



Invest
in Pomerania

We care more

BSS IN TRICITY

2020 STATUS REPORT

P o m e r a n i a

Distinguished by:



Best place to do business 2020



Best-Performing Cities in Europe (2017)
4th place

Proud winners of:



Endeavoring. Probably the best word to describe the business services sector in Tricity.

I remember the “under-the-radar” location of the early 2000s. The city had just a handful of finance shared service and IT centers. Few companies I worked with would consider it as a destination option. Many felt that Central Europe’s capitals were a safer bet to locate their business services centers. But those that did, met with relentless enthusiasm of local authorities and developers. Looking back, I recall that these “locals” all had a persistent belief in Tricity and its future. They were so right.

In barely two decades, Tricity’s business services sector’s (BSS) employment grew from a mere 2,000 to more than 28,000, ranking it 4th among Poland’s BSS cities. Like in the days of old, IT continues to be the region’s key strength. But as the number of business services centers (BSCs) increased, so did the scope of their services. Today most of Pomerania’s BSC companies are multifunctional, delivering excellence in processes spanning from transactional finance, through application development to AI.

Undeniably, Tricity has become a beacon in the business services landscape. Expect it to stay so.

And that’s not just wishful thinking. fDi Intelligence – a Financial Times service – recently rated Europe’s Tech Cities of the Future. It ranked Tricity fourth on Foreign Direct Investment (FDI) Strategy. Reasons for this were Tricity’s “coordinated government strategy aimed at developing a globally connected and supportive community that fosters collaboration, innovation and entrepreneurship”. With only big names like London, Barcelona and Berlin ahead of it, Tricity is the only Central European to make the Financial Times’ FDI Strategy top-ten.

Curious as to see where “the locals” will take us next.



Elias van Herwaarden

Principal
Locationperspectives

Elias van Herwaarden draws on 30 years location and sourcing experience, including over 140 engagements for BSCs. globally. He leads Locationperspectives, a strategy and operations consultancy that assists companies in building and restructuring their business internationally.

For further inquiries:
elias@locationperspectives.com



Dear readers,

When we sent out the survey in January, we thought we had a good overview of what 2019 brought to the Shared Services sector in the Tricity and how we were placed on the global map in terms of location attractiveness.

We were right, but, this sector is growing so fast, and we hope that this report gives you a fair overview of what the sector looks like today and where we see it go in the next one year.

After four consecutive record years (2014-2017) pushing employment through the roof, 2018 was significantly slower and provided the much-needed breather for both veteran companies, and the new entries settling down and building their core structures. 2019 on the other hand again meant gaining speed and adding multiple significant entries (JUUL, Hapag-Lloyd, Maersk Drilling, Acoustic) and multiple reinvestments.

This was a year of regaining speed of growth, introducing new investment tools, enhancing the effectiveness of launched projects. It was also a year of celebration for Invest in Pomerania, reaching its **100th successful investment** in the region- the majority of which were within the BSS.

This report is aimed at you, if you are a global corporation operating a BSS center here or anywhere in the world, a potential investor, a provider offering services in HR, real estate, consultancy etc. or just someone interested in the sector.

Traditionally, we aim to distribute this report in Q1 of the year, to bring you the insights and data needed for expanding and diversifying your business in the coming year. But, this time, it wasn't the case because of the global crisis caused by COVID19. The pandemic triggered a series of swift transformations and we paused to ensure that the report contains the full follow-through: analysis of the past, insight in the present, and the outlook into the future.

The time has finally come for us to hand this report over to you and hope that you will find much-needed answers. The beginning of 2020 has brought the world's economy to a crossroads, but we're confident that this document will be of assistance for us all in carrying the Pomeranian economy through the restless waters by growing our businesses and reaching new heights.



Marcin Grzegory
Deputy Director/ Investor's
Spokesperson, Invest in Pomerania

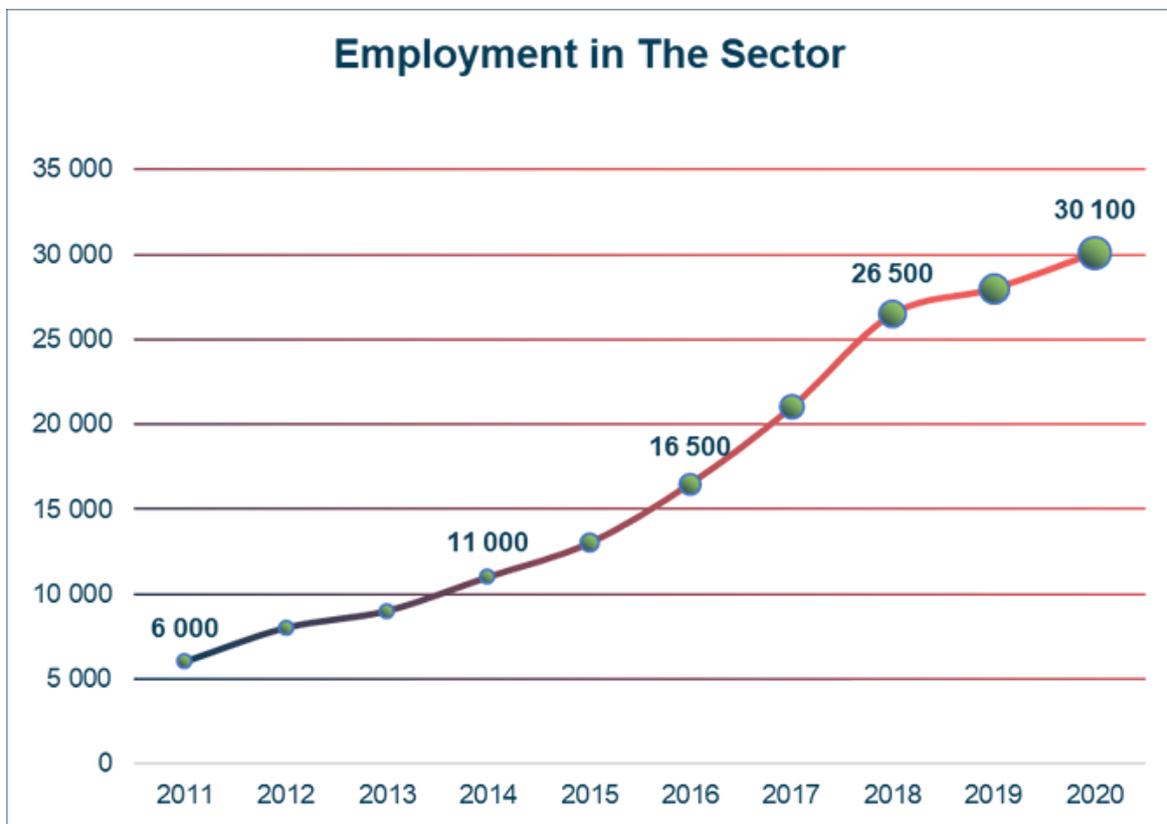
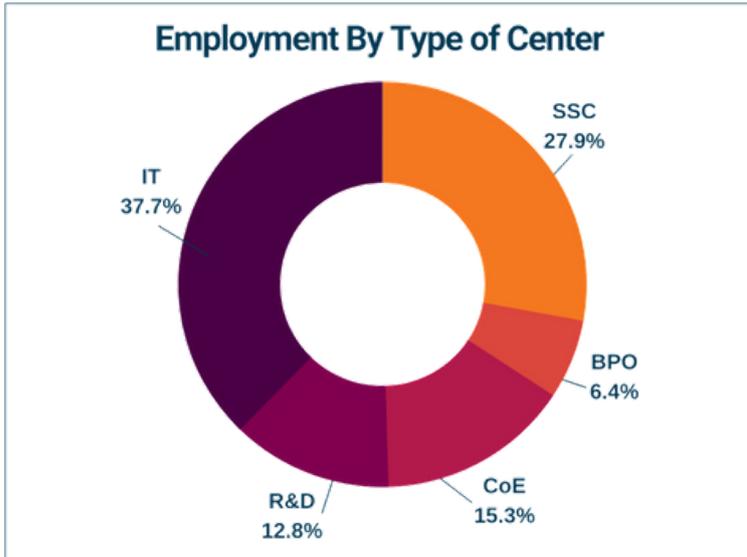


EMPLOYMENT IN THE SECTOR

We hit a milestone last year as the overall employment in the sector reached the "magical" number of **30 thousand FTE**, which is thought by many experts to be the turning point for the BSS in a single location in Europe. It is around this number when the sector becomes 'self-sustainable' in terms of functioning within one location's business environment.

ABSL's 'The Business Services Sector in Poland 2020' accounts for TriCity' BSS workforce of almost 28 thousand professionals employed in the scrutinized companies. However, it's worth noting that our report always aims at measuring the overall employment, based on talent profiles employed within the processes, by even keeping count of operations employing 10+ FTE. Working locally and very closely to the business of all sizes, we surveyed several smaller IT operations or BSS operations within companies from other sectors of the economy. The combined employment from these companies is approx. 2100 FTE's.

In 2019, the sector in Tricity increased its headcount by **8%**, and overall between 2011-2020, **the sector has grown by five fold** from 6000 to 30 000 FTE.



THE CENTERS

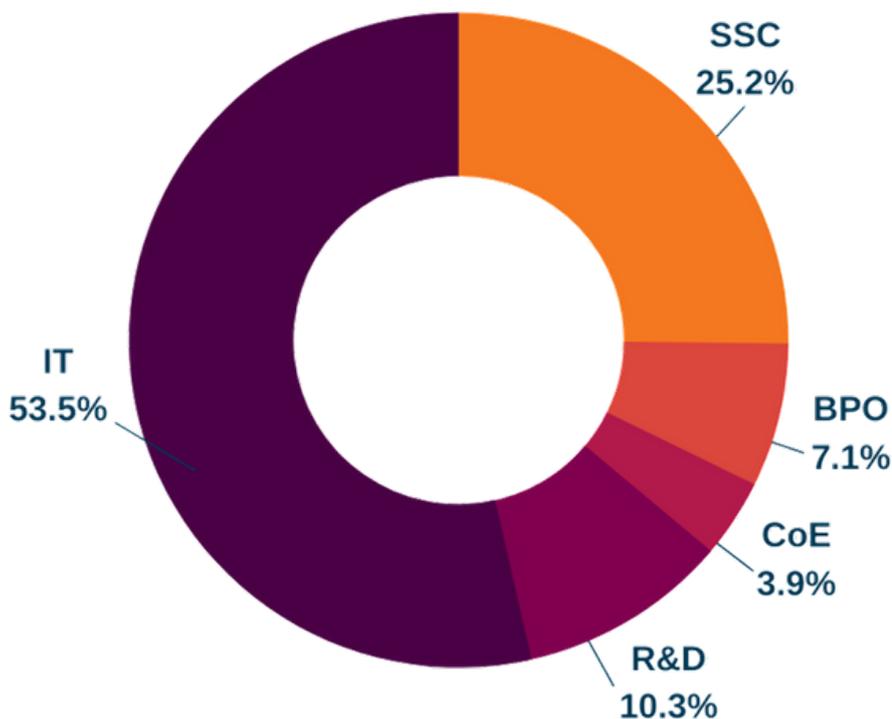
Approximately 64% of the 158 BSS operations in Tricity are IT/R&D, employing just over half of the overall headcount and totalling over 15,000 professionals. Still, Tricity's edge remains the unusually large number and size of R&D operations (16 companies, avg 239 FTE)

The average headcount per center is 194 FTE and has grown slightly by 22 people, but it's still relatively small due to a large number of smaller IT operations hovering in the proximity

of the heavyweights (>1000 FTE) the likes of Intel, State Street Bank and Refinitiv who were joined in this category recently by Nordea and PwC FCU, closely followed by middleweights (500-1000) Bayer, SII and Lufthansa Systems.

Last year also saw 8 new entries and multiple re-investments.

The Composition of the Sector



THE EDGE

As the sector gains maturity, it starts to shape its own unique profile. Pomerania has been the Gateway to Europe for centuries, building strength in close proximity to ports and trade routes. Now, Business Services combine traditional industries with disruptive technologies and top-notch processes.

Moreover, thanks to specific companies' presence, we are adding new specializations which make the location one in it's kind.

Invest in Pomerania's goal is to create perfect conditions for them to grow, raise market awareness, facilitate cooperation with academia, support bottom-up initiatives, develop communities and attract talent. Case in point, the **Aviation Hub**, **Alpomerania.com** and **Jobs in Pomerania** initiatives.

AI

4500 FTE*



Financial Security

4250 FTE*

including 2600 in KYC&AML



Maritime and Logistic

2700 FTE*



Aviation

1300 FTE*



*overall headcount in indicated centers

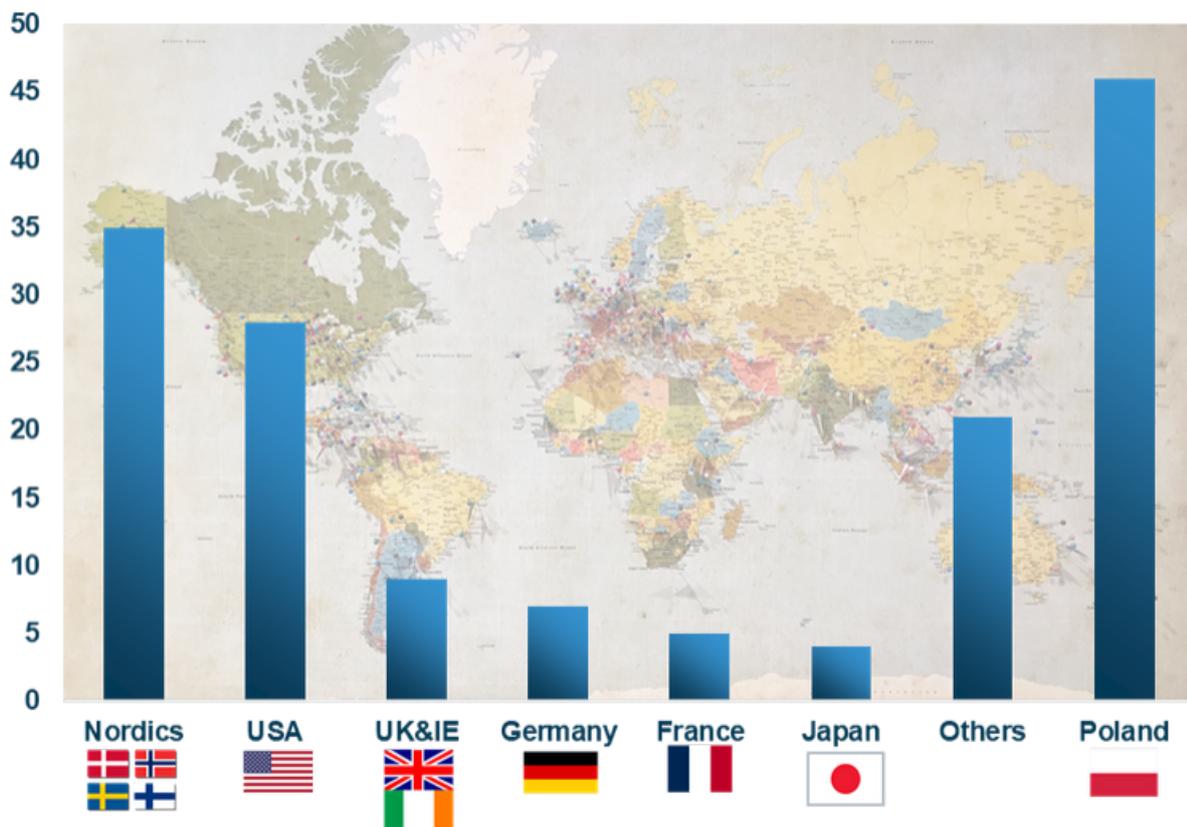
COUNTRIES OF ORIGIN

Over the last few years, a constant influx of Nordic investments has dethroned the USA as #1 in the number of FDI companies (35 vs 28 with UK/IRL getting the bronze with 9). Polish companies, of course, stand proud with 46 centres. Germany (7) and France (5) are not as numerous but big in size and brand names.

Potential contenders to watch out for are Japan (4) and India (3).

Still, in terms of FTE employed by the companies, the US leads the way (9990 FTE) followed by the Nordics (4580 FTE) and Germany (2400 FTE).

Countries of Origin



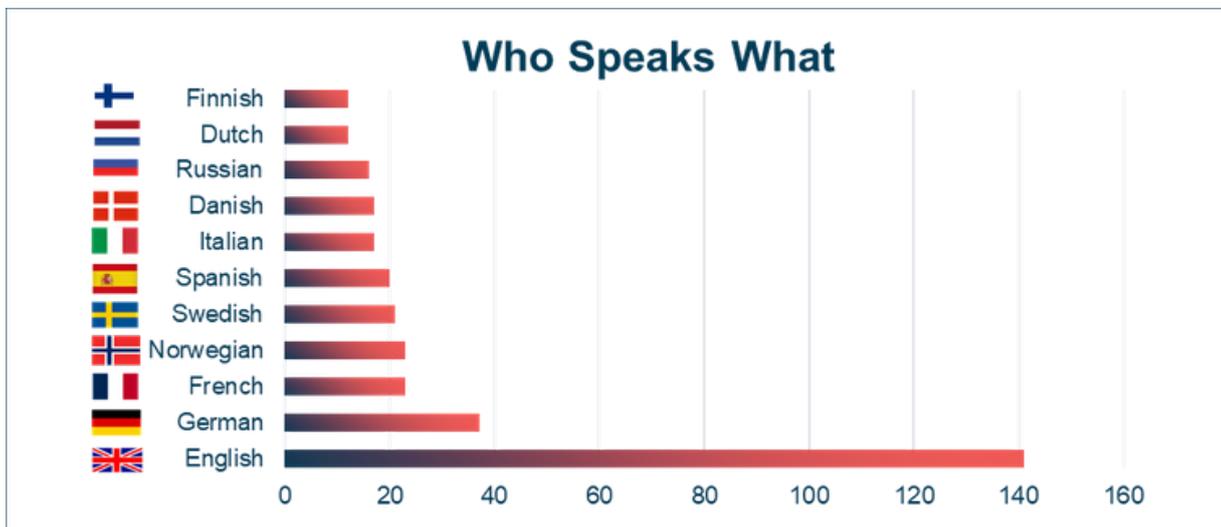
An ever-growing US footprint is also enhanced because we have been building a stronger presence in the USA since 2017. Creating relationships with investors and business advisories in New York, Los Angeles, Houston,

Austin, Buffalo, Orlando and Jacksonville while participating and representing Pomerania and Poland at international conferences and business events is only the beginning of creating a lasting bridge of cooperation.

LANGUAGES

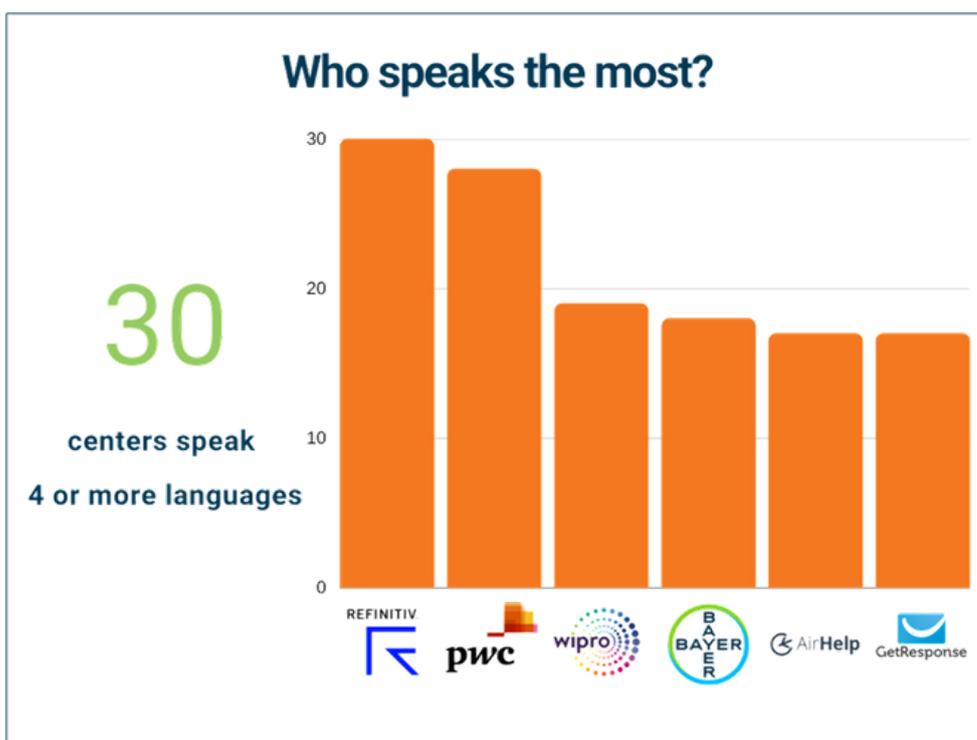
As in every other major city, English is the language of business and is spoken by 141 centers with German being the second

favourites (37 vs 'only' 7 German companies in the sector).



Refinitiv remains the record bearer with 30 languages, with PwC following closely with 28. Not far behind are Wipro (19), Bayer (18) AirHelp (17) and GetResponse (17).

We have many multilingual centers too. 10 centers speak more than 9 languages.



OFFICE SPACE

The Tricity ranks #4 in the office space category in Poland, but it definitely has some of the best-connected office spaces. The growth is being driven by growing existing business centers (pic1) developed mainly near public transport hubs.

local developers who remain the cornerstone of the market. The dynamic growth of many middle and heavyweight tenants created a temporary drop in the vacancy rate to 6% (as compared to 10% in the previous years).

The overall growth of 8% was highlighted by buildings such as Alchemia Neon, Heweliusza 18 and Officyna. The 61100m² commissioned office space belongs in the vast majority to

KEY FIGURES (SQ M)



863 533

TOTAL OFFICE STOCK (06.2020)

Source: CBRE



8%

INCREASE COMPARED WITH 2018

Source: Colliers



61 100

COMMISSIONED
OFFICE SPACE IN 2019

Source: Cushman & Wakefield



13,80 EUR

AVERAGE PRICE PER M²

Source: CBRE



Source: Olivia Star



Source: torus.prowly.com



Source: 3toofficepark.pl



Source: garnizon.pl



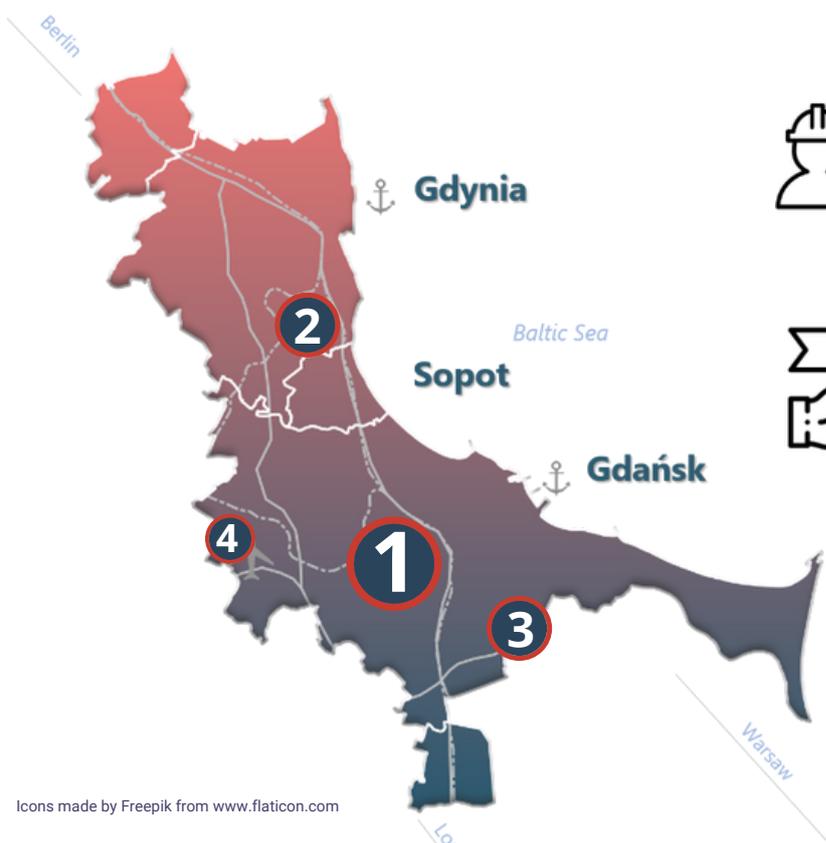
This bottleneck was however short-lived and had already been addressed by the end of 2019. At this moment an estimated 213600 m² of A and A+ buildings are underway across the whole core Tricity showing a few noticeable trends (pic2):

1. Further growth of main office hubs, placed centrally in Gdańsk-Oliwa (OBC, Torus, Skanska)
2. A revival of the Gdynia-based hub around Łużycka street (SGPM, Vastint)
3. A shift towards Gdańsk- Śródmieście and the Młode Miasto (Echo, Torus, Inopa) with a constantly growing Wrzeszcz (Hossa)
4. Confirmation of further development of the Airport City.

Taking into consideration the projects under construction even with the COVID-related fluctuations in the global markets, the **TriCity office stock is bound to reach the 1mln m² benchmark within one year**, at the same time fuelling the constant urban restructuring and modernizing its infrastructure, with the parallel dynamic growth of residential real estate.

One must also observe a very distinctive impact in the urban layout and planning, where much emphasis is placed on the most efficient mixed-use districts like Gdynia's Waterfront, Gdańsk's Docks project and is the successful development of Garnizon.

On Pic.2, 1-3 are strategically placed along the city's spine- embracing the linear nature of the city and further stretching the traffic load. On the other hand, the Airport City provides the alternative away from the agglomeration's core.



213 600

UNDER CONSTRUCTION

Source: JLL



1 000 000

BY 2021

Source: Cresa Poland



Icons made by Freepik from www.flaticon.com

OUR TOOLS

Since the beginning, Invest in Pomerania has not only believed in creating and delivering effective tools to attract investors and FDI but also in providing rock-solid support in helping them embed into the local economy.

Over a decade of experience has shown us that attracting investors is one thing, what is equally important is growing the local ecosystem so it can develop n'sync and fuel the growth of the businesses. We believe we are still learning and tweaking the formula, but we have been doing something right, as can be seen from the investments we have in the region.

First impressions count! Starting right means many things. It means getting matched to the right providers and institutions. It means setting the right vision of what needs to be achieved locally. It also means strongly positioning the local centre within the international hierarchy of the company. And, it definitely means getting the right people to kickstart the team and beyond.

As part of our investor support, Invest in Pomerania provides launch announcement assistance which ensures great brand exposure and puts the company center stage for the media and the academia. But, as the region has evolved, so have the outreach needs. We have developed two new tools to strengthen our outreach:



1. Jobs in Pomerania: this initiative under the aegis of Live more. Pomerania is a first of its kind (in Poland), profile led recruitment platform, aimed at everyone not living or working in Pomerania. Launched in Q3 of 2019, it is used by over 40 corporate partners (the number is growing every day). Highlighting the hottest jobs in the region, this platform already boasts of a few 1000s applications and a healthy and robust pipeline of talent.



2. Employer Branding Package: This includes designing and executing exclusive intensive branding campaigns for a particular partner to fulfil predefined criteria.

These were initiated in 2019, but are already growing from strength to strength.

To talk about building a cohesive ecosystem would be incomplete without talking about Live more. Pomerania: Started in 2018 as a campaign to shout out about the awesomeness of living, working and studying in Pomerania to attract potential talent. It has fast become a powerhouse brand of its own with a strong, vibrant and engaging digital presence and recognised as a great branding tool by our partners.

2019/2020 has seen Live more. Pomerania and Invest in Pomerania try out many new things including more partnerships, better reach outs, presence at more events and many editorial features amongst other fun things and despite the #newnormal, 2020/2021 is shaping up to be an exciting year.



THE FUTURE

While you're reading this, the first wave of SARS COVID-19 is withdrawing, and for a few weeks now the European economy is 'unfreezing' as rapidly and sustainably as it can. Poland was among the countries that very quickly and strongly counter-measured the virus by all means available, and on her map, Pomerania stands among the healthiest and least touched by the pandemic.

Yes - this report is aimed at describing 2019, however, the current situation marks an unprecedented turn in the global economy and mindset.

Yes - late January was forecasting 2020 as being one of the most successful years of BSS in the Tricity so far, with 5 investments and two re-investments confirmed to be announced in the first half of the year.

Yes - due to the pandemic almost all these plans (including this report) were shelved, as the companies went into lockdown.

No - none of the confirmed investments has backed out. All of them have confirmed to be looking for a proper time to start recruiting their original core team, aiming at Q3-Q4 2020. In the meantime, BSS, in general, has suffered by far the smallest job attrition among all main commercial sectors. As a matter of fact, 86% of the biggest employers in this sector have confirmed they have not stopped recruiting or will restart in the latter part of the year.

We expect there to be a long term trickle down from changes in the global markets. There could be potential shrinkages, but we don't see a major negative impact. This is primarily because the shared services sector is a strong horizontal that supports IT, finance, security, HR and many other verticals.

As one of the few sectors to have adjusted to the working from a home model without losing much steam in the process, the BSS sector has proven that adapting this model (in whichever form) might be one of the only in the face of similar recurrence. In plain words - it's a question of preference no more. If you want to strengthen the chances of your company surviving, you have to seriously flirt with outsourcing or building your own BSS ops ASAP. The only real question now are how and where.

How will this situation reflect on the shape and size of Pomeranian BSS? The way the whole country coped with process effectiveness and business sustainability in the face of crisis places us among the top destinations for setting up a business. We maintain the outstanding quality to price arbitrage, big-scale capacity and highly skilled workforce suitable to not only providing professional performance but also deliver the dearly needed improvement and innovation to any process vertical.



Tricity's already strong position among the leading Polish and CEE or Central and Eastern European locations was strengthened further by the small impact of COVID-19 and emphasized by the late-spring distinctions in the 2020 ABSL BSS report (**best location to invest in**) and most of all **the 4th spot in fDi Intelligence X TNW 'Top Tech Cities of the future' FDI category**.

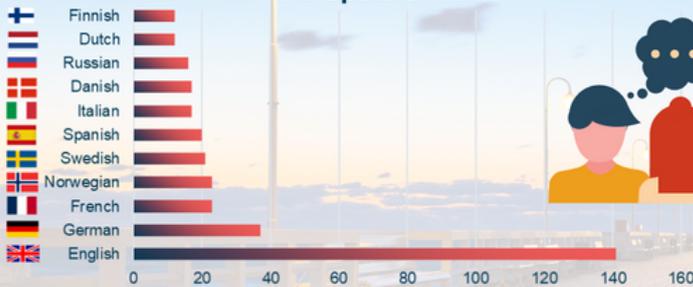
Multiple investments and rapidly growing headcounts in the past half-decade have resulted in unprecedented low unemployment, which was solved due to cuts in many sectors of the economy that released significant numbers of professionals with diverse talents up for grabs for the existing, and potential investors.

Thanks to the united efforts of all partners, both business and public, the Invest in Pomerania initiative will keep on creating new means of making this region an even better place to invest, live, and prosper. Thank you very much for sticking with us- please stay tuned to our channels and keep an eye out for further papers and reports.

BSS IN TRICITY 2020 STATUS CHECK



Who Speaks What



Where Do The Investors Come From?



Who speaks the most?

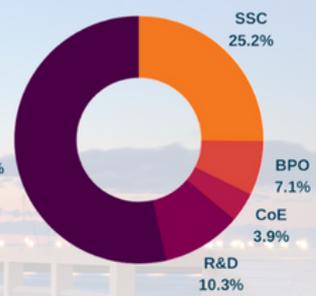


158 Investments

Employment By Type of Center



The Composition of the Sector



What about the Office Space?

KEY FIGURES (SQ M)



CONTACT US



Bartosz Wojtasiak
FDI - BSS Project Manager
bartosz.wojtasiak@investinpomerania.pl



Anna Ciosek
FDI - BSS Associate
anna.ciosek@investinpomerania.pl



Nazeen Koonda
Brand PR & Marketing Manager
nazeen@investinpomerania.pl



Aleksandra Moszyńska
FDI - BSS Associate
aleksandra.moszynska@investinpomerania.pl



[/InvestinPomerania](https://www.facebook.com/InvestinPomerania)



[/Company/Invest-in-pomerania](https://www.linkedin.com/company/invest-in-pomerania)



[/bit.ly/InvestinPomerania](https://bit.ly/InvestinPomerania)



office@investinpomerania.pl



www.investinpomerania.pl



[/LiveMorePomerania](https://www.facebook.com/LiveMorePomerania)



[/Company/live-more-pomerania](https://www.linkedin.com/company/live-more-pomerania)



[@Livemore.Pomerania](https://www.instagram.com/Livemore.Pomerania)



[/bit.ly/LivemorePomerania](https://bit.ly/LivemorePomerania)



media@livemorepomerania.com



www.livemorepomerania.com



Pomerania Development Agency Co.