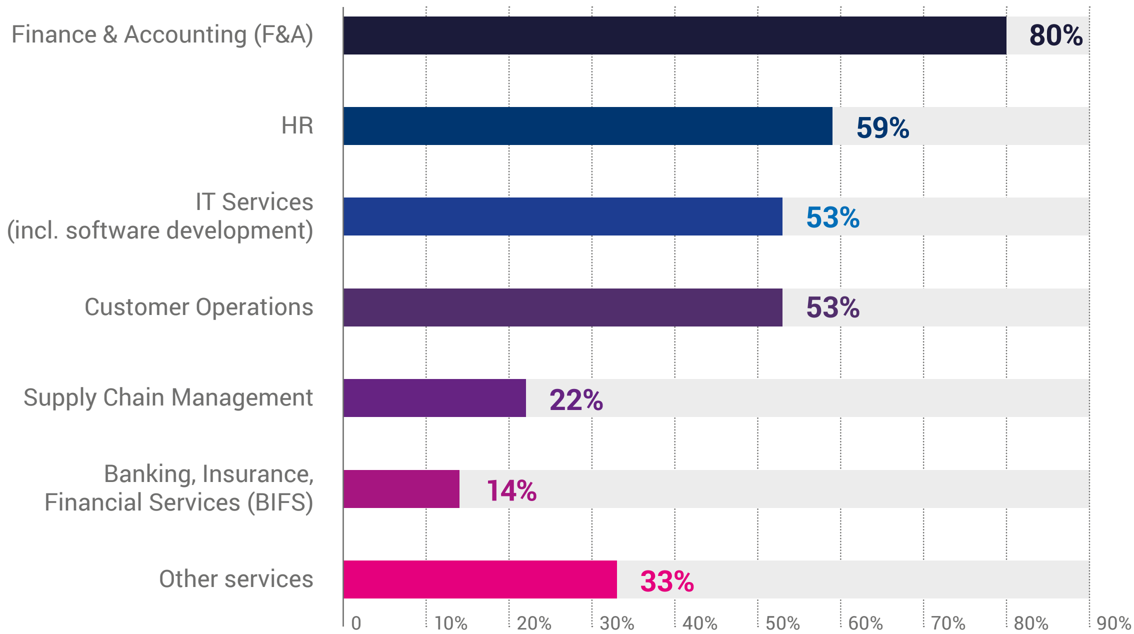


Figure 1.14
The structure of business process categories in business service centres
Source: ABSL Survey 2016

80%

of centres are multifunctional units and support more than 1 business process

3.1

average number of business processes supported by the business service centres

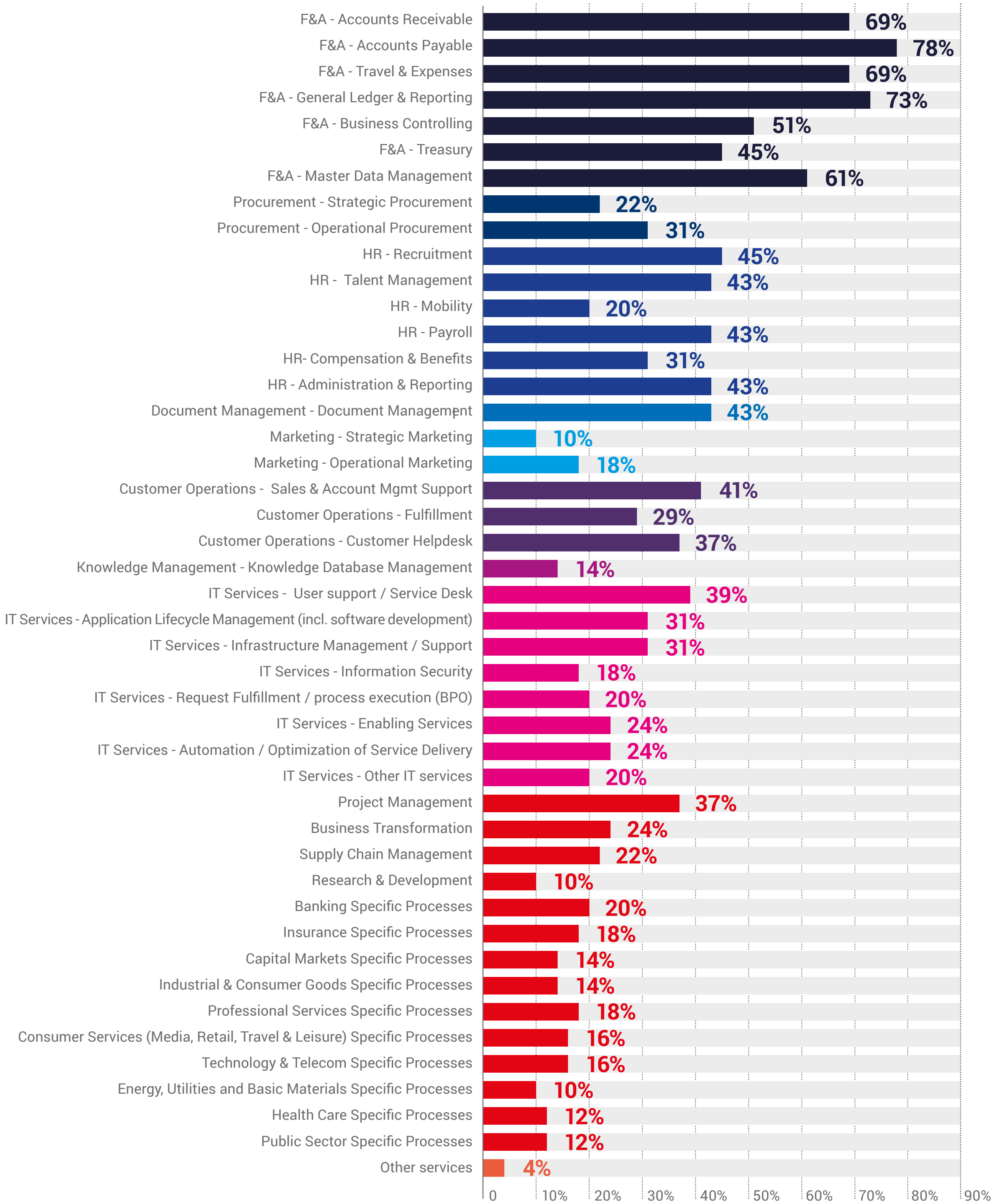
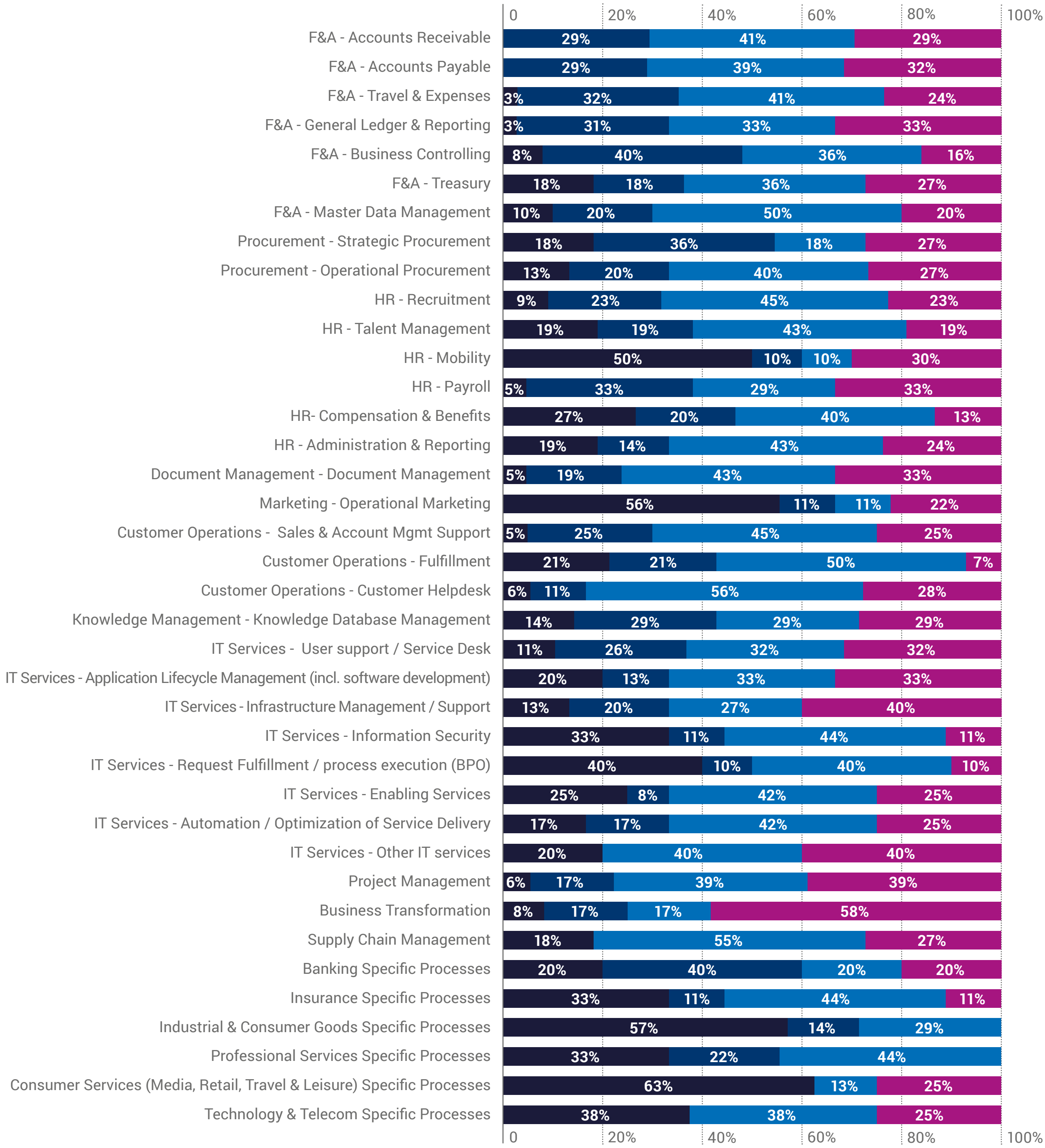


Figure 1.15

Process categories supported by business service centres

Source: ABSL Survey 2016



Rookie
Processes are informal, disorganized and practiced on ad hoc basis, however intuitively understood. Success is based on individual heroic effort.

Developing
Some processes transferred; majotiry processes not standardized

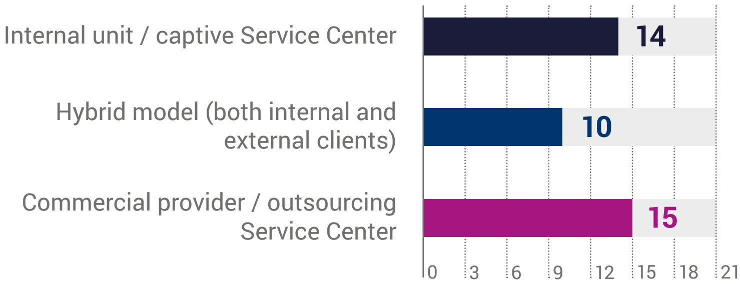
Advanced
Processes are standardized. SLA in place. Success is predictable. Continuous Improvement in place

Partner
Optimization and Automation across organization, business outcomes focus and partnership with clients

Figure 1.16

List of selected process categories at business service centres - maturity level

Source: ABSL Survey 2016

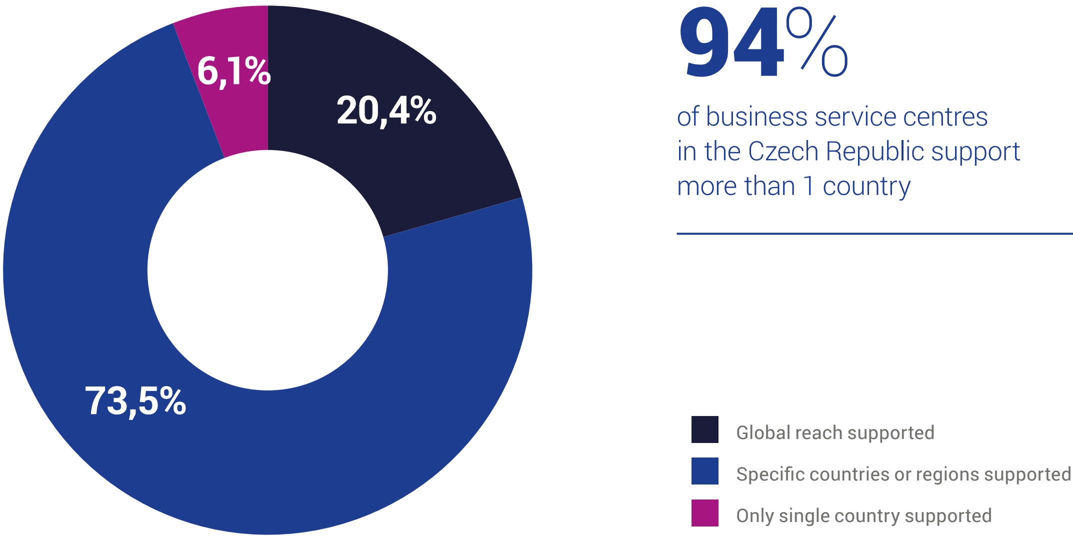


14

average number of business processes categories supported by the business service centres

Figure 1.17
Average number of business process categories supported by business service centres
Source: ABSL Survey 2016

Geographical scope of services delivered from the Czech Republic



94%

of business service centres in the Czech Republic support more than 1 country

Figure 1.18
Proportion of business service centres according to the countries supported
Source: ABSL Survey 2016

The majority of the companies responding to the survey operate globally. Only 6% of the business service centres support a single country. The largest number (almost 86%) of the centres deliver services to Western Europe followed by Central and Eastern European region (78%). Czech business service centres are delivering services to all global geographies including the Americas and Asia Pacific.

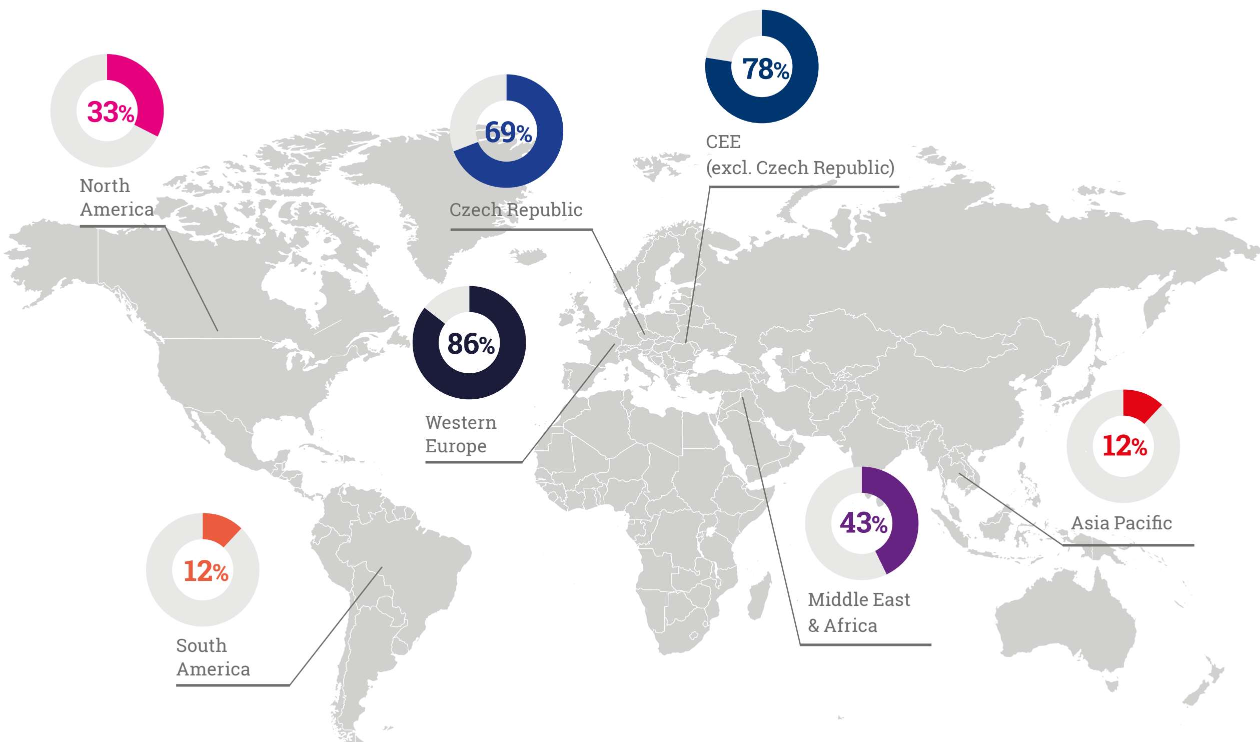


Figure 1.19
Proportion of business service centres supporting the selected regions
Source: ABSL Survey 2016

Development of the business service sector in the Czech Republic

84%

Of the surveyed companies in the past three years have increased the range of provided processes (78% of companies with fewer than 200 employees, 86% with 200-500 employees and all companies that employ more than 500 employees. From the organizational model point of view all the companies operating in the hybrid model and about 80% of commercial and captive centres expanded their scope.

82%

Of the surveyed companies in the past three years have increased the degree of sophistication of provided processes: in 58% of companies it has increased significantly and in 33% insignificantly. Advancement of processes have increased in all companies employing more than 500 employees and in 80% of companies employing less than 500 employees. From the organizational model point of view all the companies operating in the hybrid model and about 80% of commercial and captive centres increased degree of sophistication of provided services.

84%

of service centres predict an **increase in employment** through the end of 2017 on average of **16%**.

	Percentage of companies that predict an increase in employment by the end of 2017	Average projected employment growth
Total	**84%**	**16%**
Centers with less than 200 employees	81%	23%
Centers with 200 - 500 employees	86%	18%
Centers with more than 500 employees	88%	13%
Commercial provider / outsourcing Service Center	100%	15%
Hybrid model (both internal and external clients)	100%	16%
Internal unit / captive Service Center	78%	29%

Table 1.2
Forecast of the employment growth by the end of 2017 in business service centres
Source: ABSL Survey 2016

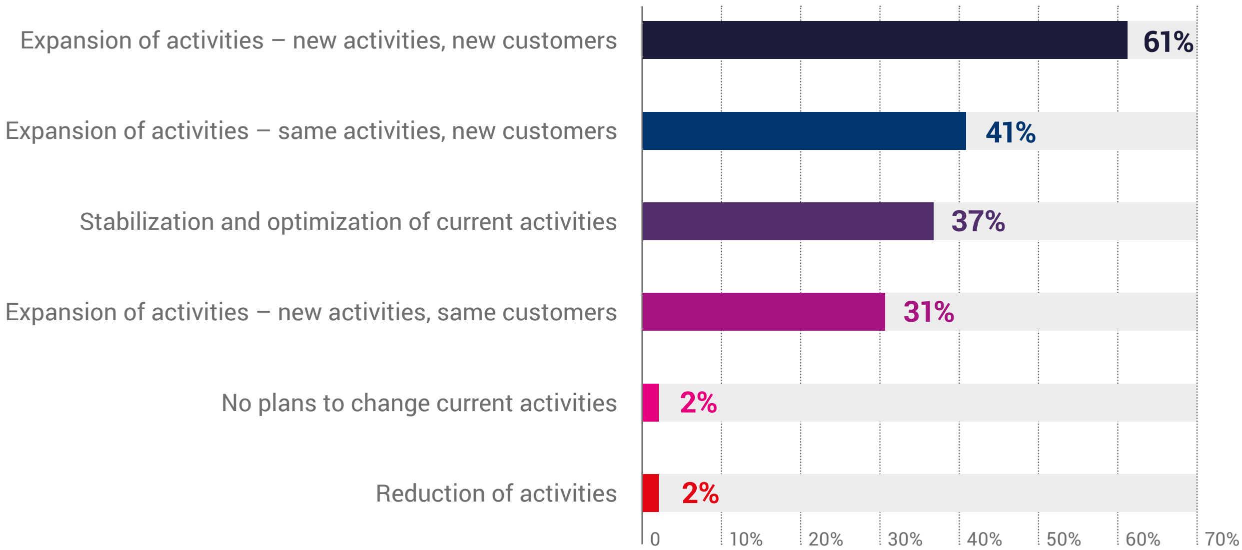


Figure 1.20
Business service centres' plan to change their activities in the next 2 years
Source: ABSL Survey 2016

Business process automation in the business service centres in the CR

84%

of business processes in the business service centres in the Czech Republic are impacted by automation initiatives

93%

of automation initiatives in the business service centres in the Czech Republic are driven directly by the centres or based on their inputs

The clear majority of business service centres (84%) use business process automation in their operation. More than 50% companies report that automation impacts more than 20% of their processes. The level of process automation varies from basic automation involving VBA scripts to more sophisticated automation methods involving complex VBA form or Robotic Process Automation (RPA) tools (such as Blueprism or Automation Anywhere).

42% of all automation initiatives are driven directly by the centres and 51% are initiated based on their inputs. One of the important aspects of business process automation implementation is the ownership of the business process and decision power for their modification. Almost all centres (98%) can influence decisions about changes in the business process in scope and more than 71% have full or partial ownership of business process in scope and have decision powers to modify them.

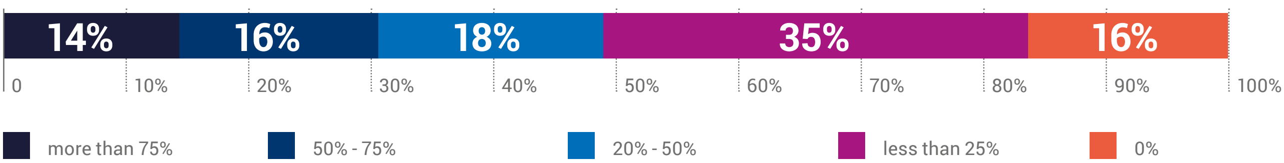


Figure 1.21
% of the business processes in business service centres in the CR that are impacted by automation initiatives
Source: ABSL Survey 2016

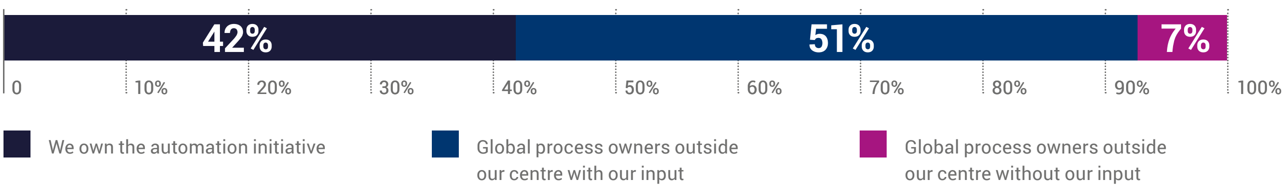
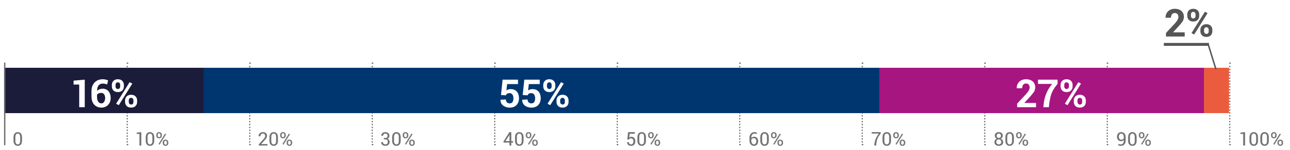


Figure 1.22
Level of ownership of automation agenda in business service centres
Source: ABSL Survey 2016



- Yes, we have full ownership of all processes in our scope and we have decision power to modify them
- Yes, we have full ownership of some processes in our scope and have decision power to modify them. Other processes are owned by retained organization
- No, we do not own any processes in our scope, however opinions and suggestions of SSC regarding process changes are an important input for process owners
- No, all decisions of process changes are made within retained organization

Figure 1.23
Level of ownership of business process in scope in business service centres
Source: ABSL Survey 2016

Human capital in the business service sector

The Business service centres in the Czech Republic deliver services globally to almost all geographies. Most the services are being delivered to European countries, North America and Middle East. This creates a high requirement for knowledge of foreign languages in the business service centres. The language capabilities of the Czech centres are unique and they can deliver services in 31 languages. The vast majority of centres are multilingual with 9 languages used in average in one centre. Traditionally the highest coverage represents languages of largest European countries - English, German, French, Italian and Spanish. The demand for languages continues to be high and drives the continued demand for international talents. Currently the centres employ an average of 33% foreigners and it is expected that this share will increase in the future. This is supported by recognition of the Czech Republic as one of the top global locations for international expats to live and work.

27

the largest number of languages used by one business service centre

41%

of business service centres use more than 10 languages

71%

of business service centres use more than 5 languages

9

average number of languages used in business service centres

33%

average share of foreigners among all employees in business service centres

96%

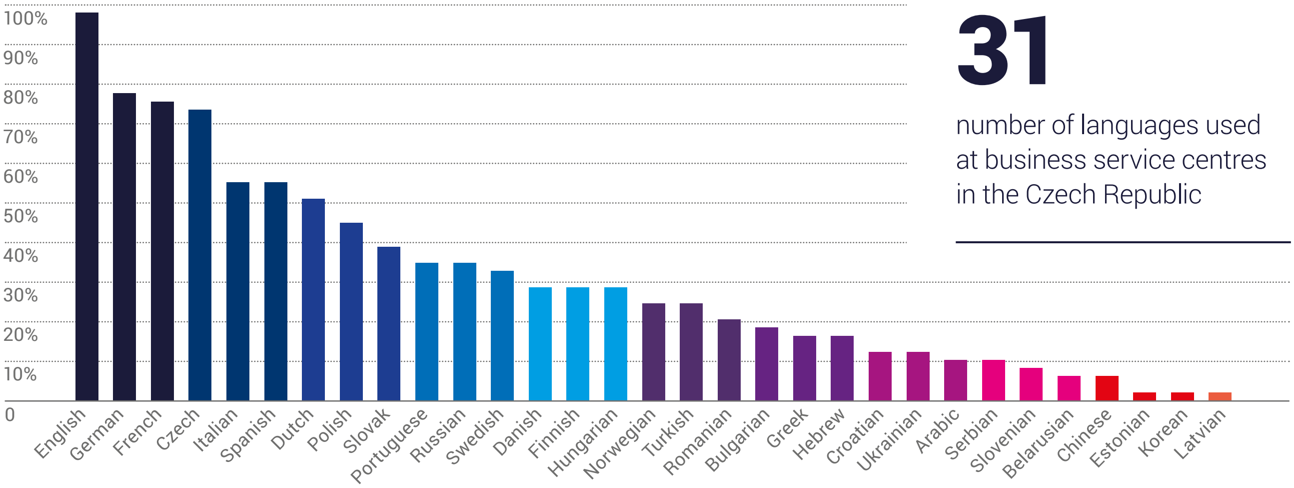
of business service centres employ foreigners

85%

the maximum share of foreigners in one business service centre

80%

of business service centres employ at least 10% of foreign employees



31

number of languages used at business service centres in the Czech Republic

Figure 1.24
Languages used at the business service centres
Source: ABSL Survey 2016

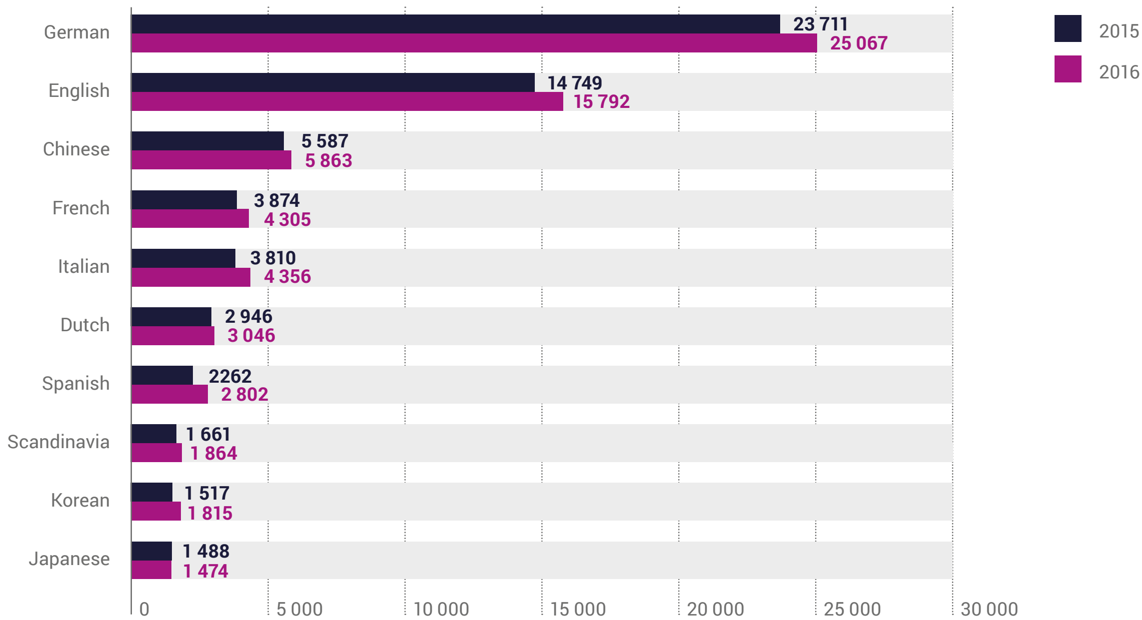


Figure 1.25
Numbers of Foreigners by Country in the Czech Republic
Source: Ministry of Interior, August 2016

Note:

English - Australia, Canada, Ireland, Great Britain, United States, South Africa

German - Austria, Germany, Switzerland

French - Belgium, France

Spanish - Colombia, Cuba, Chile, Mexico, Spain

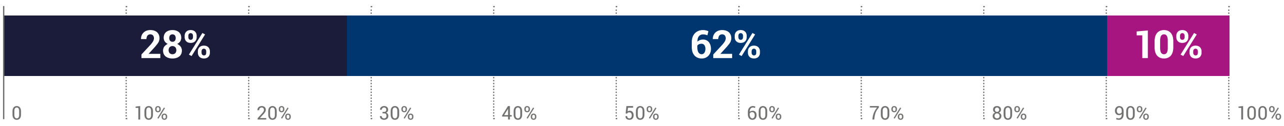
Scandinavia - Denmark, Iceland, Finland, Norway, Sweden

72%

average share of business service centre employees with a university degree

84%

of business service centres employ people with postgraduate diploma or professional certification



Secondary School (or equivalent)
Master/Bachelor Degree (or equivalent)
Post graduate/Professional Cert. (ACCA, CIMA, MBA, ITIL, etc.)

Figure 1.26
Level of education of employees in the business service centres
Source: ABSL Survey 2016

89%

of employees within the business service centres in the CR are employed on a full time basis

65%

of business service centres employ at least 90% of their employees on full time basis

Full Time Employee
Part Time Employee
Contractors

Figure 1.27
Structure of employment in the business service centres

41%

of business service centres have at least one disabled employee

80%

of business service centres enable teleworking (homeworking)

2%

average share of disabled employees in the business service centres that employ disabled people

17%

average teleworking / homeworking enabled in the business service centres in the CR

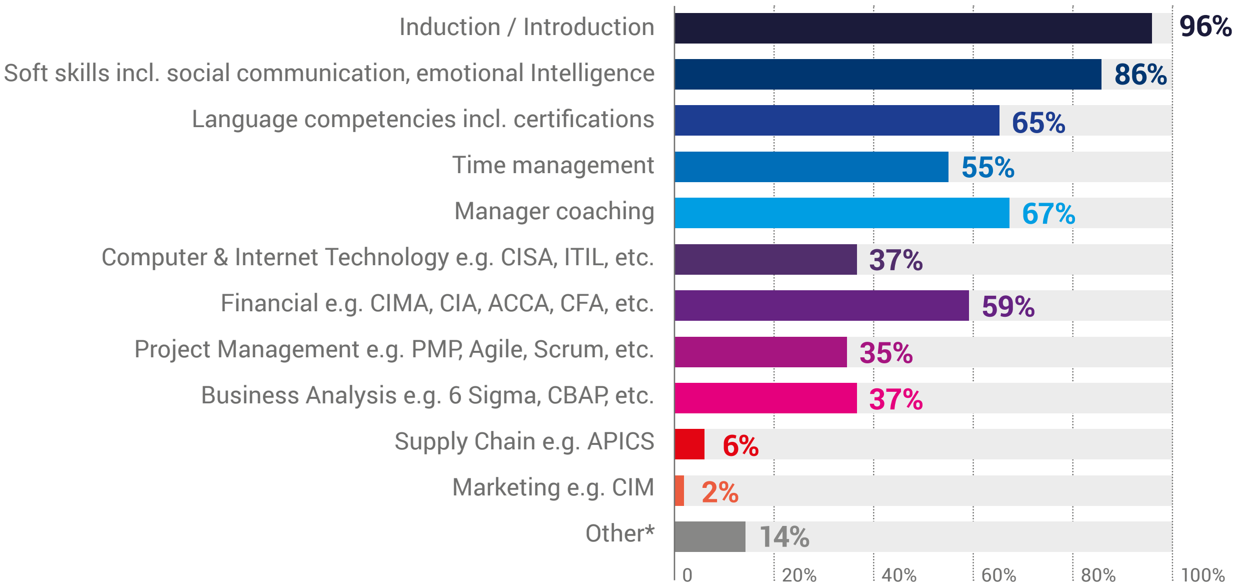


Figure 1.28
Employee training offered by business service centres
Source: ABSL Survey 2016
*Other: Process specific trainings, phone skills, tax training, Information Security, etc…

39

average number of training hours per year provided by business service centres to their employees

Employees of Czech business service centres are well educated and almost two thirds have a University degree or Masters. The share of employees with high school education is consistent with previous year and represent 28% of employees. Continuing professional development is a growing trend in the business service sector and the percentage of employees with postgraduate qualifications doubled from previous surveys. More and more companies see the importance of continuous investment in education. Nearly 60% of the centres invest in postgraduate or professional qualification for their talent. Talent management and retention has become a key focus for business service centres and the majority of them (nearly 70%) invest in coaching training of their managers.

Training and education is the most important strategic tool for business services to attract, retain and develop the talent force that centres require as they “move up the value curve” to deliver higher end reporting, analytical and front end services. Our surveys show that almost all business centres are providing induction training for new recruits and the vast majority have educational programs to develop the key business skills for leading teams, managing workloads and delivering complex projects.

An increasing number of business service centres in the Czech Republic are investing in professional financial qualification together with recognized certifications in project management, lean six sigma and leading IT certificates. This is clear evidence of the move within the Czech business service sector to higher level, professional services requiring business centres to adopt sophisticated learning strategies and provide employees with international development options and qualifications.

49%

business service centres use cafeteria system

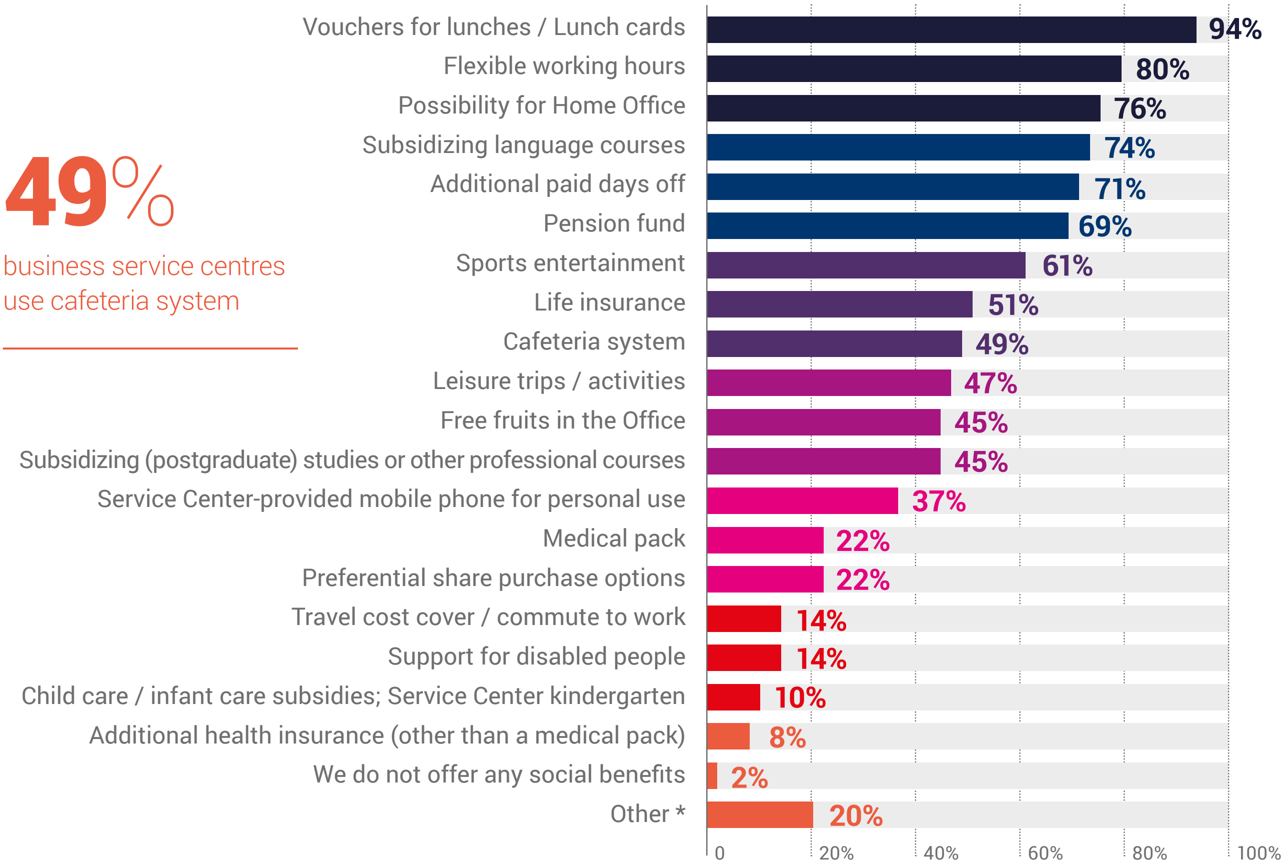


Figure 1.29
Non-wage benefits offered by the business service centres (available to all employees)
Source: ABSL Survey 2016
* Other: additional sick days, contribution to pension scheme, participate in company´s mobile phone plans; purchase of products for discounted prices, wellness, Flue Vaccination

As the competition on the market for talent is increasing the companies are expanding their portfolio of non-wage benefits. Almost half of the centres offer cafeteria systems to their employees that give them flexibilities in using different types of services. The majority of the centres offer to their employees flexible working hours, teleworking / homeworking or additional paid sick days. The knowledge of languages is one of the key success factors and one third of the centres support the language courses. Very popular non-wage benefit is also contribution to the pension funds and life insurance. The list of the non-wage benefits is increasing and only 2% of the centres do not provide any such benefits.

Collaboration between business services centres and universities

Most of the centres in the Czech Republic cooperate with universities on the level of recruiting future employees (63%). Further, the companies partner with universities in joint conferences, educational projects, training courses and studies. 33% of centres do not collaborate with universities at all at any level. Overall, these levels of collaboration are lower than we would expect and ABSL has the strategy to drive greater levels of cooperation between our sector and education.

For the continued growth of the services sector it is crucial to attract even more graduates to inform students about the industry and possibilities for their future career choice in business services. On the other hand, there is also a need of certain changes in universities' curricula to educate students in the field needed by companies and the industry.

The best possible way is to establish better collaboration between companies and universities or secondary schools. There are various possibilities, to illustrate some of the great examples of possible cooperation, below are 5 case studies from major business service centres within the Czech Republic.

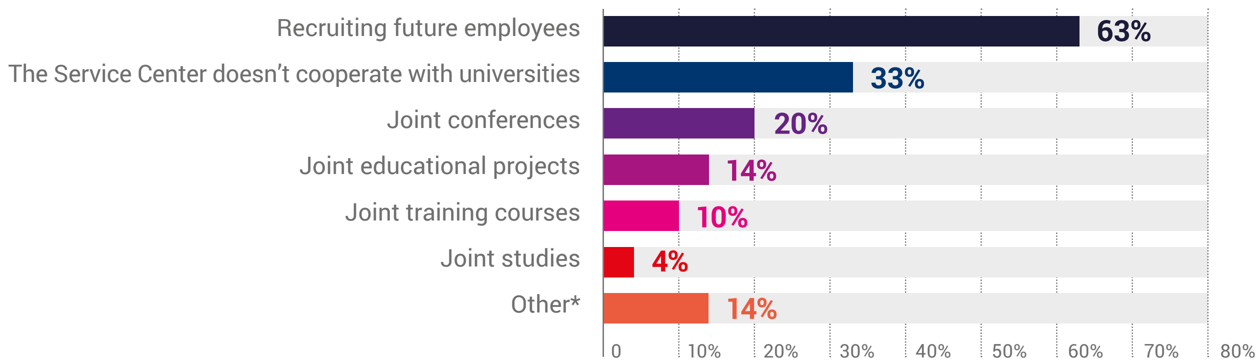


Figure 1.30

Types of collaboration between business services centres and universities

Source: ABSL Survey 2016

* Some of the types of collaboration listed as „Other" include: thesis studies, internship programmes, diploma thesis development support, university job fairs, joint research projects

Examples of collaboration between business services centres, universities and secondary schools

Dixons Carphone Centre of Excellence: Recruiting through Internships

Dixons Carphone Centre of Excellence has a long and vital tradition of cooperation with universities in Brno. We are actively supporting student's internships in a wide range of positions from financial, via HR administration and customer service roles in different languages to logistics. The typical internship lasts 6 weeks and we are trying to show to the students what the position is about and how the centre as such works. We have very good experience with employing students even after the internship itself. Dixons Carphone is able to offer different types of part time and flexible working hours, so the student can finish his studies while gaining the first proper working experience. After finishing the studies it is possible to prolong his working hours into a normal full time employment. The biggest asset of the internship in this process is that the student can right after it apply for more qualified full time position or based on his experience change the field of his professional direction. We strongly believe in cooperation with universities as we see huge potential in the students.

Johnson & Johnson: Sharing Expertise and Encouraging International Talent Mobility

In Johnson & Johnson our aim is to build a long term cooperation with the universities. Due to the extensive scope of our businesses, we are active in the field of direct lectures and presentations to students of the medical faculties as well as students of finance and business management. Simultaneously, we are actively driving talent acquisition for our businesses in the 15 countries of Central and Eastern Europe from Prague. By cooperating with universities across the region we encourage the talent mobility within the region, making sure students are informed about the career opportunities with Johnson & Johnson in all the countries. We are participating at the major career events and job fairs organized by the largest universities in the region and are also running a fruitful cooperation with student's organizations like AIESEC or IAESTE. Since the members of these organizations are students themselves, their communication towards the student audience is highly efficient. Career fairs, internships, targeted vacancy posting and similar activities organized in cooperation with universities or the student organizations are met with a great interest and due to its positive results highly appreciated by both sides. University engagement is helping us to be more visible between the early talents, show them our company culture and attract them to Johnson & Johnson.

MANN+
HUMMEL

MANN+HUMMEL Service: Long-term relationship is our approach

Through continuous interactions with secondary schools and universities MANN+HUMMEL offers students an opportunity to get to know the company during their studies and get an insight into the operations and possible career prospects offered by an international company. Broad range of activities is focused not only on motivation but also on vocational topics. Our main aim is to enable students to see what their future profession might be like and what are the requirements for different positions.

Cooperation with secondary schools is distinctive to its interactive and motivational character, students have several possibilities to get in touch with MANN+HUMMEL such as excursions, workshops, various lectures or internships which help students to get a taste of everyday working life and gain experience for their own career.

On the other hand, cooperation with universities is based predominantly on expert knowledge, especially in technical sphere and economics. Our ideal approach is to meet a student at the lectures, attract him/her for a part-time job, which can be transferred into a Trainee program. During this time both parties has an opportunity to get to know each other well and also benefit from diploma theses. And last but not least there comes a day when a new permanent employee is here. In addition, this employee is familiar with the company and his/her tasks from the first day on.

Cooperation with High schools in Moravian-Silesian region

OKIN BPS has realized few years ago, that the importance of cooperation with high schools is equal to Universities. Mostly we are cooperating with vocational high schools focused on information technologies, especially networking and cloud technologies. The cooperation is based on meetings with students, internships, workshops, we train with students the whole recruitment process, advise how to present themselves on social networks etc. On the other hand, we act as a partner during their Open Day and other activities. Currently we have partnership with several high schools within Moravian-Silesian region and we are continuously improving the cooperation and expanding the network. High school graduates are very motivated and strive to learn something new, start to build their career and that's what OKIN can provide and help with.

Internship programme in Zebra Technologies

An internship programme is very successful in the Finance Shared Services departments, where we can offer students in their last years of study at the university to gain practical knowledge in the field of their studies. Thus, they are motivated to stay within the company after completion of the internship programme and their study. The best graduates are receiving an opportunity to continue their careers within the company and apply the gained knowledge. Interns are perceived as regular employees, they are not working only on simple administrative tasks but they are involved in whole scope of the entire department, therefore, they are aware what it means to work in finance department of international company. The internship is paid and trainees are eligible also for company benefits same as regular employees. Interns are not only the source for capable employees but also "brand ambassadors" at schools where they study.

Abra Software
Accace
Accenture
Adastra
Adobe Systems
ADP
Alpiq
Amazon
Anheuser-Busch InBev
Aon Benfield
Arbes Technologies
Atlas Copco
Avast
AXA Assistance
Barclays
blue-infinity
BlueLink International
Bodycote
CA Technologies
Canon
Carrier
CDK
CGI
Clearstream Operations Prague
Cognizant Technology Solutions
Comdata
Commerz Systems
Commerzbank
Concur
CSC
ČEZ Korporátní služby
Cleverlance Enterprise Solutions
DHL Express
Deutsche Börse Services
EDITEL
Edwards Lifesciences
EmbedIT
EPAM
ESET
Etnetera
Expedia
ExxonMobil
Fleetcore
Foxconn Development Research Centre
Gemalto
GoodData
Google
Guerbet

Hay Group (Korn Ferry)
HCL
Hewlett Packard
IBM Česká Republika
ICON Communication Centres
ICZ
Infosys
International SOS
Interoute
J&T Services
Jarden BSG
JATO
Johnson & Johnson
Komerční banka
LUKOIL
Mallinckrodt
Medtronic
Microsoft
Monster Worldwide
NESS
NNIT
Novartis
Novell
OKIN BPS
OKsystem
Oracle
Ortho Clinical Diagnostics
Panalpina
Pfizer
Process Solutions
Profinit
Sabris CZ
SAP Services
Savencia Fromage & Dairy
Scanservice
Siemens
Sirva
SITA
Skype
Solar Turbines EAME
T-Systems
Team Trackers
TMF Group
Unicorn
UniCredit Bank Business Information Systems
Vodafone
Your System

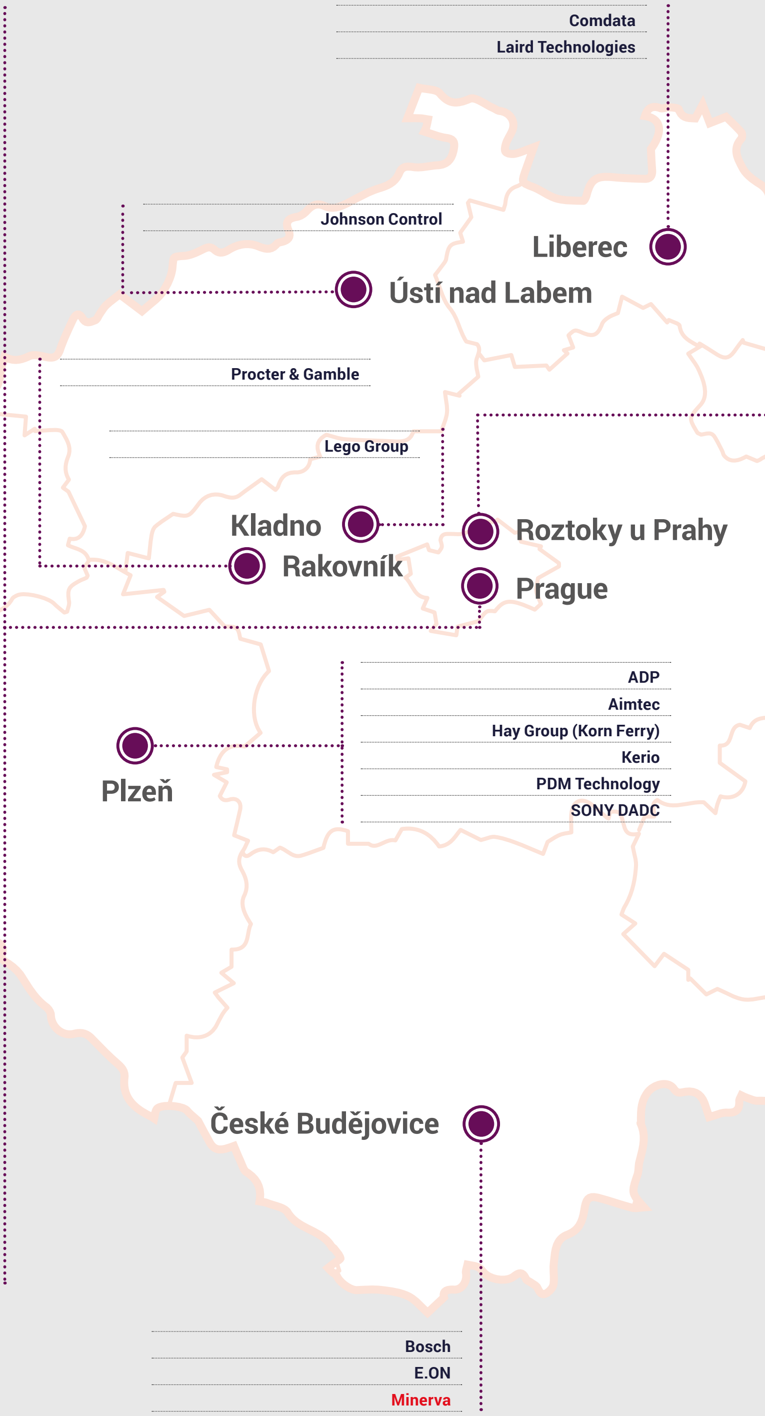


Table 1.3
List of centres in the Czech Republic
* Czech owned or majority Czech serving centers

Czech centre*
International centre

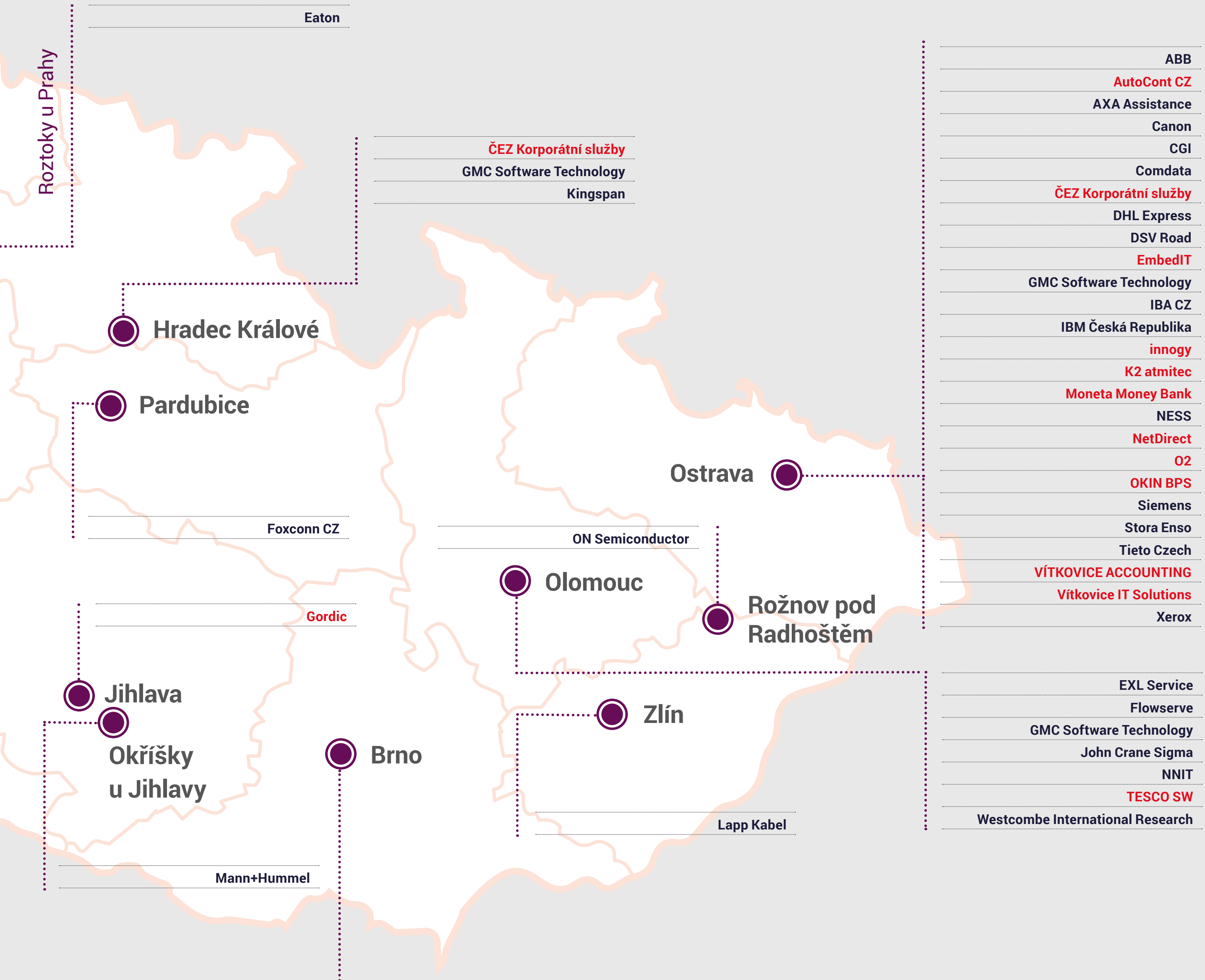


ABB
Apprise Software
AT&T
Avast
Comdata
Deloitte
Dixons Carphone CoE
Edwards Services (Atlas Copco)
EmbedIT
Fabory
FEI (Thermo Fisher Scientific)
Financial Express
FNZ
Gardner Denver
GoodData
Honeywell
IBA CZ
IBM Global Services Delivery Centre
IMI International (Norgren)
Infosys
KBC Group
Kiwi.com
Lear Corporation
Lufthansa InTouch
Mann+Hummel
Monster Worldwide
NESS
NetSuite / Oracle
PPG Industries
Red Hat
SAP Services
Seznam.cz
SolarWinds
Xura
Y Soft Corporation
Zebra Technologies

Chapter Content Provider: Deloitte

2 | Country Snapshot: Profile of the Czech Republic

In this section, we give an up to date view on the Czech business economy and labour characteristics. We provide a profile of business services across the country and a deeper dive into the 3 key Czech business services hubs Prague, Brno and Ostrava.

Business Services in the Czech Republic

In this section of the report we present a brief overview of the Business services sector and key economic data for the Czech Republic. We present a City Profile for the 3 main Czech Cities for Business Services, Prague, Brno and Ostrava. This provides a snapshot view of Business Services investors taken from the recent ABSL report in European Business Services. *

The Business Services sector in the Czech Republic has been booming in recent years and faces a number of opportunities and challenges in the future. Shared Services Centers are rapidly transforming into specialized centres delivering higher value add to their organizations – and this is increasing pressure on Talent, Quality and Expertise.

A competitive market for qualified staff offers space for the implementation of alternative staffing solutions, such as Robotics Process Automation (RPA) or your new, virtual workforce. We see a very bright future ahead for RPA, especially when combined with new Cognitive methods and many Czech centres are now adopting Robots and Automation into their processes.

The retention of qualified staff is another challenge the sector faces as it grows and develops. Business and HR leaders will need to adopt new insights and flexibility into their organizations. These include predictive models for employee attrition, new ways of gathering engagement feedback from their teams and understanding who the true influencers in their teams are. This data will contribute to decisions regarding people matters as an addition to currently commonly used tools and is being delivered across a range of digital platforms.

We at Deloitte are excited about entering a new strategic partnership with ABSL Czech Republic and we recognize our common objective with ABSL is to support the growth and importance of the Business Services Sector in the Czech Republic and share innovative solutions and practices with ABSL members.

Milan Kulhánek
Director Strategy and Operations
Deloitte Advisory

Pavel Šimák
Senior Manager SSC and GBS Practice
Deloitte Advisory

* Please see Europe's Business Services Destinations – a journey across 10 countries and 20 cities. Prepared by ABSL in cooperation with Deloitte, Hays and JLL.

Country snapshot

Czech Republic is a highly developed country in Central and Eastern Europe, with the highest GDP per capita. Its economy has traditionally relied on the industrial sector (machine building, automotive) with exports currently accounting for nearly 80% of GDP. The country has also established itself as an attractive destination for business services in Europe. Key competitive advantages include: the quality of education (particularly in technical disciplines), a multilingual population with good knowledge of English and German languages, a high quality of life and attractiveness for expatriates, high quality infrastructure and its proximity to Western Europe. The companies are increasingly looking beyond Prague into rapidly developing regional centres such as Brno, Ostrava, Olomouc and Plzeň.

10.6 million

population (2016)

1.0%

inflation (2016)

15,800 €

GDP per capita (2016)

367 €

minimum wage (2016)

Figure 2.1
Key macroeconomic indicators
Source: Deloitte research

Key labour code characteristics

Employment contracts	» Typical employment contract is indefinite
	» Second most common is a fixed period contract
	  » May be concluded cumulatively for a maximum of three years, and can be renewed twice, meaning a maximum of nine years in total
	» Other possible forms of employment contracts include:
	  » Agreement to perform work: used mainly for part-time employment, scope of work must not exceed 20 hours per week
	  » Agreement to complete work: the scope must not exceed 300 hours per calendar year for one employer
	» Probation period must last no longer than three months

Notice periods	» Mandatory notice period of two months for employers and employees
Working hours	» 40 hours is the standard working week » 38.75 hours is the maximum those working two consecutive shifts can work in a week » 37.5 is the maximum those working three-shifts can work in a week » Night shifts must not exceed eight hours in 24 consecutive hours

Overtime	» 150 hours is the maximum amount of overtime an employer may request in any calendar year
	  » Can rise to 300 hours if agreed in writing
	» Overtime must not exceed an average of eight hours per week for more than four consecutive months
	  » Unless agreed on employee representatives, then must not exceed 12 consecutive months
	» Premiums of at least 10% of minimum hourly wage must be paid for night/weekend work
	» Additional bonus of at least 25% of salary must be paid for overtime hours
	  » Rises to 100% for bank holidays, additional holiday entitlement may be agreed on instead

Annual leave	» 20 days is the minimum requirement per year, plus 14 paid state holidays » Often employers increase this by an additional week
Contributions	» Employers: 34% (for social security and health insurance) » Employees: 11% (for social security and health insurance)
Standard benefits offered to specialists	» Flexible working hours » Additional holiday entitlement » Training » Meal contribution » Pension contributions and/or life insurance » Contribution for sport, cultural activities » Medical care
Additional benefits offered to managers	» Managerial training » Home office » Company car » Cell phone

Table 2.1
Czech Republic labour code overview
Source: Hays Specialist Recruitment

| Prague

Business services cluster

Prague is the political, educational, cultural and economic centre of the Czech Republic. With a population of around two million people in larger metropolitan area it accounts for nearly a fifth of the country's population. It is also home to the largest airport in the country, providing good accessibility across Europe and beyond. Prague is renowned as one of the most attractive places in Europe to live for expatriates.

40,000

number of employees in the business services sector

100+

total number of business services centres (SSC, BPO, IT, R&D, etc.)

Accenture	Infosys
ADP Employer Services	JNJ Business Services
Anheuser-Busch InBev	LUKOIL
Barclays	Medtronic
Bodycote	Microsoft
Carrier	Monster Worldwide
Clearstream / Deutsche Börse	OKIN GROUP
Comdata	Pfizer
CSC	RWE
DHL Express	SAP Services
Eaton	Siemens
ExxonMobil	TMF Group
Honeywell	Xerox

Table 2.2
Representative players in the city
Source: ABSL Czech Republic

Number of countries served	55
Number of destinations served	164
Passenger traffic (million)	12.0
No. of weekly flights to selected airline hubs:	
Frankfurt (FRA)	41
London (LHR)	27
Paris (CDG)	47

Table 2.3
Airway connectivity (2016)
Source: Deloitte research

Amazon	Jarden
CEMEX	LEGO
CDK Global	Merck Sharpe Dome
Expedia	Novartis
EPAM	Ortho Clinical Diagnostics
Guerbet	
HCL	

Table 2.4
Selected new business services entrants (Q1 2015 – Q3 2016)
Source: ABSL Czech Republic

Brno

Business services cluster

Brno is the second largest city in Czech Republic with a population of 800,000 people. With nearly 10,000 students in IT-related fields it has established itself as an IT-hub in the country. Other key advantages are lower real estate and wage costs in comparison with Prague. International airport of Brno is mainly served by low-cost carriers and has experienced an increase in passenger traffic and new routes in recent years. Otherwise the city can be easily accessed either from Prague or Vienna.

15,000

number of employees in the business services sector

30+

total number of business services centres (SSC, BPO, IT, R&D, etc.)

ABB	Infosys
AT&T	John Crane Sigma
CGI IT	KBC Group
Comdata	Lear Corporation
Deloitte BPO	Lufthansa in Touch
Dixons Carphone	MANN + HUMMEL Service
EDWARDS SERVICES	Monster Worldwide
Fabory CZ Holding	PPG Industries
FEI Thermo Fisher Scientific	Ysoft
FNZ	ZEBRA Technologies/ Motorola
Gardner Denver	
IBM	

Table 2.5
Representative players in the city
Source: ABSL Czech Republic

Number of countries served	6
Number of destinations served	8
Passenger traffic (million)	0.5
No. of weekly flights to selected airline hubs:	
Frankfurt (FRA)	-
London (LHR)	-
Paris (CDG)	-

Table 2.6
Airway connectivity (2016)
Source: Deloitte research

Avast/AVG
EmbedIT
NetSuite

Table 2.7
Selected new business services entrants (Q1 2015 – Q3 2016)
Source: ABSL Czech Republic

Ostrava

Business services cluster

With approximately 300 000 inhabitants, Ostrava is the third largest city in the Czech Republic and the capital of the second largest region with 1.2 million people. The city is experiencing an exciting transformation and fast becoming a major hub for global business services. High standards of education are offered at 5 well respected universities, many of which excel in technical, IT and business and produce 9 000 fresh graduates every year to the local labour market.

The City offers an International airport with a growing number of direct destinations including: London, Milan, Paris and Dubai. There are a number of fast train services and road networks towards Olomouc, Brno, Prague plus Poland, Slovakia and Austria.

7,000

number of employees in the business services sector

26+

total number of business services centres (SSC, BPO, IT, R&D, etc.)

ABB	Moneta Money Bank
Axa Asssistance	NetDirect
Canon	O2
CGI IT	OKIN BPS
Comdata	První Vítkovická personální
ČEZ Korporátní služby	Railsformers
DHL Express	RWE Zákaznické služby
DSV Road	Siemens
EmbedIT	Stora Enso
Gordic	Ždírec
IBA CZ	Tieto Czech
IBM Česká republika	Vítkovice Accounting
K2 ATMITEC	Xerox

Table 2.8
Representative players in the city
Source: ABSL Czech Republic

Number of Countries served	55
Number of destinations served	5
Passenger traffic (million)	0,3
No. of weekly flights to selected airline hubs	
Frankfurt (FRA)	-
London (LHR)	-
Paris (CDG)	-

Table 2.9
Airway connectivity (2016)
Source: Deloitte research

ABB	AXA Assistance
CGI IT	Stora Enso

Table 2.10
Selected new business services entrants (Q1 2015 – Q3 2016)
Source: ABSL Czech Republic

Chapter Content Provider: Jones Lang LaSalle

3 | Office Market

The Czech Republic has continued to demonstrate stable economic growth which has translated into a steady development of the country's office markets – it is the second largest office market in Central and Eastern Europe (4 million m^2 of modern office stock) and continues to expand at a healthy pace (around 275,000 m^2 under construction). The Czech Republic currently offers 3 main city hubs from which to launch and grow business services - Prague, Brno and Ostrava.

CZECH OFFICE MARKET IN NUMBERS

4,000,000

m² in total of modern office space in the Czech Republic

10-15.0 €

typical monthly rental rates per m² in the largest office markets in the Czech Republic

800

rental agreements in modern office buildings forecasted to be concluded in 2016

771,000

m² of office space leased in 2015 - H1 2016

1,035

rental agreements in modern office buildings concluded in 2015 - H1 2016

497,000

m² of existing vacant office space

3

developed office markets

276,000

m² of office space under construction

205,000

m² of office space to be delivered in 2017

500,000

m² of office space forecasted to be leased in 2016

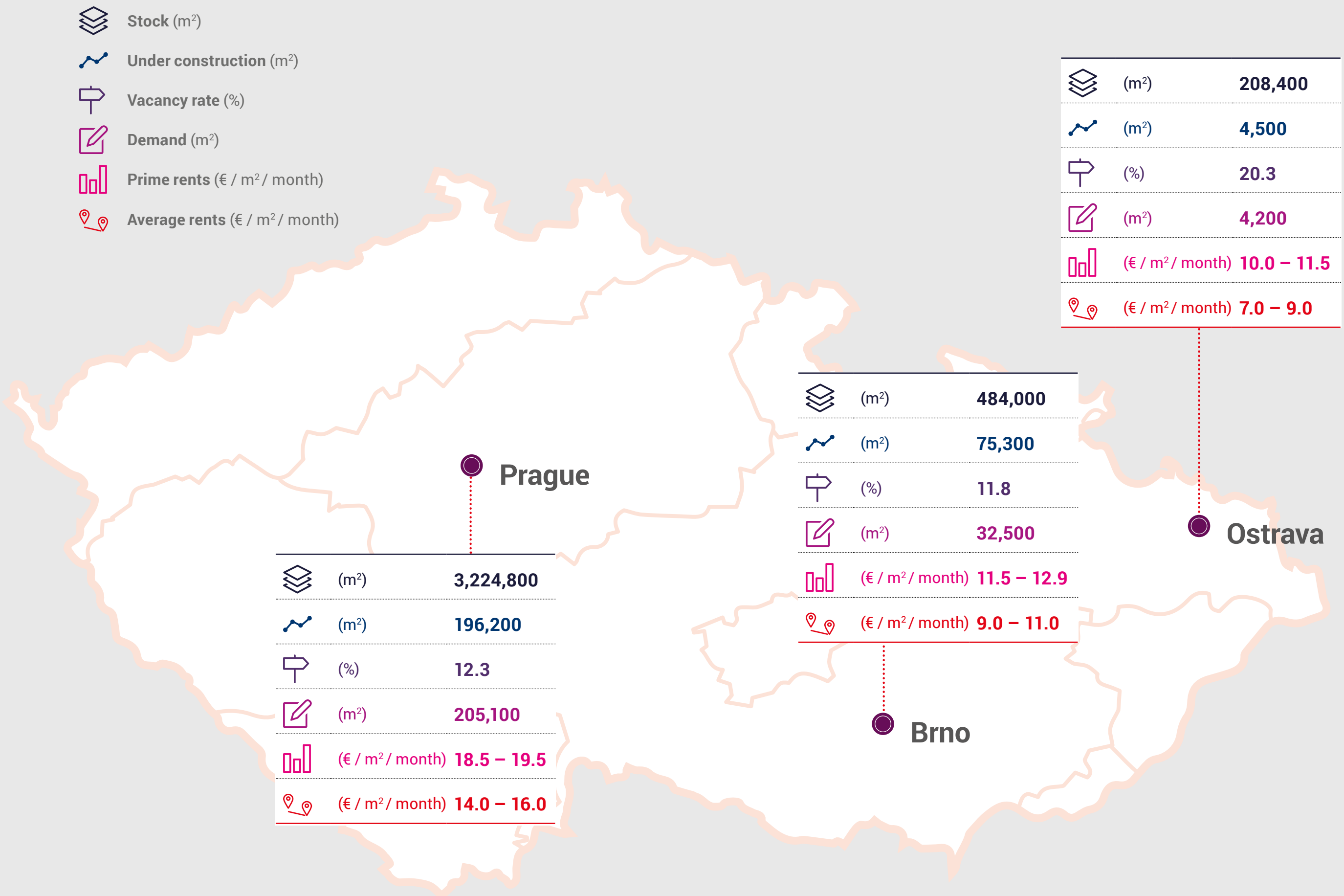
10

rental agreements over 5,000 m² forecasted to be concluded in 2016

24

rental agreements over 5,000 m² concluded in 2015 - H1 2016

| Office Market in the Czech Republic



Prague

Stock	(m²)	3,224,800
Under construction	(m²)	196,200
Vacancy rate	(%)	12.3
Demand	(m²)	205,100
Prime rents	(€ / m² / month)	18.5 – 19.5
Average rents	(€ / m² / month)	14.0 – 16.0

Brno

Stock	(m²)	484,000
Under construction	(m²)	75,300
Vacancy rate	(%)	11.8
Demand	(m²)	32,500
Prime rents	(€ / m² / month)	11.5 – 12.9
Average rents	(€ / m² / month)	9.0 – 11.0

Ostrava

Stock	(m²)	208,400
Under construction	(m²)	4,500
Vacancy rate	(%)	20.3
Demand	(m²)	4,200
Prime rents	(€ / m² / month)	10.0 – 11.5
Average rents	(€ / m² / month)	7.0 – 9.0

Figure 3.1
Overview of office market in Prague, Brno and Ostrava
Source: JLL, Research Forum, Q2 2016

OFFICE MARKET IN THE CZECH REPUBLIC, KEY DATA

Prague

» As the capital city, Prague represents the largest and the most established office market in the Czech Republic. Its total office stock exceeds 3.2 million m^2 of modern office space and comprises mainly A-class properties.

» 2015 was a record-breaking year in terms of demand for office space which increased by 34% y-o-y to the level of 450,000 m^2. 2016 is also on track to become another successful year. Strongly supported by healthy economic growth, we have registered strong leasing activity in H1 2016 exceeding the level of 205,000 m^2. Demand for offices is dominated by new leases and expansions of companies. The level of renegotiations stood at 28%. Occupier activity over the last year and a half was driven mainly by the IT sector, professional services and manufacturers with several key SSC/ICT players such as SAP, ExxonMobil, Oracle or, for example, CSC Computer Sciences relocating within the market or, renewing their space within their current premises.

» In 2016, new supply will be limited. Overall, only 33,400 m^2 is expected to be completed in 2016 which would represent the lowest level ever recorded on Prague office market. Nevertheless, development activity is currently accelerating as there are almost 200,000 m^2 of offices under construction and many projects are in advanced stages of preparation. New supply is estimated to increase to 180,000 m^2 in 2017.

» As a result of constrained speculative supply and strong net demand for offices, we have seen a gradual decline of the vacancy rate throughout 2016. The H1 vacancy rate stood at 12.3% representing the lowest level since 2012. The vacancy rate is estimated to decrease even further in 2016 with forecasted increase returning in 2017 due to strong, mainly speculative supply.

» Prime rents in Prague oscillated in the range of €18.5 – 19.5 m^2/month but are forecasted to slightly increase over the short-term horizon due to a lack of available space in the city centre and continued demand for offices. Average rents for office space in Prague range between €14.0 – 16.0 m^2/month.

Brno

- » With 484,000 m^2 of modern office space, Brno represents the largest regional office market in the Czech Republic outside of Prague.
- » Brno's office stock more than doubled in size over the last ten years and development activity is booming. In 2016, approximately 56,000 m^2 of offices are expected to be completed representing the third strongest annual supply ever recorded in Brno. Moreover, the development pipeline remains quite strong for the upcoming years.
- » Brno is a market with a strong presence and demand from the business services sector which accounted for more than 30% of gross demand for offices in the last year and a half with companies such as IBM, Red Hat, AT&T, Lufthansa and Edwards being active in expanding and renegotiating their office space. Overall, we have seen strong and stable leasing activity in Brno in the last four years with average annual gross take-up of 52,000 m^2. The strong development activity was reflected by a significant share of pre-leases which accounted for almost 40% of the H1 2016 gross take-up.
- » Thanks to strong demand for offices, we have seen a gradual decline of the vacancy rate. The current vacancy rate stands at 11.8%, representing a lower level than in the capital city of Prague. In Brno, there are currently only around 57,000 m^2 of offices immediately available for lease.
- » Prime rents in the city of Brno are favourable when compared to the capital city. The current prime headline rents for the top office projects on the market reach a level of €11.5 – 12.9 m^2/month. The majority of offices on the market are nevertheless being offered in the range of €9.0 – 11.0 m^2/month.

Ostrava

» The current modern office stock in Ostrava totals 208,000 m^2 which makes the city the third largest office market in the Czech Republic (after Prague and Brno).

» Development activity in Ostrava has been quite constrained over the last couple of years. Since 2013, only three small office buildings with a total leasable area of 7,700 m^2 have been completed. Currently, there is only one mix-used project under construction, with planned completion for 2017, enlarging the office market by an additional 4,500 m^2.

» Following a positive year in 2015, in terms of occupier activity, when tenants leased more than 20,000 m^2, demand for offices slowed down to 4,200 m^2 in H1 2016. We have seen many small deals signed on numerous buildings, with larger deals being exceptional. Business services remain active on the market. Lately we have registered, for example, an expansion of OKIN BPS and a renegotiation of Moneta Money Bank.

» Despite limited demand for offices in H1 2016, the vacancy rate in Ostrava has decreased by 2.4 percentage points to its current level of 20.3%. There are currently ten buildings in the city that offer more than 1,000 m^2 of vacant space available for occupiers.

» Prime headline rents remained competitive at a level of €10.0 - 11.5 m^2/month however, outside of the top buildings on the market, offices are being offered in the range of €7.0 – 9.0 m^2/month. Ostrava remains in favour of tenants who, in order to lease the space, are able to negotiate higher incentives such rent free periods, fit-out or financial contributions.

Chapter Content Provider: Grafton Recruitment, CzechInvest

4 | Labour Market

The Czech Republic is one of the fastest growing economies in Europe and at the top of investor leagues, due to a very stable environment and a track record of providing an excellent nearshoring base for Global companies doing business in Europe. Czech domestic business services are growing quickly and provide 1 in 5 of all jobs in the sector, predominantly in the IT services space.

Business services has developed into one of the most sought after employment sectors for graduates and international talent and this continues to attract more experienced talent into Czech centres as they grow and mature. The employment situation is healthy with new opportunities opening across the country, especially in the second/third tier cities with strong universities and infrastructure. We can expect these cities Plzeň, Olomouc, Hradec Králové, Liberec to attract further investors and provide future career opportunities in the next few years.

Labor Market

CZECH - MACROECONOMIC INDICATORS

4.0%

unemployment rate in the Czech Republic (Q3 2016).

The unemployement rate was 0.9% lower than in corresponding period of 2015 Source: Eurostat

996 €

average gross monthly salary (Q3 2016)

In Q3 2016, the average monthly salary was 4.2% higher than in corresponding period of 2015

1.9%

GDP Growth in 2016

According to Czech National Bank, the forecast (November 2016) 2016 GDP will be 1.9%

Figure 4.1

Source: OECD, Eurostat, Czech Statistical Office

Exchange rate used: 27.0 CZK/EUR

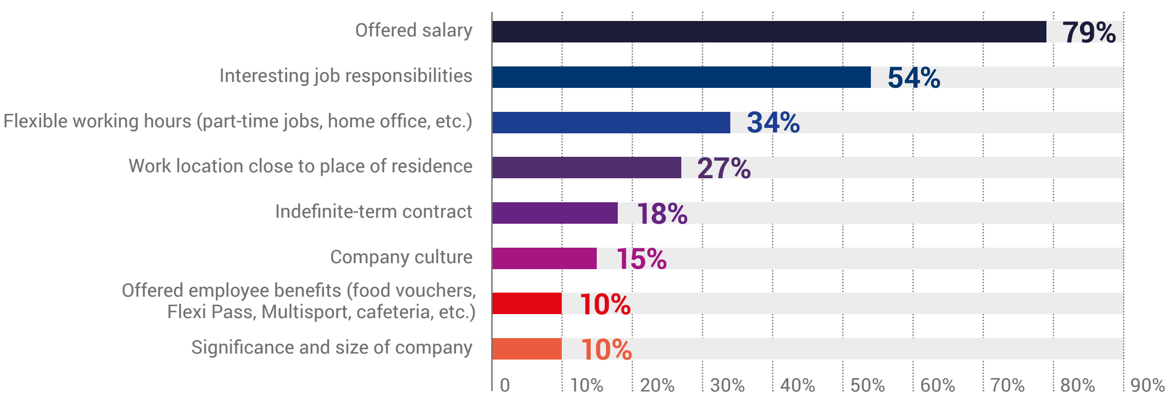
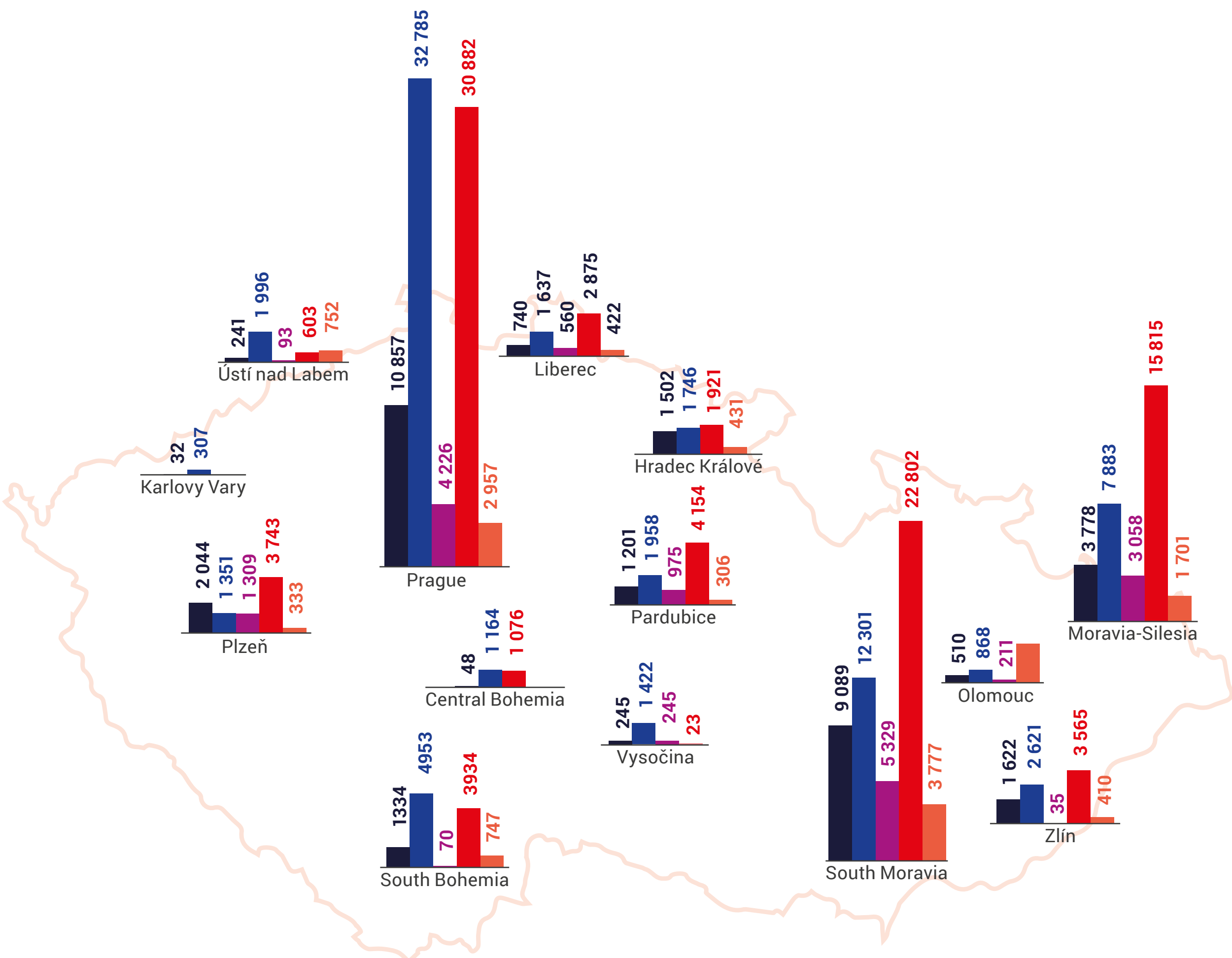


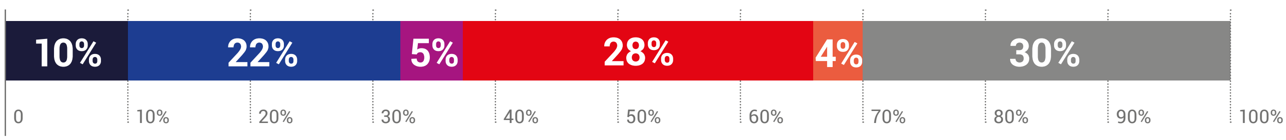
Figure 4.2

Key job factors for employees when considering a new employer

Source: Grafton Recruitment Survey



ICT
Business Administration Studies*
Electrical Engineering
Programmes at technical faculties**
Languages



ICT
Business Administration Studies*
Electrical Engineering
Programmes at technical faculties**
Languages
Other categories of study

Figure 4.3
Students of Languages, Electrical Engineering, ICT, Business Administration and programmes at technical faculties in the Czech Republic (academic year 2015/2016)
* HR Studies included at technical faculties in the Czech Republic (academic year 2015/2016)
** Not only technical programmes
Source: Ministry of Education, Youth and Sport, 2016

70

number of Universities in the Czech Republic, **26** Universities are public

326,900

number of students in the Czech Republic in the year 2015

82,000

number of graduates in the Czech Republic in the year 2015

Figure 4.4
Source: Ministry of Education, Youth and Sport, 2016

Remuneration in business services centres

The remuneration in business services centres varies geographically, by job level and by processes served. There are differences between the amounts offered by various employers within the same location, in the table are the minimal and maximal amounts based on the most frequently offered salaries. The highest remuneration in the business services sector is found in Prague, with Brno in the second place. The lowest employment costs are in Ostrava and Plzeň.

According to a study conducted by Grafton, within the various processes served by business services centres, it is General Ledger and Supply Chain Management in the area of purchasing, who can expect the highest salaries.

Higher remuneration can also be expected by candidates speaking other foreign languages, not only English. This applies especially for candidates speaking German, Nordic or less common languages.

Remuneration of inexperienced staff, graduates and those of having less than 2-3 years of experience is approximately 10-15% lower than of more experienced people.

Business Services	Prague		Brno		Ostrava		Plzeň	
Role	Min	Max	Min	Max	Min	Max	Min	Max
Centre Head/Director	150 000	250 000	100 000	200 000	50 000	120 000	70 000	100 000

Customer Operations

Customer Operations Manager	60 000	80 000	70 000	100 000	50 000	80 000	45 000	65 000
Customer Operations Team Leader	40 000	60 000	35 000	50 000	30 000	45 000	30 000	45 000
Customer Service Representative (more than 2 years of experience)	30 000	35 000	28 000	35 000	20 000	25 000	24 000	28 000
Customer Service Representative (less than 2 year of experience)	27 000	30 000	22 000	27 000	18 000	25 000	22 000	25 000
Customer Service Representative with additional language* (more than 2 years of experience)	35 000	38 000	28 000	35 000	25 000	35 000	25 000	30 000
Customer Service Representative with additional language* (less than 2 years of experience)	30 000	35 000	25 000	30 000	20 000	30 000	24 000	28 000
Back Office Specialist	27 000	32 000	20 000	25 000	20 000	30 000	21 000	25 000

Sales

Telesales Manager	60 000	80 000	50 000	80 000	40 000	70 000	N/A	N/A
Team Leader	40 000	60 000	35 000	45 000	30 000	45 000	N/A	N/A
Couch/Supervisor	50 000	70 000	30 000	40 000	25 000	40 000	N/A	N/A
Telesales Representative	30 000	45 000	23 000	40 000	18 000	25 000	N/A	N/A
Telesales Representative with additional language*	30 000	50 000	25 000	45 000	22 000	28 000	N/A	N/A

HR

HR Director	120 000	150 000	80 000	150 000	50 000	100 000	65 000	100 000
HR Business Partner	60 000	90 000	50 000	65 000	35 000	70 000	35 000	65 000
HR Manager	70 000	100 000	60 000	100 000	40 000	70 000	40 000	70 000
HR Team Leader	40 000	60 000	50 000	65 000	25 000	45 000	30 000	40 000
HR Generalist	40 000	60 000	35 000	45 000	25 000	35 000	25 000	35 000
Recruitment Manager	50 000	70 000	40 000	55 000	40 000	60 000	30 000	40 000
Recruitment Specialist	35 000	50 000	30 000	40 000	25 000	40 000	25 000	35 000
Compensation & Benefits Manager	50 000	70 000	40 000	60 000	40 000	70 000	30 000	40 000
Compensation & Benefits Specialist	35 000	50 000	35 000	45 000	25 000	40 000	25 000	35 000
HR Administrator (more than 2 years of experience)	30 000	35 000	25 000	30 000	25 000	30 000	25 000	30 000
HR Administrator (less than 2 years of experience)	27 000	32 000	22 000	25 000	20 000	25 000	22 000	25 000
HR Administrator with additional language* (more than 2 years of experience)	35 000	40 000	27 000	32 000	27 000	32 000	27 000	32 000
HR Administrator with additional language* (less than 2 years of experience)	32 000	37 000	23 000	29 000	23 000	27 000	23 000	27 000

Business Services	Prague		Brno		Ostrava		Plzeň	
Role	Min	Max	Min	Max	Min	Max	Min	Max
Finance and Accounting								
Finance Manager	70 000	120 000	60 000	100 000	60 000	100 000	35 000	40 000
AR Team Leader	40 000	50 000	35 000	50 000	30 000	40 000	30 000	35 000
AR Specialist (more than 2 years of experience)	35 000	40 000	25 000	30 000	25 000	30 000	23 000	25 000
AR Specialist (less than 2 years of experience)	28 000	35 000	21 000	25 000	19 000	25 000	21 000	25 000
AR Specialist with additional language* (more than 2 years of experience)	35 000	40 000	27 000	33 000	25 000	30 000	23 000	25 000
AR Specialist with additional language* (less than 2 years of experience)	30 000	35 000	23 000	25 000	20 000	25 000	21 000	25 000
AP Team Leader	40 000	50 000	35 000	40 000	30 000	40 000	30 000	35 000
AP Specialist (more than 2 years of experience)	35 000	40 000	25 000	30 000	25 000	30 000	23 000	25 000
AP Specialist (less than 2 years of experience)	30 000	35 000	21 000	25 000	19 000	25 000	21 000	25 000
AP Specialist with additional language* (more than 2 years of experience)	35 000	40 000	27 000	32 000	25 000	30 000	23 000	25 000
AP Specialist with additional language* (less than 2 years of experience)	30 000	35 000	23 000	27 000	20 000	25 000	21 000	25 000
Payroll Manager	45 000	65 000	45 000	55 000	25 000	45 000	35 000	40 000
Payroll Specialist	30 000	40 000	25 000	35 000	20 000	30 000	24 000	28 000
Payroll Specialist with additional language*	35 000	45 000	30 000	38 000	22 000	32 000	25 000	35 000
GL Manager	60 000	80 000	60 000	80 000	40 000	60 000	40 000	60 000
GL Team Leader	50 000	60 000	38 000	50 000	30 000	45 000	35 000	45 000
GL Accountant	30 000	45 000	28 000	33 000	25 000	32 000	28 000	32 000
GL Accountant with additional language*	35 000	45 000	30 000	35 000	28 000	35 000	30 000	35 000
Financial Controller (more than 3 years of experience)	40 000	60 000	40 000	60 000	35 000	50 000	35 000	50 000
Financial Controller (less than 3 years of experience)	30 000	40 000	30 000	40 000	25 000	40 000	25 000	35 000
Intercompany Accountant	35 000	40 000	25 000	35 000	25 000	32 000	25 000	35 000
VAT Accountant	40 000	50 000	30 000	45 000	25 000	40 000	25 000	35 000
Financial Analyst	40 000	60 000	35 000	50 000	35 000	50 000	35 000	45 000
Junior Financial Analyst	35 000	50 000	25 000	30 000	25 000	30 000	25 000	30 000
Pre-Billing/Billing Specialist	30 000	35 000	25 000	35 000	25 000	35 000	25 000	30 000
Cash Collecations Analyst	30 000	35 000	30 000	35 000	30 000	40 000	25 000	35 000

Business Services	Prague		Brno		Ostrava		Plzeň	
Role	Min	Max	Min	Max	Min	Max	Min	Max
IT Services								
Technical Support Manager	70 000	100 000	50 000	80 000	40 000	60 000	50 000	70 000
Technical Support Team Leader	50 000	70 000	40 000	50 000	25 000	40 000	40 000	50 000
Helpdesk/IT Support	30 000	40 000	25 000	30 000	22 000	28 000	25 000	30 000
Helpdesk/IT Support with additional language*	35 000	40 000	25 000	33 000	25 000	32 000	27 000	35 000
Product Support Analyst	35 000	50 000	30 000	40 000	25 000	40 000	30 000	40 000
Supply Chain Management								
Procurement Manager	70 000	90 000	50 000	80 000	50 000	80 000	50 000	70 000
Procurement Team Leader	45 000	65 000	45 000	55 000	35 000	50 000	35 000	45 000
Procurement Analyst	40 000	60 000	30 000	40 000	25 000	40 000	28 000	40 000
Procurement Specialist	40 000	60 000	30 000	38 000	25 000	35 000	25 000	30 000
Procurement Specialist with additional language*	45 000	60 000	33 000	40 000	25 000	38 000	25 000	35 000
Buyer	30 000	40 000	25 000	35 000	22 000	30 000	23 000	30 000
Buyer with additional language*	35 000	45 000	30 000	35 000	22 000	32 000	25 000	35 000
Logistics Planner	35 000	45 000	30 000	35 000	18 000	25 000	25 000	30 000
Logistics Administrator	30 000	35 000	22 000	28 000	18 000	22 000	25 000	30 000

Table 4.1

Gross monthly remuneration (in CZK) in business services

Source: Grafton Salary Survey 2016

* Additional language means another language except English and Czech, whereby English at the level of B1 or higher is assumed on all the roles within the Business Services sector.

Chapter Content Provider: CzechInvest

5 | Investment Incentives

Czech investment incentives policy recognizes the significance of Business Services to the Czech economy and promotes the sector as a priority industry for future growth and diversity. In this section CzechInvest sets out some of the current incentives provided by the Czech government to support existing investors with their growth plans and attract new investors to the country.

ICT and shared services PROGRAMME – Call II

Activity – Establishment and operation of shared services centres

Do you plan to establish a shared services centre? If so, the ICT and shared services programme has been designed for you.

Timetable	» Receipt of aid applications: 16. 11. 2016 – 16. 2. 2017
Activities Supported	» Establishment and operation of shared services centres.
Applicant	» The applicant, beneficiary may be a small, medium-sized or large enterprise. » It is licensed to operate a business similar to the supported economic activity for which the project is to be implemented. » It must declare in an affidavit that it has been registered as an income tax payer in one of the EU Member States; the applicant should also realise that it must have established business premises or a branch in the CR at the time the aid is disbursed. » It must declare in an affidavit that it has no debt towards selected institutions in the country in which it is based, or in the country its branches are based or towards aid providers from projects co-financed from the EU budget. » It must declare in an affidavit that it is not in arrears for wages for its employees and does not have any outstanding obligations arising from a recovery order drawn up on the basis of a Commission Decision, declaring the aid as unlawful and incompatible with the internal market.
Sectoral Restriction	» Projects whose outputs are classified under any of the following sectors are not eligible for support: » agriculture, forestry, fishery and aquaculture (CZ-NACE A 01, A 02, A 03) » the coal industry (CZ-NACE B 05, C 19.1) » the steel sector » industrial production of synthetic fibres » shipbuilding (CZ-NACE C 30.11) » transport and related infrastructure » production and distribution of energy » energy infrastructure
Main Conditions of the Call	» The project must be implemented on the territory of the CR, outside the Capital City of Prague. » The aid applicant must clearly demonstrate ownership or other rights to the property and land where the project is to be implemented. » The project does not envisage aid for activities associated with export volumes (export subsidies) support for the establishment and operation of a distribution network abroad, or for other standard costs related to export activities (customs, insurance, etc.); or aid contingent on the use of domestic goods in preference to imported goods. » The project has not started before the date of submission of the aid application. » The project may not violate EU horizontal policies nor their fundamental principles, such as gender equality and sustainable development. » The number of projects from one applicant (1 Co.Reg.) is limited to 1 active application. » The project's compliance with the National Research and Innovation Smart Specialisation Strategy for the CR will be verified during project evaluation to ensure it meets the relevant selection criteria.

Eligible Expenditure	» a) Staffing costs (amounting to at least 50% of all eligible expenditure), rental, services of experts. » b) Hardware, software and other expenditure relating to the project under a de minimis regime.
Form And Amount Of Aid	» The grant provided for a project ranges from a minimum of CZK 1 million to a maximum of CZK 100 million. » The maximum amount of aid represents: » 45% of EE for a small enterprise » 35 % of EE for a medium enterprise » 25 % of EE for a large enterprise

ICT and shared services PROGRAMME – Call II

Activity - Creation of new IS/ICT solutions

Do you plan to create a new software solution? If so, the ICT and shared services programme has been designed for you.

Timetable	» Receipt of aid applications: 16. 11. 2016 – 16. 2. 2017
Activities Supported	» Creation of new IS/ICT solutions – creation of advanced digital services, applications and firmware e.g. in the field of communication, entertainment, business, education, healthcare, access to employment or even in the cultural and creative industries, including related implementation.
Applicant	» The applicant, beneficiary may be a small, medium-sized or large enterprise. » It is licensed to operate a business similar to the supported economic activity for which the project is to be implemented. » It must declare in an affidavit that it has been registered as an income tax payer in one of the EU Member States; the applicant should also realise that it must have established business premises or a branch in the CR at the time the aid is paid. » It must declare in an affidavit that it has no debt towards selected institutions in the country in which it is based, or in the country its branches are based or towards aid providers from projects co-financed from the EU budget. » It must declare in an affidavit that it is not in arrears for wages for its employees. » It may not have any outstanding obligations arising from a recovery order drawn up on the basis of a Commission Decision, declaring the aid as unlawful and incompatible with the internal market.

Sectoral Restriction	» Projects whose outputs are classified under any of the following sectors are not eligible for support: » agriculture, forestry, fishery and aquaculture (CZ-NACE A 01, A 02, A 03) » the coal industry (CZ-NACE B 05, C 19.1) » the steel sector » industrial production of synthetic fibres » shipbuilding (CZ-NACE C 30.11) » transport and related infrastructure » production and distribution of energy » energy infrastructure
Main Conditions of the Call	» The project must be implemented on the territory of the CR, outside the Capital City of Prague. » The aid applicant must clearly demonstrate ownership or other rights to the property and land where the project is to be implemented. » The project does not envisage aid for activities associated with export volumes (export subsidies) support for the establishment and operation of a distribution network abroad, or for other standard costs related to export activities (customs, insurance, etc.); or aid contingent on the use of domestic goods in preference to imported goods. » The project has not started before the date of submission of the aid application. » The project may not violate EU horizontal policies nor their fundamental principles, such as gender equality and sustainable development. » The number of projects from one applicant (1 Co.Reg.) is limited to 1 active application. » The minimum amount of investment in tangible and intangible assets used to support the project's activities totals CZK 0.3 million for a small enterprise, CZK 0.5 million for a medium enterprise and CZK 1 million for a large enterprise. This condition must be met at the latest by the date of project completion. » During project implementation, the beneficiary must create a minimum number of new jobs (small enterprise – 2; medium enterprise – 3; large enterprise – 4) and staff them with employees who will carry out specialised work corresponding to the supported activity. This condition must be met at the latest by the date of project completion and documented in the final payment request. » The beneficiary is required to maintain the supported jobs for a period of at least 5 years (3 years in the case of SMEs) from the creation of the given job. The jobs must be maintained in connection with the performance of the supported activity and in the supported region. » The project's compliance with the National Research and Innovation Smart Specialisation Strategy of the CR will be verified during project evaluation in terms of meeting the relevant selection criteria.
Eligible Expenditure	» Staffing costs (amounting to at least 50% of all eligible expenditure), rental, services of experts. » Hardware, software and other expenditure relating to the project under a de minimis regime.
Form And Amount Of Aid	» The grant provided for a project ranges from a minimum of CZK 1 million to a maximum of CZK 50 million. » The maximum amount of aid represents: » 45% of EE for a small enterprise » 35 % of EE for a medium enterprise » 25 % of EE for a large enterprise

ICT and shared services PROGRAMME – Call II

Activity - Construction and modernisation of data centres Activity

Do you plan to build or modernise a data centre? If so, the ICT and shared services programme has been designed for you.

Timetable	» Receipt of aid applications: 16. 11. 2016 – 16. 2. 2017
Activities Supported	» Building and modernising data centres.
Applicant	» The applicant, beneficiary may be a small, medium-sized or large enterprise. » It is licensed to operate a business similar to the supported economic activity for which the project is to be implemented. » It must declare in an affidavit that it has been registered as an income tax payer in one of the EU Member States; the applicant should also realise that it must have established business premises or a branch in the CR at the time the aid is paid. » It must declare in an affidavit that it has no debt towards selected institutions in the country in which it is based, or in the country its branches are based or towards aid providers from projects co-financed from the EU budget. » It must declare in an affidavit that it is not in arrears for wages for its employees. » It may not have any outstanding obligations arising from a recovery order drawn up on the basis of a Commission Decision, declaring the aid as unlawful and incompatible with the internal market.
Sectoral Restriction	» Projects whose outputs are classified under any of the following sectors are not eligible for support: » agriculture, forestry, fishery and aquaculture (CZ-NACE A 01, A 02, A 03) » the coal industry (CZ-NACE B 05, C 19.1) » the steel sector » industrial production of synthetic fibres » shipbuilding (CZ-NACE C 30.11) » transport and related infrastructure » production and distribution of energy » energy infrastructure

Main Conditions of the Call	» The project must be implemented on the territory of the CR, outside the Capital City of Prague. » The aid applicant must clearly demonstrate ownership or other rights to the property and land where the project is to be implemented. » The project does not envisage aid for activities associated with export volumes (export subsidies) support for the establishment and operation of a distribution network abroad, or for other standard costs related to export activities (customs, insurance, etc.); or aid contingent on the use of domestic goods in preference to imported goods. » The project has not started before the date of submission of the aid application. » The project may not violate EU horizontal policies nor their fundamental principles, such as gender equality and sustainable development. » The number of projects from one applicant (1 Co.Reg.) is limited to 1 active application. » The beneficiary is required to perform the supported activity at the project implementation site in accordance with the conditions set forth in the Grant Aid Decision and also to keep tangible and intangible assets that were fully or partially acquired using the aid granted and to use it for the supported economic activities for a period of 5 years from the date the last aid payment was received on the beneficiary's account. » The project's compliance with the National Research and Innovation Smart Specialisation Strategy for the CR will be verified during project evaluation to ensure it meets the relevant selection criteria.
Eligible Expenditure	» Acquisition of land, buildings, structures, renovation of buildings, hardware, software, other machinery and equipment and the services of experts (only SMEs).

Form And Amount Of Aid	» The grant provided for a project ranges from a minimum of CZK 10 million to a maximum of CZK 120 million.
	» The maximum amount of aid represents:
	  » 45% of EE for a small enterprise
	  » 35 % of EE for a medium enterprise
	  » 25 % of EE for a large enterprise

ICT and shared services PROGRAMME – Call III
(for start-ups)

Do you plan to create a new software solution? If so, the ICT and shared services programme has been designed for you.

Timetable	» Receipt of aid applications: 16. 11. 2016 – 16. 2. 2017
Activities Supported	» Creation of new IS/ICT solutions – creation of advanced digital services, applications and firmware, for example in the areas of communication, entertainment, business, education, healthcare, access to employment or even in the cultural and creative industries, including related implementation.

Applicant	» The applicant or beneficiary may be a legal entity or natural person engaged in business who has not completed more than one accounting period and meets the definition of a micro-enterprise as set forth in Recommendation 2003/361/EC. » It is licensed to operate a business similar to the supported economic activity for which the project is to be implemented. » It must declare in an affidavit that it has been registered as an income tax payer in one of the EU Member States, the applicant should also realise that it must have established business premises or a branch in the CR at the time the aid is paid. » It must declare in an affidavit that it has no debt towards selected institutions in the country in which it is based, or in the country its branches are based or towards aid providers from projects co-financed from the EU budget. » It must declare in an affidavit that it is not in arrears for wages for its employees. » It may not have any outstanding obligations arising from a recovery order drawn up on the basis of a Commission Decision, declaring the aid as unlawful and incompatible with the internal market.
Sectoral Restriction	» Projects whose outputs are classified under any of the following sectors are not eligible for support: » Production, processing and marketing of products listed in Annex no. 1 Part B of the Treaty, agriculture, forestry, fishery and aquaculture (CZ-NACE A01, A 02, A 03).
Main Conditions of the Call	» The project must be implemented on the territory of the CR, outside the Capital City of Prague. » The aid applicant must clearly demonstrate ownership or other rights to the property and land where the project is to be implemented. » The project does not envisage aid for activities associated with export volumes (export subsidies) support for the establishment and operation of a distribution network abroad, or for other standard costs related to export activities (customs, insurance, etc.); or aid contingent on the use of domestic goods in preference to imported goods. » The project has not started before the date of submission of the aid application. » The project may not violate EU horizontal policies nor their fundamental principles, such as gender equality and sustainable development. » The project’s compliance with the National Research and Innovation Smart Specialisation Strategy for the CR will be verified during project evaluation to ensure it meets the relevant selection criteria. » The number of projects from one applicant (1 Co.Reg.) is limited to 1 active application. » During project implementation, the beneficiary must create at least 2 new jobs and fill them with employees who will perform specialised work corresponding to the supported activity. » The aid beneficiary must, during the entire period of project implementation and for a period of 1 year from the completion of project implementation, use the assets acquired using the grant, which are in its ownership, to support the economic activity.
Eligible Expenditure	» Staffing costs to at least 50% of all eligible expenditure » Rental » Services of advisors and experts to a maximum of CZK 399,999 of eligible expenditure » Hardware and software to a maximum of CZK 399,999, including non-eligible expenditure » Other expenditure related to the project
Form And Amount Of Aid	» In the aid application, the grant will always be entered as an amount equal to a maximum of 60% of EE. » The grant provided for a project ranges from a minimum of CZK 0.5 million to a maximum of CZK 4 million.

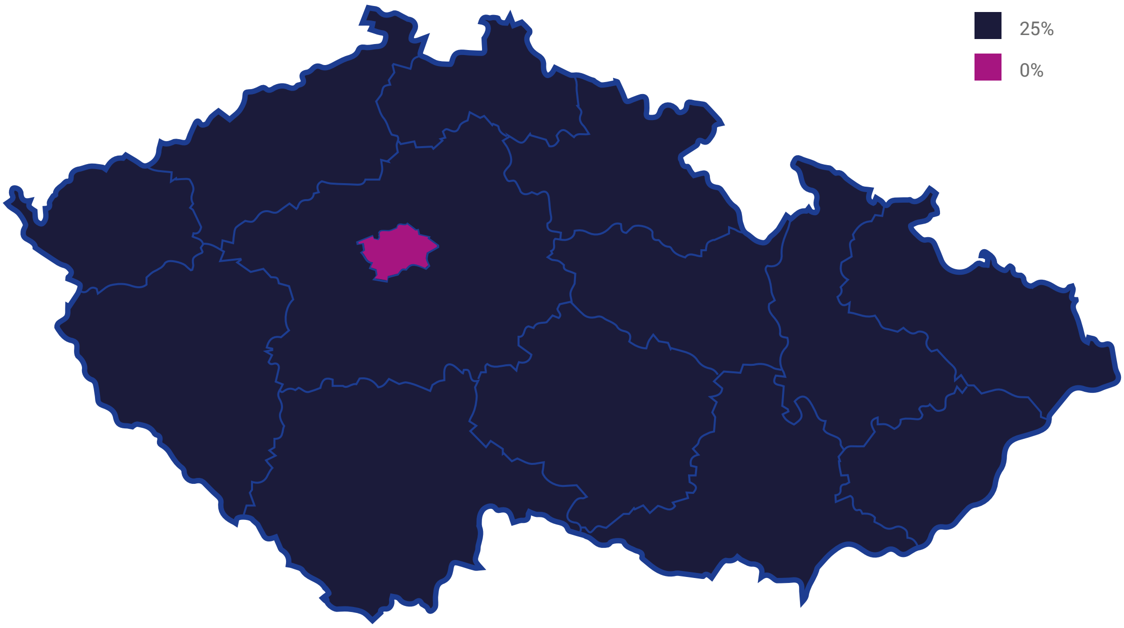


Figure 5.1
Limits of state aid
State aid intensity is increased by 20 percentage points for small companies and 10 percentage points for medium-sized companies.

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