



Invest
Lithuania



Shared Services and Outsourcing in Lithuania:

Intelligence counts



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Lithuania's Shared Services and Outsourcing Market

Lithuania's shared services and outsourcing market has made great advances in the latest A.T. Kearney Global Services Location Index 2011, climbing up by 7 places to rank 14th globally, and being rated better than the UK (16) or the US (18) as well as higher than the neighbouring Poland (24) or Hungary (31) and the Czech Republic (35). With a bunch of multinationals providing services in the English, German, Russian, Polish and Scandinavian languages for the entire European market, Lithuania has emerged as an attractive and still not overloaded location for shared services and outsourcing business developments.

Investment projects in business services in Lithuania peaked in 2008 with 9 and another 6 in 2009-2010 from companies such as *Barclays Bank* of the UK, *Computer Sciences Corporation* of the US, *Western Union* of the US, and other prominent multinational players.

Market observers forecast a further rapid growth in the industry, whereas the Lithuanian Government has set a strategic goal to be achieved by the country by the year 2015 – to become the Northern Europe Service Hub.

By 2015 the share of exports of services should make approximately 1/2 of Lithuania's total exports.

Similarly, it is expected that 1/2 of the total FDI in Lithuania will settle down in the services sector by 2012.

*"We chose Lithuania because of the high quality of education here, which has resulted in the development of world-class IT professionals, many of whom are multilingual, and because of the quality of Lithuania's technology and connectivity. We will show the world the **talent** that exists in Lithuania."*

Barclays Bank

*"Lithuania (Vilnius) was selected as an attractive location because of its strong talent pool of highly-skilled, well educated and **multilingual professionals**, its stable political and improving economic climate and **world-class infrastructure** as well as the **Government's policy** in attracting foreign direct investments."*

Western Union

Competitive Advantages

Lithuania is on the track towards becoming the Northern Europe Service Hub 2015.

Exclusive Talent Pool

- 40 % of population with higher education
- More than 40,000 multilingual university and college graduates, and another 200,000 in the pipeline
- 90 % of Lithuanians speak at least one foreign language
- 50 % speak two foreign languages
- Labour pool in finance and insurance of 17,100 (2010)
- IT and communications labour pool of almost 21,300 (2010)
- 23 universities and 23 colleges

Exceptional Geographic Location

- Crossroads of North, East and West
- Pan-European transport corridors
- 4 international airports
- Regionally best network of roads and highways

Leading ICT Framework

- Global leadership in mobile e-signature
- World's 2nd fastest upload Internet in 2011
- World's 6th and Europe's No. 1 fiber broadband penetration
- Europe's highest fiber optic density
- EU's greatest GSM penetration
- World's No. 1 in the number of mobile telephone subscribers per 100 population
- Lithuania ranked 34th and ahead of Hungary, Latvia, Slovakia, Poland, Bulgaria and many others in Digital Economy Rankings 2010 by the Economist Intelligence Unit

Nice Place for Business and Life

- 23rd out of 183 world's economies on the ease of doing business and outpacing Latvia, Slovakia, Slovenia, Czech Republic, Poland and Russia (World Bank Doing Business 2011 Report)
- Low costs – among Top 10 least expensive European countries (Eurostat)
- Great life quality – among the best locations for life in the EU and No. 22 in the world (International Living 2010 Quality of Life Index)

"Expanding international businesses must seize the opportunity in Lithuania."

Premkumar Bhagwatsaran, CEO of Ideal Invent Technologies

Success Stories

Largest Shared Service Centres/BPO's in Lithuania

Company Name	Type of Shared Service Activities	Headcount	Languages Used	Country of Origin (Start date)
Western Union	Global Operations Centre of Excellence	500*	English, German, French, Spanish and other	USA (2010)
Barclays Bank	Barclays Technology Centre is an IT services centre for the global British banking group	700*	English	UK (2010)
Runway International	Contact centre	400**	all Scandinavian and Baltic, English, French, Russian, German, Polish	Norway (2009)
SEB (Vilnius Operations Centre (VOC))	Retail Banking Support, IT support, HR administration, Finance	200	English, Swedish	Sweden (2008)
Unicall (Kaunas Communication Centre)	Call centre	90	Lithuanian, Norwegian, Russian, English, German	Norway (2008)
CSC Baltic (Computer Sciences Corporation)	IT support and business process outsourcing	220	English, Danish, Norwegian, Swedish	USA (2008)
Citco Business Processing	International administrative support (accountancy)	90*	English	Netherlands (2007)
Storebrand Baltic	Insurance, banking and asset management for the Storebrand Group	120*	Swedish, Norwegian	Norway (2007)
Mirror Support Services (Lindorff Group)	Accounting services, invoicing services and other support services	75*	Norwegian	Norway (2005)
WorldOne	IT support and contact centre	150	English, German, Italian, Russian, Spanish, Polish, French	UK (2003)
Transcom Worldwide	Client relations management, contact centre	650	all Baltic, Russian, English, Polish	Luxembourg (2002)
Baltic Data Center (TEO Group/Telia-Sonera)	Data center and IT outsourcing services	180	Lithuanian, English, Russian	Sweden and Finland (2001)
Lintel (TEO Group/TeliaSonera)	Contact centre	1000	Lithuanian, English, German	Sweden and Finland (1992)

"Lithuania is the right place to start a business – establish a company and develop as well as test your products. If I started a business one more time, I would definitely do that in Lithuania again."

Ilja Laurs, CEO of GetJar

**expanding, ** in the Baltic States
Source: Invest Lithuania, 2011*

ICT Framework

Information Technologies and Communications

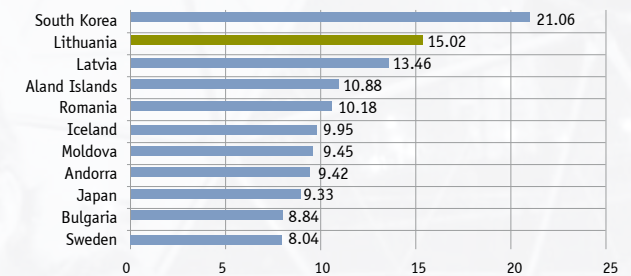
Lithuania maintains world's leading ICT resources and infrastructure. Besides all most up-to-date ICT technologies (EDGE technology, 3G mobile communications infrastructure etc.) fully implemented and functioning in the entire country, the following significant records belong to Lithuania:

- EU's greatest mobile penetration of 147 %
- World's No. 1 in the number of mobile telephone subscribers per 100 population – 3.4 million of Lithuanians use almost 5 million active SIM cards
- Global leader in mobile e-signature
- 13 out of the 20 largest IT companies in the Baltic States are based in Lithuania

Internet

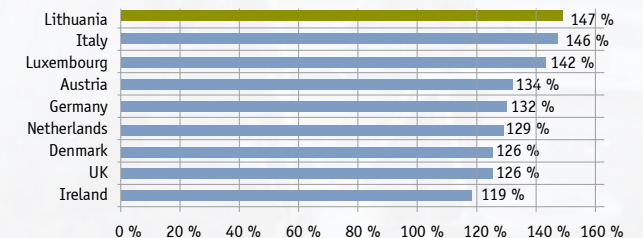
- World's 2nd speediest upload Internet in 2011
- World's 6th and Europe's No. 1 fiber broadband penetration (23 %)
- Europe's greatest fiber optic density
- Europe's densest network of public Internet access points (875)
- 61 % of the Lithuanian population use e-banking and 86 % declare their income tax online
- WiMAX 4G Internet

World's 2nd fastest upload Internet in 2011, Mb/s



Source: Net Index by Ookla

EU's highest mobile penetration in 2010



Source: GSM European Coverage Report by European Commission

"CSC chose Lithuania to offshore from Denmark base because we found here very skilled IT specialists and Scandinavian languages speakers."

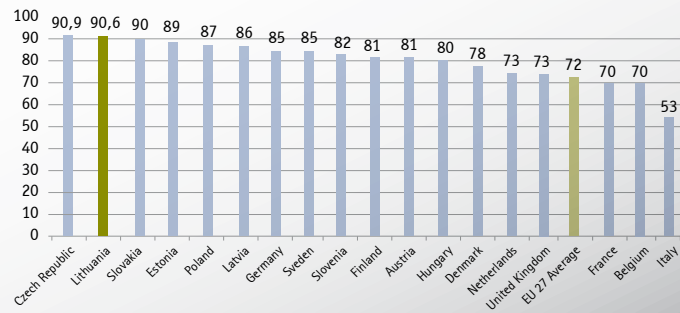
Computer Sciences Corporation (CSC)

Human Resources Pool of Skills

Lithuania has one of EU's most educated people, which are country's greatest "gold and oil":

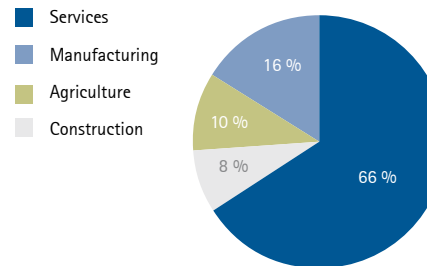
- More than 90 % aged 25 to 64 have secondary or higher education (ranking 2nd in the EU, EU-27 average being around 70 %)
- 30 % hold higher education degrees, compared to the EU average of 24 %
- 40 % of the 25 - 34 year olds have higher education, which is almost twice as high as the EU-15 average
- Almost 92 % of Lithuanian women aged 25 to 64 have secondary or higher education, which is the highest figure in the whole EU

% of population with secondary or higher education

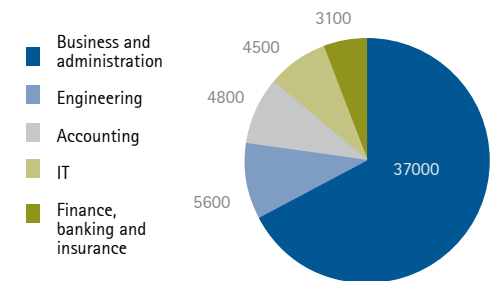


Source: Eurostat

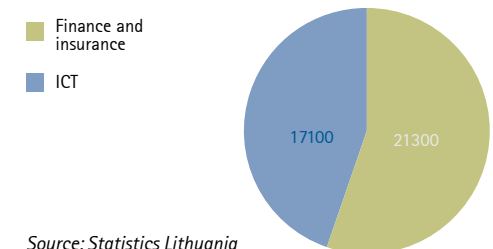
Employment in 2010



Students in Universities and Colleges in 2010



Labour pool composition in 2010



Source: Statistics Lithuania

Languages

Lithuania is among the top 5 EU Member States with the best multilingual skills. According to the Europeans and Languages survey and Eurostat figures:

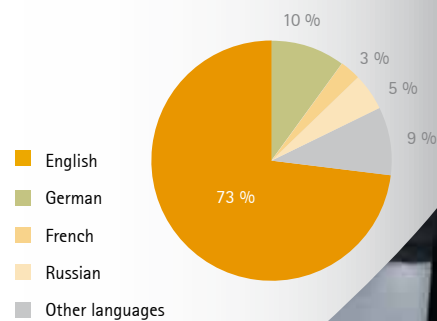
- 90 % of Lithuanians are able to participate in a conversation in a language other than their mother tongue. The EU-25 average is only 50 %,
- 50 % of the population speak two foreign languages,
- 90 % of Lithuanians are able to speak Russian, almost 40 % speak English, and around 20 % know the German language.

2 universities in Lithuania have special curriculums of Scandinavian languages. Also, CSC, Lindorff Group, Unicall, Runway International, operating in Lithuania, have specially designed 3-5 month courses of Norwegian, Danish and Swedish, and the trained local employees successfully serve clients in Scandinavian languages.

"No other country has got such a unique know-how in Western European as well as eastern countries' languages, different cultures and a variety of business habits, which naturally developed in Lithuania's close historical relations with other nations."

Martin Loeffler, CEO of Eastern Europe Operations, Computer Sciences Corporation (CSC)

Languages studied in 2010



Source:
Statistics Lithuania

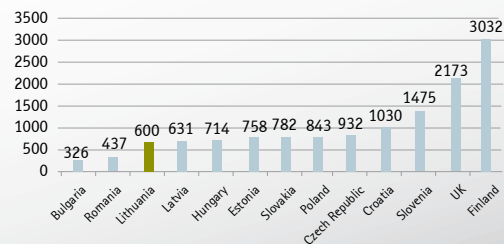
Salary Rates

Labour costs in Lithuania are more than twice lower than those in other EU countries and the US. The minimum monthly wage in Lithuania is currently 232 EUR, and the minimum hourly wage is 1.4 EUR. The average gross monthly earnings have decreased due to the economic recession. After reaching a peak of 672 EUR in 2008 Q3, they decreased to approximately 600 EUR in 2010.

"The Baltics offer lower costs than Western Europe but with the regulatory certainty of the EU."

Financial Times

Average monthly gross wages, EUR, 2010



Sources: WageIndicator Foundation, Statistics Lithuania

Labour Costs (Monthly Compensation) in Shared Services and Outsourcing Sector in 2010

Position	Net Monthly Salary (EUR)		Gross Monthly Salary (EUR)		Total Monthly Employment Cost (EUR)	
	From	To	From	To	From	To
Accountant Clerk	521	811	686	1067	900	1400
Accountant Clerk	869	1303	1143	1715	1500	2250
Chief Accountant	1158	2027	1524	2668	2000	3500
Procurement Specialist	869	1303	1143	1715	1500	2250
Customer Service Specialist	377	724	495	953	650	1250
HR Specialist	869	1303	1143	1715	1500	2250
Developer	869	1593	1143	2096	1500	2750
Junior Developer	579	1014	762	1334	1000	1750
Sales Executive/ Specialist	724	1303	953	1715	1250	2250

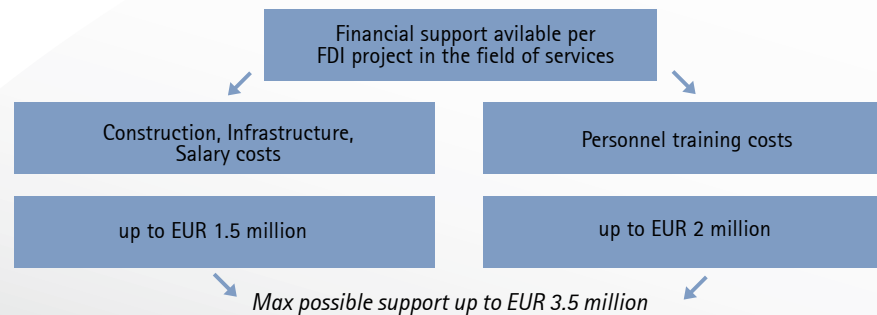
Source: Strategic Staffing Solutions International

INVEST LT+ Financial Incentives Program

Foreign investors interested in locating a business in Lithuania as well as foreign companies already operating on the Lithuanian market but eager to further expand may apply for INVEST LT+ financial investment support of up to EUR 3.5 million per investment project.

INVEST LT+ provides financial support to cover personnel training costs (up to EUR 2 million) as well as eligible construction, infrastructure and salary costs (up to 1.5 million), incurred by foreign investors establishing a services business unit in Lithuania. The financial support tool is designed to support foreign businesses investing into the production of export-oriented high-quality services as well as establishment of qualified jobs on the market.

Multinationals such as *Barclays Bank*, *Western Union*, *Ideal Invent Technologies* and *SEB* have already benefited from INVEST LT+ support when settling down in Lithuania.



Incentives Application Cycle (2-3 months)

Evaluation and approval
(Ministry of Economy, Invest Lithuania)

Letter of Intent
(Ministry of Economy)

Application for financial support
(Lithuanian Business Support Agency)

Project Finance Agreement

*"The decision to move a part of the operations to Lithuania will help the SEB Group to increase **efficiency** and to reduce the costs of this division, which is particularly urgent in view of the growing requirements from clients and strengthening competition. We are happy that some of the functions are being moved to Lithuania where the SEB has experienced professionals and a strong position."*

SEB

Information and Service Point

INVEST LITHUANIA is a team of more than 30 professionals actively working to facilitate foreign investors in Lithuania, as well as to spread the word all around the globe about immense business opportunities on the biggest market among the Baltic countries. INVEST LITHUANIA is ready to make your investment dreams turn into a real success story in Lithuania, the Northern European Service Hub 2015, with an exclusive talent pool and world-leading ICT capacities – 2nd fastest upload Internet, 4G mobile WiMAX technology and one of the best-developed fiber broadband – all for your benefit.

The agency has helped such companies as BARCLAYS BANK (UK), WESTERN UNION (USA), IDEAL INVENT Technologies (India), SYSTEMAIR (Sweden), MOOG (USA), SEB (Sweden), CIE AUTOMOTIVE (Spain), IBM (USA), FINNFOAM (Finland), INDORAMA (Thailand), DEMATIC (Germany), RGE (UK), ALBRIGHT INTERNATIONAL (UK), CHRISTIE TYLER (UK), MARZOTTO (Italy), METSO PAPER (Sweden), INVACARE HOGH (Denmark), GLENDALE CABINS (UK) and many others to start doing business in and with Lithuania.

INVEST LITHUANIA. Working answers.

"I have worked with a number of groups such as yours over the years and I can safely say that the professionalism, flexibility and speed of execution was without doubt the best have experienced."

David Larkworthy, SVP Head of Operating Strategy, EMEA-APAC, Western Union Financial Services

"When we started collaborating with the Ministry of Economy and INVEST LITHUANIA, we received a very favourable standpoint and much interest as well as support, and decided not to look elsewhere."

Premkumar Bhagwatsaran, CEO of Ideal Invent Technologies



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