European Digital Services Talent Handbook: Prepare for Digital Disruption

Locations Insider™
Market Report – June 2019: Complimentary Abstract / Table of Contents

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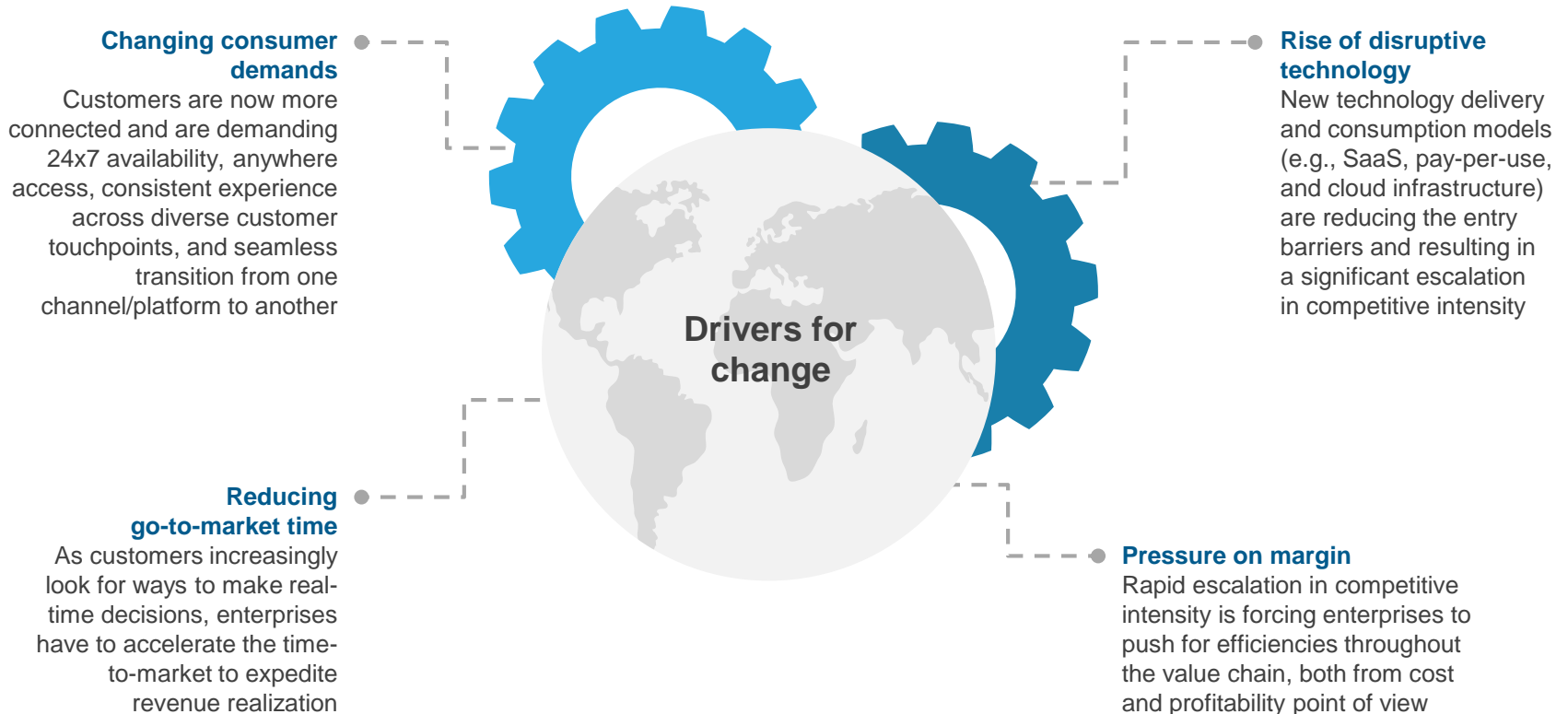## Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

Membership information

- This report is included in the following research program(s)
  – Locations Insider™
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Background for this research

In the last few years, global services delivery has been undergoing a massive transformation. This transformation is largely driven by the rotation into digital services. While this can, to a certain extent, be attributed to a business-specific growth agenda, other key forces essentializing the digital transformation for today and tomorrow include the following:

Changing consumer demands
Customers are now more connected and are demanding 24x7 availability, anywhere access, consistent experience across diverse customer touchpoints, and seamless transition from one channel/platform to another

Rise of disruptive technology
New technology delivery and consumption models (e.g., SaaS, pay-per-use, and cloud infrastructure) are reducing the entry barriers and resulting in a significant escalation in competitive intensity

Drivers for change

Reducing go-to-market time
As customers increasingly look for ways to make real-time decisions, enterprises have to accelerate the time-to-market to expedite revenue realization

Pressure on margin
Rapid escalation in competitive intensity is forcing enterprises to push for efficiencies throughout the value chain, both from cost and profitability point of view
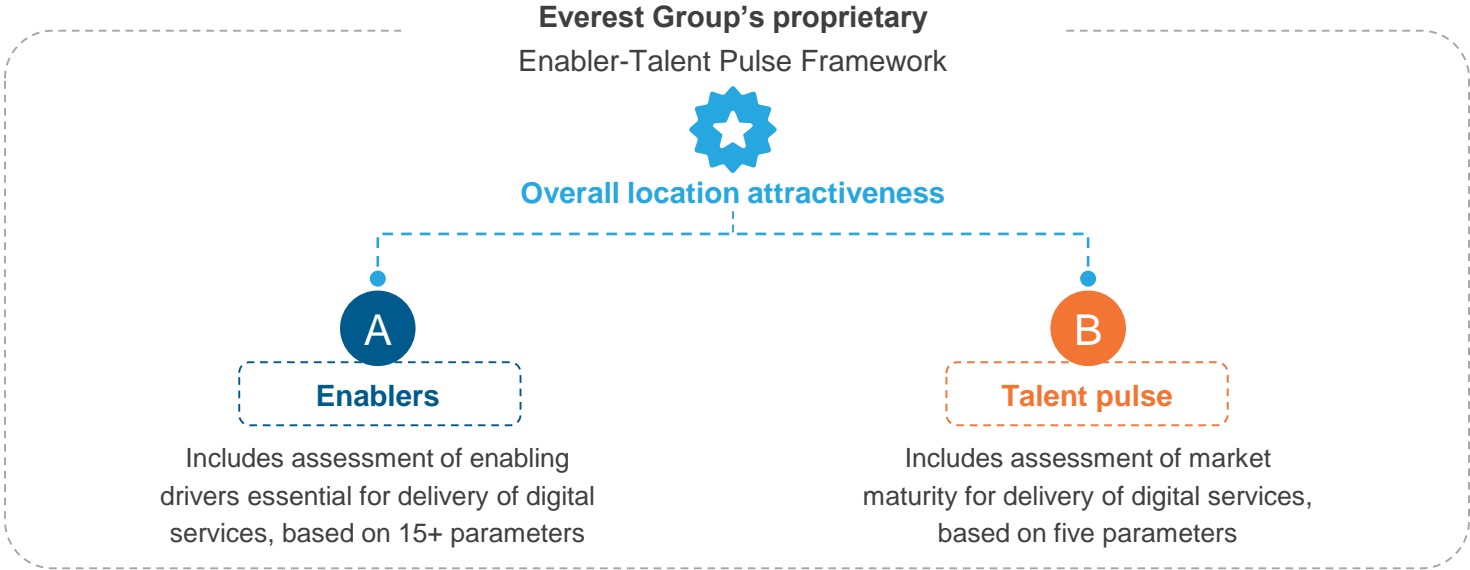
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Aim of this handbook

It is clear that "the future of global services delivery is digital." This will not only create new business opportunities, but will also enable market players to overhaul their service delivery ecosystem to integrate customer needs, consumer preferences,, and avenues for improving efficiency and productivity into their existing constructs.

As market players prepare to walk up the transformation tightrope, they will need to relook at their location strategies and evolve a delivery portfolio that aligns with the blueprint of their "Go Digital" agenda.

This handbook by Everest Group aims to support market players in their quest for supporting the right digital service from the right location. It highlights the relative attractiveness of key European locations for supporting digital services, based on a holistic and multi-faceted assessment covering 20+ parameters. At an overall level, this handbook covers the digital delivery attractiveness on two broad dimensions:

Everest Group's proprietary
Enabler-Talent Pulse Framework

Overall location attractiveness

A

Enablers

Includes assessment of enabling drivers essential for delivery of digital services, based on 15+ parameters

B

Talent pulse

Includes assessment of market maturity for delivery of digital services, based on five parameters

Source: Everest Group (2019)

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Scope and coverage

11 digital services have been grouped into four clusters for detailed assessment

Digital technology	Digital operations	Advanced analytics	Emerging digital services
Cloud	Social media	Big data analytics	Robotic process automation
Mobility	Business analytics	Statistical analysis (data engineering and data sciences)	Artificial intelligence
Cybersecurity	Data visualization		Internet of Things

17 European delivery locations with participation from all parts of Europe have been prioritized for assessment. These locations represent the most mature and leveraged locations among a broader list of 40+ European locations

CEE	Baltic/ Nordic Europe	Western Europe

CEE: Bulgaria, Romania, Czech Republic, Slovakia, Hungary, Ukraine, Poland

Baltic/ Nordic Europe: Lithuania, Sweden

Western Europe: England, Netherlands, Ireland, Northern Ireland, Germany, Portugal, Scotland, Spain

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Overview and abbreviated summary of key messages

This handbook aims to support market players in their quest for supporting the right digital service from the right location. It highlights the relative attractiveness of key European locations for supporting digital services, based on a holistic and multi-faceted assessment covering 20+ parameters.

Some of the findings in this report, among others, are:

1

Most Western European locations have **favorable enabler ecosystem and strong talent pulse**. However, these locations have **high cost of operations** driven by high salaries and office rentals

Few locations such as **Northern Ireland and Scotland have lower talent pulse**, given smaller pool of experienced resources supporting digital functions

2

Among CEE and Baltic/Nordic locations, **Poland has the strongest talent pulse and favorable enabler ecosystem**, followed by Czech Republic, Romania, and Ukraine. This is due to large pool of experienced resources and cost savings over source markets

Other locations such as **Bulgaria, Slovakia, and Hungary have relatively lower talent pulse and less favorable enabler ecosystem**, given selective concerns around infrastructure, quality of talent pool, innovation potential, and collaboration prospects

3

Across functions, **digital technology** (cloud, mobility, and cybersecurity) has the **strongest talent pulse**, followed by digital operations (social media, business analytics, and data visualization), driven by higher instances of players supporting scaled operations.

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This handbook assesses 17 European locations across 10+ digital services; below are four charts to illustrate the depth of the report

Everest Group's proprietary Enabler-Talent Pulse framework

A — Enablers
Includes assessment of enabling drivers essential for delivery of digital services, based on 15+ parameters

- Infrastructure
  - Digital infrastructure
  - General infrastructure
- Talent potential
  - Size of talent pool
  - Quality of talent
  - Innovation potential
- Collaboration ecosystem
  - Presence of technology start-ups
  - Evidence of industry-academia partnerships
  - Presence of vendors
- Business environment
  - Business prospects
  - Operating environment

B — Talent pulse
Includes assessment of market maturity for delivery of digital services, based on five parameters

- Adoption maturity
  - Size of employed pool
  - Perspectives on complexity of operations
- Competitive Intensity
  - Extent of market congestion
  - Wage inflation
  - Attrition
- Financial feasibility
  - Financial attractiveness

Detailed enabler assessment: Overall collaboration ecosystem

Legend: Highly favorable / Moderately favorable; some constraints / Least favorable

Location	Presence of tech. start-ups 2019; Rating	Industry-academia partnership 2019; Rating	Presence of service providers 2019; Rating	Collaboration ecosystem (overall) 2019; Rating
CEE				
Bulgaria	Moderate	Moderate	Moderate	High
Czech Republic	Moderate	Lower evidence of industry-academia partnerships	Moderate	High
Hungary	Moderate		Moderate	High
Poland	High	High	Moderate	High
Romania	Moderate	Moderate	Moderate	Moderate
Slovakia	Moderate	High		Moderate
Ukraine	Moderate	Moderate	Limited presence of global BP service providers; however, high presence of domestic IT service providers	Moderate
Western Europe				
England	Highest number of technology start-ups started per year — High	High	Presence of multiple global and regional service providers delivering IT/BP services	High
Germany	High	High		High
Ireland	Moderate	High		High
Netherlands	Moderate	High	Least	Moderate
Northern Ireland	Moderate	High	Moderate	High
Portugal	Moderate	High	Moderate	High
Scotland	Moderate	High	Moderate	High
Spain	Moderate	High	Limited presence of global service providers, given high cost of operations	High
Baltic/Nordic				
Lithuania	Moderate	High	Least	Moderate
Sweden	Moderate	High	Least	Moderate

Talent pulse summary: Advanced analytics

Legend: Highly favorable / Moderately favorable; some constraints / Least favorable

Location	Adoption maturity 2019; Rating	Competitive intensity 2019; Rating	Financial feasibility 2019; Rating	Talent pulse 2019; Rating
CEE				
Bulgaria	Least	High	Lowest cost of operations across all locations	Moderate
Czech Republic	Most attractive CEE location; increasingly being leveraged for prescriptive and predictive modeling — Least	Moderate	Moderate	Moderate
Hungary	Moderate	High	Moderate	Moderate
Poland	Moderate	High	Moderate	Moderate
Romania	Least	High	Moderate	Moderate
Slovakia	Least	High	Moderate	Least
Ukraine	Strong talent availability with machine learning and data engineering skills	High	Moderate	Moderate
Western Europe				
England	Moderate	Moderate	High cost locations with higher salaries and rentals — Least	Moderate
Germany	Moderate	High	Moderate	Moderate
Ireland		Moderate	Moderate	Moderate
Netherlands	High	High market congestion given presence of multiple global and regional players — Moderate	Least	Moderate
Northern Ireland	Limited evidence of talent pool engaged in advanced analytics — Least	Moderate	Moderate	Moderate
Portugal	Moderate	Moderate	Moderate	Moderate
Scotland	Moderate	Moderate	Moderate	Least
Baltic/Nordic				
Spain	Moderate	High	Moderate	Moderate
Lithuania	Least	High	Moderate	Least
Sweden	Moderate	Moderate	Moderate	Moderate

Detailed talent pulse assessment: Competitive intensity

Legend: <5 players / 15-40 players / >60 players / Highly favorable / Moderately favorable; some constraints / Least favorable

Location	Extent of market congestion 2019; Rating	Wage inflation 2019; Percentage	Attrition 2019; Percentage	Competitive intensity 2019; Rating
CEE				
Bulgaria	<5 players — Nascent location primarily being leveraged for transactional analytics (e.g., reporting analytics)	7-9%	11-13%	High
Czech Republic	<5 players	8-10%	11-13%	High
Hungary	<5 players	9-11%	10-12%	High
Poland	<5 players	8-10%	12-14%	High
Romania	<5 players	10-12%	10-12%	High
Slovakia	<5 players	8-10%	10-12%	High
Ukraine	<5 players — Most mature nearshore location with multiple players setting up scaled operations and analytics labs	8-10%	11-13%	High
Western Europe				
England	15-40 players	8-10%	10-12%	Moderate
Germany	<5 players	8-10%	9-11%	Moderate
Ireland	15-40 players	7-9%	12-14%	Moderate
Netherlands	15-40 players	6-8%	9-11%	Least
Northern Ireland	<5 players	6-8%	9-11%	High
Portugal	<5 players	7-9%	10-12%	High
Scotland	>60 players — One of the most mature locations with large number of players delivering advanced analytics	7-9%	11-13%	Moderate
Baltic/Nordic				
Spain	>60 players	8-10%	9-11%	Least
Lithuania	<5 players	10-12%	9-11%	High
Sweden	15-40 players	6-8%	9-11%	High

Research calendar – Locations Insider

Flagship Locations Insider reports	Release date
"Next-wave" Location Profile – Tampa, Florida, The United States	March 2019
Location Spotlight – The Philippines	March 2019
Location Spotlight – Guadalajara, Mexico	May 2019
Location Spotlight – Hyderabad, India	May 2019
Location Spotlight – San Jose, Costa Rica	May 2019
Location Spotlight – India	June 2019
"Next-wave" Location Profile – Chennai	June 2019
Global Locations Annual Report 2019	Q3 2019
Location Spotlight – The Czech Republic	Q3 2019
Location Spotlight – Morocco	Q3 2019
Location Spotlight – Romania	Q3 2019

Thematic Locations Insider reports	
European Digital Services Talent Handbook: Prepare for Digital Disruption	**June 2019**
Talent Hotspots for Risk Analytics In BFSI	Q2 2019
Global Handbook – Focus on Language Skills Availability Across the World	Q4 2019
Global Handbook – Focus on Next-Gen Skills Across the World	Q4 2019

Note: For a list of all of our published Locations Insider™ reports, please refer to our website page

Additional Locations Insider™ research references

The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details or complementary content that may be of interest

1. **Will Tier-2/3 Indian Cities Carve a Niche in the Digital Story?** (EGR-2018-37-R-2848); 2018. This report provides an understanding of the evolving dynamics of the Indian tier-2/3 digital services market and the impact on the global sourcing strategy and delivery models. It analyzes key Indian tier-2/3 locations based on their cost-talent-risk value proposition and the market activity in these locations for digital services delivery. It also highlights emerging industry trends in the digital services market, along with their implications on enterprises, Global In-house Centers (GICs), and service providers

2. **FinTech Services Delivery – Traditional Locations Strategies are Not Fit for Purpose!** (EGR-2018-37-R-2854); 2018. This report provides detailed assessment (including employed talent pool, innovation potential, and cost of delivery) and relative attractiveness of 19 emerging hub locations for FinTech delivery baselined against three locations that are the most mature for FinTech delivery and have predominantly been the hotspots for investment. It focuses on the global delivery of FinTech across various use-case segments in the BFSI domain. The report covers market landscape of FinTech activity, along with investment trends and implications for enterprises, venture capitalists, and private equity players.

3. **Talent Model and Location Hotspots for Service Delivery Automation (SDA) Center of Excellence (CoE)** (EGR-2017-2-R-2283); 2017. In this report, Everest Group provides an in-depth assessment of the type of talent, hiring strategy, and global locations landscape for SDA CoE

For more information on this and other research published by Everest Group, please contact us:

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Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

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