BUSINESS SERVICES SECTOR HUNGARY

CORVINUS UNIVERSITY of BUDAPEST

HUNGARIAN GBS REPORT 2020

HOA
HUNGARIAN SERVICE & OUTSOURCING ASSOCIATION

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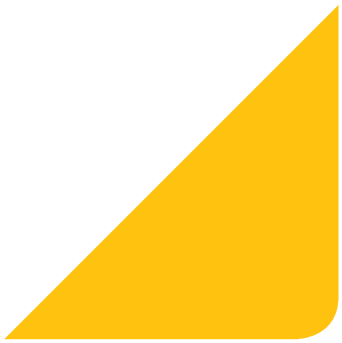

ADAPTING WORKSPACE ARTIFICIAL INTELLIGENCE AUTOMATION BUSINESS PROCESS OUTSOURCING CAPTIVE CENTRE DIGITAL TRANSFORMATION CHANGE COGNITIVE TECHNOLOGIES COLLABORATION/TEAMWORK CONFIDENCE CONSOLIDATION COST CENTER COST STANDARDIZATION EFFICIENCY COST OPTIMIZATION COST-SAVING DEVELOPMENT DIGITAL MATURITY DISRUPTIVE TECHNOLOGIES DIVERSITY EDUCATION EXPANSION EXPERIENCED TECHNOLOGY INTELLIGENT AUTOMATION EXPERTISE FINANCE & ACCOUNTING FINANCIAL SERVICES FLEXIBILITY FULL COST FUTURE HIGH VALUE-ADDED TALENT GENERATION Z GLOBAL BUSINESS SERVICES GLOBAL TALENT POOL ATTRACTIVENESS GROWTH HIGHLY EDUCATED HIGHLY SKILLED HIGH-VALUE HOME OFFICE IMPLEMENTATION IMPROVED FUTURE OF WORK COST ARBITRAGE IMPROVED RESILIENCE PRODUCTIVITY IMPROVED QUALITY INCREASING EMPLOYMENT INTEGRATION INTERNATIONAL COMMUNICATION IT WORK FROM HOME KNOWLEDGE-WORK LABOR MARKET LANGUAGE PROFICIENCY INTELLIGENT AUTOMATION LONG-TERM STRATEGY MATURE BSC MARKET MULTIFUNCTIONAL OPERATION MULTILINGUAL PROBLEM-ORIENTED PROCESSES PROFESSION PROFIT CENTER PROGRAMMING SKILLS RESILIENT TO SHOCKS RPA SELF-SERVICE APPLICATION SERVICE LEVEL AGREEMENT SKILL-DEVELOPMENT SKILLED LABOR FORCE SPEED OF BUSINESS PROCESS TRANSFORMATION SERVICE STABILITY STUDENTS SUSTAINABILITY TALENT RETENTION TRAINING VALUE WORLD-LEADING YOUNG TALENT

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PRESIDENT'S INTRODUCTION

Thank you for your interest in our annual survey and report. Ever since 2013, HOA has sought to publish its traditional annual "Business Services Benchmark Survey" to provide a comprehensive study based on reliable, comparable, and representative data to every stakeholder in the sector. Despite the global pandemic, I can confidently attest to the fact that we have managed to deliver a survey that adheres to the highest standards of quality that are to be expected from an association as reputable as this.

It is no secret that the year 2020 brought with it a wide array of challenges, not just to the sector, but to the individuals working in it as well. The pandemic did not simply result in hiring freezes, layoffs, and the transformation of conventional office work environments. Rather, it has fundamentally changed the way companies operate on a day-to-day basis.

Against all the odds, however, the sector has stood its ground; by and large, service centres have proved themselves capable of swiftly adapting to the sudden challenges imposed by the pandemic and are now looking forward, in the long run, to embracing the positive sides of their current methods of operations.

The Hungarian Business Services Sector is a strong, developed, and highly important segment of the Hungarian economy. For this reason, it has become paramount to redefine HOA's role in supporting the interests of the industry. We have declared that the association's aim is to become the number one official organisation dedicated to supporting and lobbying for the interests and development of the sector.

To attain such a status, HOA will direct most of its attention towards building active and functioning international relationships, attracting new members, and supporting industry growth via the sharing of best practices. In conclusion, HOA will focus on building a mutually trusting community through networking and excellence, with the focus being on long-term strategic co-operation.

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FOREWORD

The Business Services Sector is still crisis-proof. This statement has been confirmed during the current pandemic situation and the crisis it generated, as the sector did not shrink or stagnate; rather, it grew in 2020. At the same time, this health crisis is different from a "traditional" cyclical economic downturn and affects this sector differently as well. According to our research data from October 2020, the growth of previous years (on average 19%) may decrease in the Hungarian Business Services Sector by one third by the end of the year. However, the expectations of the centre's managers for the future are still encouraging; hopefully, new foreign direct investments and the expansion of the existing centres will be able to put the Hungarian market back on a higher growth path in 2021.

As with the wider economy and the whole of society, the business services sector will not be the same after COVID-19. The "new normal" will indeed bring several vital changes to this heavily labour-intensive sector. The future of work disrupts the key dimensions of the work environment: who does what, from where and how? While work from home has been utilized in the sector, on the one hand it was to avoid a constraint (if the company's headcount has grown more strongly than the available rentable office space), and on the other hand, as part of an employer branding program, a benefit for employees who need more flexibility. In the future, it will become a basic organizational efficiency tool for BSCs. The pandemic is not only transforming offices space, but amplifying the digital transformation, which will bring a higher level of virtualization and automation like never before, and will be spread through cognitive technologies in those areas that can still only be done with human resources. It will expand the territorial range of labour supply and may further reduce the capital-centricity of the Hungarian sector. All of this is building into the strategies of corporate executives, who are also repositioning nearshoring locations and strengthening back sourcing activities in the international capital movement.

Compared to the data of the HOA study published in 2019 (120 centres and 55,000 employees), the number of Business Services Centres increased by more than 70% in 2020, and the number of employees also increased by almost 35%. However, this does not so much show the real expansion of the sector, but is the result of our more accurate information gathered about the market. This year's research has never been preceded by such accurate market analysis. Therefore, one of the most significant results of this year's HOA study is a better mapping and presentation of the Hungarian Business Services Sector than ever before. However, this process is not yet complete, as further market expansion is expected by identifying some smaller players that are not yet known, as well as expanding the sector boundaries to research and development service centres. This insight not only improves the perception of the domestic market for new potential investors, but also more accurately shows the sector's contribution to the domestic economy and at the same time allows the sector to represent its interests more strongly.

For the first time this year, the results of the research go beyond the domestic framework. The introductory part of the study tries to paint a realistic picture of the regional location and growth potential of the Hungarian Business Services Sector. In 2020, the research questionnaire has served as a benchmark for Hungarian centres for the sixth year in a row; this year, we also harmonised the research questions internationally with the annual ABSL questionnaire to create an international comparison. This harmonisation will lay the groundwork for further research collaboration, better integrating HOA into the international network of the business services centre community.

HUNGARY – KEY FACTS

There are three sectors that contribute most to the national GDP: Agriculture (4.2%), Industry (30.1%) (within this Manufacturing (22.1%)) and Services (65.7%). The main pillar of the Hungarian economy is the services sector; however, according to the Hungarian Central Statistical Office, the share of the services sector within GDP is around 70-80% in the more developed European Union countries, while it is at 65% in Hungary. Gross value-added services have increased by 4.6% in 2019.

GDP, considering its volume, increased by 4.5% in the fourth quarter of 2019, with the contribution of the various sectors coming to: Services 2.6%; Industry 0.7%; and Construction 0.6%. In 2020, the economic influence of the COVID-19 pandemic was manifested within the results of the second quarter of 2020.

The economy is set to shrink markedly this year, hammered by lockdown measures and disrupted global value chains. Consumer spending will fall due to rising unemployment and the heightened uncertainty ahead, which will also hurt investment activity. Hungary's GDP is projected to drop by 7% in 2020, after growing by 4.9% in 2019.

Household consumption is forecast to decrease with the hit to labor income and higher precautionary savings. Investment, which was already on course for a slowdown before the pandemic, is projected to plummet from a record high level in 2019. Due to the recession, several ongoing projects are likely to be cancelled or put on hold.

Exports are expected to drop sharply in 2020 because Hungarian exporters are specialized in highly cyclical products (e.g. automotive) and in tourism and travel services that will remain constrained by physical distancing measures.

The cyclical recovery could lift GDP by 6% in 2021, supported by all final demand components. The Hungarian GDP is expected to return to pre-crisis levels by 2022.

Figure 1.1: Current Credit Ratings of Hungary

Credit Rating of Hungary by Fitch	BBB
Credit Rating of Hungary by Standard and Poor's	BBB
Credit Rating of Hungary by Moody's	Baa3

Source: Fitch, Standard and Poor's, Moody's

Figure 1.2: Key Figures of Hungary

Population (2020)	9.8 million
Inflation predicted for 2020	3.4%
GDP (2019)	USD 160.97 billion
GDP per capita (2019)	USD 33,975
Minimum monthly wages (2020)	USD 533.48
Unemployment rate (2020)	4.6%
Human Development Index (Max. 1)	0.845
Education Spending (% of GDP, 2020)	4.7
Health Spending (% of GDP, 2020)	6.9
Cost of Living (December 2019) (New York=100)	51
Internet Access (%, 2020)	76.1
Urban Population (%, 2020)	71.4
Currency	Forint
Currency exchange rates (EUR) (09.Oct.2020)	356.82
Currency exchange rates (USD) (09.Oct.2020)	302.34
Currency exchange rates (CHF) (09.Oct.2020)	331.22

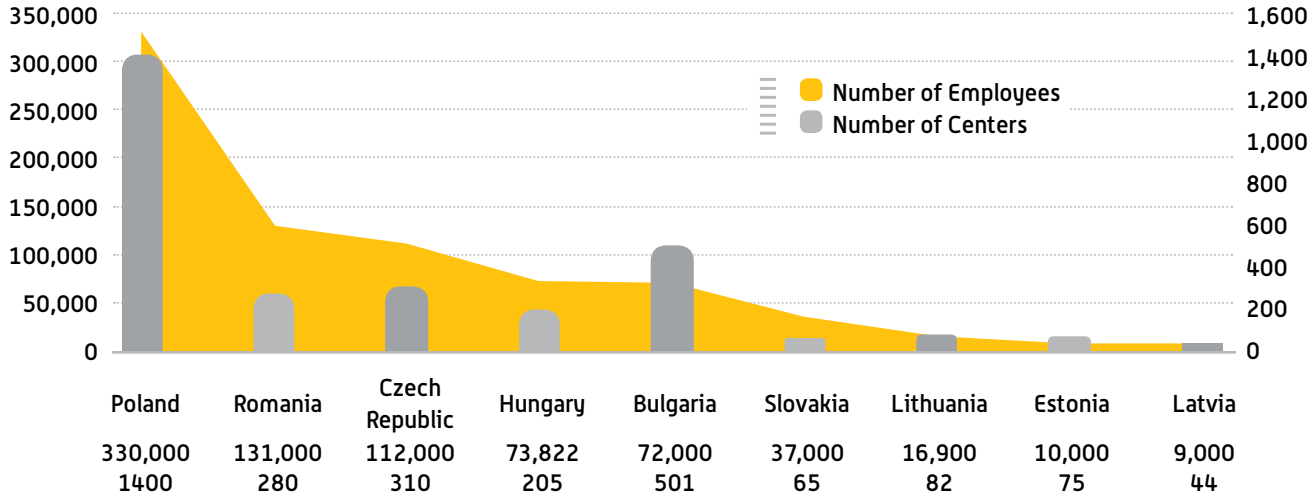
Source: The Economist

ABBREVIATIONS

AI: Artificial Intelligence
BAU: Business As Usual
BCP: Business Continuity Plan
BI: Business Intelligence
BPO: Business Process Outsourcing
BSC: Business Services Center
BSS: Business Services Sector
CA: Cognitive Automation
CEE: Central and Eastern Europe
CoE: Center of Excellence
EMEA: Europe, the Middle East and Africa
E2E: End-to-End process
F&A: Finance and Accounting
FTE: Full-Time Equivalent
FoW: Future of Work
GBS: Global Business Services
IoT: Internet of Things
IPA: Intelligent Process Automation
ITO: Information Technology Outsourcing
KPI: Key Performance Indicator
KPO: Knowledge Process Outsourcing
ML: Machine Learning
OLA: Operational Level Agreement
PoC: Proof-of-Concept
R&D: Research and Development
RPA: Robotic Process Automation
SLA: Service Level Agreement
SSC: Shared Services Center
SSO: Shared Services Organization
WFH: Work From Home

INTERNATIONAL POSITION OF THE HUNGARIAN BSC MARKET

Figure 2.1: Business Service Sectors' Size in Eastern Europe



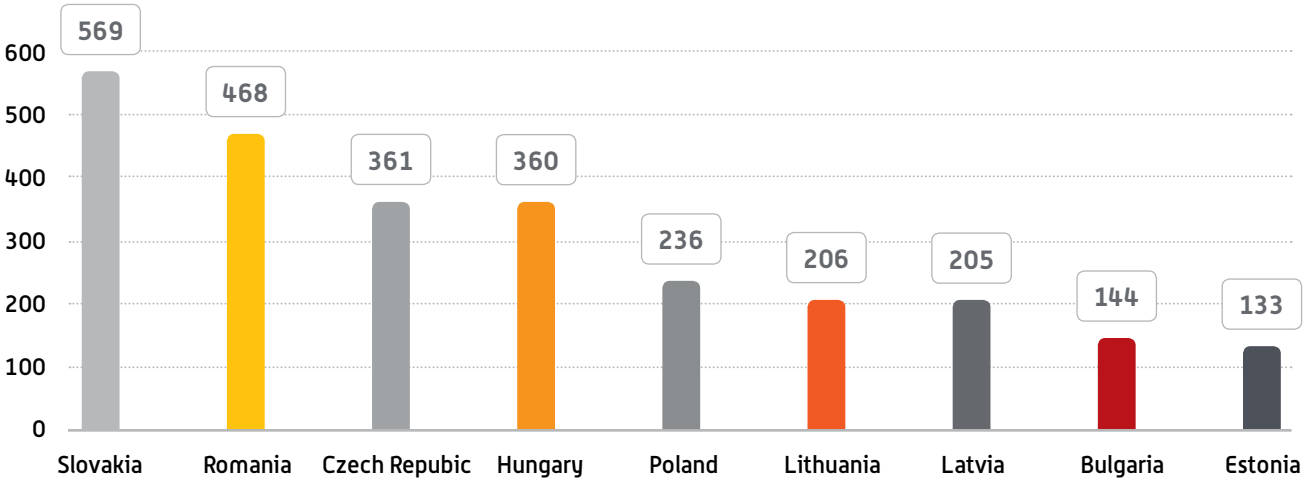
Source: EMEA's Business Service Landscape, ABSL, 2019, HOA wn study based on Corvinus's business service centre database

Nowadays, 205 centers can be found in the Hungarian Business Service Sector and the employment numbers surpass 73,000 FTEs. These numbers place Hungary into the top investment market group of the EE region.

In Hungary, each BSC has 360 employees on average. The total number of BSC enterprises ranks the country in the middle, compared to its regional peers, but the headcounts are a little bit higher than the CEE average. This is due to the fact that most of the BSCs are larger enterprises in Hungary.

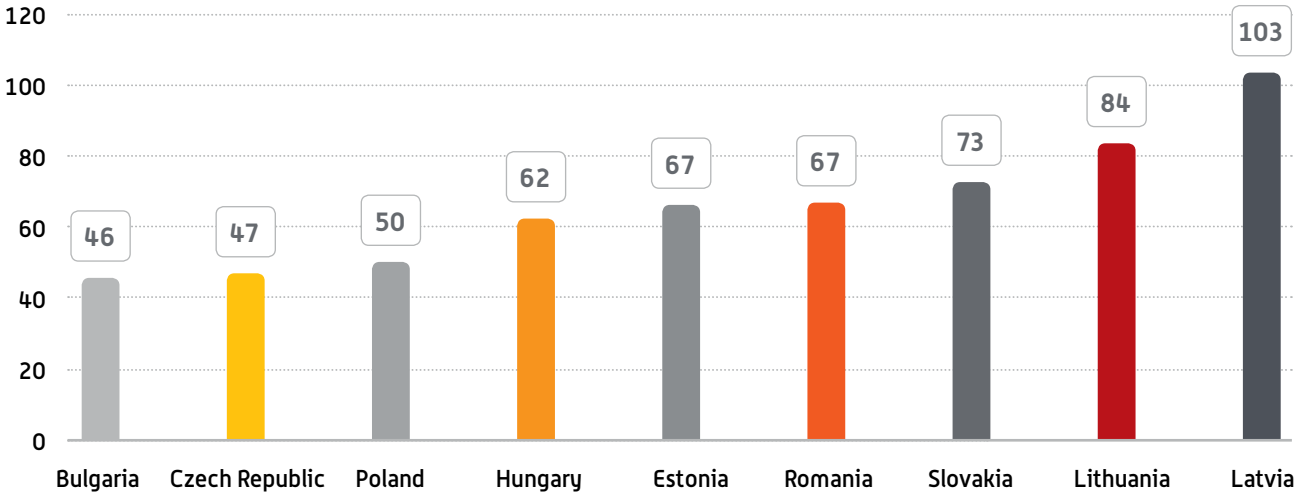
In Poland, the average is less than 240 employees, because there are more SMEs in the country. This shows heightened confidence in Hungary's labor market and economic atmosphere, as BSCs are larger and have a stable position on the market. However, larger companies usually have slower growth rates than SMEs.

Figure 2.2: Average Number of Employees/BSC



Source: EMEA's Business Service Landscape, ABSL, 2019, HOA study based on business service center database

Figure 2.3: Active Population/BSC Employees



Source: EMEA's Business Service Landscape, ABSL, 2019, HOA study based on business service center database

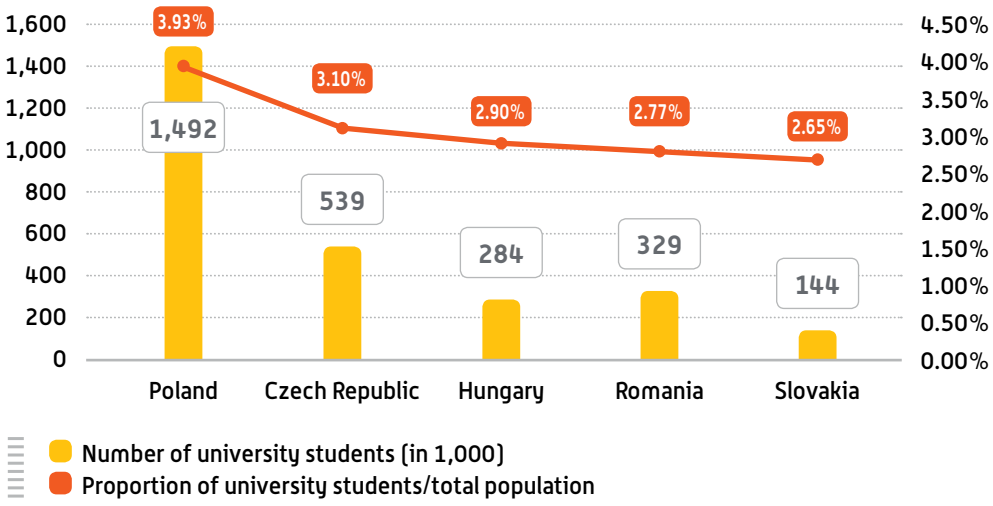
The maturity of the business service industry in Hungary can be partly presented by the indicator of active population in BSCs. In the Eastern European region, Bulgaria has the largest proportion of its active population working in BSCs. A higher proortion means higher accumulated experience in the sector, which could lead to higher value-added jobs brought to the market within the Business Services Sector.

The fundamental human resource supply for Hungarian BSCs is mainly based on the output of the higher education system. In regional comparisons, not only the numbers of university students are fewer than in Poland, Romania or the Czech Republic, but Hungary is also lagging behind Poland and the Czech Republic in the proportion of university students per total population.

For an investor in the Business Services Sector, it is vital to analyse the potential supply of the educated and talented human resources. Therefore, the development of this international position is not only key to the sector's growth opportunities, but also for other parts of the Hungarian economy.

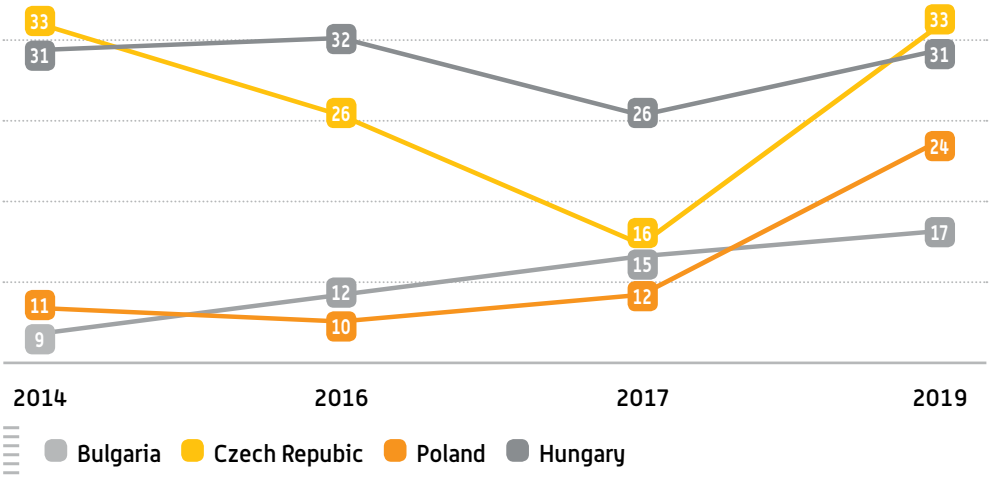
In order to obtain a more accurate picture of Hungary's BSS ranking positions in the region, there are several international indices (A.T. Kearney, IBM, Tholons) to help us.

Figure 2.4: Higher Education Potential in CEE Comparison



Source: Corvinus's analysis based on the Hungarian Central Statistical Office, 2020

Figure 2.5: Some CEE Countries' Ranking Positions by A.T. Kearney Global Service Location Index



Source: The 2019 A.T. Kearney Global Services Location Index

A.T. KEARNEY, GLOBAL SERVICES LOCATION INDEX

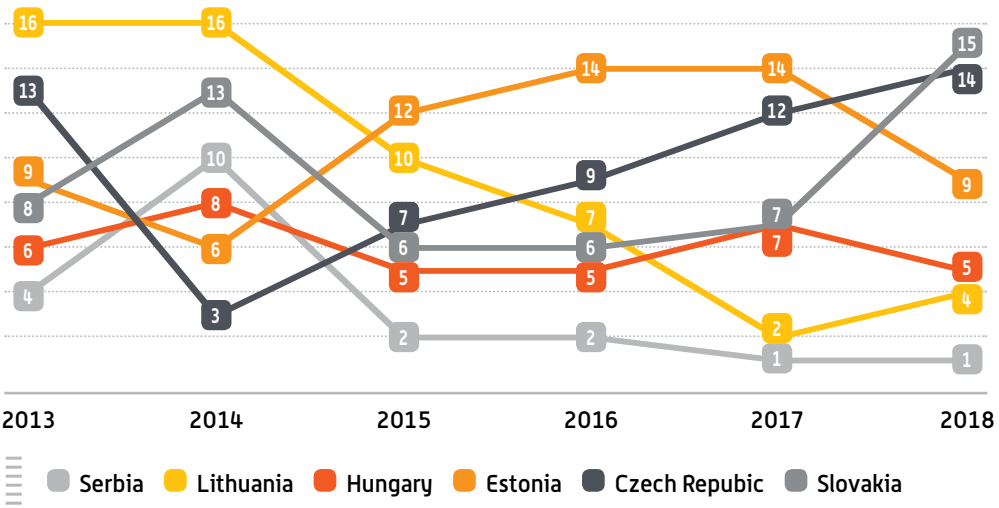
A.T. Kearney's GLSI is an extremely useful index for investors and companies looking for help to decide where to locate service operations. All the countries are evaluated against 44 metrics such as the skills and availability of local people, infrastructure, digital development and financial stability. Based on these considerations, Hungary has kept its stable position in the middle-ranking.

Since 2014 in the Central and Eastern European region, most of the major countries in this index have fallen back. Bulgaria and Poland were two of the most competitive regional countries some years ago, but have slowly lost their positions. Hungary is hovering around 31st place. This could show a slight decrease in competitiveness and investor confidence in the region, due to increasing costs and growing salaries.

IBM GLOBAL LOCATION TRENDS REPORT

IBM Plant Location International (PLI) is a specialised consulting service acting as the global center of competence for Global Location Strategies. IBM Global Location Trends Report contains the PLI's insight and ranking for the Global Business Services market.

Figure 2.6: Sample CEE Ranking Positions by IBM Global Location Trends Reports



Source: IBM Global Location Trends Report, 2019

According to the IBM index, Hungary is third in the region after Serbia. Hungary has kept its place over the last five years, while most of the Eastern European countries have shown a fallback in their positions: Slovakia from sixth to 15th and the Czech Republic from ninth to 14th, for example. Hungary has hovered around fifth place during the last seven years.

THOLONS SERVICES GLOBALIZATION INDEX

Tholons Index ranks countries, governments and firms. The final ranking is calculated from seven aspects: Talent, Skills and Quality; Business Catalyst; Cost & Infrastructure; Risk & Quality of Life; Digital and Innovation; Super Cities; and Population.

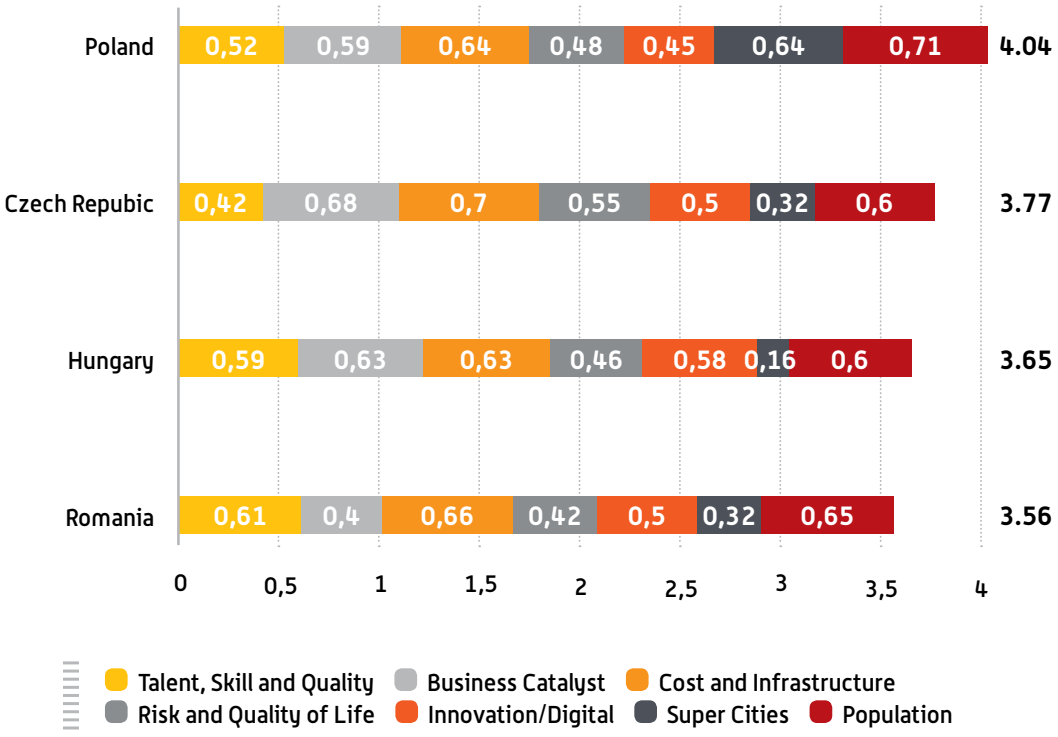
Tholons Index list four countries in the region: Poland, Czech Republic, Hungary and Romania. In the Super Cities category, Hungary is in last place. Compare this with Poland, where more cities have reached a rank in the top 10.

According to Tholons, Hungary's strength in the region is in Innovation/Digitalization. This is especially true if we look at the inbound services brought into the country. More than 50% of inbound BSC services have gone through automatization or standardization during their migration. Innovation/Digitalization is also strengthened by the fact that 40% of the yearly inbound service migration falls into the IT category. Hungary is also strong in the Talent, Skills and Quality section, as it has a number of well-regarded universities. The generally low-cost but highly-educated labor market provides an excellent possibility for BSCs to bring in high value-added services.

FDI INDEX – EUROPEAN CITIES AS INVESTMENT DESTINATIONS

Next, we take a look at Hungarian cities other than Budapest (which is called the heart of Hungary for a reason). The infrastructure of Budapest is remarkably more developed than the countryside and also regionally, since it made its way to the top 10 list. Moreover, the statement that "the higher the number of students in higher education, the better from the investors' point of view" also favors Budapest. However, some smaller cities and towns such as Veszprém, Tatabánya and Székesfehérvár also make a welcome appearance in the future rankings of cost-effectiveness.

Figure 2.7: Sample CEE Countries' Values by Tholons Services Location Index



Source: Tholons Services Globalization Index, 2019

Figure 2.8: Micro European Cities of the Future-cost-effectiveness and Top 10 CEE Cities of the Future

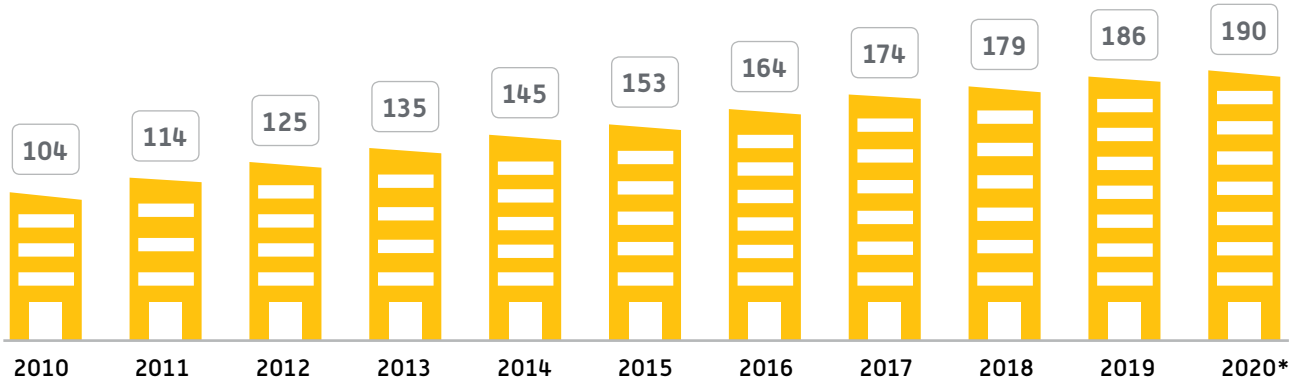
RANK	CITY	COUNTRY
1	Laktasi	Bosnia-Herzegovina
2	Veszprem	Hungary
3	Tatabanya	Hungary
4	Trnava	Slovakia
5	Zilina	Slovakia
6	Szekesfehervar	Hungary
7	Legnica	Poland
8	Stryków	Poland
9	Miada Boleslav	Czech Republic
10	Juri	Estonia

RANK	CITY	COUNTRY
1	Warsaw	Poland
2	Moscow	Russia
3	Prague	Czech Republic
4	Stryków	Poland
5	Bucharest	Romania
6	Bratislava	Slovakia
7	Budapest	Hungary
8	Wroclaw	Poland
9	Sofia	Bulgaria
10	Kraków	Poland

Source: FDI European Cities and Regions of the Future 2020/21, the best and the brightest among Europe's investment destinations. Published by The Financial Times Ltd

OVERVIEW OF HUNGARIAN BUSINESS SERVICE SECTOR

Figure 3.1: Progress of the Hungarian Business Service Sector by the Number of Centres in the Last 10 Years

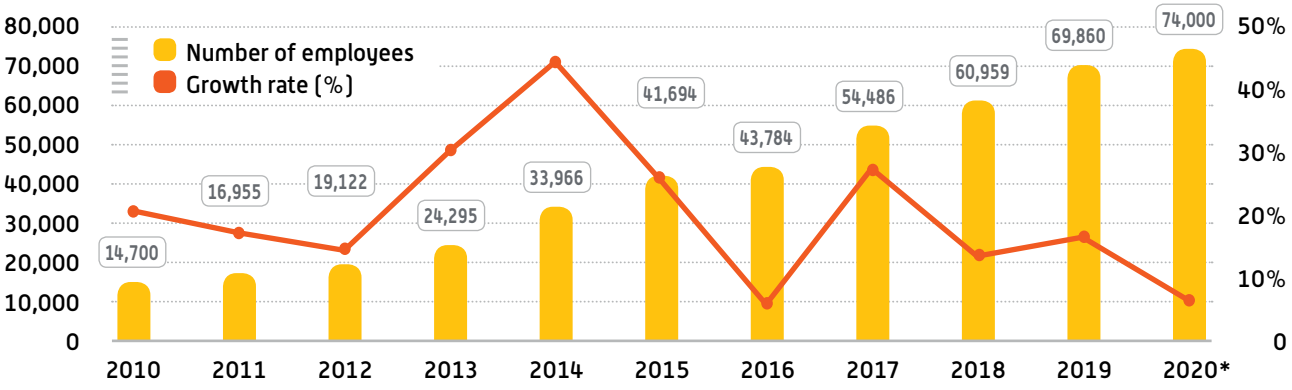


* *The data set of 2020 includes data only untill the end of September*
** *Only 190 BSCs out of a total of 205 are shown in this figure because of their missing launch date*

Source: HOA study based on business service centre database

THE GRAPH SHOWS the increasing number of service centres in the last 10 years. In the past decade, the sector has increased by 97 new BSCs. Between 2010 and 2017 the growth rate was almost the same, except in 2015, when the number was lower than in the other years. After 2017, growth was significantly smaller, and this was especially so in 2020; this year, just four new service centres emerged.

Figure 3.2: Progress of the Hungarian Business Service Sector by Number of Employees



* *2020: the data set for this year includes numbers only untill the end of September*

Source: HOA study based on business service centre database

THE NUMBER OF BSCS EMPLOYEES in Hungary shows a continuous growth compared to recent years. It indicates the organic growth of the centres operated in Hungary in this decade. By their ongoing expansions, centres could offer more and more diverse and colourful positions in a wide variety of service areas. With big fluctuation, but the CAGR was 18% in the examined period.

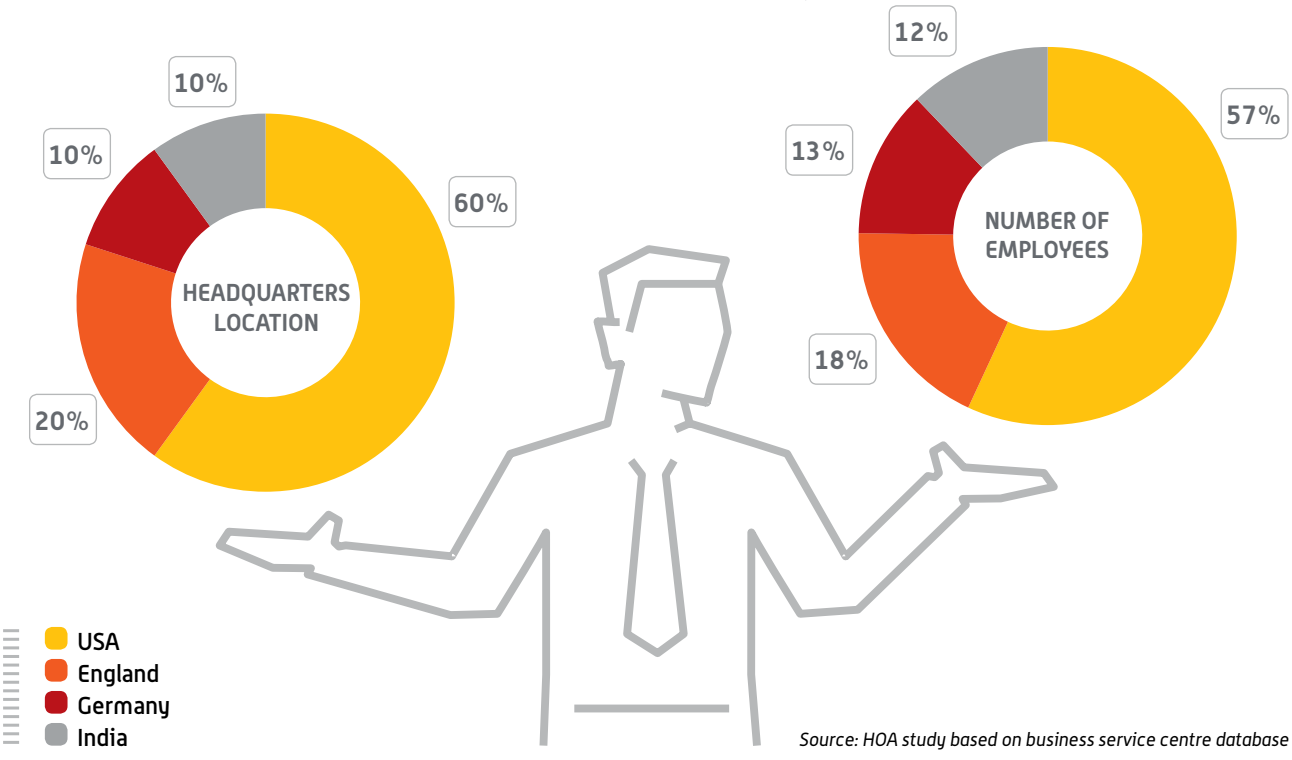
Figure 3.3: 10 Largest BSC Investors in Hungary in Terms of Headcount

INVESTOR	PARENT COMPANY HEADQUARTER	NUMBER OF EMPLOYEES IN HUNGARY
Deutsche Telekom IT Solutions (Budapest)	Germany, Frankfurt	2,600-2,700
Tata Consultancy Services	India, Mumbai	2,500-2,600
Citi Service Center	USA, New York	2,500
IBM Client Innovation Centre (Székesfehérvár)	USA, New York	2,300
British Petrol BSC (BP)	England, London	2,000
IBM ISSC	USA, New York	1,900
British Telecom (BT)	England, London	1,800-1,900
ExxonMobile Business Support Center	USA, Texas	1,800-1,900
Morgan Stanley	USA, New York	1,700-1,800
EPAM	USA, Pennsylvania	1,600-1,700

Source: HOA study based on business service centre database

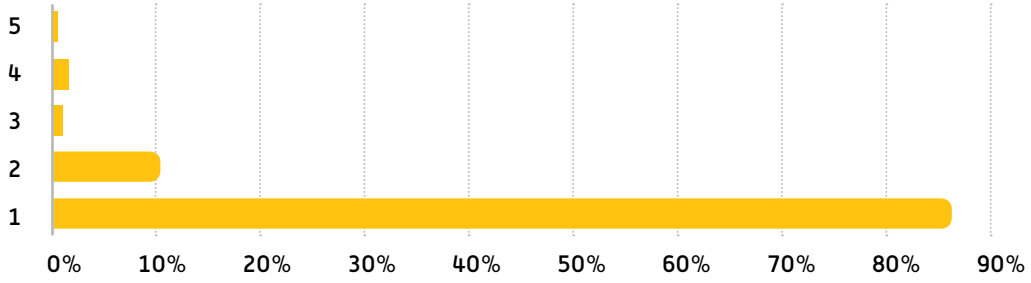
BESIDES OTHER, the top 10 investor originated from US (60%), UK (20%), Germany (10%) and India (10%).

Figure 3.4: 10 Employment Structure of BSCs in Hungary by Location of Parent Company HQ



Source: HOA study based on business service centre database

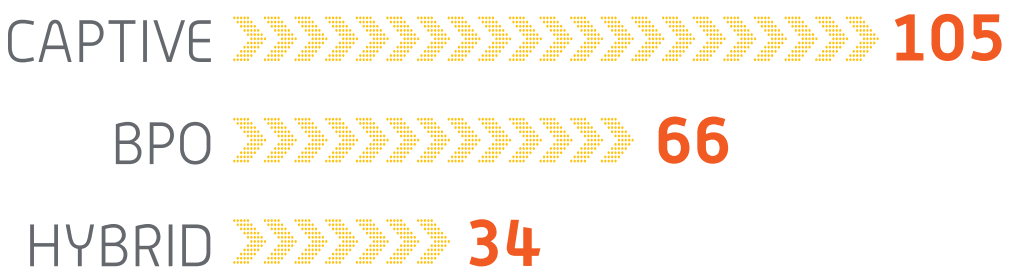
Figure 3.5: Number of Service Centres per Company



Source: HOA study based on business service centre database

THE MAJORITY (86%) of companies have only one service centre, 10.5% have two centres, while 3.3% have three, four or five.

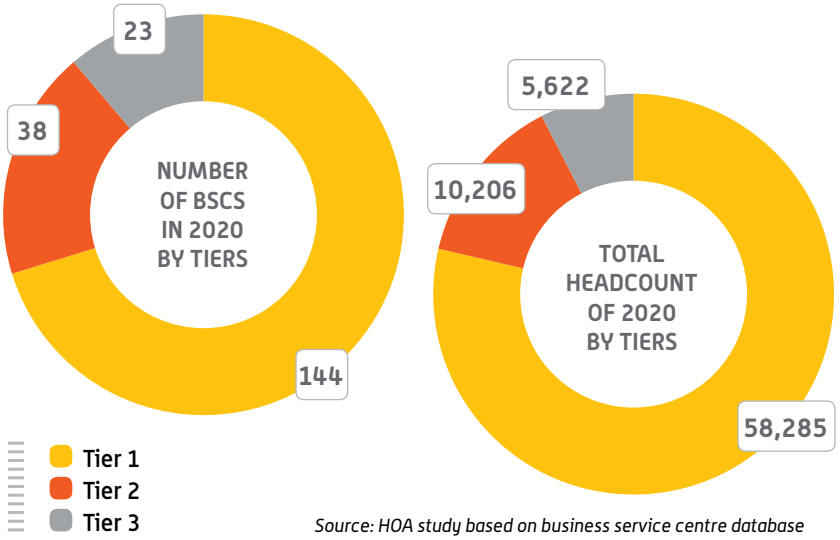
Figure 3.6: Number of Service Centres by Type



Source: HOA study based on business service centre database

HUNGARY AS A NEARSHORE COUNTRY is still mostly attractive for captive centres (34% or 105 centres). Next come the BPO centres, which provide 66 (24%) of the total number, ahead of hybrid centres (34, or 17%).

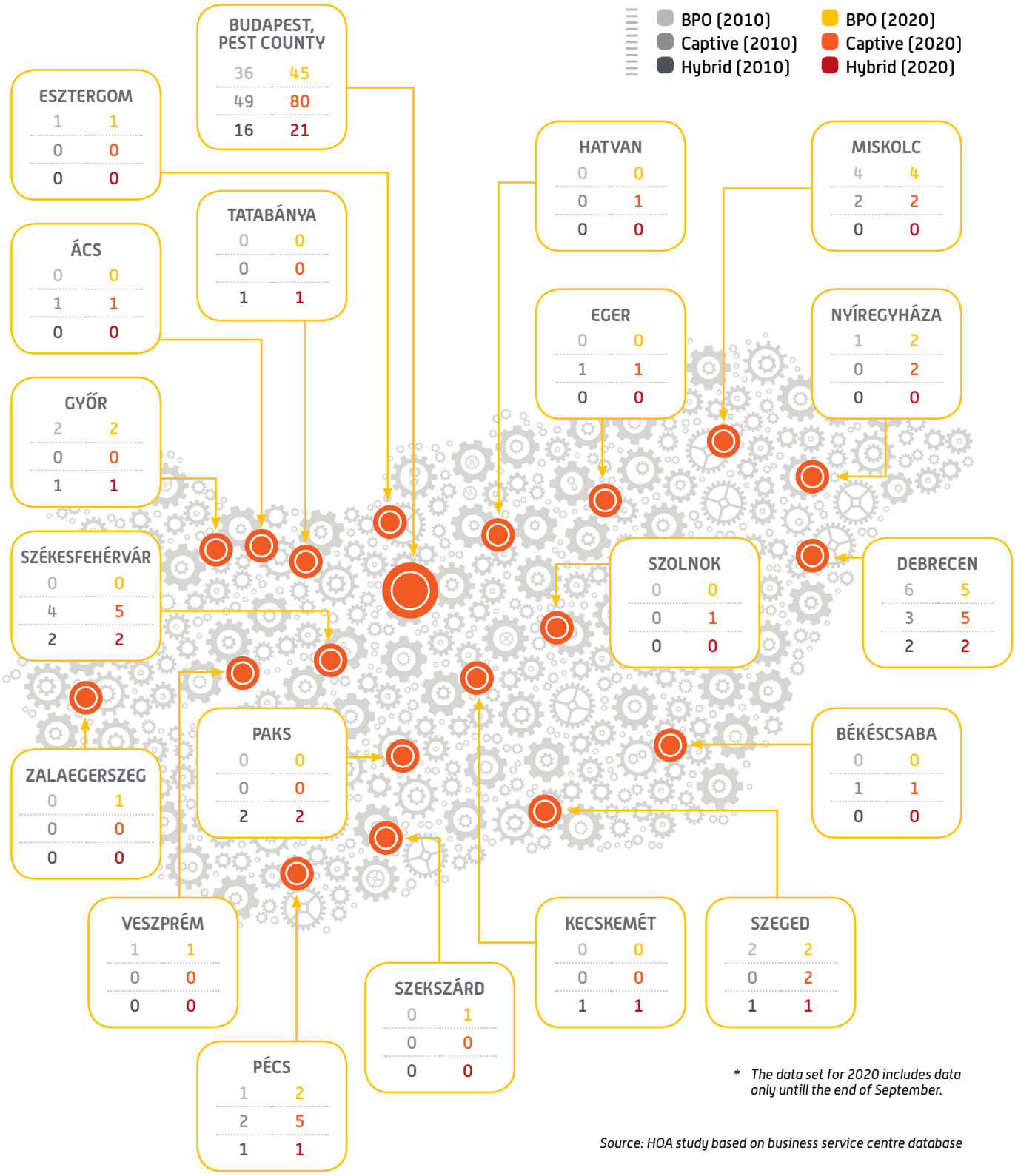
Figure 3.7: Number of BSCs and Total Headcount in 2020 by Tiers



Source: HOA study based on business service centre database

MOST OF BSCS (more than 70%) are located in a Tier 1 location, which is comprised solely of Hungary's capital city, Budapest. A similar result is seen when examining the number of employees: 78% of those employed in Hungarian BSCs are found in Tier 1. Tier 2 location contains bigger Hungarian towns with a minimum of five BSCs and/or 500 employees. This tier takes 18% of the number of BSCs and almost 8% of total headcount.

Figure 3.8: Distribution of BSCs by Location and Type in 2010 and 2020*

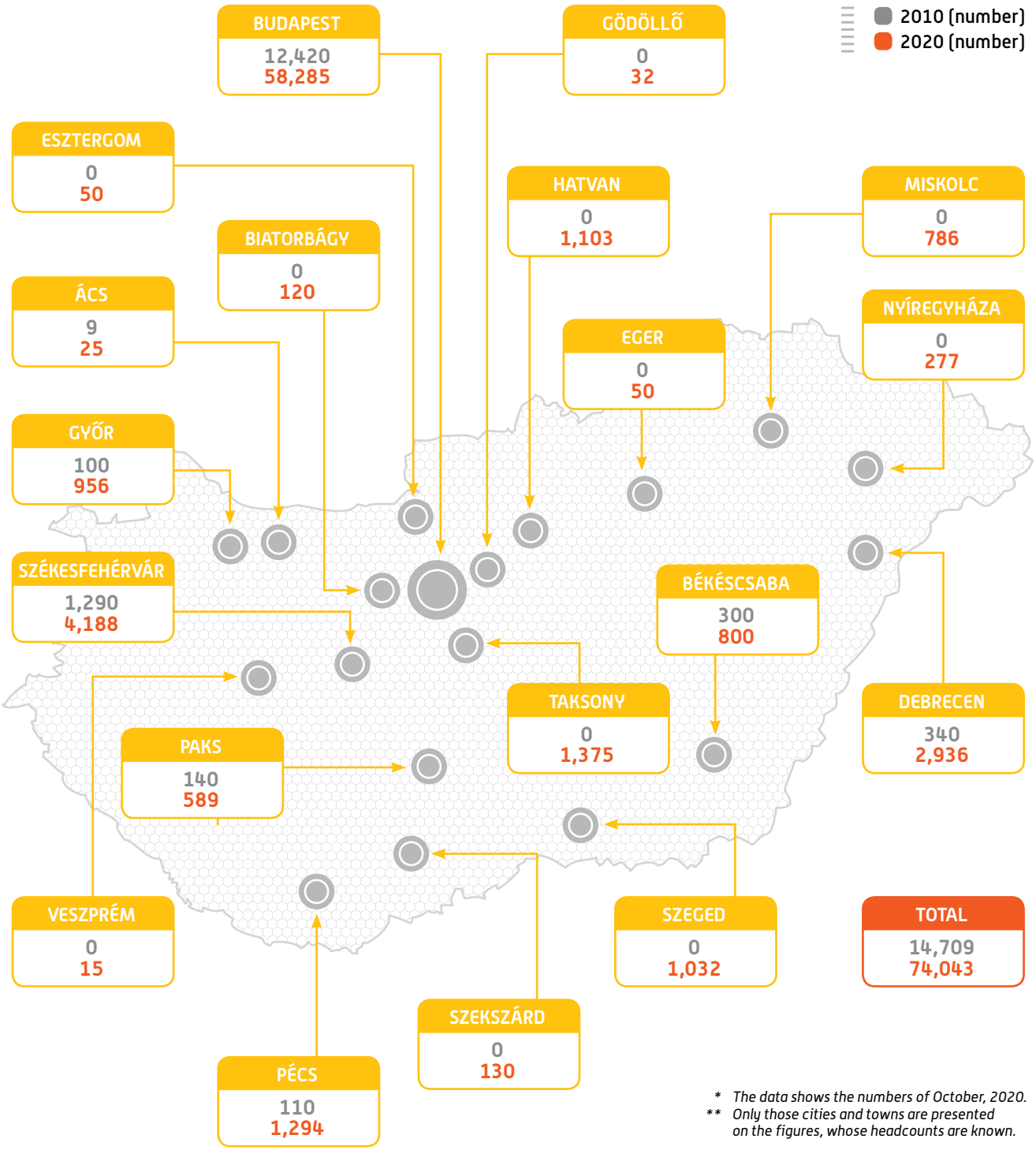


* *The data set for 2020 includes data only untill the end of September.*

Source: HOA study based on business service centre database

IN 2010, THE MAJORITY of BSCs were in Budapest or close to it, in Pest county. This spatial distribution has not changed over the years; now, in 2020, we can talk about the same locations. Besides Budapest, BSCs are mainly located in big cities like Debrecen or Miskolc. In 2010, 43.75% of the centres were operated as captive service centres, 37.5% as BPOs and 18.75% as hybrid service centres. By 2020, the proportion of captive centres has grown to 51.96%, while the proportion of the other two types of service centres has slightly decreased.

Figure 3.9: Headcount in BSCs by Locations in 2010 and 2020*

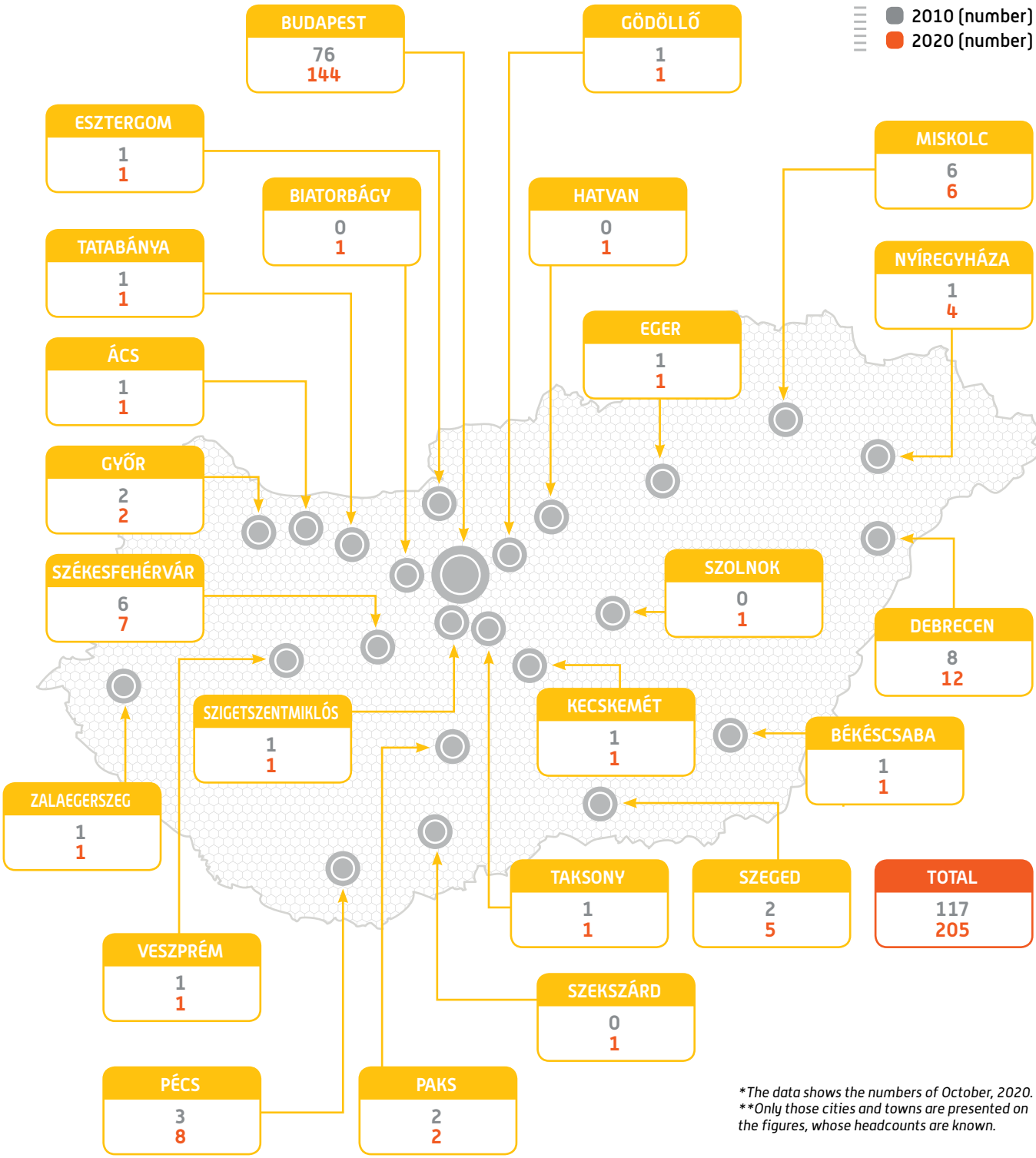


* The data shows the numbers of October, 2020.
** Only those cities and towns are presented on the figures, whose headcounts are known.

Source: HOA study based on business service centre database

THE SHARE OF LOCATIONS by headcount has changed in some aspects from 2010 to 2020. While Budapest had 84% of total headcount in 2010, it had decreased to almost 79% by 2020. Székesfehérvár had a significant share of almost 9% in 2010, but by 2020 this has decreased to 5.5%. At the same time, Debrecen has made a progress from 2% to almost 4% in the total share and other towns have also gained visibility in their share, so there is now a bigger diversification across the country.

Figure 3.10: Numbers of BSCs by Locations in 2010 and 2020*



*The data shows the numbers of October, 2020.
**Only those cities and towns are presented on the figures, whose headcounts are known.

Source: HOA study based on business service centre database

WE CAN SEE a constantly upward trend in the number of business services centres in Hungary from 2010 to 2020; there were only 117 BSCs in 2010, which had increased to 205 in 2020. In this decade, four towns (Biatorbágy, Hatvan, Szekszárd and Szolnok) emerged on the sector map with new-established centres. The biggest rise was seen in Budapest, where the number of BSCs has increased from 76 to 144.

INVESTMENT INCENTIVES IN HUNGARY

Besides the well-built infrastructure and other factors like well-developed technology, highly educated labor force, high-level language skills, class "A" offices and cheap living costs that are the main elements of the competitive advantage of Hungary, both in the region and in wider Europe as well, Hungary provides several financial incentives to foreign companies that would like to invest in Hungary, and also to domestic enterprises that would like to reinvest in the country. HIPA (Hungarian Investment Promotion Agency) helps companies in their decision-making by providing management consultancy services and also informs them about the available incentives. The Government of Hungary provides different types of financial incentives to investors. There are both refundable and non-refundable incentives such as:

- various cash subsidies (either from the Hungarian Government or from EU Funds): for investments, training, job creation, R&D
- tax incentives: reduction of corporate tax, social tax, encouraging R&D activities
- low-interest loans.

Hungary is well aware that the weight of these financial incentives is almost equally important compared to other non-financial factors. In the incentives overview of HIPA, 3+2 legal titles are differentiated. The first three titles of incentives from the previous years are still accessible and two new were introduced on April 21st, 2020 in order to support companies that suffered losses as a result of the COVID-19 pandemic.

I. INCENTIVES FOR INVESTMENTS (REGIONAL AID)

REGIONAL SUPPORT

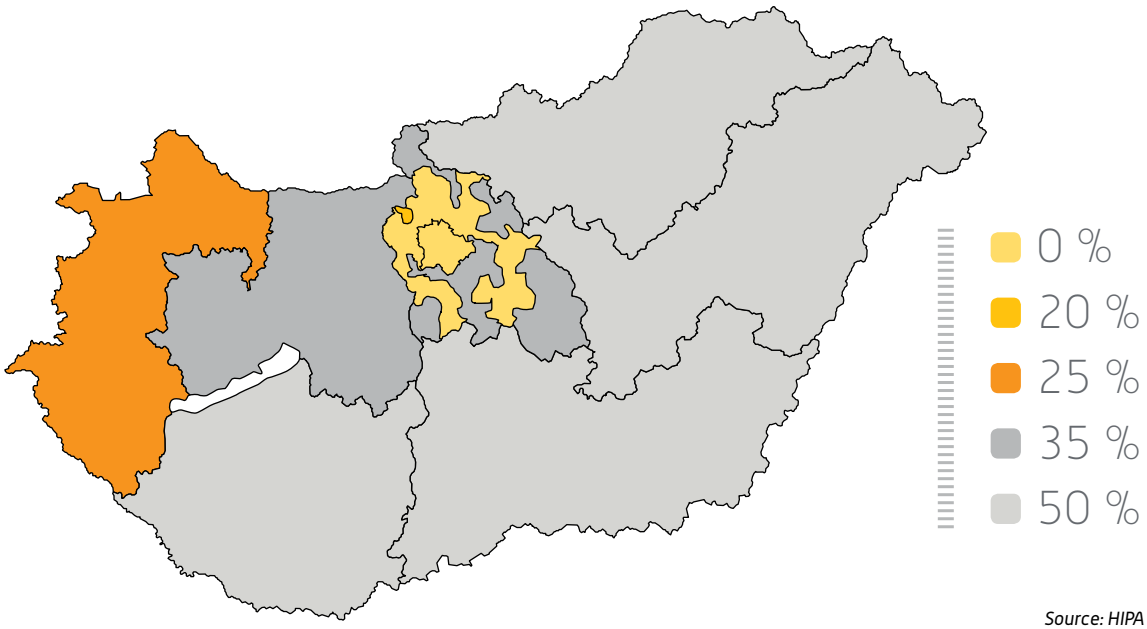
It is important to see that incentives are available nationwide, a fact that contributes to the success of new investments and also means that investments do not have to and should not be implemented only in the most frequently chosen areas; however, the extent of the support differs by regions, depending on the development level of the given area.

Parts of Central Hungary are ineligible for support, because these are much closer to the EU average in terms of development compared to other regions.

VIP CASH SUBSIDY FOR ASSET INVESTMENTS

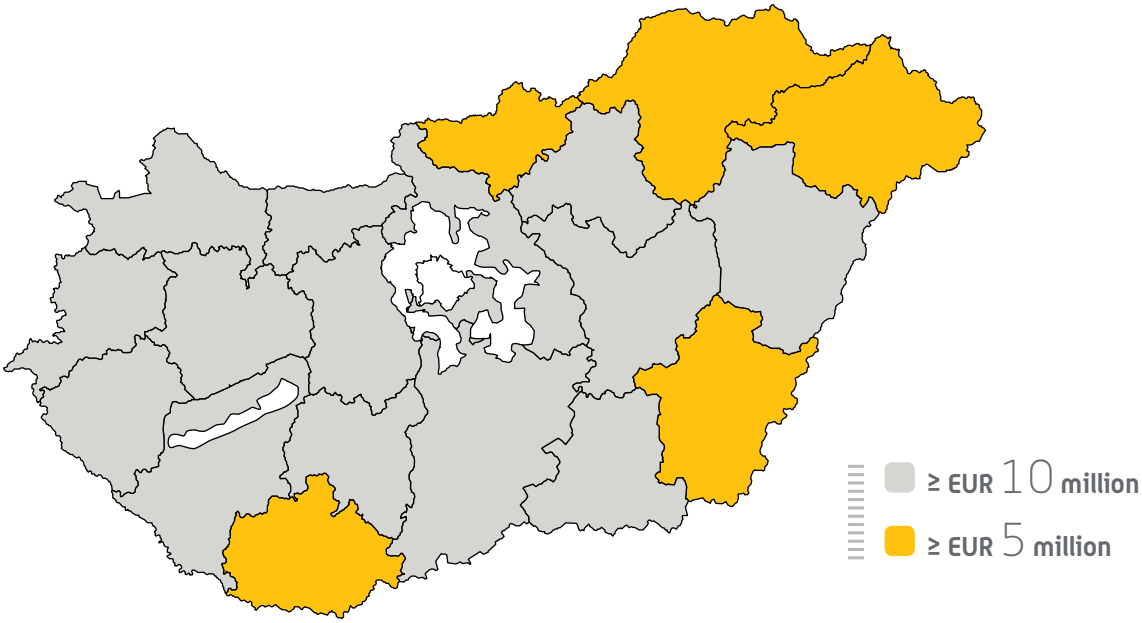
The aim of the subsidy is to support corporate productivity and competitiveness. The eligibility criteria have three main elements: the expected additional net sales revenue, gross wages of the employees and also the development of the region where the investment is being or will be implemented. This last element is different from region to region, just as the criteria are. In the preferred regions, the minimum investment volume should be at least EUR 5 million, while in the more developed regions it should be at least EUR 10 million.

Figure 4.1: Level of Government Incentives in the Different Regions of Hungary



Source: HIPA

Figure 4.2: Cash Subsidies for Business Services Centers



Source: HIPA

VIP CASH SUBSIDY FOR BUSINESS SERVICES CENTERS

Regardless of the volume of the investment, BSCs (whether newly created or an expansion of an existing center) are eligible for a cash grant; the only requirement for these is to create at least 50 new jobs in the field of BSC activities (defined by Government Decree No. 210 of 2014 (VIII.27)). Subsidies can be granted on both assets or job creation basis:

- Asset-based eligibility: purchase level of tangibles and intangibles determines the eligible costs of the investment.
- Job creation-based eligibility: 24 months of salary related to the new jobs created within a period of three years.

VIP CASH SUBSIDY FOR TECHNOLOGY-INTENSIVE INVESTMENTS

Available for any enterprises that employs more than 100 people in Hungary; even having two legal entities may also fulfil the eligibility criteria, with the condition that the legal entities are parts of the same corporate group. A minimum EUR 30 million investment volume and a 30% increase of base revenue or total base gross wage (or the two combined within a three-year-long period) is the criterion.

LOCAL SUBSIDY GRANTS BY MUNICIPALITIES

DEVELOPMENT TAX ALLOWANCE

"The taxpayer can take advantage of tax relief of 80% in the tax year following the year of the installation of the investment or the same tax year, according to the taxpayer's decision, and in the following 12 tax years, however not later than the 16th tax year following the tax year in which the notification or the application for the tax allowance was submitted." The development tax allowance can be granted on an asset- or job creation-basis.

- Asset-based eligibility: eligible costs of the investment + number of newly created jobs (conditions are different region by region).
- Job creation-based eligibility: one newly created jobs.

II. INCENTIVES FOR TRAINING

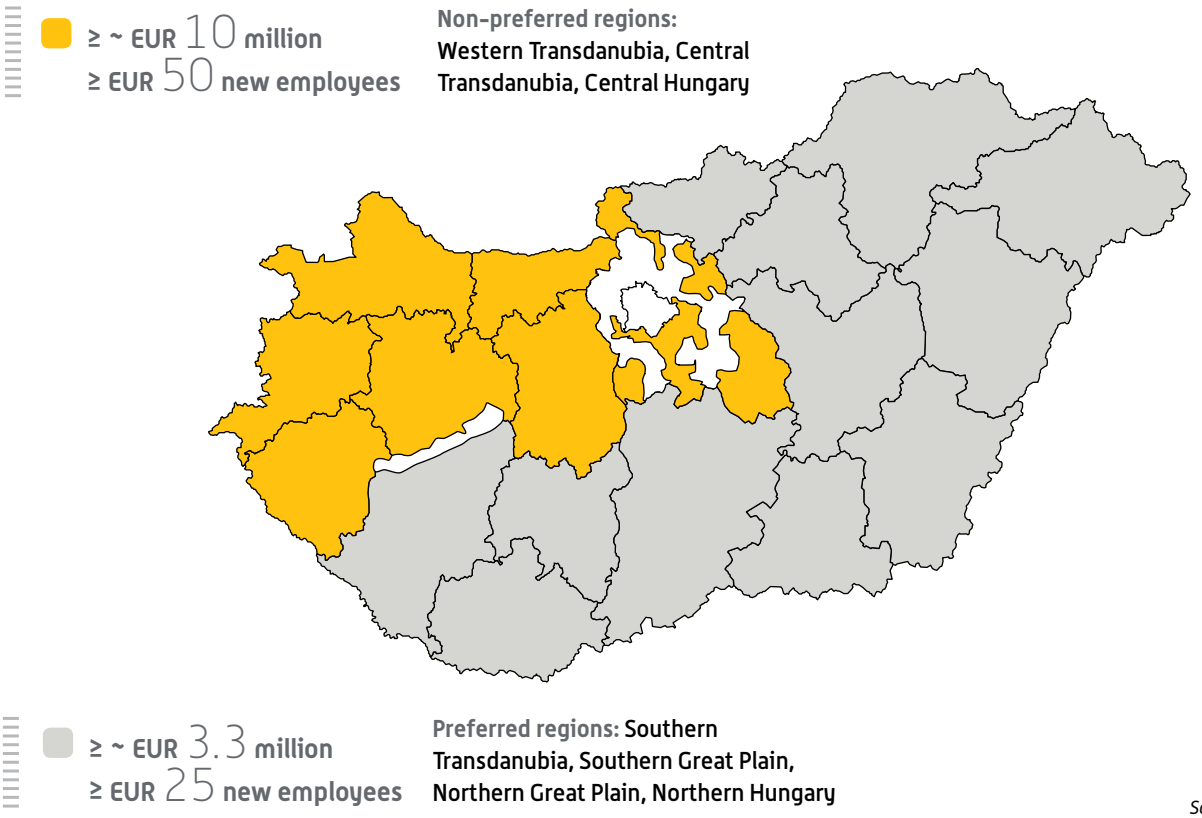
TRAINING SUBSIDY

The Hungarian Government also offers a VIP subsidy opportunity for the training of employees. The subsidy is available to investors creating at least 50 new jobs. This subsidy is provided for training with a maximum aid intensity of 50%. The aid intensity can be increased further in the case of small- and medium-sized enterprises and for the training of disabled or disadvantaged workers.

WORKSHOP ESTABLISHMENT AND DEVELOPMENT SUBSIDY

The government supports those companies that are interested in increasing the number of contracted students by at least 25 with this non-refundable cash subsidy. It is an important aim for the government to help the establishment of new workshops and to develop

Figure 4.3: Local Subsidy Grants by Municipalities



Source: HIPA

the existing ones. The maximum aid intensity is 73% of the eligible costs; however, it can be increased up to a maximum of 100% if the beneficiary undertakes that all (or a part) of this practical training will be carried out in the establishment of a vocational training center, but using the equipment and machinery that are purchased within the framework of the workshop establishment and development subsidy.

III. INCENTIVES FOR R&D&I

VIP CASH SUBSIDY FOR R&D

- EU Co-financed Tenders. This type of subsidy also supports the R&D activities of large enterprises and the creation of new R&D centers all over Hungary, in order to emphasize the "Invented in Hungary" type of investments that can further increase the R&D role of Hungary within the region. Thus, the subsidy is granted for Budapest and also for other parts of Hungary, up to the maximum aid intensity of 25%. The eligibility requirement is to reach a minimum of EUR 3 million of R&D project-related expenditures during a 1-3-year period and create at least 25 new jobs in the R&D headcount.
- R&D&I Tax Benefits

IV. SCHEMES FOR ECONOMIC RECOVERY

SUBSIDY TO IMPROVE COMPETITIVENESS FROM 6 JULY 2020

This year, due to the COVID-19 pandemic, a new non-refundable cash subsidy scheme for economic recovery was introduced by the Ministry of Foreign Affairs and Trade (Gov. Decree No. 7 of 2020 (IV.16)) with the approval of the European Commission, managed by HIPA, in order to improve the competitiveness of the businesses that were affected by COVID-19. The aim is not only to support existing enterprises, but to provide a good starting position for those who would like to invest during this critical period of the economy. Besides supporting existing jobs with a compensation scheme, the subsidy also contributes to the success of newly established jobs. The amount of aid amounts up to EUR 800,000/company. The aid is a non-refundable cash grant for medium-sized and large companies that operate in the Manufacturing Sector or the Business Services Sector. The most important criteria for enterprises that decide to start new investments is they have a value of at least EUR 150,000 in order to maintain their current headcount and the new investment project is finished by the end of H1 2021. The maximum aid intensity is 50% for these companies.

THE HUNGARIAN ECONOMY AND OFFICE MARKET IN 2020

Due to the COVID-19 epidemic, the performance of the Hungarian economy decreased by 5.8% in the first half of 2020, which was in line with the Visegrád region's average performance. The economic impacts of the restrictions enacted to curb the pandemic were concentrated in the second quarter. Compared to other member states of the EU, the narrowing of the service market was in line with the average; however, the industry and construction industry performed relatively weaker.

Among the key sectors of the commercial real estate market, only the performance of the financial sector did not fall back in the second quarter. In the first semester, the financial and information and communication technology (ICT) sector has grown.

In comparison, the added value of manufacturing has decreased by 10.9%, while the performance of the trade and logistics sector declined by 5.5 % compared to the same period of last year. Relevant to the office market, the service sector and manufacturing created weaker demand conditions for trading in commercial real estate as a consequence of the economic setbacks.

Due to the outbreak, there was a spread in home/remote working, which, should it become a persistent trend, could override real estate market strategies in the longer term. In the first half of 2020, nearly five times as many worked remotely regularly or occasionally than a year earlier. This trend could result in shrinking demand for regular offices and growing need for flexible office solutions. In addition to the real economic recovery, the following two years' worth of expected new office deliveries (500,000 square meters is planned by developers) could result in oversupply.

The performance of the economy might be subdued for the rest of the year, as the recovery from the crisis will take some time due to the second wave of the epidemic.

BUSINESS SERVICES SECTOR

The Business Services Sector (comprising Business Process Outsourcing (BPOs) and Shared Services Centers, or SSCs) has become one of the fastest growing sectors of the Hungarian economy, attracting a significant amount of investment into the country.

Looking closely at the BSC industry, Hungary has moved up in the value chain in recent years. Companies are raising the number of high value-added positions and implementing digitalisation. Furthermore, BSCs aim to expand in the capital and in countryside locations, therefore the transmission of robotics does not result in downsizing.

The business services industry is still one of the leading sectors of the office market in Budapest. Most of the service providers have raised their capacities in Budapest. The reason behind this is the relocation of functions from other cities, that leads to increased demand for premium office space in all the significant submarkets.

Furthermore, there are outstanding growth opportunities in other rural cities, such as the county seats with higher education institutions (Veszprém, Miskolc, Szolnok, Dunaújváros, Eger, Kaposvár and Sopron), cities where there are already one or more centers (Kecskemét, Békéscsaba and Zalaegerszeg), and where the size of higher education institutions in the city, or its proximity to Budapest (eg. Gödöllő, Tatabánya) could provide an opportunity for greater expansion.

BUDAPEST OFFICE MARKET OVERVIEW

The total modern office stock currently adds up to 3,866,460 sqm, consisting of 3,251,710 sqm category "A" and "B" speculative office space as well as 614,750 sqm of owner occupied space. Within the overall stock, the total gross area of Class "A" buildings represents 70%, whereas the remaining 30% represents Class "B" offices.

NEW SUPPLY

During Q1-Q3 of 2020, 11 new projects were delivered with a total size of 193,095 sqm. This level is four times higher than the completion volume of Q1-Q3 2019 (46,240 sqm). More than 75% of the Q1-Q3 2020 completion volume was occupied by the end of the third quarter of the year.

We expect an additional 70,700 sqm to be completed in the last quarter of the year; 74% of this volume is already pre-let.

Due to the restrictions enacted against the COVID-19 pandemic in Europe and globally (travel bans, closing of borders, social distancing measures etc.), the handover of many office project developments has been delayed. However, construction activity has not stopped, only slowed down slightly; currently there is around 500,000 sqm office stock under construction

VACANCY

The office vacancy rate has increased to 8.1%, representing a 0.8% growth quarter-on-quarter, and a 2.15% increase year-on-year. The gap between the vacancy rate of Class "A" and Class "B" office stock has decreased over recent quarters, marking a 240 bps difference. The vacancy rate of Class "A" stock stands at 7.4%, whereas it comes to 9.8% in Class "B" stock.

DEMAND

During the first three quarters of 2020, the total leasing activity amounted to 247,000 sqm, 43% lower than the Q1-Q3 2019 volume. Of this volume, net take-up comprised 141,585 sqm, representing a 44% decline compared to the previous year's volume. More than 43% of the total leasing activity was generated by renewals, followed by new deals with 28%, and pre-leases with 15%. Expansions had a share of 11%, while owner-occupied transactions generated 3% of the total demand.

RENTAL LEVELS

In the first three quarters of 2020, prime rent stood at EUR 25/sqm/month. Currently, average asking rents in Class "A" offices range from EUR 13.5-16.5/sqm/month in Budapest.

OUTLOOK

2020 office market statistics have significantly reflected the general uncertainties triggered by the COVID-19 Pandemic. Total leasing activity has decreased considerably, the number of transactions has showed a significant reduction. Based on headline rents in the current availability, only a minimal rent correction has been witnessed, mainly in category "B" office schemes. We have also seen emerging trends like multi location-solutions, growing flex office needs, expanding sublease options, downsizing and workspace efficiency endeavors.

As demand for new offices has started to decrease, remote working solutions have been introduced and travel restrictions are still in place, which has affected the majority of offices. As a result of these, the market is in a volatile phase.

BUDAPEST

Total stock:
3,866,460 sqm

Vacant space:
312,000 sqm

Under construction:
500,000 sqm

Rents in class A buildings:
EUR 14-17 /sqm/month

Population:
1,741,000

Employment rate:
64.7%

Unemployment rate:
3.9%

Number of universities:
35

Number of students in higher education:
121,177

Number of foreign students:
17,700

University graduates:
32,500

Source: JLL




DEBRECEN

Total stock:
124,500 sqm

Vacant space:
37,810 sqm

Under construction:
38,700 sqm

New completion (2020):
4,500 sqm (Agora)

Population:
204,120

Employment rate (Hajdú-Bihar county):
57.8%

Unemployment rate (Hajdú-Bihar county):
4.9%

Rents in class A buildings:
EUR 10-13 /sqm/month

Number of universities:
2

Number of students in higher education:
32,007

Number of foreign students:
6,500

University graduates:
7,022

Source: JLL

Debrecen is the second largest city in Hungary and has a significant role in the business services industry. As the major educational and economic hub of eastern Hungary, the city is easily accessible by road and rail, while its international airport operates regular flights to several destinations around Europe. Moreover, the city provides an excellent combination of a dynamically evolving economic and educational life at affordable prices.

Due to the economic setbacks and uncertainties caused by COVID-19, office demand among existing local tenants with growth plans has dropped minimall; however, several negotiations have been carried out with potential new companies searching for a location.

Companies took the arising obstacles well; home office was typical at most of them, from which returning to the office was extremely smooth, in accordance with the new norms set by the virus. Despite the impacts of COVID-19, office capacities increased during 2020 with the completion of the 4,500 sqm Agora Office I, moreover the foundation stones of the 4,500 sqm Agora Office II and the 20,000 sqm D-LOFT office have been laid.

NYÍREGYHÁZA

Total stock:
22,300 sqm

Vacant space:
1,600 sqm (7.1%)

Under construction:
– sqm

New completion (2020):
2,520 sqm (Szarvas Offices)

Population:
120,000

Employment rate (Szabolcs-Szatmar-Bereg county):
56%

Unemployment rate (Szabolcs-Szatmar-Bereg county):
8.7%

Rents in class A buildings:
EUR 7-8 /sqm/month

Number of universities:
2

Number of students in higher education:
3,564

Number of foreign students:
75

University graduates:
918

Source: JLL

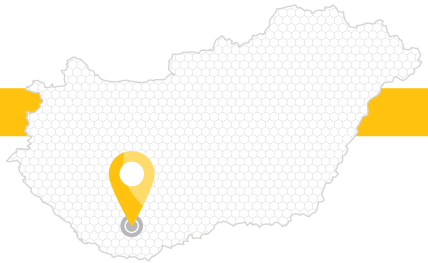
Nyíregyháza is the northeastern economic hub of Hungary and the county seat of Szabolcs-Szatmár-Bereg County. With a population of 120,000, it is the seventh-largest city in Hungary.

As a result of the significant urban development of recent years, the demand for high-quality offices in Nyíregyháza has risen. In the last three years, two major companies have started operating in the business service sector in the city; furthermore, current inquiries suggest that Nyíregyháza is considered a potential location, hence there is a real need for office developments.

Additionally, several refurbishments of existing properties have begun to meet 21st century expectations. On the other hand, due to the economic uncertainties caused by COVID-19, office demand has dropped in Nyíregyháza as well. During 2020, several tenants decided to choose to work remotely temporarily.

There was only one office building in the city where the landlord gave a rent reduction to the tenant for the whole work from home period.

PÉCS



Total stock:
30,810 sqm

Vacant space:
12,500 sqm (40%)

Under construction:
6,700 + 14,600 (planned) sqm

New completion (2020):
– sqm

Pécs is the largest city in South-Transdanubia and the educational and cultural centre of the region. The city had an industry-driven economy focusing on mining and manufacturing, but in the last decade the focus has shifted to high-tech industries establishing in the city.

Current modern office stock is estimated at 30,000 sqm, including properties fully occupied. The stock consists mostly of refurbished historical buildings and Class "B" offices. Newcomer companies can choose from among a dozen office buildings of various quality with a total immediate availability of circa 12,000 sqm.

In 2020, mixed directions dominate the market; there are companies working in the BSC sector that are still planning to expand (remote work is less favoured due to client relationship management, or family life makes it difficult to work from home and teamwork is more efficient from the office), but there are also companies where employees work remotely; as a result of this, they sublet part of their office or look for a smaller office. Real estate developers are still very active on the market, because the city is lacking in new, high-quality office buildings.

Population:
142,800

Employment rate (Baranya county):
53%

Unemployment rate (Baranya county):
7.4%

Rents in class A buildings:
EUR 11-14 /sqm/month

Number of universities:
3

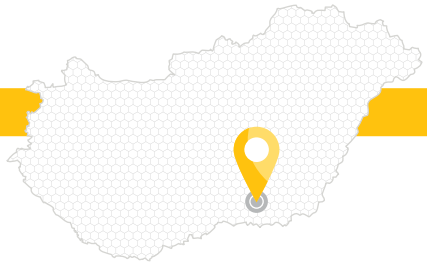
Number of students in higher education:
23,170

Number of foreign students:
4,278

University graduates:
4,310

Source: JLL

SZEGED



Total stock:
20,000 sqm

Vacant space:
6,000 sqm (30%)

Under construction:
23,600 sqm

New completion (2020):
– sqm (Axxxx)

Population:
161,980

Employment rate (Csongrád county):
57.3%

Unemployment rate (Csongrád county):
3.4%

Rents in class A buildings:
EUR 12-15 /sqm/month

Number of universities:
3

Number of students in higher education:
21,000

Number of foreign students:
4,087

University graduates:
4,321

Source: JLL

Szeged is the seat of the South-Great Plain region and the European Union's gateway to the southeast of the continent. The city is an important scientific centre, home to several medical and biotechnical research hubs and to the ELI-ALS research institution.

The current office stock is estimated at circa 20,000 sqm in Szeged; however, the majority of this space is occupied by long-term (anchor) tenants. Currently there is about 6,000 sqm of vacant office. The pipeline is the second strongest among the countryside cities after Debrecen, with 23,600 sq m Class "A" office space under construction.

The BSC sector shows continuous development in Szeged, both in terms of the quality of cooperation between the University of Szeged and the represented companies, and also in terms of office developments that are adapting to the increasing demand.

BP has expanded to 500 employees since its launch in 2017, while Deutsche Telekom IT Solutions – formerly IT Services – currently employs 300 people at its sites in Szeged and plans to expand further in the near future. Overall, we can say that Szeged is an inspiring location for the BSC sector with labour supply and proper infrastructure suitable for the BSC sector.

MISKOLC

Total stock:
23,000 sqm

Vacant space:
4,050 sqm (30%)

Under construction:
1,600 sqm

New completion (2020):
– sqm

Population (inc. agglomeration):
159,270

Employment rate (Borsod-Abaúj-Zemplén county):
55.3%

Unemployment rate (Borsod-Abaúj-Zemplén county):
4.6%

Rents in class A buildings:
EUR 12-13 /sqm/month

Number of universities:
1

Number of students in higher education:
8,035

Number of foreign students:
340

University graduates:
2,000

Source: JLL

Miskolc is the largest city in northern Hungary and has a long-standing industrial tradition. It has managed to shift the focus from heavy industry and mining to high added-value production and business services in the last two decades.

On top of the existing circa 23,000 sqm of office space, a further 1,600 sqm "A" category stock is under construction. The Miskolc office market is quite diverse, from smaller, class "B" offices in historical buildings to new projects that offer large adjacent floorplates in outstanding central locations.

Miskolc is a great destination for cost-sensitive companies as rents start from EUR 6-8/sqm/month for "B" grade offices, while modern "A" category office space is available at EUR 12-13/sqm/month.

Since the state of emergency was announced in March, Miskolc has been constantly monitoring the real estate management processes. The city's most important task is to retain tenants who have done a lot for the city. This was the first Hungarian city to take quick and substantial measures to help businesses in trouble, reducing the rents of shops and offices operating in municipal properties by 50% for three months in the first case.

GYŐR

Total stock:
43,000 sqm

Largest office:
23,000 sqm

New completion (2020):
– sqm

Rents in class A buildings:
EUR 10-12 /sqm/month

Győr is the most significant city of Western Transdanubia, the seat of Győr-Moson-Sopron County, equidistant between Budapest and Vienna, located on one of the main highways of Central Europe. Győr is one of the hotspots of automotive manufacturing and R&D centres in the country.

The city also has a developed business service sector. The increasing importance of the tertiary sector can be measured in the development of the office market. The largest office complex in the city is located in the heart of the city centre on 23,000 sqm GLA.

Aside from the city centre, there is compelling modern office stock in the industrial park near the Audi plant (cica 20,000 sqm across several buildings). Office space is available in the city for a rental rate of EUR 10-12/sqm/ month.

Population (inc. agglomeration):
124,630

Employment rate (Győr-Moson-Sopron county):
63.8%

Unemployment rate (Győr-Moson-Sopron county):
2.6%

Number of universities:
2

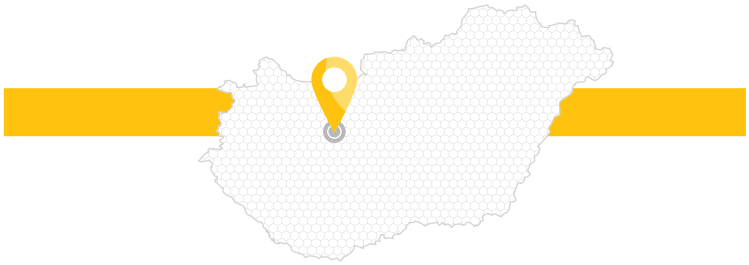
Number of students in higher education:
6,585

Number of foreign students:
579

University graduates:
2,620

Source: JLL

SZÉKESFEHÉRVÁR



Total stock:
27,000 sqm

Under construction:
3,700 sqm

New completion (2020):
– sqm

Population (inc. agglomeration):
95,560

Employment rate (Fejér county):
61.8%

Unemployment rate (Fejér county):
3.3%

Rents in class A buildings:
EUR 9-12 /sqm/month

Number of universities:
1

Number of students in higher education:
464

Source: JLL

Székesfehérvár is the largest city in Central Transdanubia with around 96,000 inhabitants, and is the economic hotspot of the region. Its closeness to Budapest and its excellent strategic location on main rail and road connections have attracted numerous foreign investors to the city since the regime change.

External capital has always played a significant role in the city's development, turn it into one of the main Hungarian economic hubs, giving more than 30% of the regional GDP.

Székesfehérvár has also become a centre of electronic manufacturing and business services. The business services sector hires more than 3,000 people here.

The majority of modern office stock is concentrated in the industrial parks in mixed-use properties; however, there is also office space available in downtown premises. The average rental fee starts from EUR 9/sqm/month.

KECSKEMÉT

Under construction:
16,000 sqm

New completion (2020):
– sqm

Rents in class A buildings:
EUR 7-8 /sqm/month

Population:
110,270

Employment rate (Bács-Kiskun county):
57%

Unemployment rate (Bács-Kiskun county):
6.1%

Number of universities:
1

Number of students in higher education:
1,778

Number of foreign students:
90

University graduates:
650

Source: JLL

Kecskemét is located halfway between Budapest and Szeged, and it has evolved dynamically since the opening of the Merdedes-Benz plant in 2012.

Along with the city's industrial property market boom, a growing interest emerged in high quality, class "A" office space.

Beyond the offices in the industrial park, new projects are planned along the main road connecting the city centre with the main motorway exit. The local government's clear aim is to further strengthen the profile of the city. In order to help this, it has started a mixed-use development on about 16,000 sqm combining educational, business and recreation functions in close partnership with business and engineering companies in the wider region of Kecskemét.

The city has one of the most affordable office markets in Hungary (among county seats), with a rental level of about EUR 7-8/sqm/month.

CONCEPT AND METHODOLOGY OF THE REPORT

This report aims to provide an inclusive overview of the current state and prospects of the Hungarian Business Services Sector (BSS). With its 205 service centers and more than 73,800 employees, the sector has a track record of steady growth and increasing diversity. Differences in location, size, age, and nationality or industry of the parent company may affect what challenges and opportunities Business Services Centers (BSCs) face. The objective of this report is to outline a comprehensive picture of the sector, while reflecting on its diversity.

The report adopts a broad definition of the Business Service Sector (BSS) to include Business Process Outsourcing (BPO) centres as well as captive (SSC) and hybrid services centres. Among the 205 identified Business Services Centres operating in Hungary, a total of 140 were invited to participate in this year's annual benchmarking survey.

The sample of invited respondents included members of the Hungarian Service and Outsourcing Association (HOA), as well as other purposefully selected actors from the sector.

The benchmarking survey was conducted by HOA using a self-administered online questionnaire throughout September and October 2020. Based on the timing of data collection, we assume that the results reflect the state of the sector at the end of Q3 2020. Survey participants were contacted via e-mail and phone calls and were reminded to record their answers every week before the deadline.

As happens every year, the questionnaire was developed and updated to provide a comprehensive picture of trends in the sector. Due to our collaboration with ABSL this year, its international questionnaire was taken into account in order to make the survey findings more comparable regionally.

Respondents were asked to answer 101 questions in three sections: General Information; People; and Technology. In section one, primary data was collected on company size, location, scope of activities, background, and role in the parent company group, as well as strategic goals and expectations for the next few years.

In sections two and three, respondents were asked to comment on their current positions, perceived opportunities and possible threats in the two most significant driving forces of future growth: people management and technology adoption.

The survey was completed by 48 companies with 32,985 employees, representing 45% of all people employed in the Hungarian business services sector. The research sample is an established basis for conclusions on the sector's entirety due to the sample size and the similar internal proportions regarding location, headcount, type, and industry. The data was analyzed by university researchers, senior consultants and experts of the industry, as indicated in the list of contributors.

Different Business Services Centers were treated as separate units for analysis, even if their parent company has more than one centre located in the same city or elsewhere in the country.

This report is based on the results of the annual Business Services Benchmarking Survey of HOA. Our report could not have been compiled without the information received from the respondents willing to participate in the benchmarking survey. We are grateful for all company representatives who selflessly sacrificed their time to obtain and contribute valuable information. It is through their efforts that this report may provide a well-established overview for all stakeholders of the Hungarian Business Services Sector. We will be grateful for any comments on the contents of this year's report that can help enhance the quality of future editions, so we can adapt them to your needs and expectations.

GENERAL DATA ABOUT RESPONDENTS

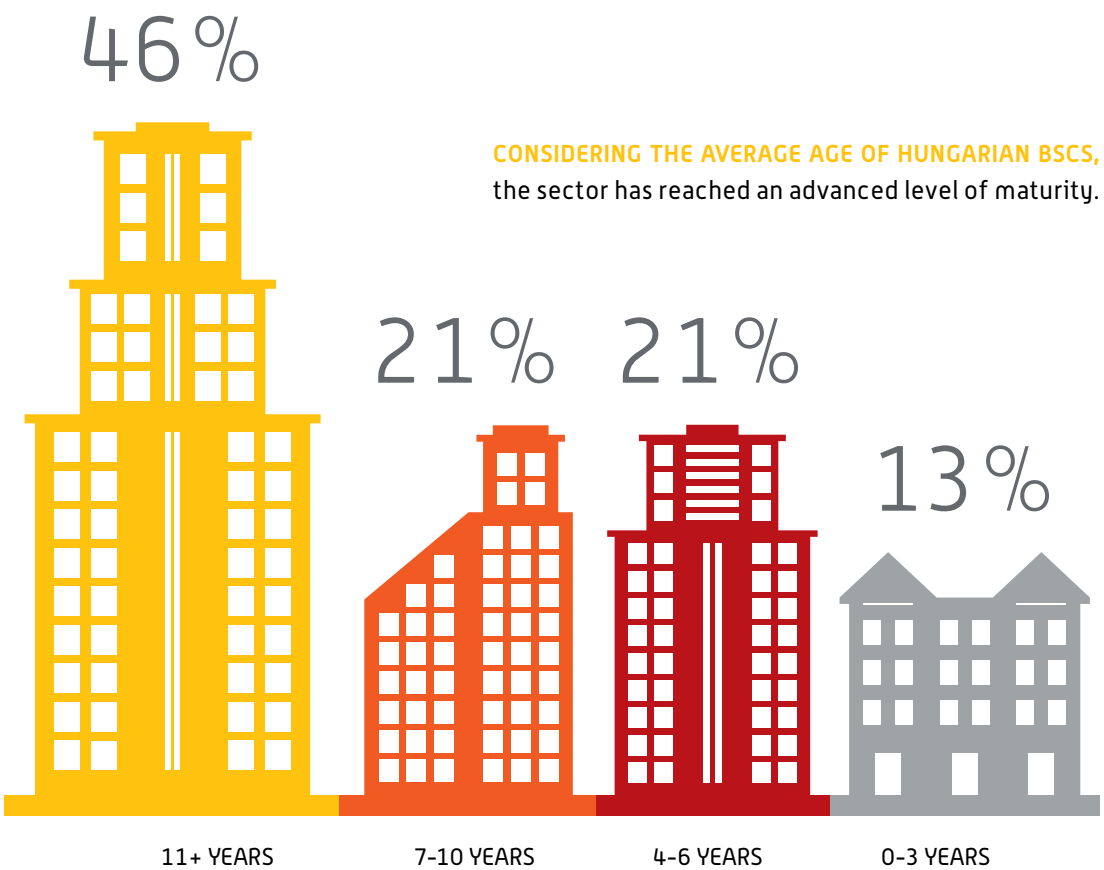
Figure 5.1: Industry & Employee Coverage

SURVEY PARTICIPANTS
COMPANIES
61/205
30%

SURVEY PARTICIPANTS
EMPLOYEES
33K/74K
45%

Source: HOA study based on business service centre database

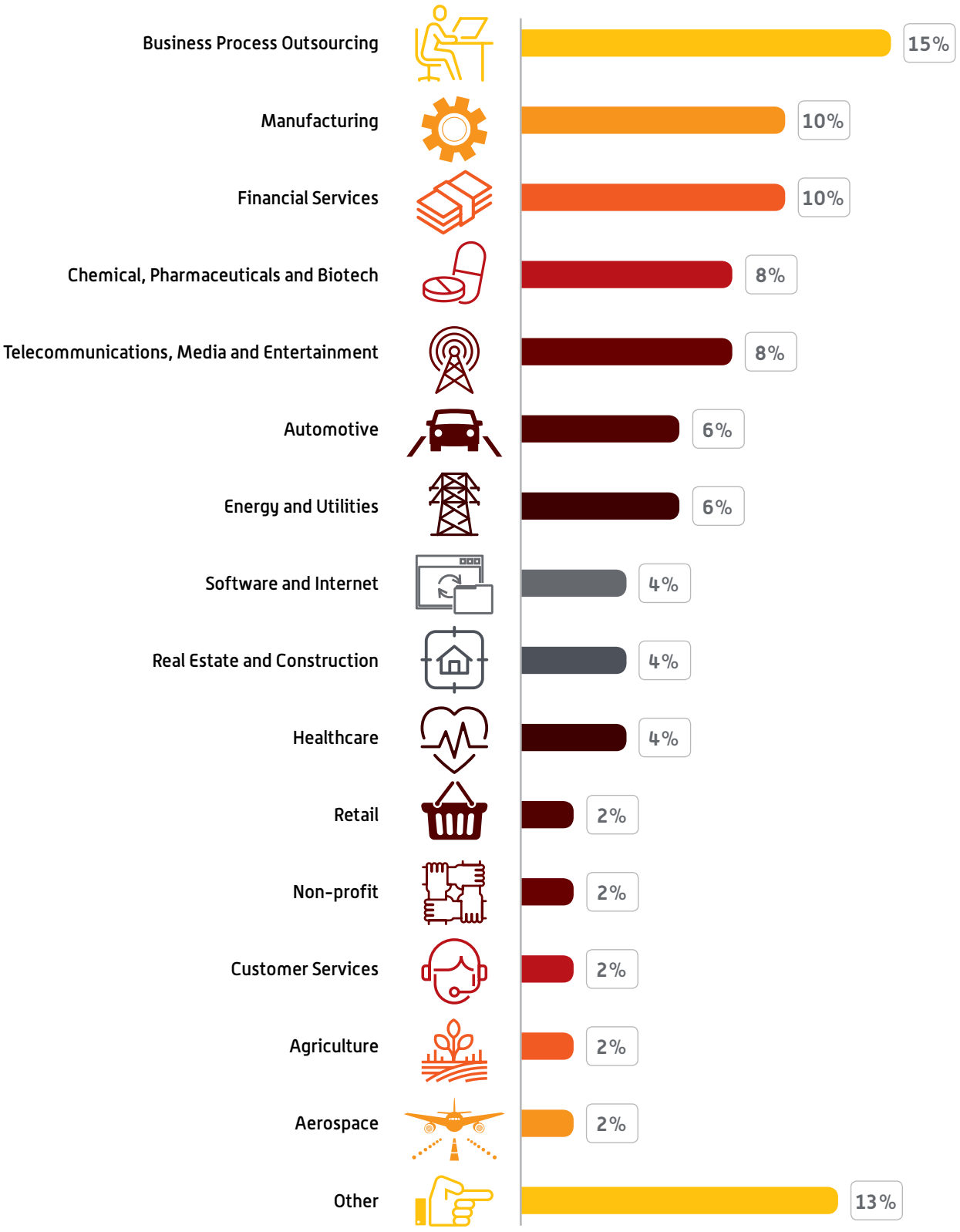
Figure 5.2: Average Age of Hungarian BSCs by Year of Foundation



CONSIDERING THE AVERAGE AGE OF HUNGARIAN BSCS, the sector has reached an advanced level of maturity.

Source: HOA study based on business service centre database

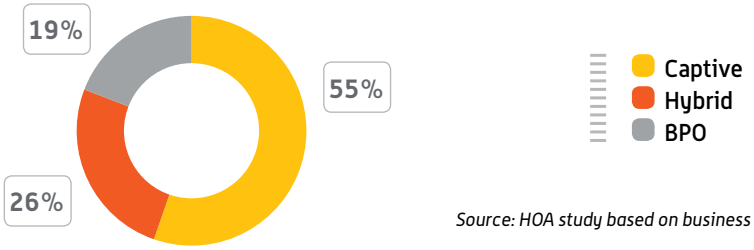
Figure 5.3: Industry of Parent Company



Source: HOA study based on business service centre database

THE INDUSTRY PROFILES of the respondents' parent companies show a large variety. Manufacturing was the top background among respondents during previous years; however, in 2020, companies from business process outsourcing are the leading category, followed by manufacturing and financial services.

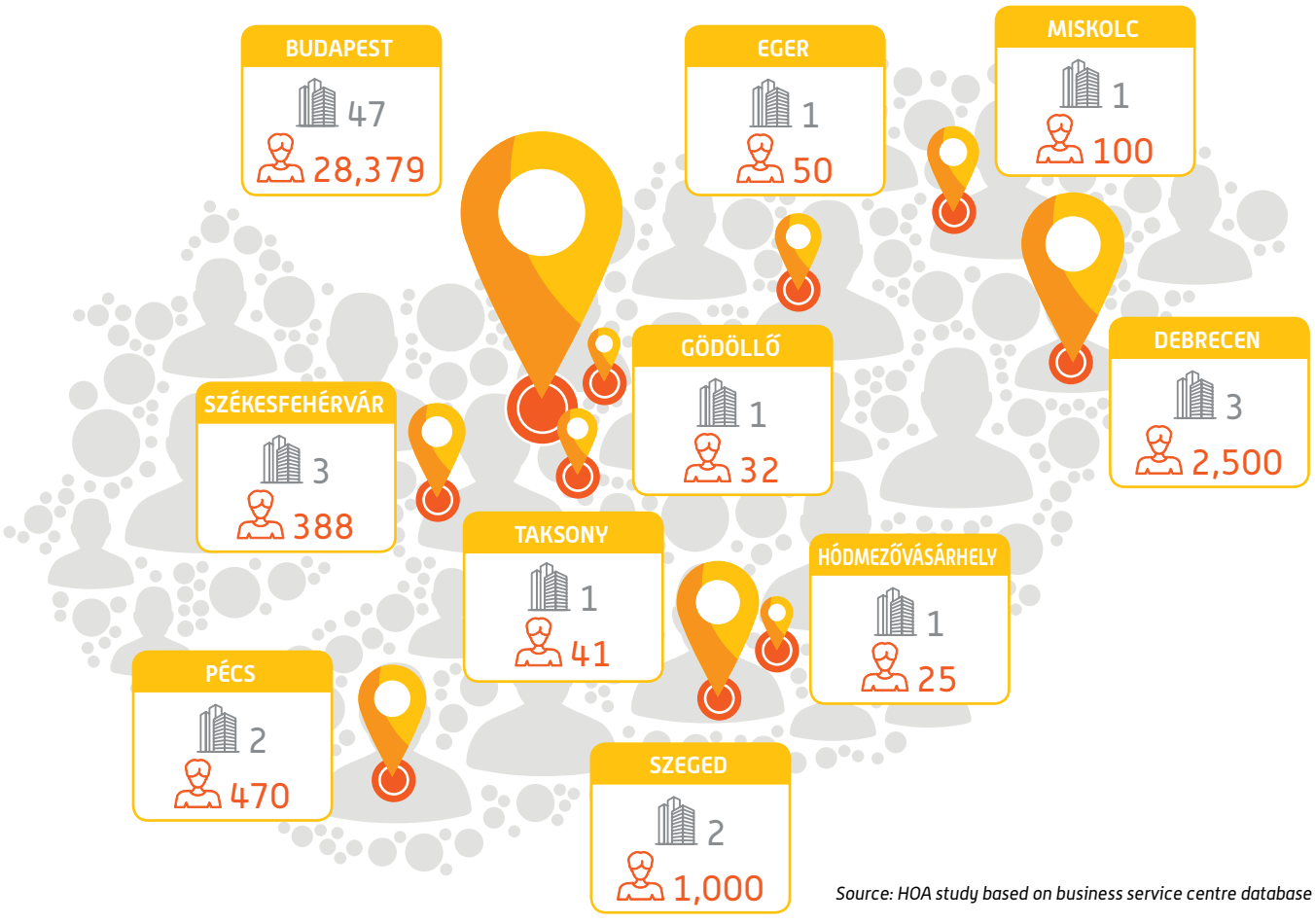
Figure 5.4: Operational Model of the BSCs



Source: HOA study based on business service centre database

SOME 55% OF BSCS are captive centres providing services solely for their parent company, 19% are BPOs and 26% define themselves as hybrid centres because of their clients. These proportions have not changed significantly during the last seven years. The ratio of hybrid centres indicates a higher maturity level, when well-performing captive centres are entitled to provide services to external clients as well, thus switching to a more profit-oriented operational mode.

Figure 5.5 Geographical Location of Respondents



Source: HOA study based on business service centre database

HUNGARY'S CAPITAL Budapest has consistently been preferred as the top BSC location and has grown into a mature BSC market, capitalising on the availability of a highly skilled labour force and well-developed infrastructure. It is also an attractive choice for the ex-pat community (with a number of international schools, a wide range of social and cultural activities, good healthcare services, easy access to international flights etc.). The second most popular location for BSCs in Hungary is Debrecen, followed by Szeged and Pécs (all Tier 2 cities with university backgrounds).

KPIs OF STRATEGIES AND OPERATIONS IN 2020

83%
have SLAs with all customers

72%
of BSCs operate as Cost Centres

60%
of BSCs using the full cost + predetermined profit margin as their pricing method

87%
have an annual efficiency target

49%
knowledge-based services based on headcount

72%
of BSCs have a strategy that focuses on high value-added functions

51%
of BSCs are resilient to global shocks

72%
of BSCs expect to expand

66%
of BSCs are expanding vertically in 2020

79%
of BSCs brought in new services

48%
of BSCs have global service provision

150
FTEs - the average expansion plan for three years

65%
of BSCs have growth expectations in terms of headcount

60%
of BSCs have representation in the top management of the parent company

Hybrid Centres:
19%

Hungarian BSCs providing Service in 8 or more languages:
57%

EXECUTIVE SUMMARY ABOUT THE STRATEGIES AND OPERATIONS

The Business Services Sector globally has proven its sustainability; the model of virtual teams and standardised processes remained stable during the COVID-19 pandemic, and Business Services Centres had a great opportunity to strengthen their position within their organisations.

Global Business Services core strengths are cost efficiency, process ownership, talent, continuous improvement and a centre of expertise approach. Leading organisations also operate as automation centres and manage end-to-end process ownership; however, only a very few of them report digitalisation data analytics and scaling automation as core strengths.

Traditionally, Business Services were measured on cost efficiency, which of course still holds, but today their value-add depends on the breadth of quality and efficiency of services and how far up the value chain they can progress. Business Services go beyond the service delivery BPO organisation model; their talents' ownership of the process and engagement to further optimise it is at the heart of their value.

Enterprises that initiate transformation are needed now more than ever before, and Global Business Services have a key role in executing business transformation. Digital Business Services are essentially to drive touchless process transformation, improve data accuracy and create customer satisfaction. The more the end-to-end process is digital, the more touchless the process, and the more value-add is created.

Digitalisation also creates the potential for Business Services to create a more strategic role, and gain a seat at the executive table. The ownership of intelligent automation strategy/budget, enterprise people skills and capabilities, centre of expertise and enterprise data hub, along with a place on the business transformation board, would help Business Services to gain the mandate for enterprise digital transformation.

Apart from technology gaps (often budget related), a lack of relevant skillsets is preventing Business Service organisations from excelling on the digitisation journey. Although the problem of this lack of relevant skillset remains consistent, actions should certainly be taken to fix it. Another factor is the lack of process standardisation, which is proven to be well addressed with the global process ownership created within Global Business Services organisations.

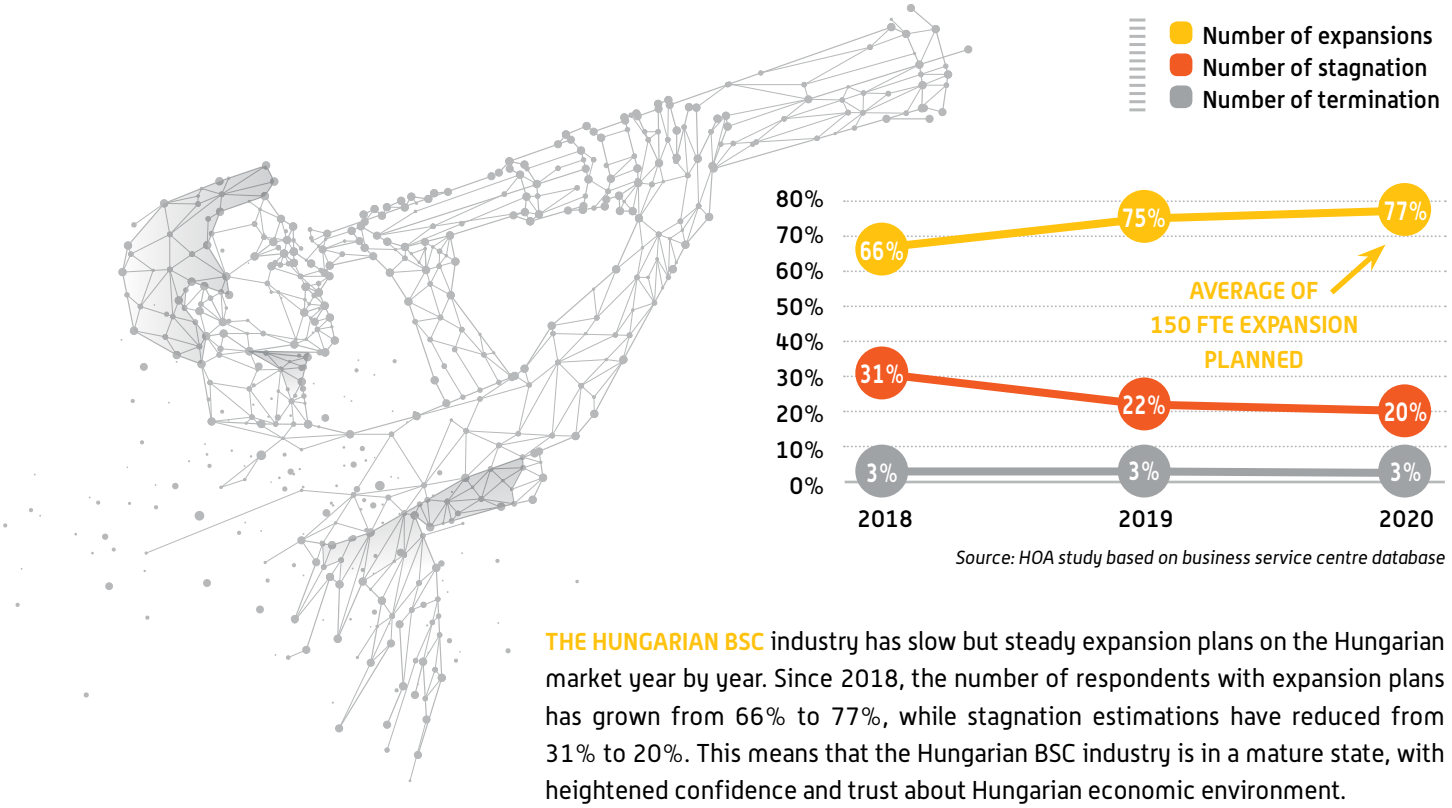
Despite the benefits automation can deliver, a lot of people are reluctant to change, or prefer human interaction. Optimising digitalisation needs strong educational and cultural initiatives to build trust. Without this trust, automation will never deliver on its full promise. Maintaining people needs to be handled at the heart of the transition. Team resiliency should be in focus, and people should be encouraged to be in the driving seat of the change. Virtual methods for creating employee engagement should also be in focus.

Business Services leaders have a key role in shifting from a service attitude towards problem solving. It is important to gain a seat at the top table and explain how they can truly support the business by delivering added value to become an integral part of the end-to-end services provided to customers.

To the extent the recent pandemic has impacted the evolution of Business Services, there is a recognised need for increased digitalisation; however, so far there is little evidence of the steps indicating the required commitment to this direction.

STRATEGIES AND OPERATIONS

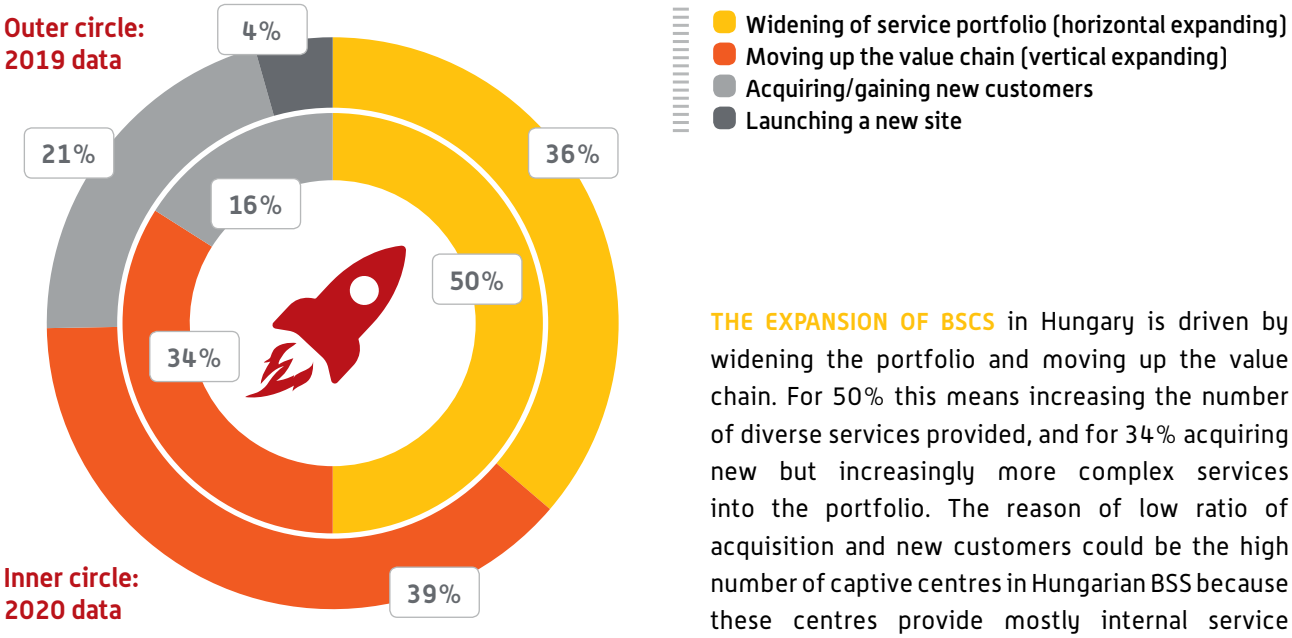
Figure 6.1: Development Forecast of BSCs in Hungary



Source: HOA study based on business service centre database

THE HUNGARIAN BSC industry has slow but steady expansion plans on the Hungarian market year by year. Since 2018, the number of respondents with expansion plans has grown from 66% to 77%, while stagnation estimations have reduced from 31% to 20%. This means that the Hungarian BSC industry is in a mature state, with heightened confidence and trust about Hungarian economic environment.

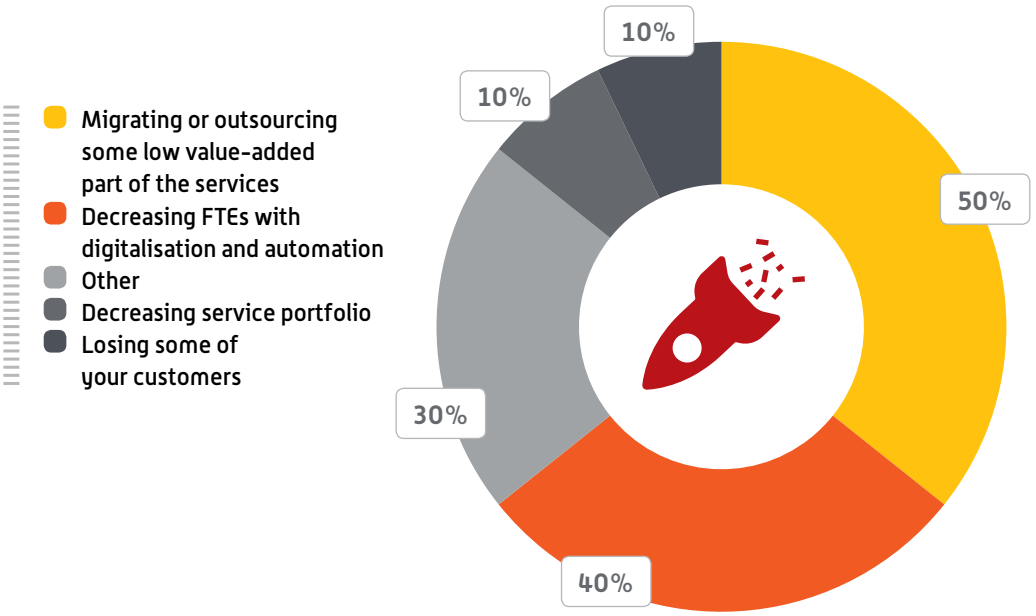
Figure 6.2: Factors that Influence Expansion Plans



Source: HOA study based on business service centre database

THE EXPANSION OF BSCS in Hungary is driven by widening the portfolio and moving up the value chain. For 50% this means increasing the number of diverse services provided, and for 34% acquiring new but increasingly more complex services into the portfolio. The reason of low ratio of acquisition and new customers could be the high number of captive centres in Hungarian BSS because these centres provide mostly internal service to their parent companies.

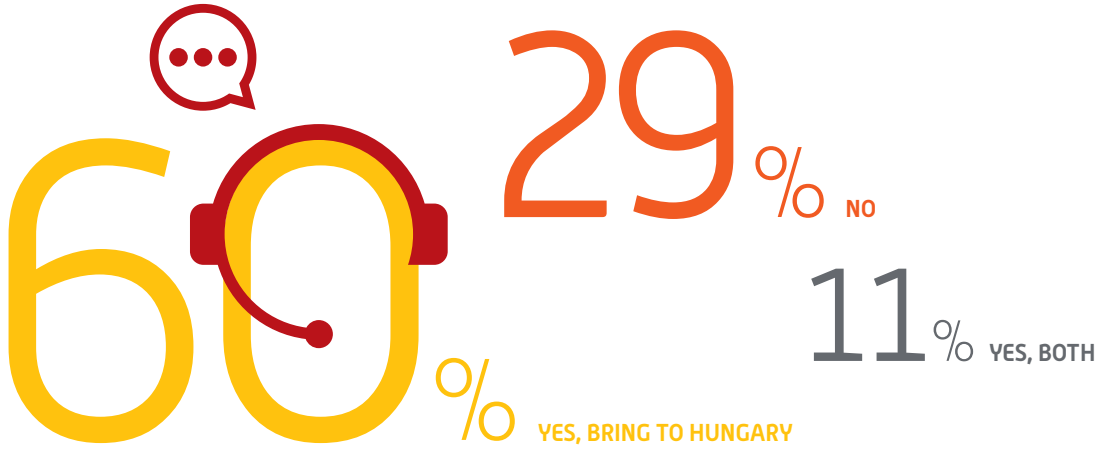
Figure 6.3: Factors that Influence Reduction



Source: HOA study based on business service centre database

THE REASON FOR DECLINE in the Hungarian BSC sector is, according to 50% of the respondents, caused by outsourcing or migrating some low value-added services, which can be done in a more cost-efficient way at other sites. Some 40% of the respondents said that the decline is because of automation. This means that Hungary's BSC sector is in transformation, as low value-added services are migrated and automated, and the driver of the growth has shifted towards high value-added services

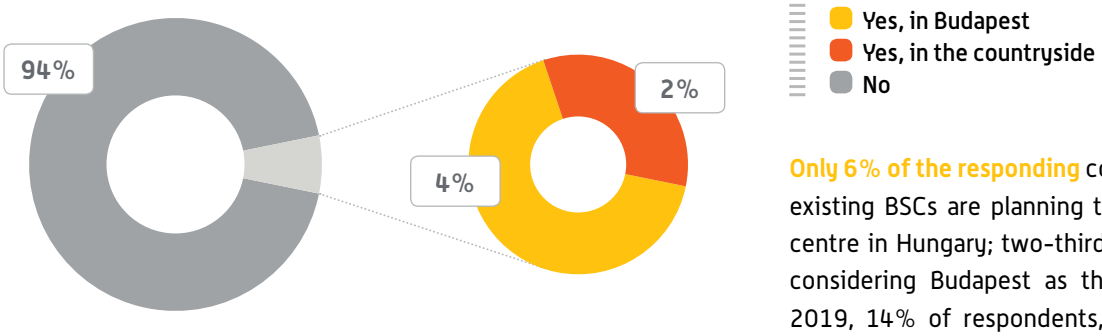
Figure 6.4: Plan to Bring Services to Hungary in the Next 1 Year



Source: HOA study based on business service centre database

THERE IS CONFIDENCE in the Hungarian market, demonstrated by the fact that 71% of BSCs want to bring new services to Hungary. This forecast is in line with the trend, as this year 77% of BSCs brought in new services, and with the three-year plans of the BSCs, as 77% of them would like to expand their operations in Hungary.

Figure 6.5: Considering Opening a New Centre in Hungary in the Next 2-3 Years



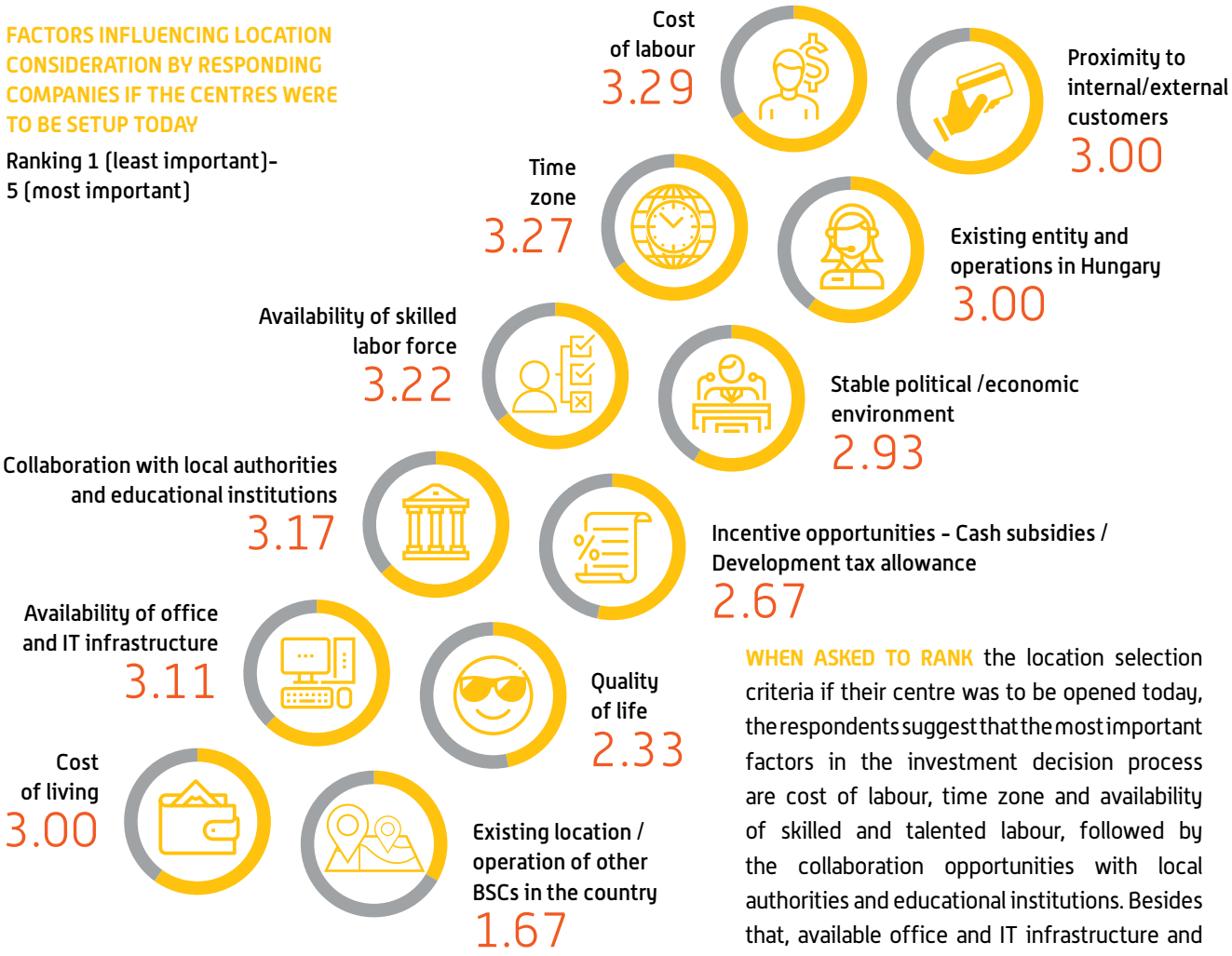
Source: HOA study based on business service centre database

Only 6% of the responding companies with existing BSCs are planning to open a new centre in Hungary; two-thirds of them are considering Budapest as the location. In 2019, 14% of respondents, and in 2018 23%, were considering opening new centres; it's a relevant drop we can witness.

Figure 6.6: Top Location/Site Considerations Today

FACTORS INFLUENCING LOCATION CONSIDERATION BY RESPONDING COMPANIES IF THE CENTRES WERE TO BE SETUP TODAY

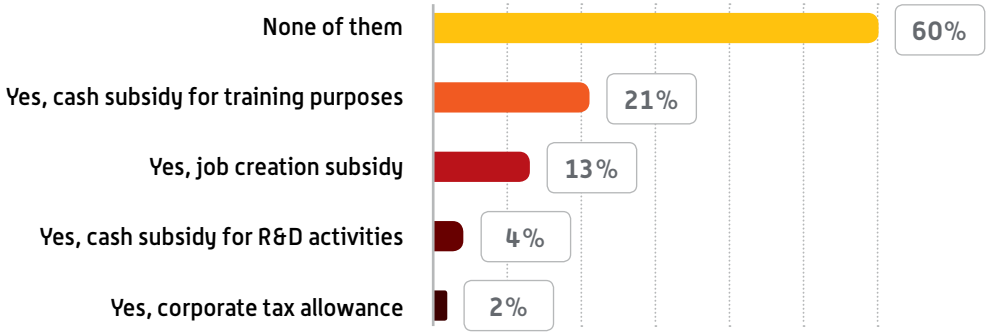
Ranking 1 (least important)-5 (most important)



Source: HOA study based on business service centre database

WHEN ASKED TO RANK the location selection criteria if their centre was to be opened today, the respondents suggest that the most important factors in the investment decision process are cost of labour, time zone and availability of skilled and talented labour, followed by the collaboration opportunities with local authorities and educational institutions. Besides that, available office and IT infrastructure and the cost of living are also significant influencing factors. Regarding the cost of labour, time zone and availability of skilled labour force, Hungary remains a good option.

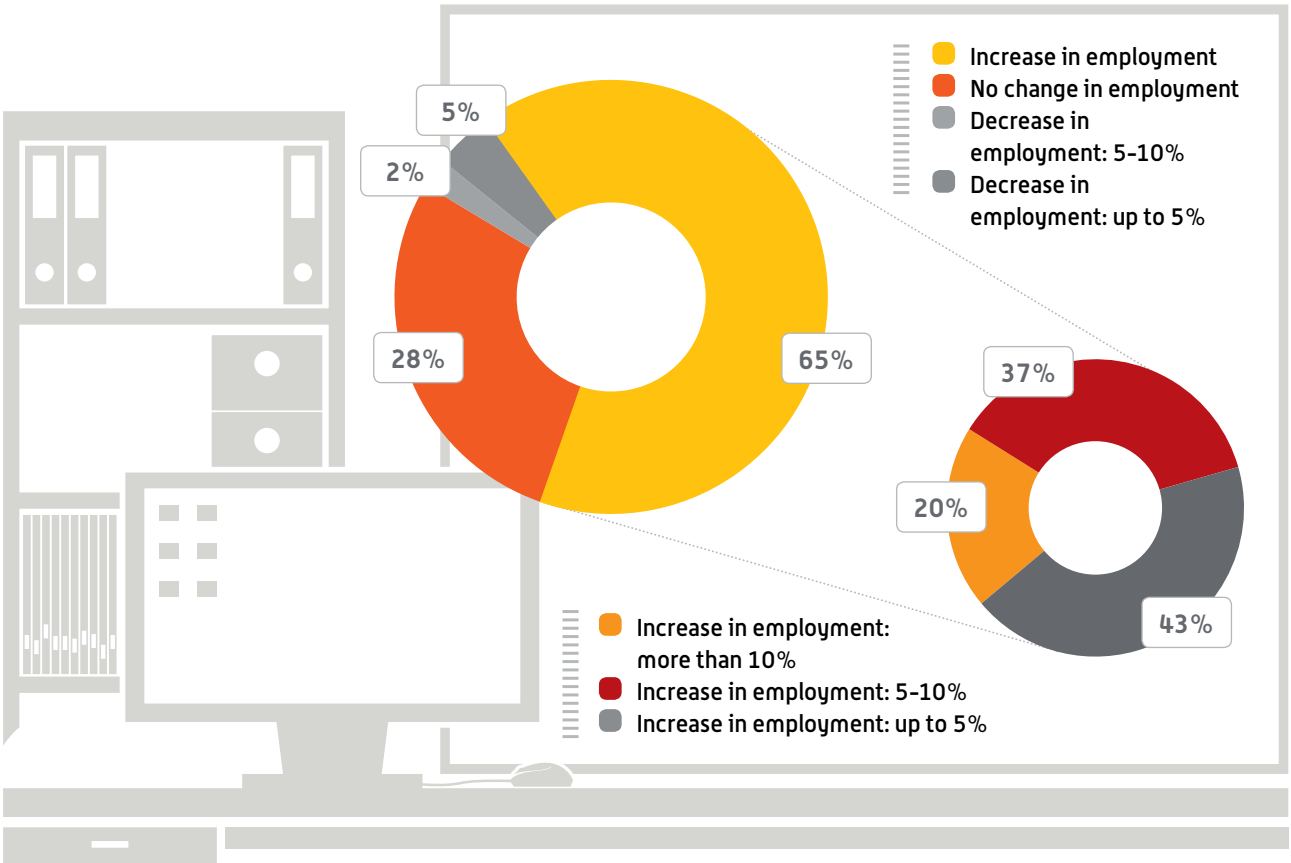
Figure 6.7: Subsidies/allowances Received During the Past 3 Years



Source: HOA study based on business service centre database

THE VAST MAJORITY of BSCs do not receive any subsidy, but among those who do, cash subsidy for training purposes is the most common.

Figure 6.8: Employment Forecast for Q1 2021 of BSCs in Hungary



Source: HOA study based on business service centre database

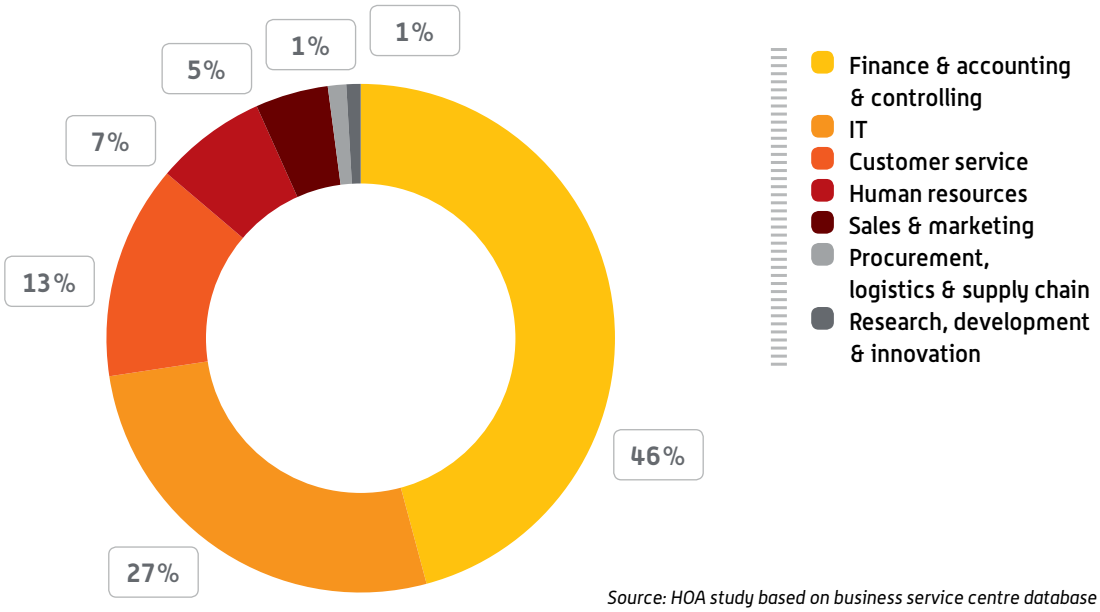
Two-thirds of respondents plan further growth in employment and only 7% are planning to decrease the number of employees. Some 28% of BSC respondents are not planning any changes regarding employment. The data shows that the coronavirus pandemic has not affected the employment plans of BSCs dramatically; the majority are still planning to grow in numbers.

Figure 6.9: Representation of the BSC in the Company Top Management at an International Level

Source: HOA study based on business service centre database

DUE TO THE STRATEGIC and operational importance of the centres and their operational attributes, the representation of the BSCs in the top management at the international level of the parent company is significant (60% of survey respondents). On the one hand, this indicates the strong results and capabilities of the centres and their leadership is recognised by the parent company; on the other hand, it demonstrates the global responsibility roles of the centres deriving from Hungary.

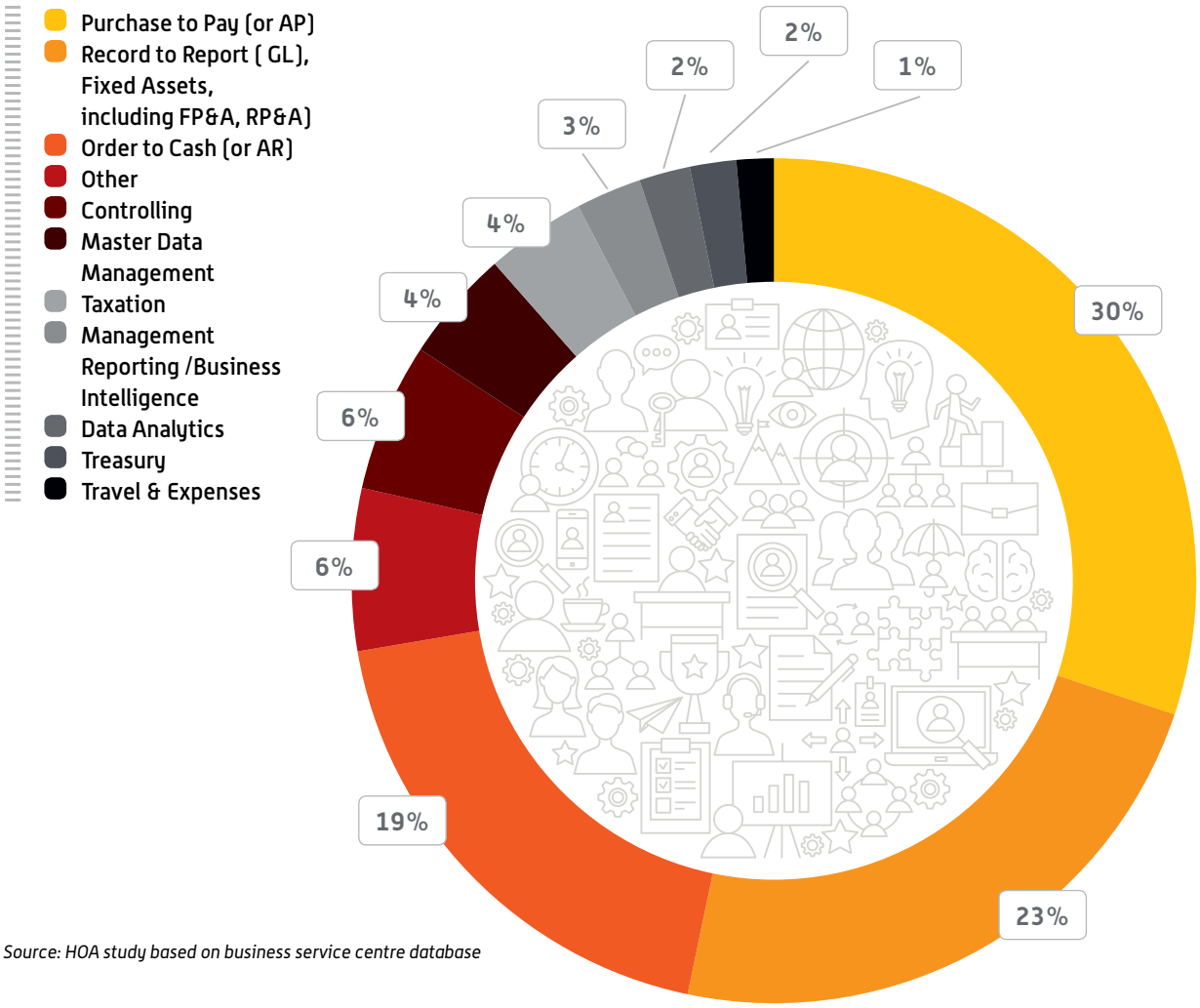
Figure 6.10: Distribution of the Workforce Among Different Functional Areas in Hungarian BSCs



Source: HOA study based on business service centre database

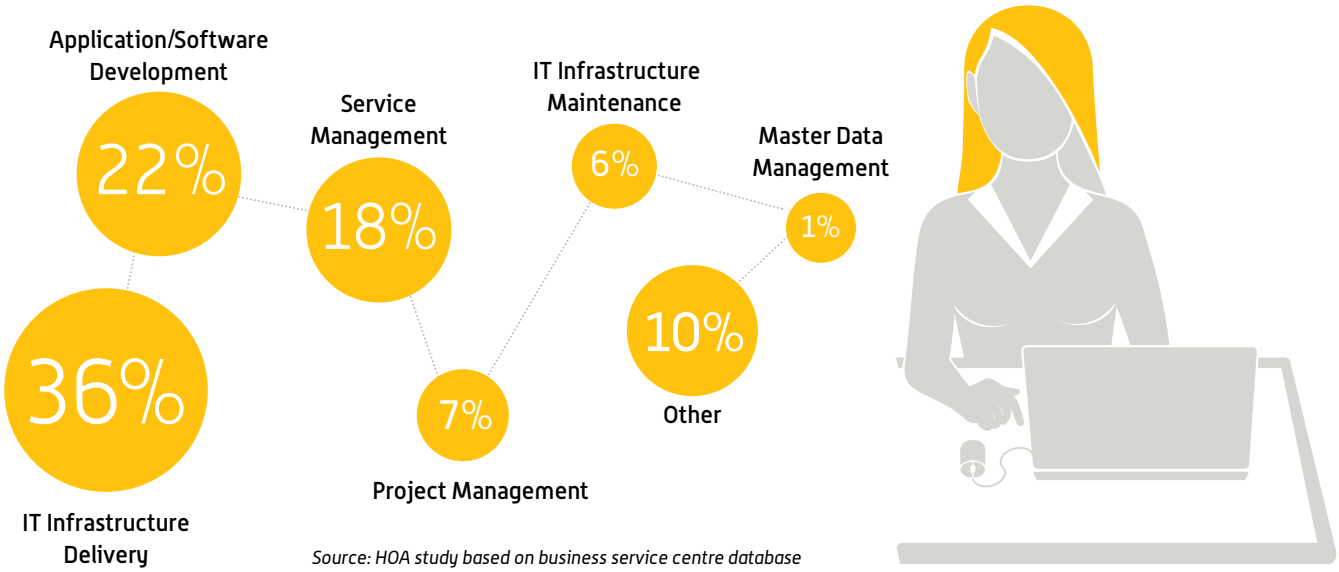
Many employees in BSCs in Hungary are working in the finance area, while IT and customer services represent a great number as well. This has not changed relevantly over the previous three years.

Figure 6.11: Distribution of the Workforce in the F&A&C Service Area in Hungarian BSCs



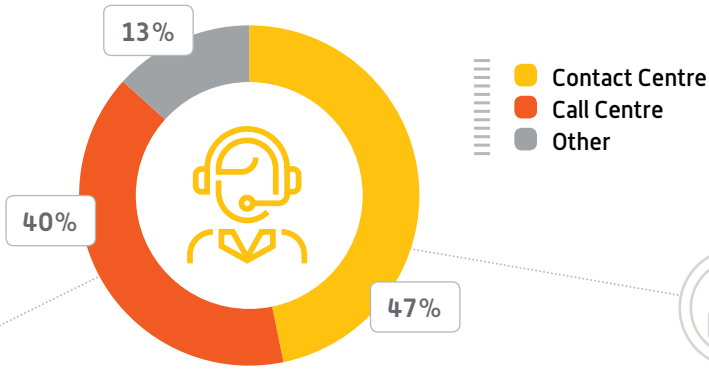
Source: HOA study based on business service centre database

Figure 6.12: Distribution of the Workforce in the IT Area in Hungarian BSCs



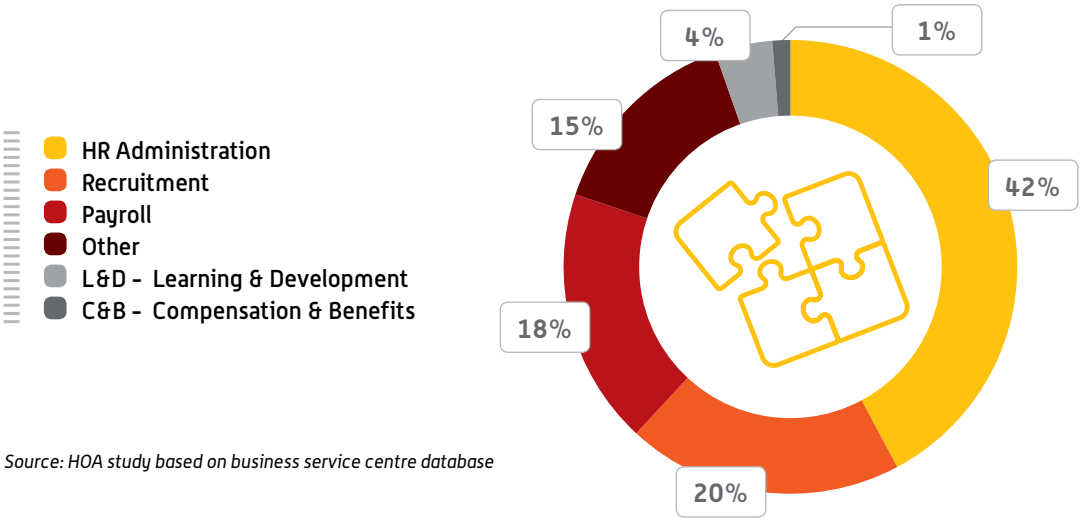
Source: HOA study based on business service centre database

Figure 6.13: Distribution of the Workforce in the Customer Service Area in Hungarian BSCs



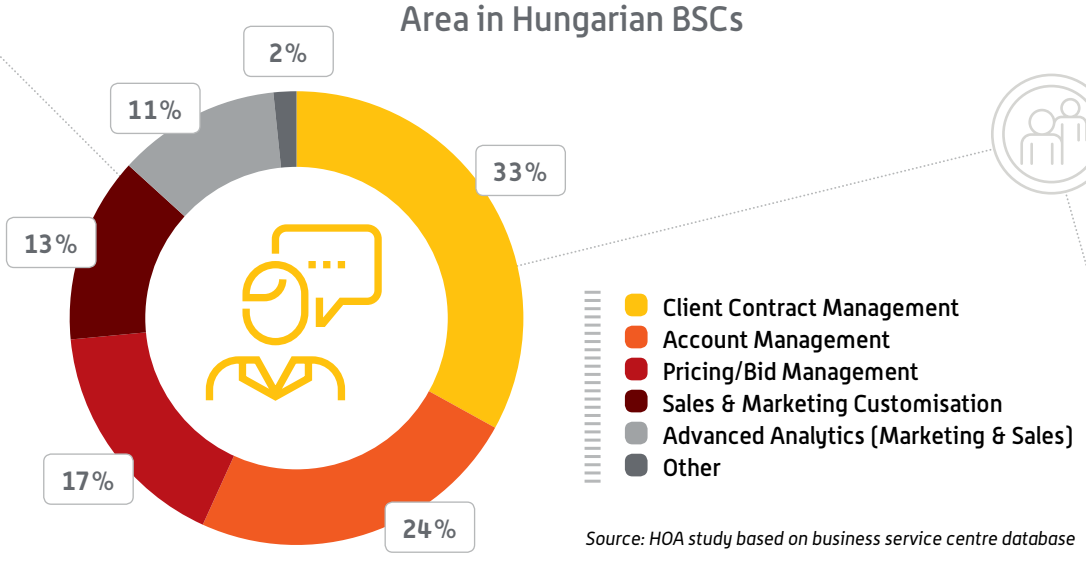
Source: HOA study based on business service centre database

Figure 6.14: Distribution of the Workforce in the HR Area in Hungarian BSCs



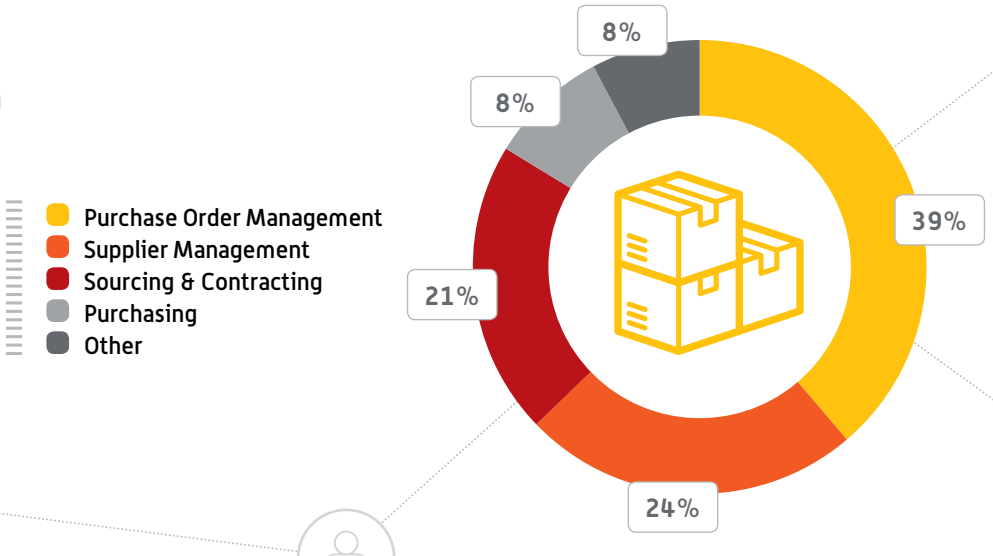
Source: HOA study based on business service centre database

Figure 6.15: Distribution of the Workforce in the Sales & Marketing Area in Hungarian BSCs



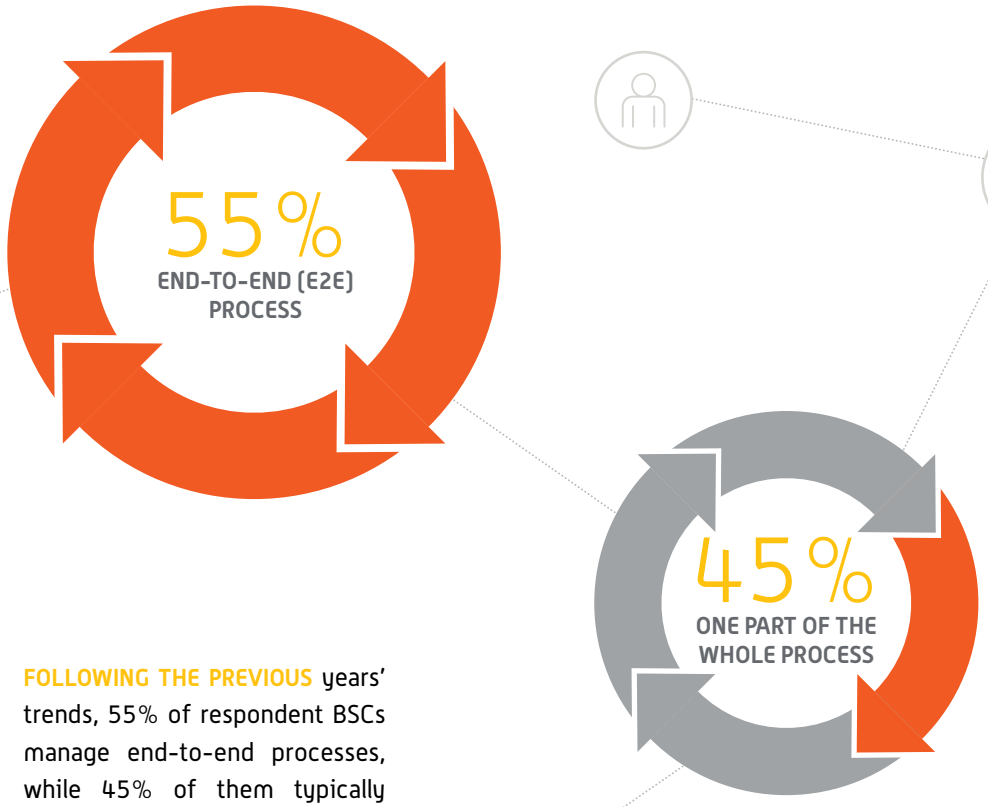
Source: HOA study based on business service centre database

Figure 6.16: Distribution of the Workforce in Procurement and Supply Chain Area in Hungarian BSCs



Source: HOA study based on business service centre database

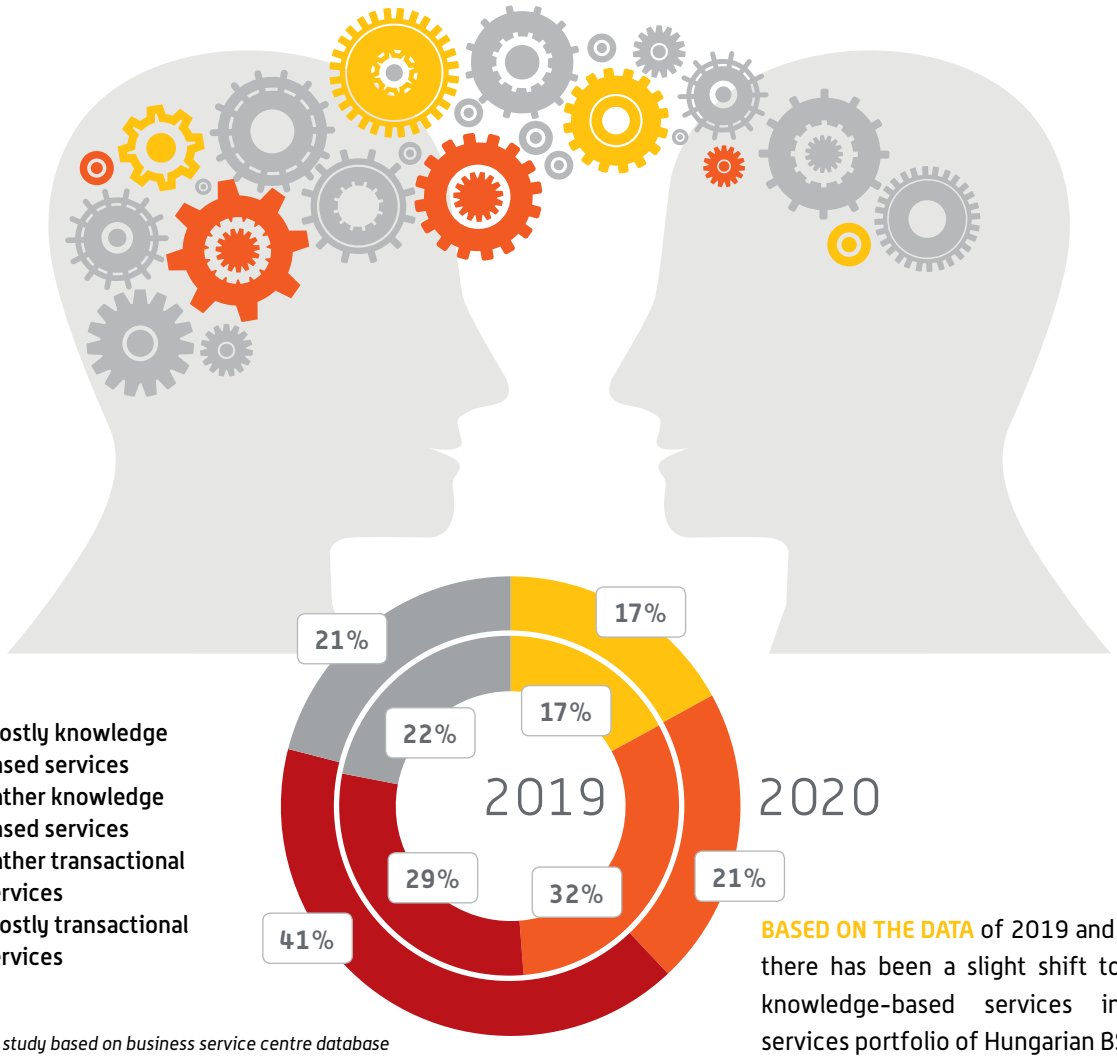
Figure 6.17: Characteristics of Service Processes Executed by BSCs in Hungary



FOLLOWING THE PREVIOUS years' trends, 55% of respondent BSCs manage end-to-end processes, while 45% of them typically manage one part of the process.

Source: HOA study based on business service centre database

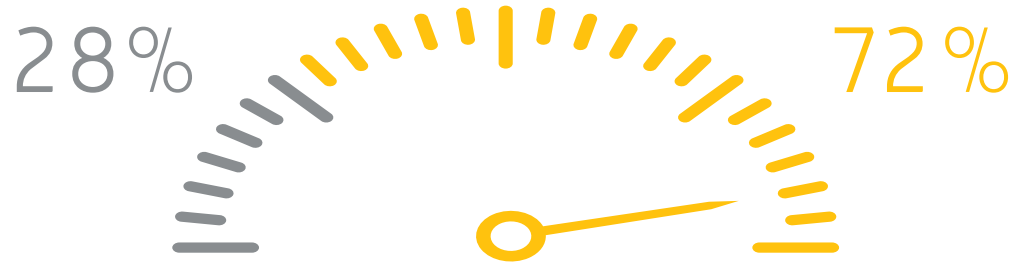
Figure 6.18: Distribution of Service Value-adding in the Portfolio of Hungarian BSCs



Source: HOA study based on business service centre database

BASED ON THE DATA of 2019 and 2020, there has been a slight shift towards knowledge-based services in the services portfolio of Hungarian BSCs.

Figure 6.19: Distribution of Service Value-adding in the Portfolio of Hungarian BSCs



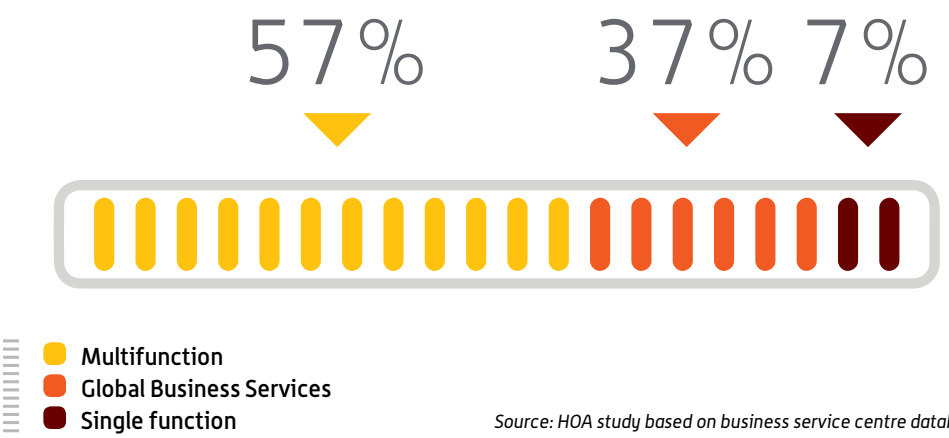
FOCUSING ON LOW-VALUE ADDED FUNCTIONS (PERFORMING TRANSACTIONAL TASKS)

FOCUSING ON HIGH-VALUE ADDED FUNCTIONS ("KNOWLEDGE WORK")

Source: HOA study based on business service centre database

EVEN THOUGH the vast majority of the BSCs still focus on high value-added functions, a declining trend is noticeable.

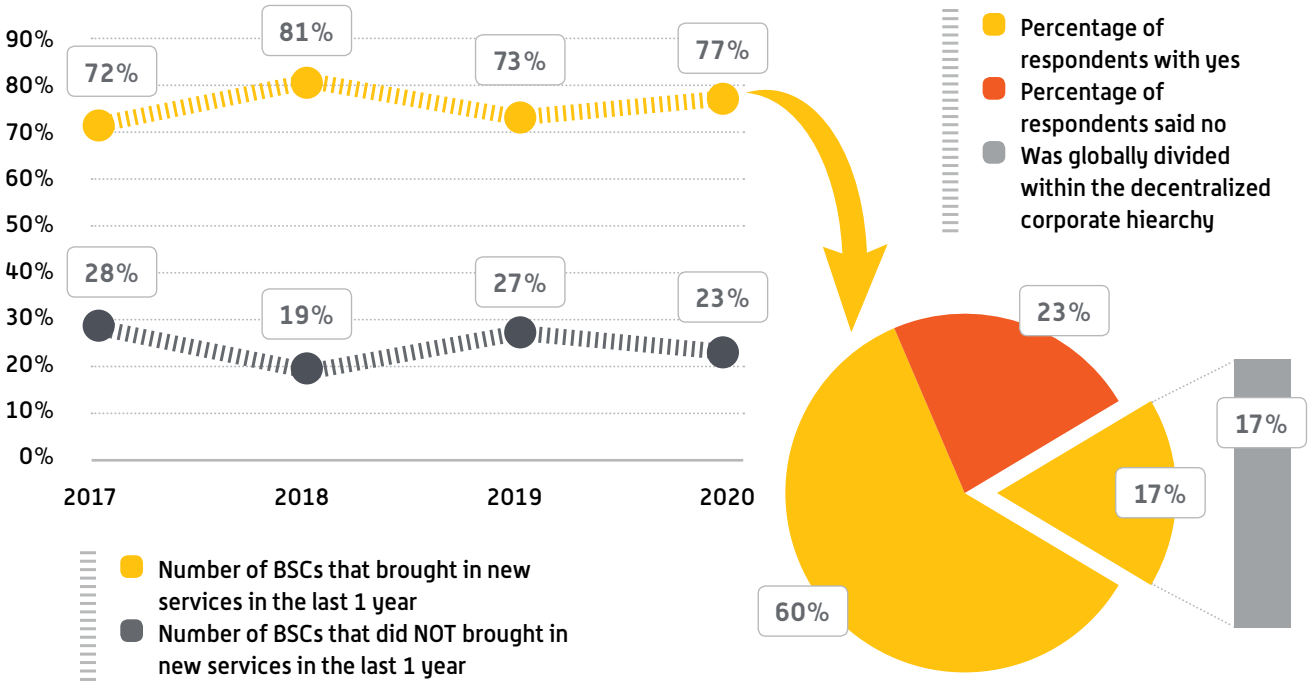
Figure 6.20: Distribution of Service Delivery Models Among BSCs in Hungary



Source: HOA study based on business service centre database

WHILE 57% OF RESPONDENTS are operating in more than one function (for example, F&A+HR+IT), 37% of the respondents are operating as GBS, where the compilation of services offered is global (which can be single or multifunction). Just 7% of the respondents are operating in only one function.

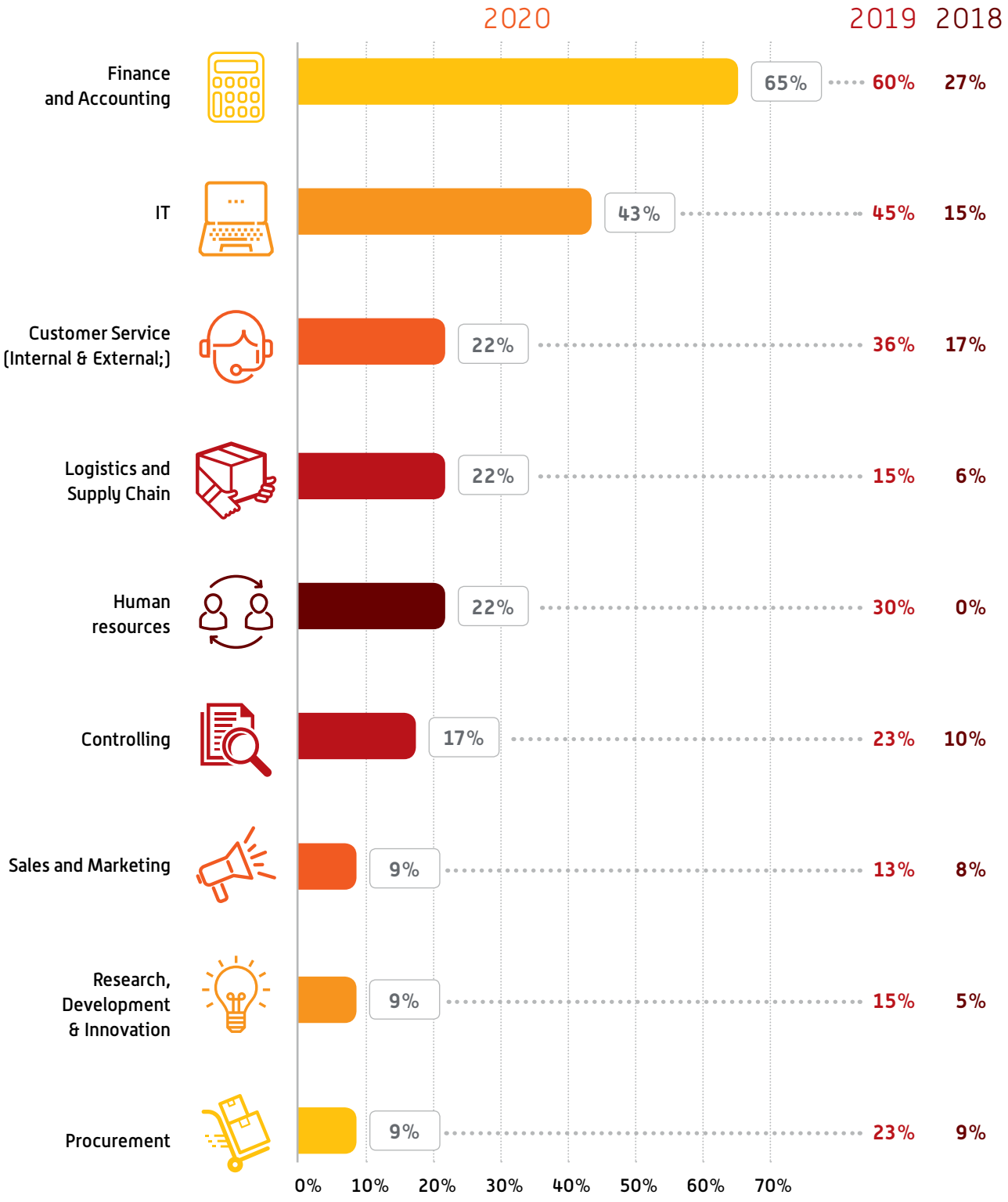
Figure 6.21: Inbound Service Migration in Hungarian BSCs



Source: HOA study based on business service centre database

THERE IS NO SIGNIFICANT change in the new services brought in year after year. The number of BSCs bringing new services into Hungary is at 77%, which is a four percentage point increase from last year. The number of BSCs that brought in new services is moving around the average, which is 76%.

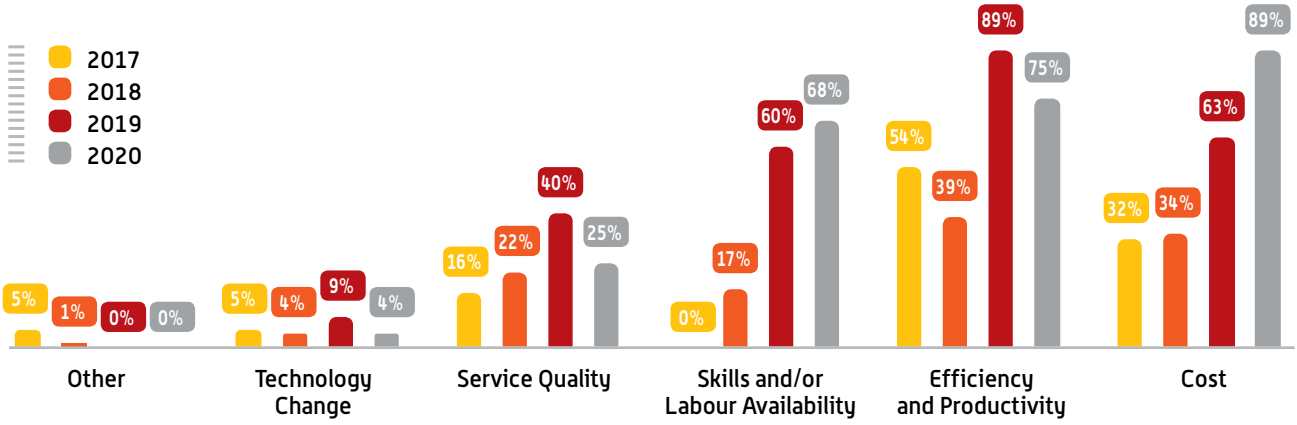
Figure 6.22: Kinds of Services Moved into Hungarian BSCs



Source: HOA study based on business service centre database

Among those respondents that brought in services in the last one year, 65% of the services were finance and accounting functions, 43% IT and 22% human resources, logistics and supply chain and customer services. There is a significant increase since 2018 in the different services brought in, but since 2019, we can see a slowing trend, and even a slow decrease in the diversity of services brought in.

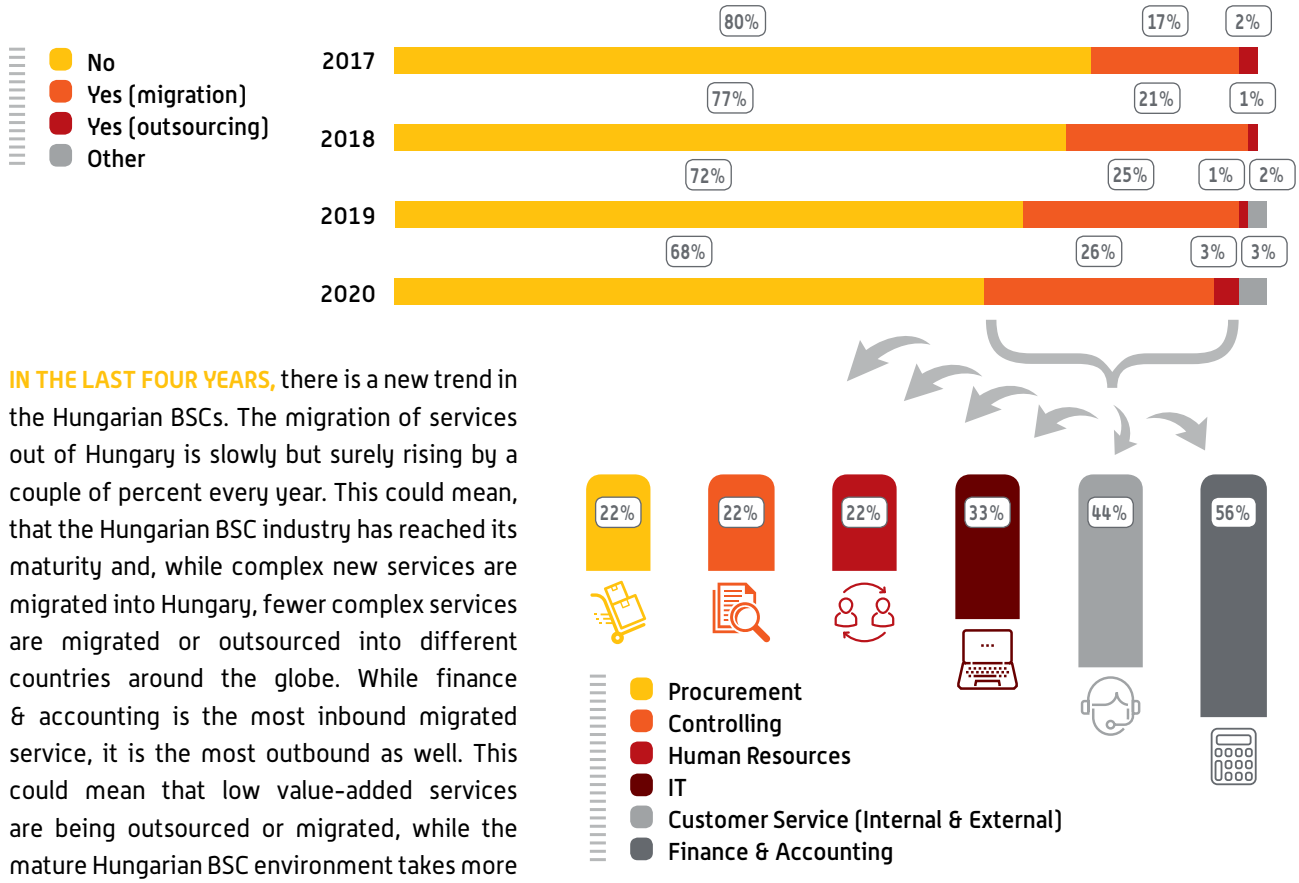
Figure 6.23: Reasons for Inbound Service Migration in Hungarian BSCs



Source: HOA study based on business service centre database

THE MAIN REASON services were migrated into Hungary is cost 89% of the time, with efficiency and productivity given as the reason 75% of the time, and skills and/or labour availability accounting for 68%. Overall we can deduce that Hungary's cheap, but well-educated labour force is the main cause for inbound service migration. Furthermore, there is a significant change from 2017 to 2020 in the number of respondents who ranked efficiency and productivity or skills and/or labour availability as the cause for the inbound service migration.

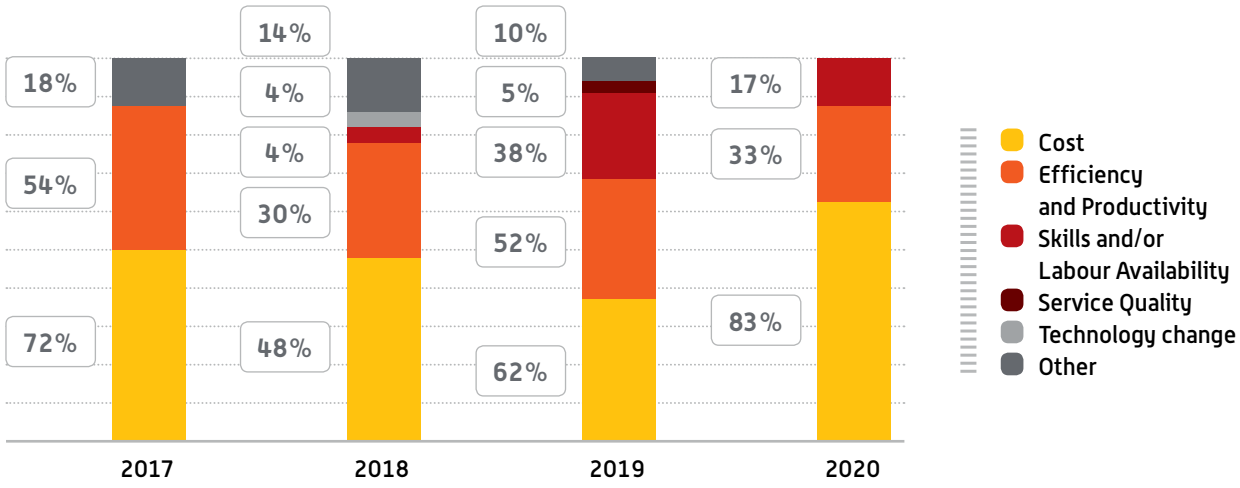
Figure 6.24: Transferring Services from Hungarian BSCs



Source: HOA study based on business service centre database

IN THE LAST FOUR YEARS, there is a new trend in the Hungarian BSCs. The migration of services out of Hungary is slowly but surely rising by a couple of percent every year. This could mean, that the Hungarian BSC industry has reached its maturity and, while complex new services are migrated into Hungary, fewer complex services are migrated or outsourced into different countries around the globe. While finance & accounting is the most inbound migrated service, it is the most outbound as well. This could mean that low value-added services are being outsourced or migrated, while the mature Hungarian BSC environment takes more complex services into its portfolio.

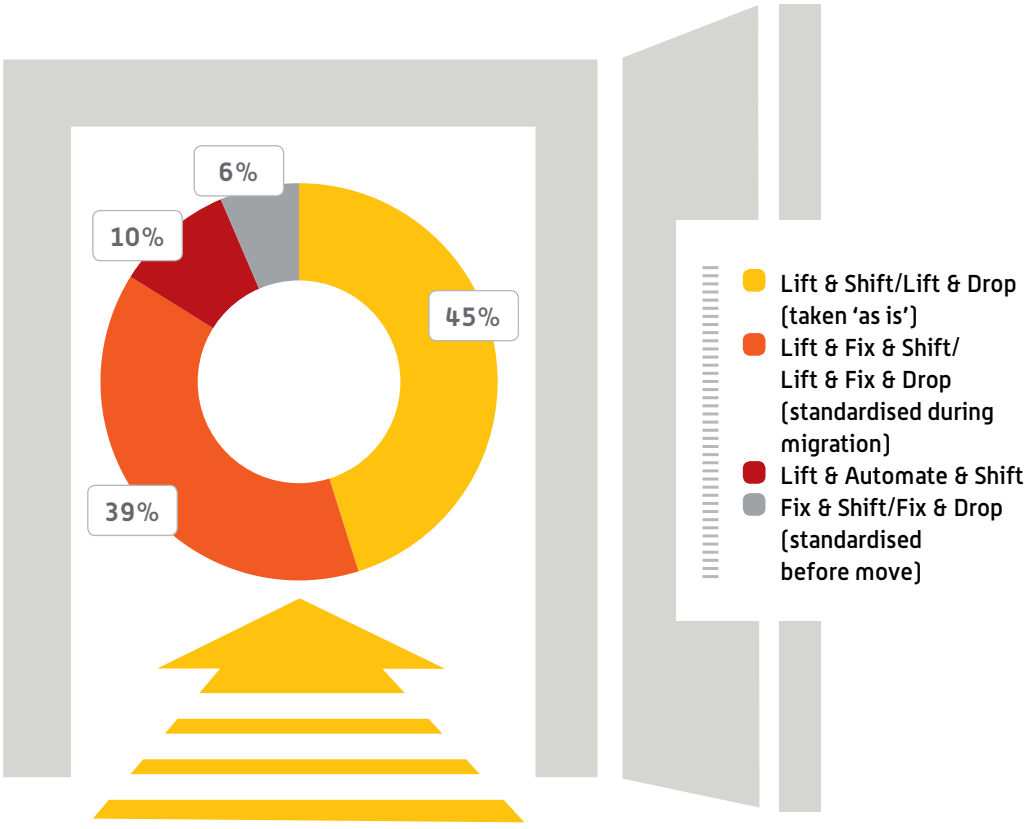
Figure 6.25: Reasons for Outbound Service Migration



Source: HOA study based on business service centre database

COST HAS BECOME a major reason for outbound service migration. Some 83% of the 2020 respondents gave this as the reason, while efficiency and productivity as a cause for outbound migration has decreased significantly since 2019.

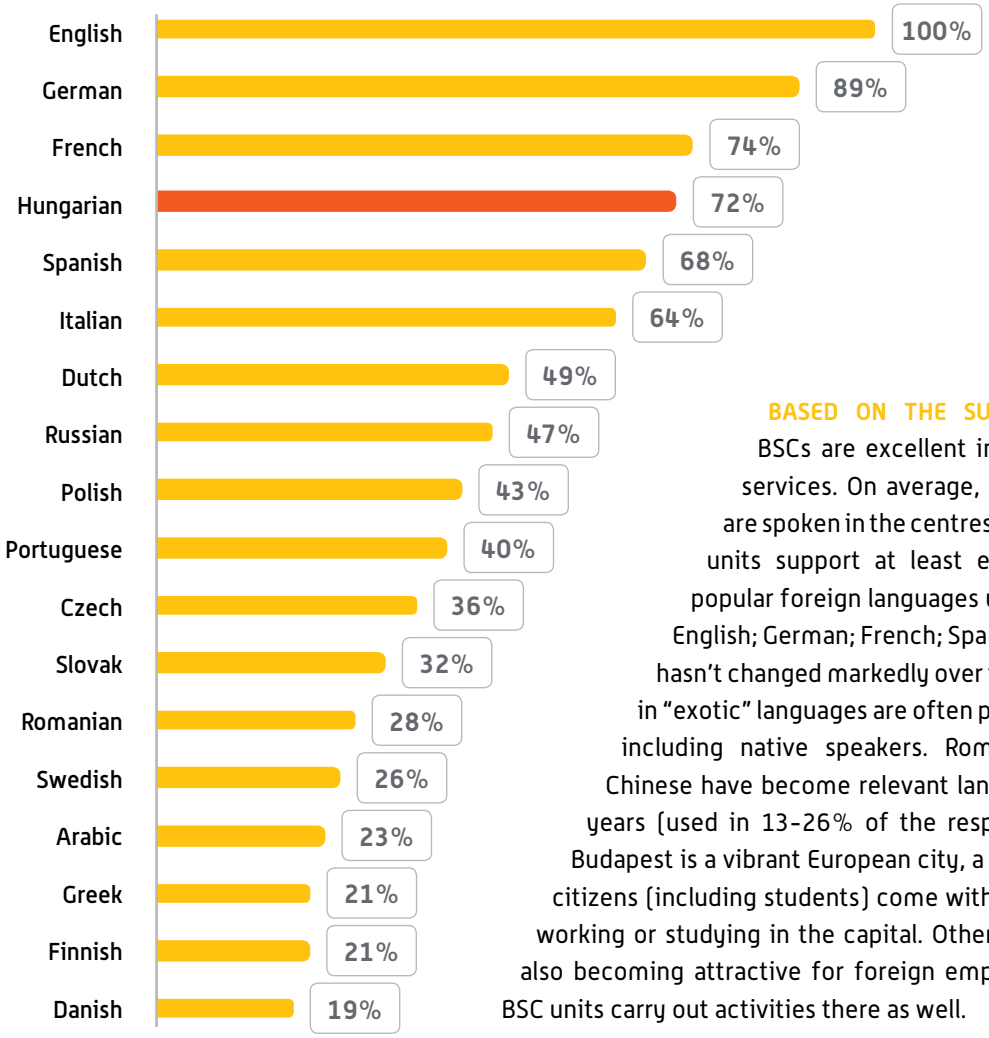
Figure 6.26: Reasons for Outbound Service Migration



Source: HOA study based on business service centre database

MORE THAN HALF of the migration methodology involves standardisation or automation. This trend could mean, that Hungarian centres have accumulated enough knowledge that more complex migrations and services can be provided from the BSCs.

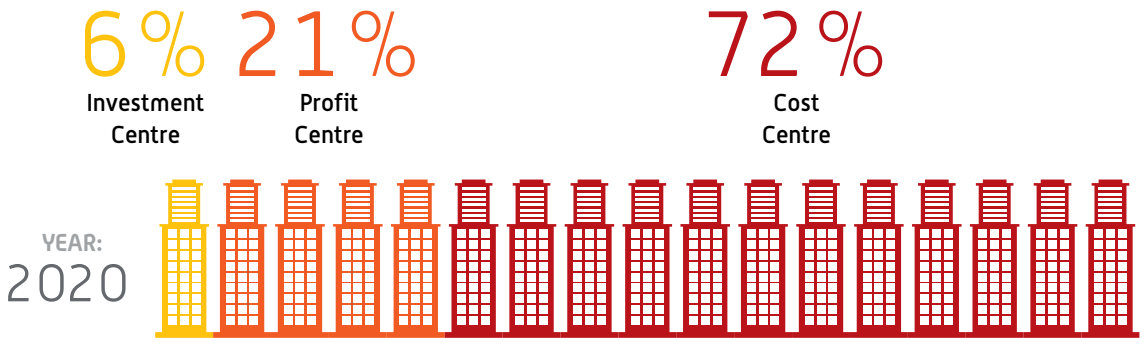
Figure 6.27: Languages Supported from BSCs in Hungary (2020)



Source: HOA study based on business service centre database

BASED ON THE SURVEY RESULTS, Hungarian BSCs are excellent in providing multi-language services. On average, more than eight languages are spoken in the centres and 51% of the responding units support at least eight languages. The most popular foreign languages used in Hungarian BSCs are: English; German; French; Spanish; Italian; and Dutch. This hasn't changed markedly over the past five years. Services in "exotic" languages are often provided by foreign citizens, including native speakers. Romanian, Arabic, Greek and Chinese have become relevant languages over the past three years (used in 13-26% of the respondent companies). Since Budapest is a vibrant European city, a growing number of foreign citizens (including students) come with the intention of living and working or studying in the capital. Other large Hungarian cities are also becoming attractive for foreign employees, as more and more BSC units carry out activities there as well.

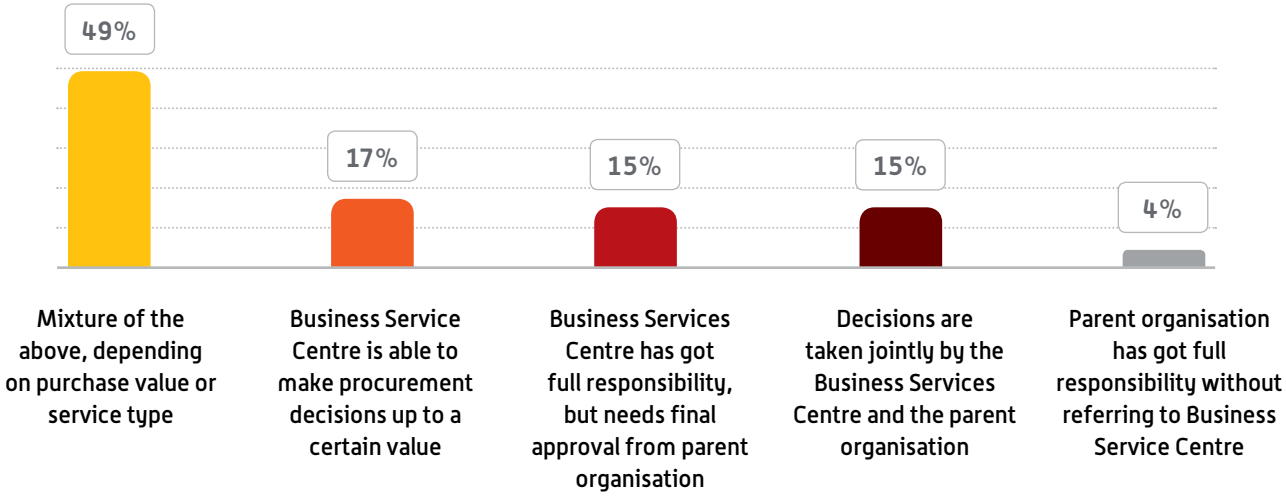
Figure 6.28: Responsibility Status of BSCs in Hungary



Source: HOA study based on business service centre database

IN TOTAL, 72% of the centres are operating as Cost Centres with predefined budgets. However, BPOs and many of the Hybrid Centres are assigned with Profit Centre or Investment Centre responsibility. The emergence of Investment Centres is promising, since this responsibility concept implies a long-term commitment.

Figure 6.29: Procurement Decisions About Purchasing in Hungary



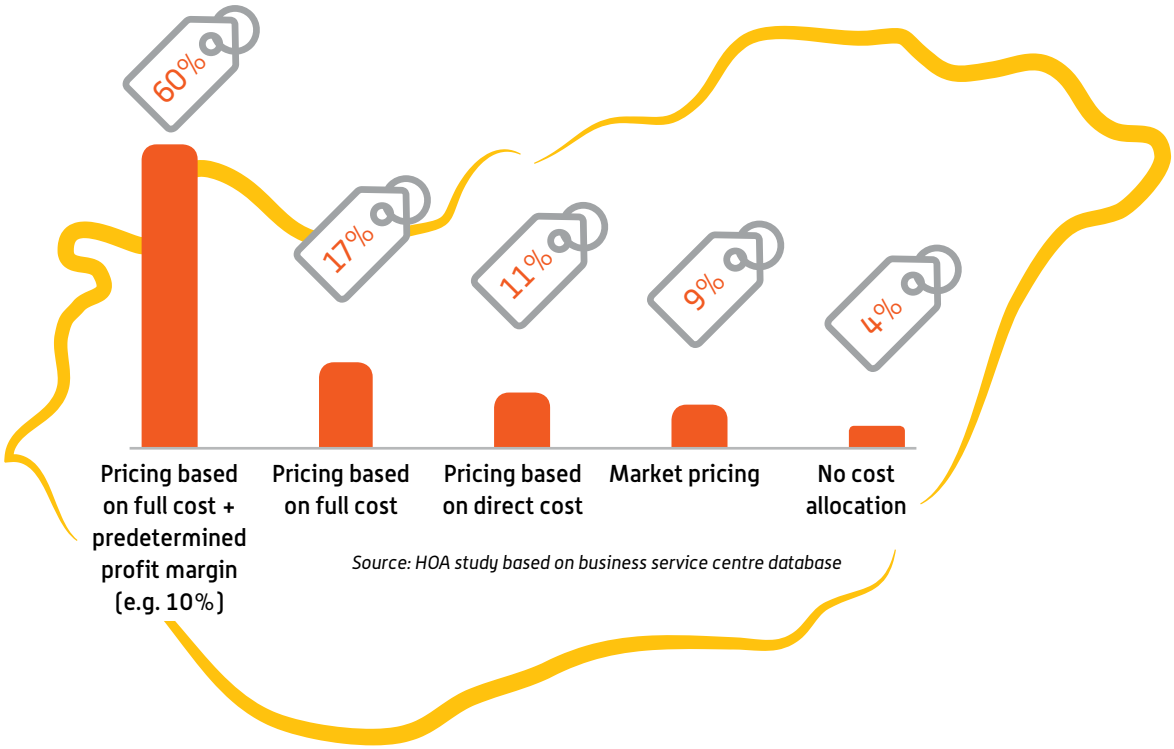
Source: HOA study based on business service centre database

FOR MOST BSCS, procurement decision-making permission depends on the purchase value of service type.

The following scenarios exist:

- The parent organisation keeps full responsibility without referring to the Business Service Centre;
- Business Services Centre has full responsibility but needs final approval from the parent organisation;
- Decisions are taken jointly by the Business Services Centre and the parent organisation;
- Business Service Centre is able to make procurement decisions up to a certain value.

Figure 6.30: Pricing Methods Used by Hungarian BSCs



Source: HOA study based on business service centre database

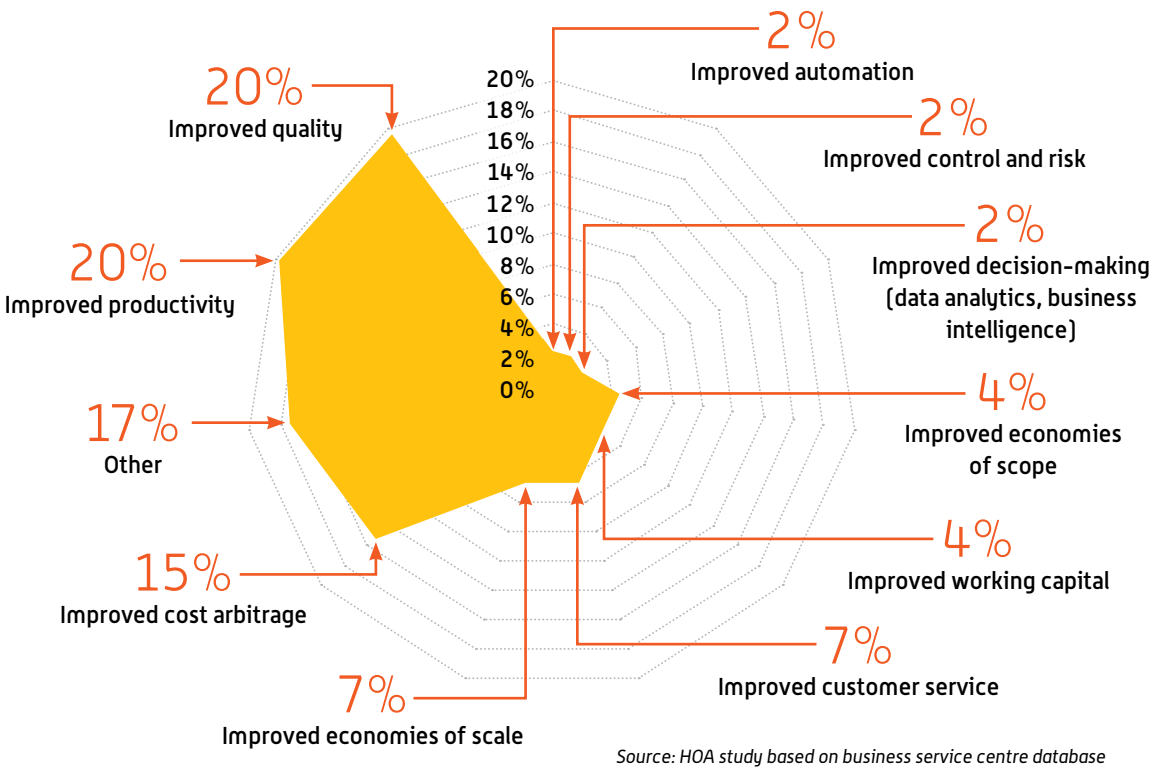
MOST BSCS USE full cost + predetermined profit margin as a pricing method in Hungary, which was also the dominant pricing method in the previous years. Just 4% of respondent do not allocate costs during the pricing method.

Figure 6.31: Ratio of SLA agreements with all Customers in Hungarian BSCs

Source: HOA study based on business service centre database

SERVICE LEVEL AGREEMENTS (SLA) are an important tool in effectively managing BSCs. This survey shows that the use of SLAs is significant. The proportion of BSCs with SLAs towards their customers is at around the same level as in the last three years; more than 75% of BSCs have service agreements with their customers. This high ratio demonstrates a professional and more mature service provision.

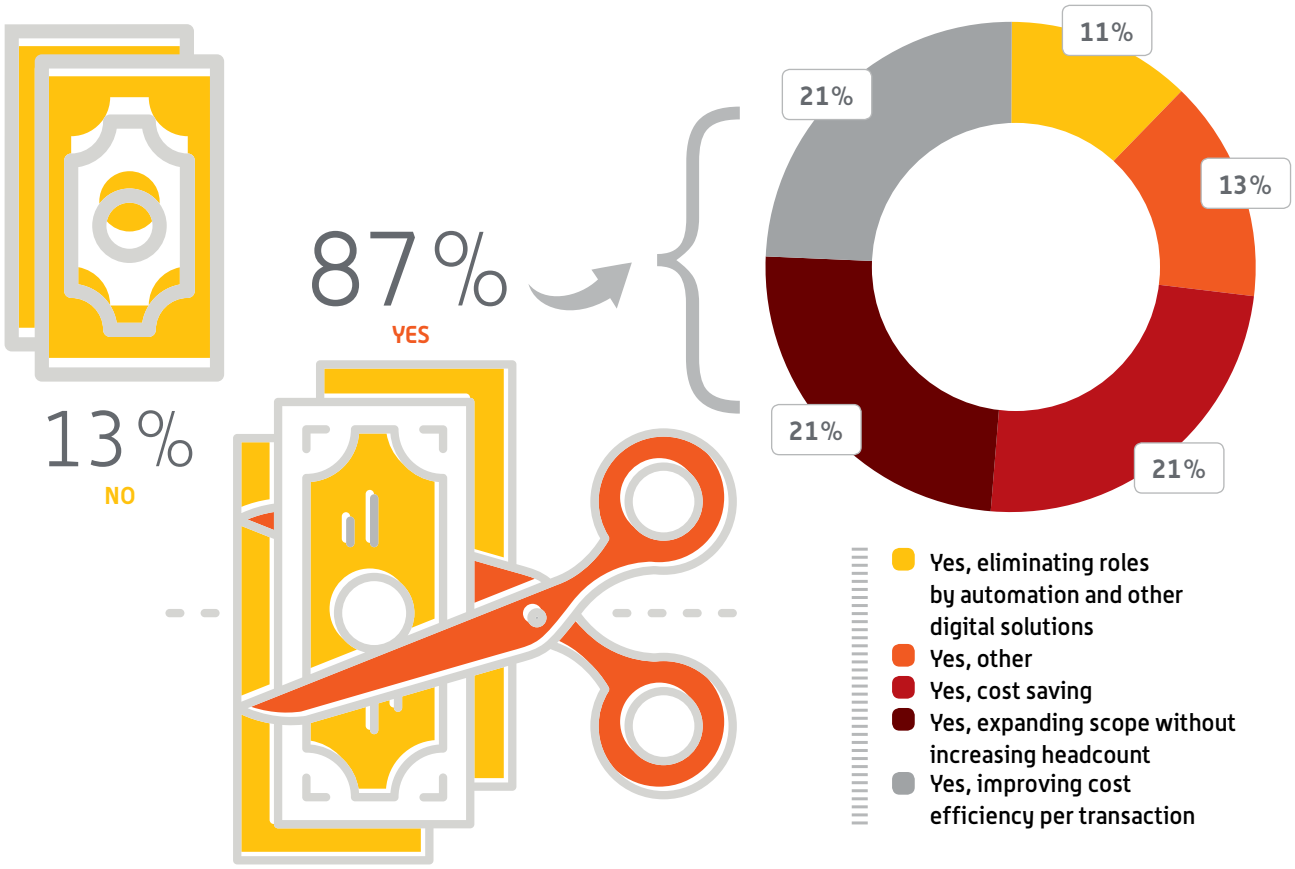
Figure 6.32: Service-related Value Measurement and Efficiency Targets (Internal KPIs) in Hungarian BSCs



Source: HOA study based on business service centre database

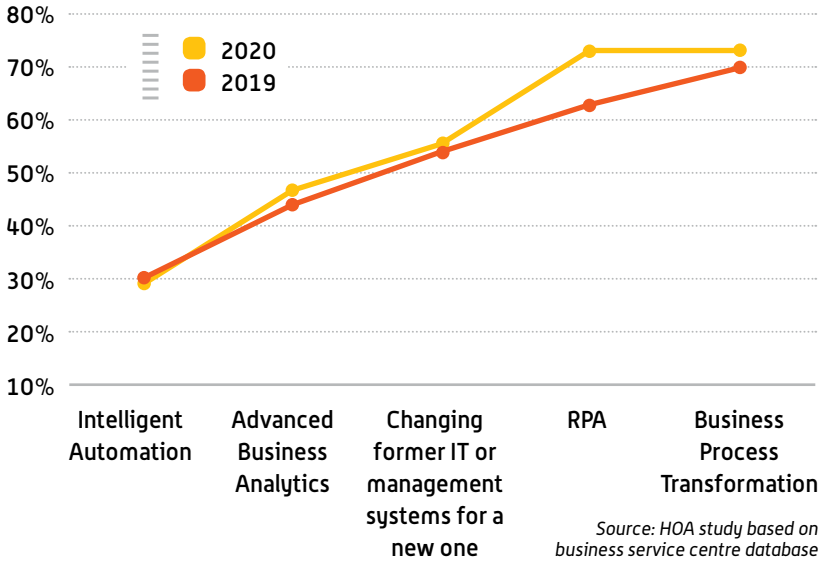
THE BSCS FOCUS ON quality improvement, productivity improvement and cost arbitrage improvement. Seventeen percent of respondents did not specify the measurement concept of their delivered value.

Figure 6.33: Annual Efficiency Target for BSC Operations in Hungarian BSCs



COMPARED TO LAST year's values, cost savings are playing an increasingly powerful role in BSCs' efficiency target settings. Cost saving, expanding the scope without increasing headcount and improving cost efficiency per transaction are the main characteristics of the efficiency targets.

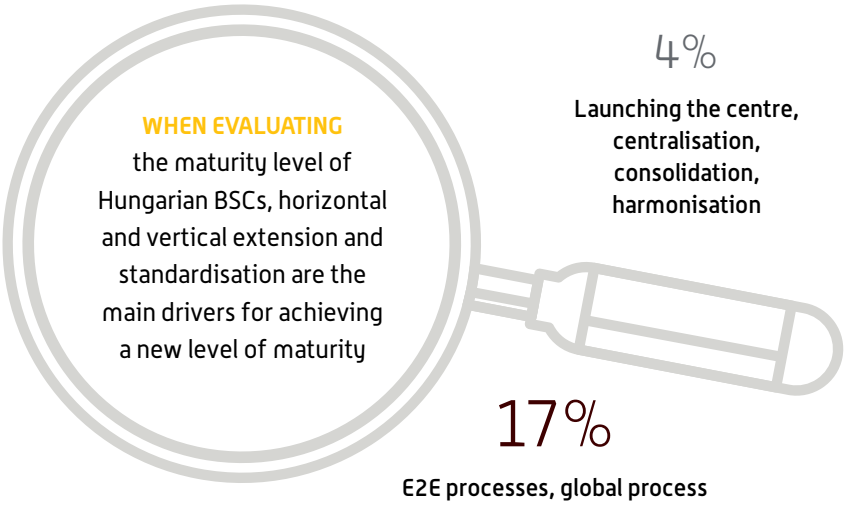
Figure 6.34: Operational & Technological Solutions Applied to Drive Performance



Source: HOA study based on business service centre database

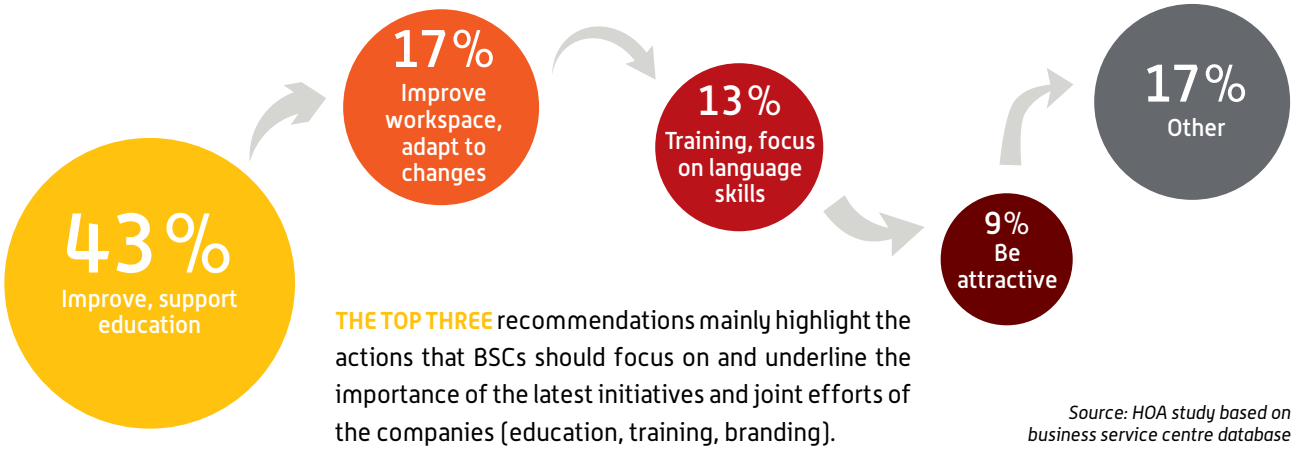
As in the preceding years, the main driver of BSC performance is still business process transformation. Presumably, also as an outcome of prior successful reorganisation projects, the number of Robotic Processes Automation initiatives has risen significantly and now 73% of BSCs deal with them. At the same time, BSCs are adapting their IT and management systems to match the new digital technologies. Furthermore, the above-mentioned factors have a higher role in operational and technological solutions compared to the last year's values.

Figure 6.35: Maturity Stage of Service Centre Operation



Source: HOA study based on business service centre database

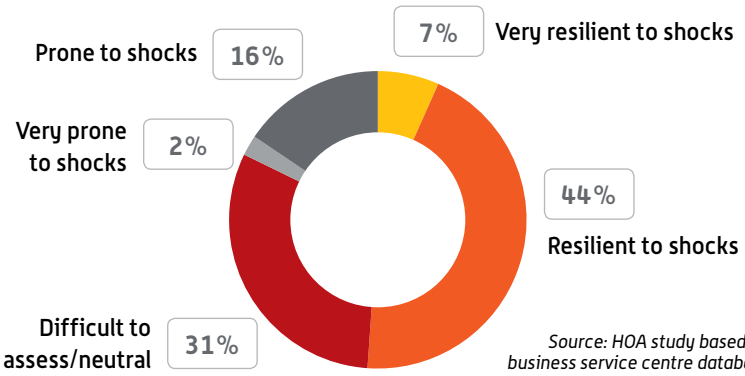
Figure 6.36: Respondent's Recommendations for BSCs to Foster the Sector Development



THE TOP THREE recommendations mainly highlight the actions that BSCs should focus on and underline the importance of the latest initiatives and joint efforts of the companies (education, training, branding).

Source: HOA study based on business service centre database

Figure 6.37: Resilience of Hungarian BSCs to Global Shocks



Source: HOA study based on business service centre database

According to the survey respondents, more than half of business service organizations consider themselves as resilient or very resilient to global shocks. However, the other half of the respondents thought that their operation is not crisis-proof.

KPIs OF PEOPLE AND WORK IN 2020

75%
of BSCs developing FoW strategy

93%
of BSCs providing a standard career path

9.5
– average training days per person

100%
of BSCs providing onboarding training

100%
of BSCs measuring their level of attractiveness

91%
ratio of full-time work contract

44%
of employees are specialists

33
– average age of employees

78%
ratio of employees with a university degree

59%
ratio of female employees

44%
ratio of female managers

14%
ratio of foreign employees

17%
– average voluntary attrition rate

49
universities and near to 200,000 students in the major BSC locations

1%
ratio of employees with some form of disability

EXECUTIVE SUMMARY OF PEOPLE AND WORK

One of Hungary's most dynamic industries, employing almost 75,000 people, proved to be quite crisis resistant in 2020. COVID-19 and the uncertain economic environment of the year influenced in different levels almost all service centres in Hungary.

Most had a temporary headcount freeze, some reported a cutin working hours (*Kurzarbeit*), benefit cuts (salary increase cancellation, deleted bonus) but there were relatively few layoffs. This period gave a possibility to redefine the strategic path of the centres. For multiple reasons, we see a positive trend of development already in the short term at 77% of the centres:

a. The dominance of high value-added jobs increased as a resultant of migration to and from Hungary. We observe a new trend of a growing combination of transactional and more added value jobs that help to retain and develop young talents. The lower number of transactional jobs (due to automation and migration of jobs from Hungary) is a challenge for freshly graduated students who will have more difficulties in getting their careers started.

b. Hungary's geographical/time-zone location, close distance to the businesses, with more than just English language skills, remain important assets. The quality of life in Hungary attracts many foreigners to work in Hungarian business centers although, due to the limitation in traffic, the number of foreigners slightly decreased (14%).

c. The quality of services, the salary and cost arbitrage keeps Hungary in the competition among other CEE countries. Although Hungary attracted few new centers over the last year, the majority of those present expressed their satisfaction and willingness to expand in Hungary.

d. Captive centre development is observed in jobs where complexity, cultural alignment and privacy are all considered close to core business areas. BPO development is strong in transactional functions (IT, customer service) or very high-end tech jobs: cloud technology, analytics, AI.

COVID-19 has multiple other effects on HR trends as well:

a. Budapest, as a place of living, might be challenged. If employees can execute their work from remote locations, then centres can have access to new sources of workforce. It might balance the salary differences within the country.

b. Although the quality of services during the lockdown was high and seamless, it is clear that there are some challenges for freshly induced employees, new teams and inexperienced managers.

c. As cost consciousness rises higher in times of economic crisis, we see more automation and AI projects being launched in transactional jobs, voice-bots etc. This will increase the efficiency of work and will put pressure on mainly transactional jobs. The migration of lower value-added jobs to Asia is speeding up as more countries accept English as a service language (e.g. NL, D).

d. Services centres adapted quickly and successfully to the new normal: working from home, flexible work time, better work-life balance, decreasing sick leave rates and attrition are all proofs of success.

SUPPLY OF WORKFORCE

According to the current estimations, around 10,000 fresh graduates are required per year to ensure the continued development of the BSCs, i.e., the migration of larger projects to Hungary.

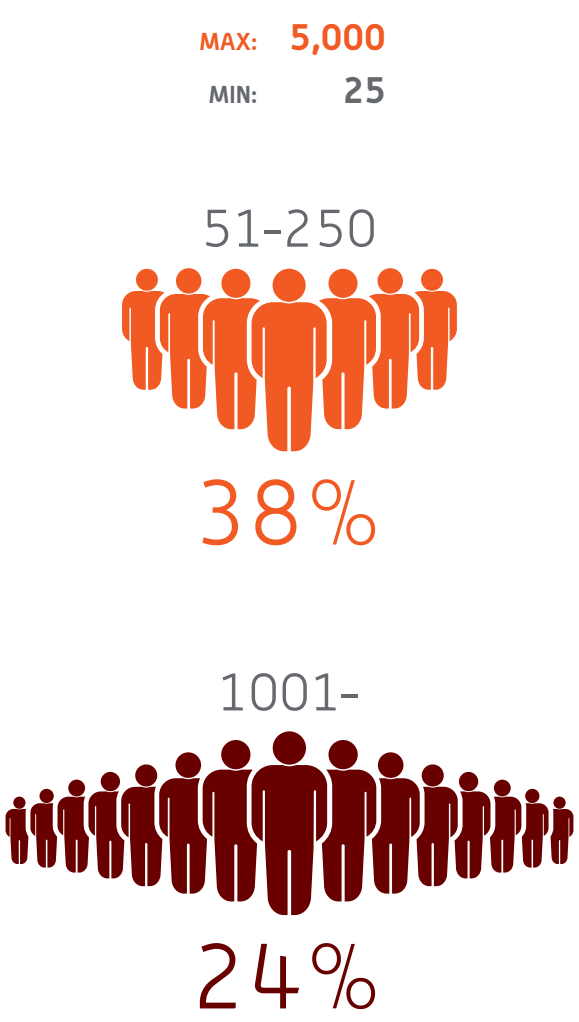
It is extremely difficult for the educational system to follow the development/changing needs of the different industries and thus, our BSCs as well. Mid-level and higher education must give deeper consideration to our industry, as it is not yet recognized in parallel with its importance and role in the national economy, or its current and future importance on the job market. The time-to-productivity of fresh graduates could be lowered.

The centres used more time to train employees during COVID-19. Before, people preferred offline training, but online is now well accepted. The centres try to create multifunctionally skilled people that can work in more functions like a "Swiss military knife".

PEOPLE AND WORK

Figure 7.1: Headcount of Survey Respondents

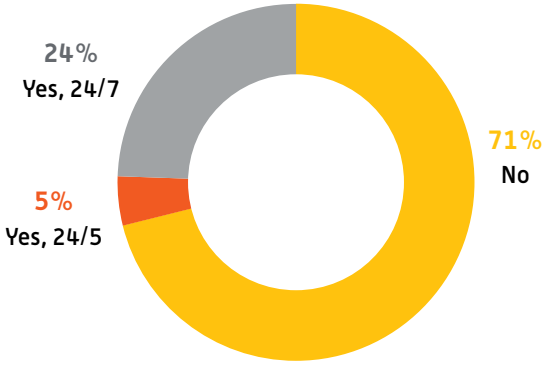
AVERAGE: 708
MAX: 5,000
MIN: 25



Source: HOA study based on business service centre database

THE AVERAGE HEADCOUNT of the responding BSCs was 708 in 2020. On average, 23.5% of BSCs hire 300 or more employees (2019 and 2020) in CEE. In our survey, 49% of BSCs hire 300 or more employees (2020).

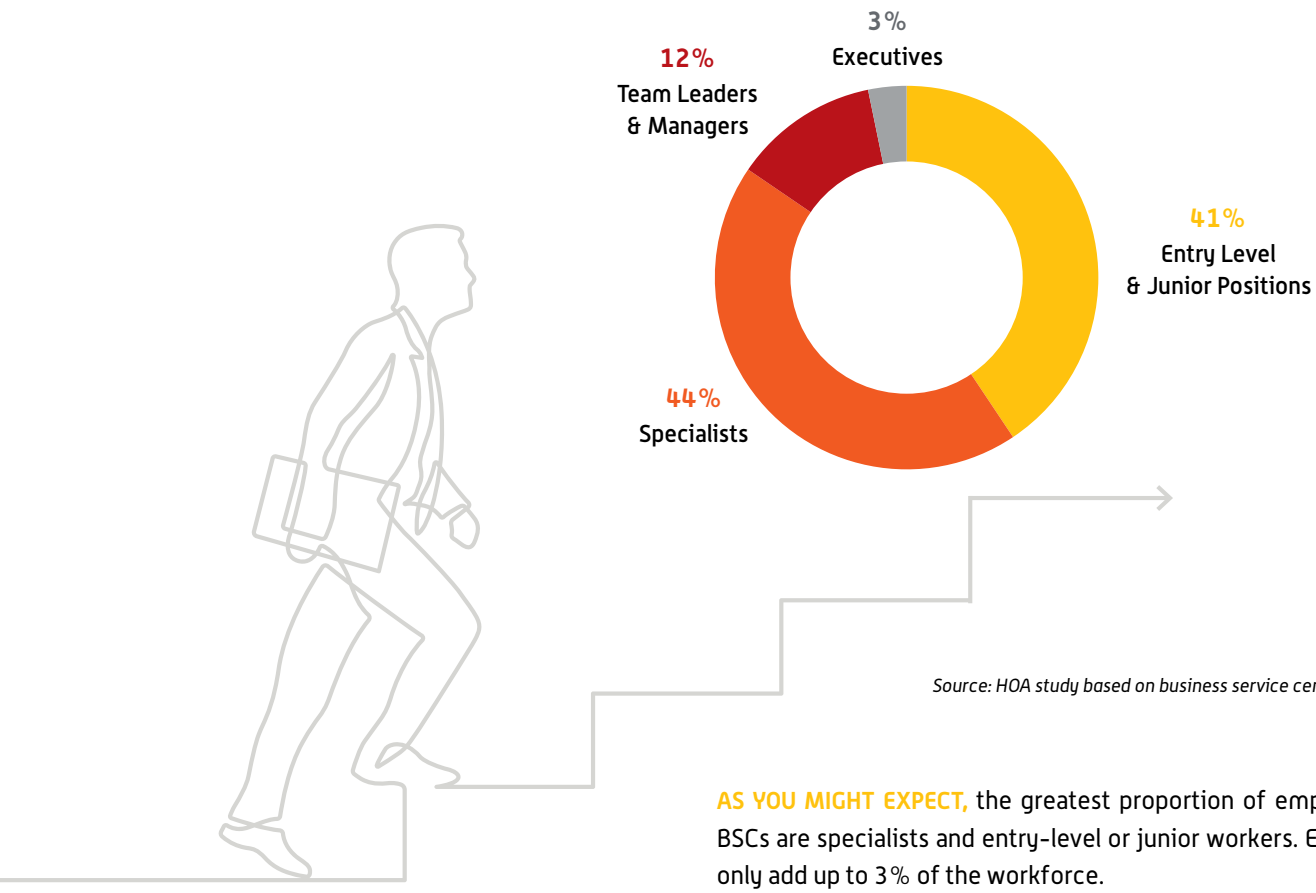
Figure 7.2: Shift Schedule of Hungarian BSCs



Source: HOA study based on business service centre database

THE AVERAGE RATIO of BSCs offering 24/7 service delivery was 24% in 2020. Compared to last year's data, this is a significant drop, down from 33% in 2019. N.B.: the number of respondents was 64 in 2019, with only 45 respondents in 2020.

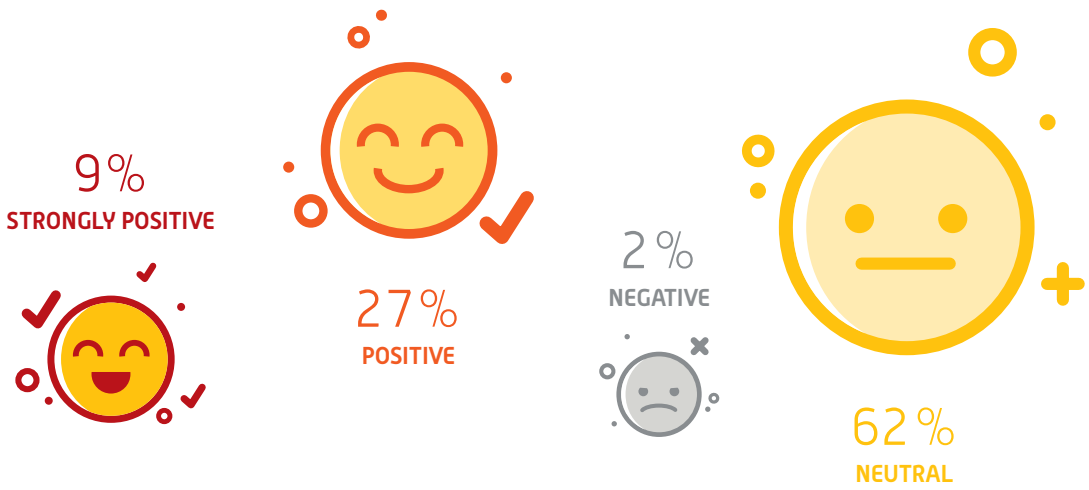
Figure 7.3: Structure of Employment in Hungary's BSCs



Source: HOA study based on business service centre database

AS YOU MIGHT EXPECT, the greatest proportion of employees in BSCs are specialists and entry-level or junior workers. Executives only add up to 3% of the workforce.

Figure 7.4: Impact of Digital Transformation on Employment of Hungarian BSCs until Q1 2021



Source: HOA study based on business service centre database

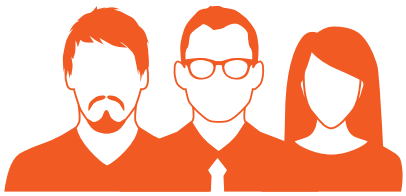
SOME 62% of the BSCs expect that Digital Transformation will play no role in changes in their employment level until Q1 2021; 27% think it will play a positive role.

Figure 7.5: Ratio of Full-time Work Contract Employees in Hungarian BSCs

91.3%

THE AVERAGE RATIO of full-time workers remained almost the same from 2019 to 2020, with the ratio of FTEs being 91.3% in 2020, with the remaining employed part-time or contract workers.

Figure 7.6: The Average Age of Employees in the Hungarian BSCs



33

THE AVERAGE AGE of employees at BSCs in Hungary is 33, which falls within the boundaries of the average age range of BSC employees across the CEE region (26-35 years).

Figure 7.7: Ratio of Employees with Disabilities in Hungarian BSCs

0,9%

THE AVERAGE RATIO of employees with disabilities was 0.9% in 2020. This data shows a minor decline compared to the previous two years. Some 55% of BSCs do not employ people with disabilities.

Figure 7.8: Ratio of Employees Holding University Degree

78%

THE AVERAGE RATIO of employees holding a university degree is 78% in 2020, similar to last year's result. This exceeds the CEE average, which is 65%.

Figure 7.9: Ratio of Foreign Employees in Hungarian BSCs

14%

THE AVERAGE RATIO of foreign citizens was 14% in 2020. This shows a minor decline compared to the results of the previous two years and is behind the CEE average, which is 18%

THE NATIONALITY OF EMPLOYEES shows a very wide range, a significant number of them coming from EU countries. Foreign citizens are most likely to come from neighbouring countries like Slovakia, Romania, Croatia, but there are also considerable numbers from France, Germany, Italy and Spain. Employees also come from non-European countries like Russia, Brazil and India.

Figure 7.10: Ratio of Female Employees in Hungarian BSCs

58,5%

THE RATIO OF FEMALE employees in BSCs was 58.6% in 2020, which exceeds the previous year's record (58%) and the CEE average (54%).

Figure 7.11: Ratio of Female Managers in Hungarian BSCs

44%

THE RATIO OF FEMALE managers/directors/executives in BSCs was 44% in 2020, which represents a 1% decline from 2019. Across the CEE, 51% of first-line managers and 38% of senior managers are women.

Source: HOA study based on business service centre database

TIME-TO-HIRE

Hungary has a mature BSC market. Sites outside of Budapest (Tier1) are increasing in the bigger cities in the countryside (Tier2), such as Debrecen. Talent acquisition and retention are the spotlights for the majority of the BSCs. During their upstream process, BSCs focus on organic growth: headcount increase for the same roles, additional processes. Furthermore, BSCs started focusing on restructuring, due to digital transformation, standardization plus migrating and introducing the decision-making roles into the Hungarian BSCs.

Estimated time per role to hire in order to find the right talent is a complex question depending on several factors mainly complexity and seniority of the role, language requirements:

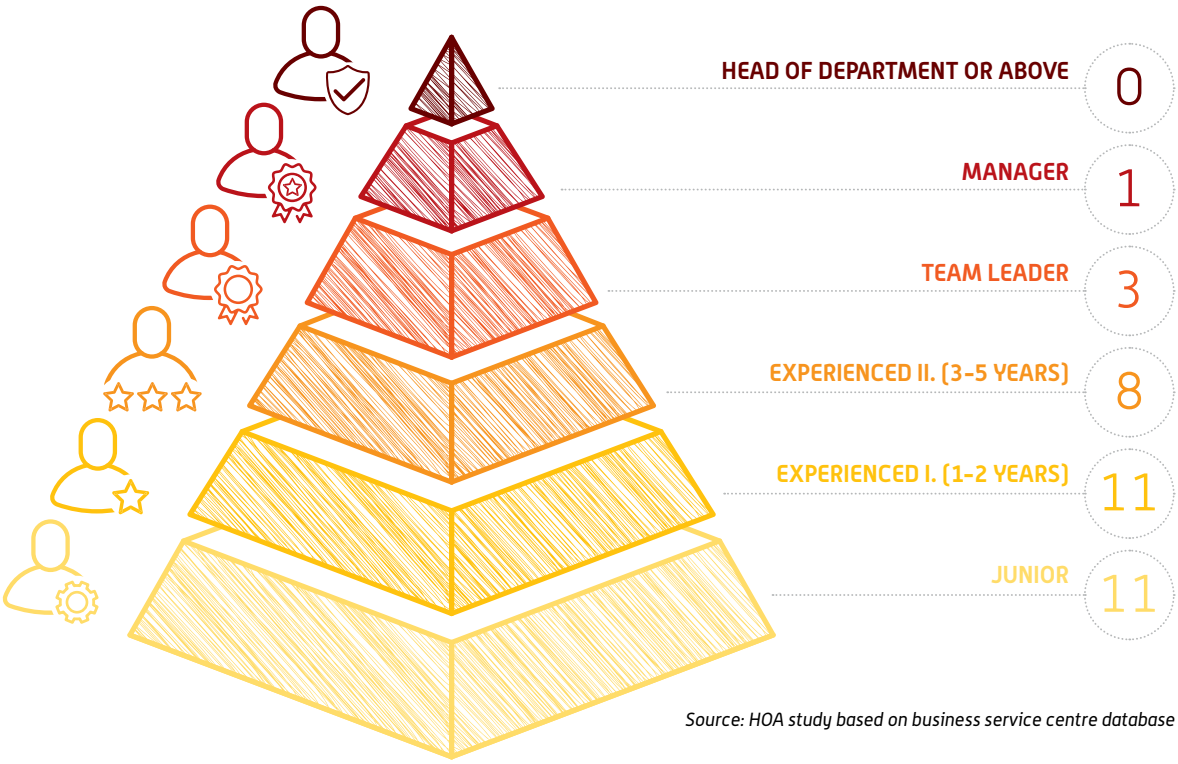
- Hiring of fresh graduates plus junior resources (1-3 years), resources with limited experience is relatively easy; can be filled within a few weeks, up to 30-45 days. Calculating the whole recruitment process including candidates' notice periods, the time-to-fill period increases to 60-75 days.
- For medior / more experienced (3-5 years) roles, availability of resources is tighter on the market. The majority of these resources are hired between 75-90 days. Companies have to plan in advance, look further ahead when hiring experienced people.
- Hiring senior professionals (head of department or manager profiles) can become critical; their hiring time can be prolonged to 90-120 days.

Language requirements bring into the picture the work permits for third-country citizens. Applying will increase the number of potentially available candidates. The effective official process for adequate legal administration is expensive; companies finance these processes on an exceptional basis, always according to their internal regulations. Individual process handling takes approximately 90-120 days. Process handling supported by the BSCs in cooperation with the Immigration Office takes only 45-60 days.

In the case of the multilingual, complex, senior roles, CBIs and language tests are applicable. Generally, certified language schools are involved in the selection process. Using multi-round interviews and other personality tests/surveys, e.g. Hogan, PI, DISC can slow down the originally set hiring timeframe.

COVID-19 is also a milestone for the recruitment process. Prior to that, face-to-face interviews were common, tests were only completed online. BSCs have reacted fast to the changes and turned their selection processes entirely on these online platforms to ensure the health of candidates and their staff. Selection processes continued to accelerate. Technical/online solutions also appeared in onboarding processes: e-contracts, online onboarding / training / knowledge transfer were implemented on these platforms.

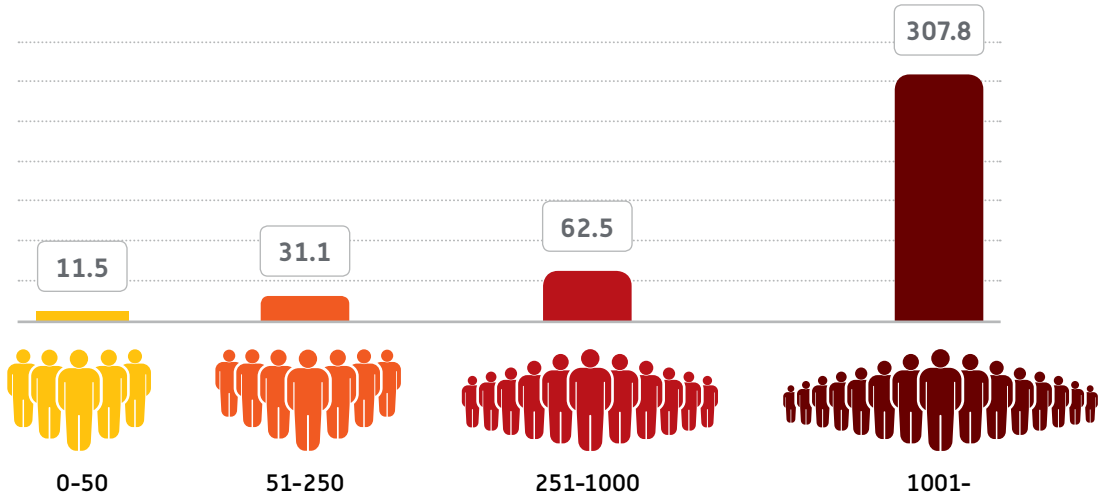
Figure 7.12: Average Number of Open Positions in Hungarian BSCs



Source: HOA study based on business service centre database

BSCS ARE MOSTLY looking for junior workers or employees with work experience of one-to-two years. In 2020, BSCs did not open positions for Head of Department or above ranked employees at all.

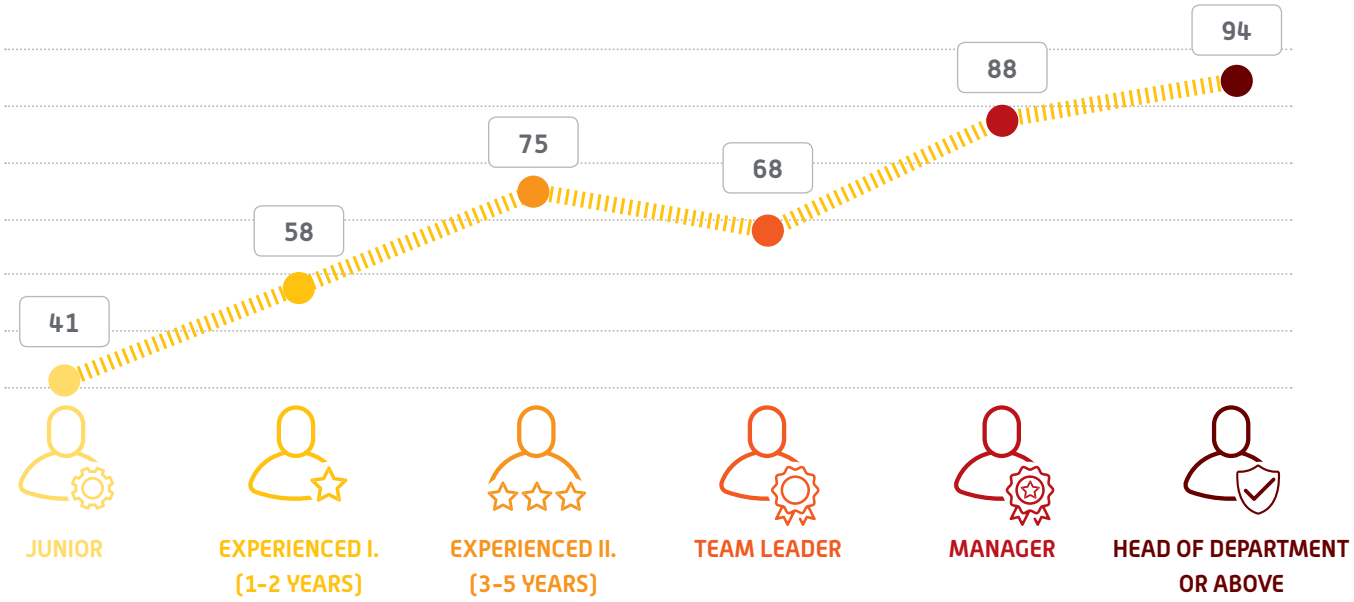
Figure 7.13: Average number of people BSCs would like to hire



Source: HOA study based on business service centre database

THE AVERAGE NUMBER of people BSCs would like to hire declined in every category of company size from 2019 to 2020. SMEs with 51-1,000 employees lowered their hiring prospects to half of the previous year's number.

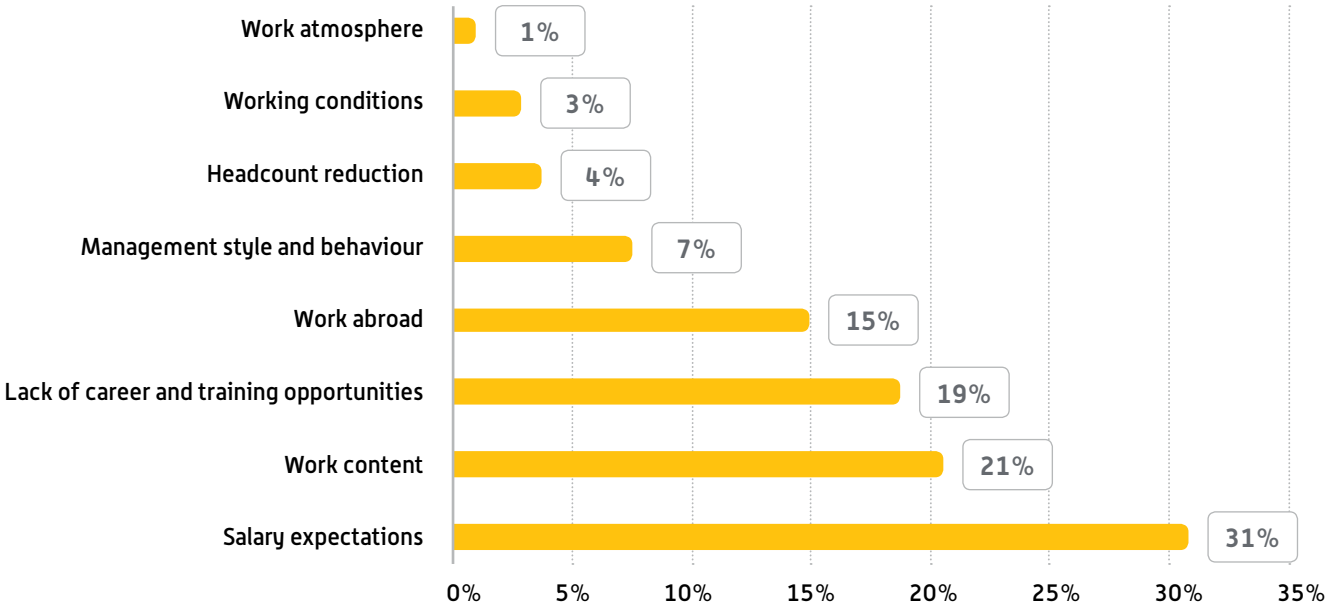
Figure 7.14: Average BSC Recruitment Lead-times



Source: HOA study based on business service centre database

IT GENERALLY TAKES UP to three months to find managerial and above level staff, depending on the position to be filled. The recruitment of junior employees with processing skills typically does not take more than one-and-a-half months.

Figure 7.15: Fluctuation Drivers among Employees in Hungarian BSCs



Source: HOA study based on business service centre database

THE LEADING REASON behind fluctuation was "salary expectations" in 2020, similar to the previous year. Work content was the second most mentioned reason for leaving the workplace in both years. While in 2019 the third most important reason was "working abroad", in 2020 "lack of career and training opportunities" took its place.

TURNOVER TRENDS OF THE BUSINESS SERVICES SECTOR

Randstad's Employer Research reveals that 35% of the employees plan to change employer in the next year, while only 24% of them did so last year. After switching jobs, 55% of the employees said they received a higher salary, while only 16% of the employees received the same or lower salary.

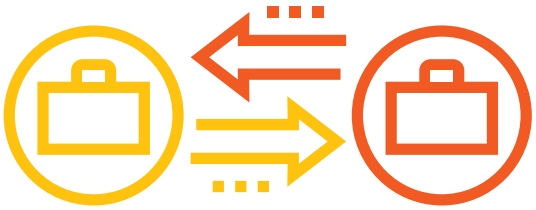
Overall, the most important drivers of change in switching employers were: attractive salary and benefits at 77%; pleasant working atmosphere at 61%; job security at 50%; good work-life balance at 49%; and financial health at 44%. However, the top reasons for changing workplaces were the lack of sense of purpose with 68%, lower salary with 62%, less attractive benefits at 58%, mismatched personal and organizational values at 36%, and poor relationship with managers with 24%.

The research strengthened the generational differences about willingness to switch workplace. While 53% of the employees in generation Z plan to change employers next year, the rate is only 40% among generation Y, and 31% among generation X.

Career progression opportunities are the most significant reason to change workplace for the youngest generation (generation Z); some 47% of this generation seek this at their new workplace. The fact that 100% of the generation Z employees that changed workplace received a higher salary indicates this is also a significant driver.

It can also be observed that women are more likely to change employers (38%) than men (34%). While 14% of women's salary at their new workplace is lower, only 9% of male employees face that problem.

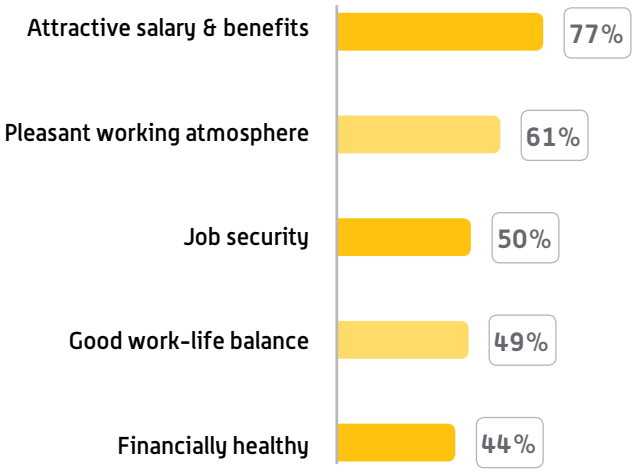
Figure 7.16: Voluntary Attrition Rate and Retention of Graduated Employees in Administration & Support, ICT Fields in International Organisations



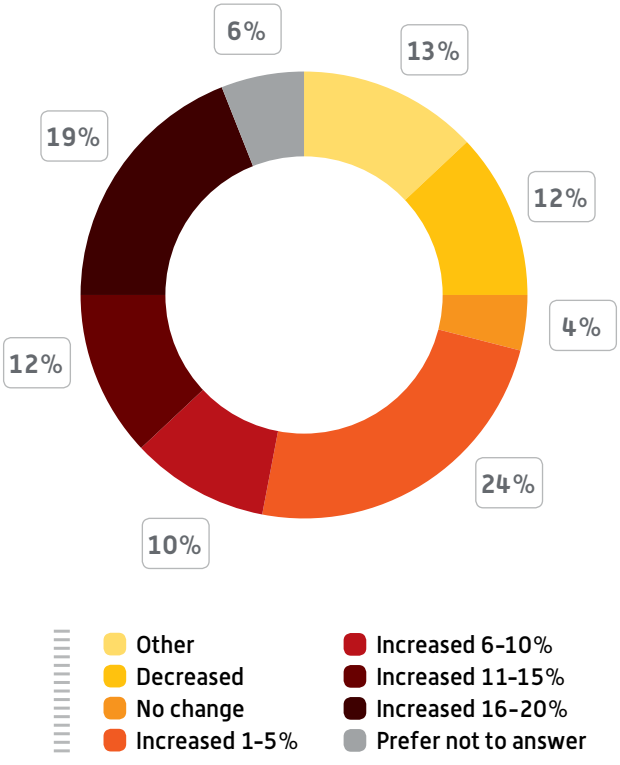
24% changed employer in the last year

35% plan to change employer in the next year

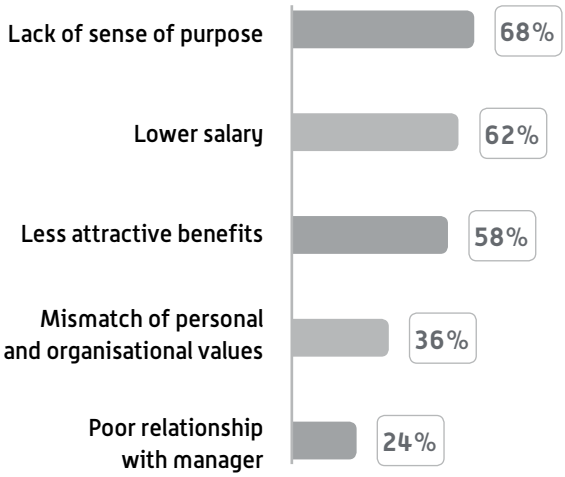
TOP 5 MOST IMPORTANT DRIVERS



SALARY CHANGE AFTER SWITCH



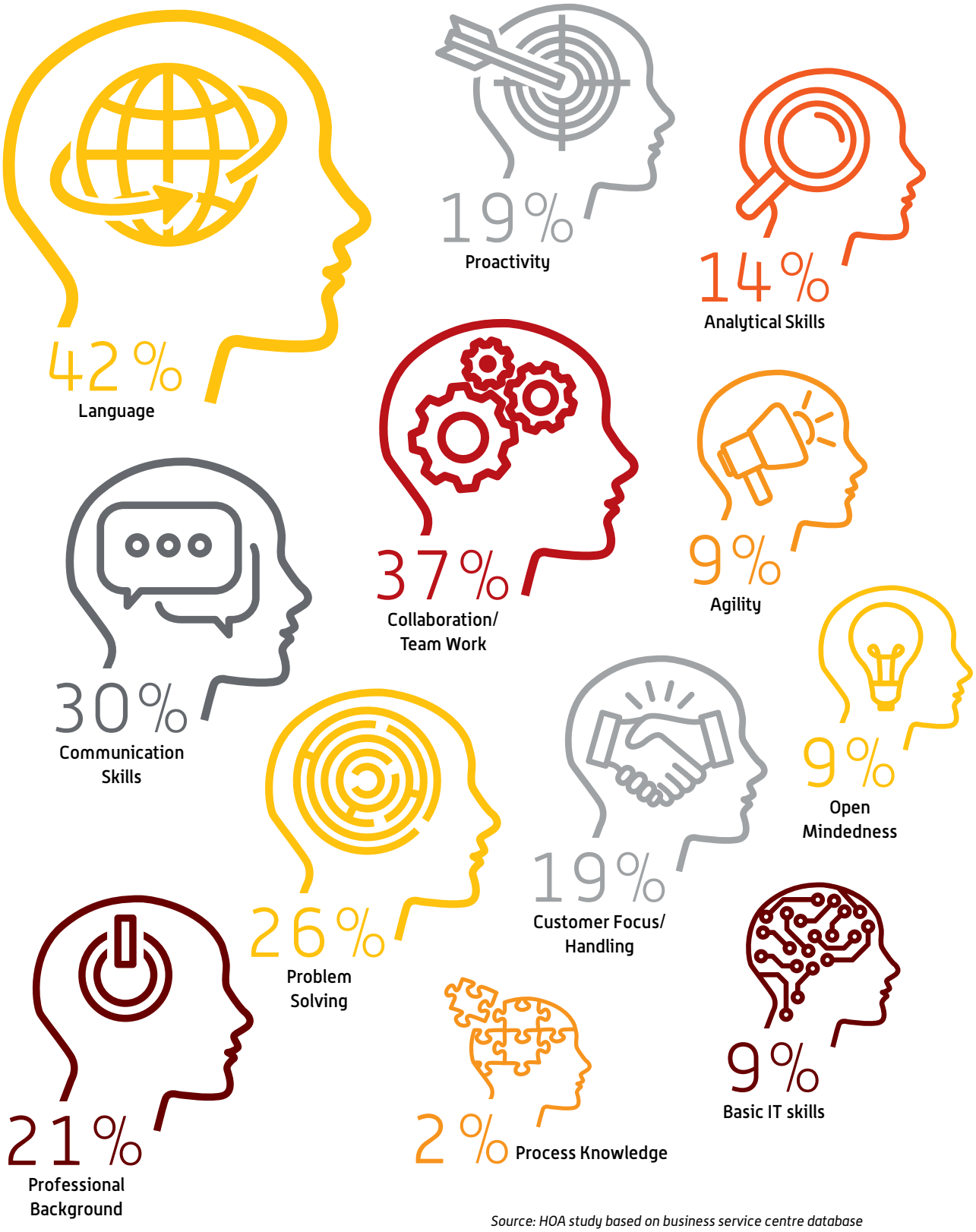
TOP 5 REASONS TO SWITCH



Education: higher. Emloyment fields: administrative & support, ict, international organizations

Source: Randstad's Employer Brand Research 2020

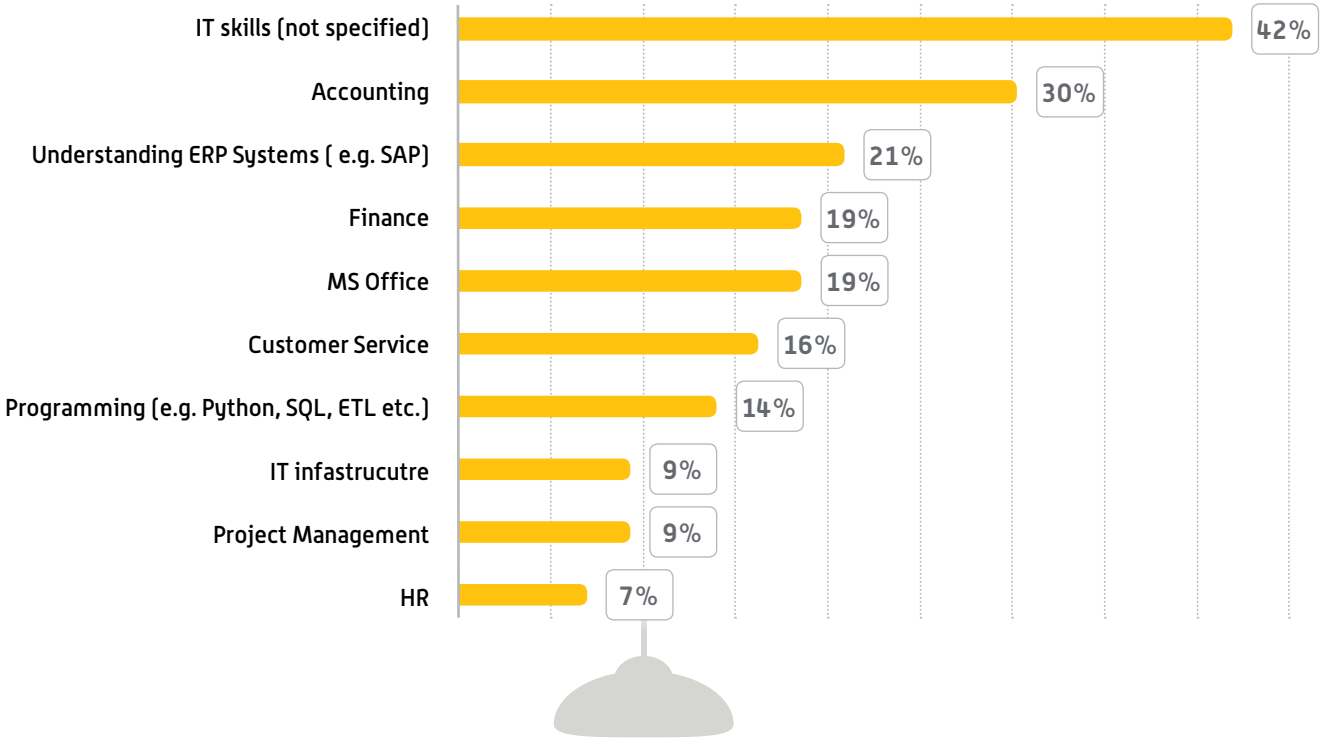
Figure 7.17: Basic Skills and Knowledge Required in Hungarian BSCs



Source: HOA study based on business service centre database

BSC EMPLOYERS CONSIDER language knowledge a key factor in the case of new hires. This corresponds to the aggregated CEE findings, where respondents also highlighted language proficiency as being of high importance. Collaboration, communication, and problem-solving follow on the list of the most wanted soft skills. Professional background only comes after these.

Figure 7.18: Top Areas of Expertise and Knowledge BSCs are Looking for in a new Hire

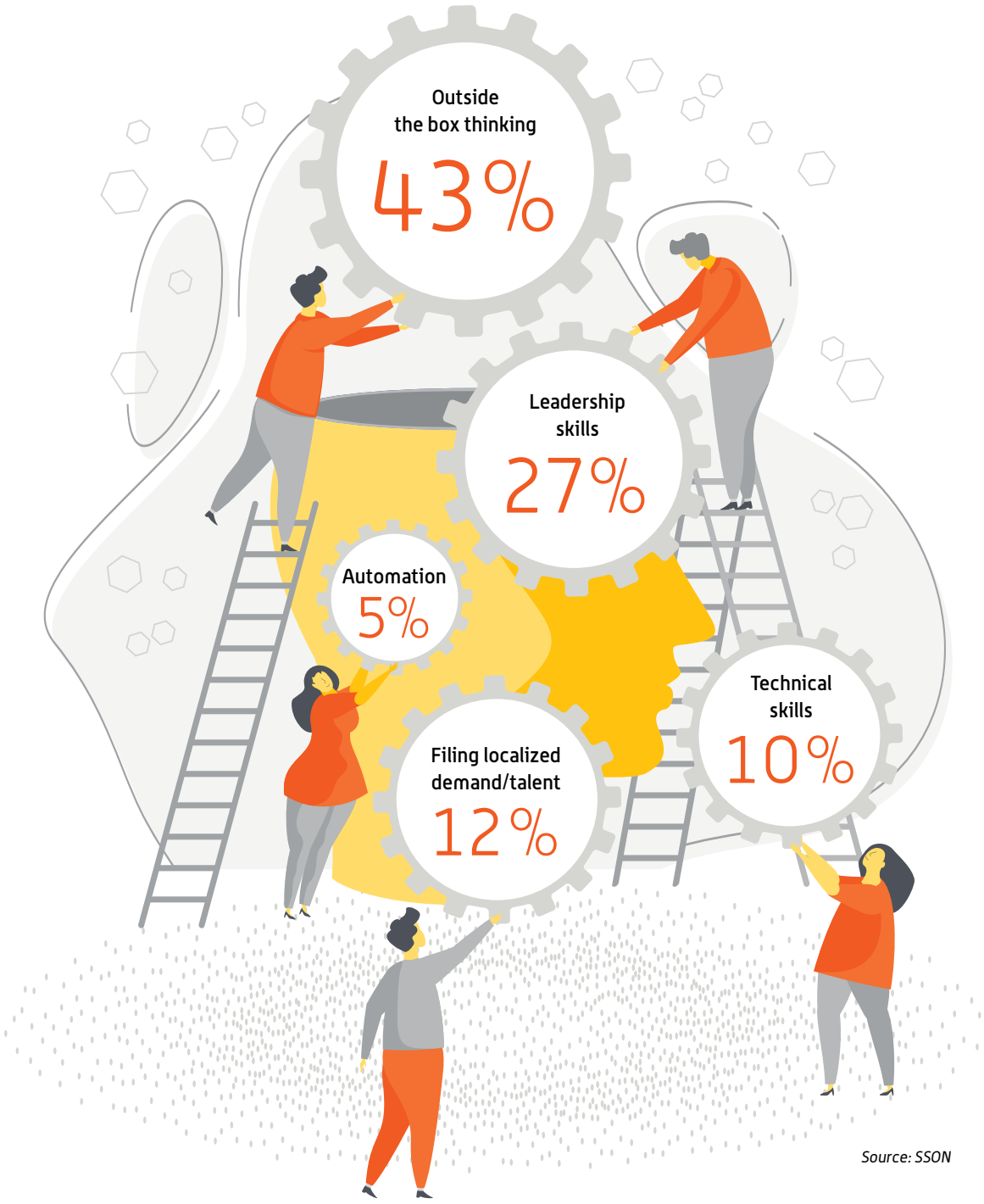


Source: HOA study based on business service centre database

A CONSIDERABLE PROPORTION of employers (42% of respondents) highlight the importance of IT skills when looking for new hires. However, these skills remain to be specified. Based on other answers, the abovementioned skills may involve: development and programming skills (9% of respondents); understanding ERP systems (21% of respondents); experience or hard technical knowledge about IT Infrastructure like IoT, cloud-based computing, cybersecurity etc. (9%); and experience with MS Office.

Professional skills in accounting (30%), finance (19%), and customer service (16%) are also considered advantages. In CEE, one of the biggest skill deficits was experience in data analytics and automation/technology (respectively, 37% and 32% of respondents). It seems knowledge in computer technology, especially in these areas, is becoming an essential hard skill in the case of many new hires.

Figure 7.19: Other skills required globally

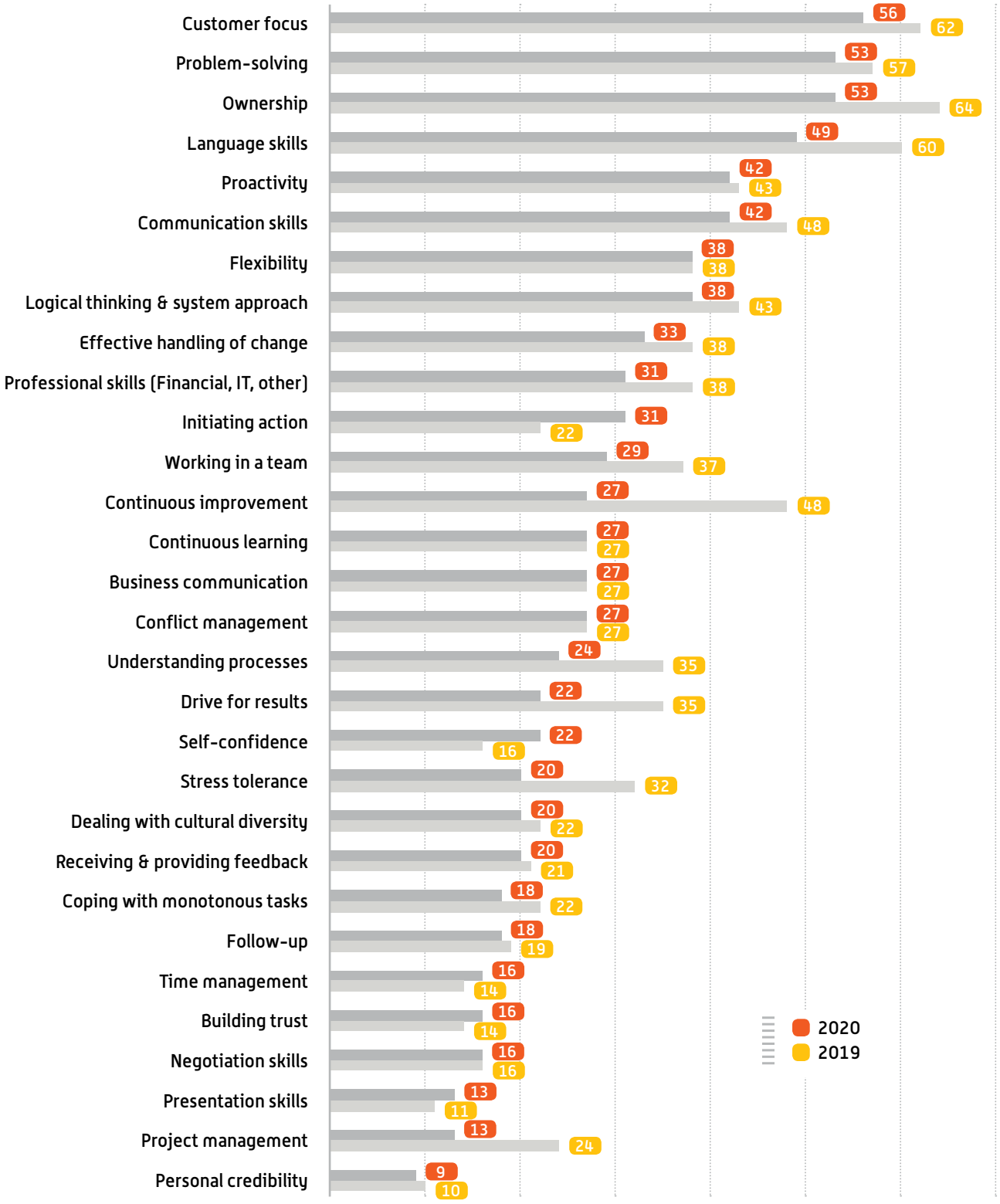


Source: SSON

WHEN IT COMES to the most wanted soft and hard skills that Hungarian BSCs look for in candidates, not many changes can be seen in the last three years. According to the survey participants, the top four skills are: customer focus; problem-solving; ownership; and language skills. However, personal credibility is surprisingly at the end of the list, giving the impression that team-based qualities outweigh personal performance.

Broadening the perspective, a contradiction can be found regarding the most wanted other skills. Globally, BSCs think the most valued other skill is the ability to think outside the box, such as taking an innovative approach or creative problem-solving skills that enable the company to react to unseen challenges effectively and quickly. However, BSCs in Hungary mostly prefer a more logical way of doing things.

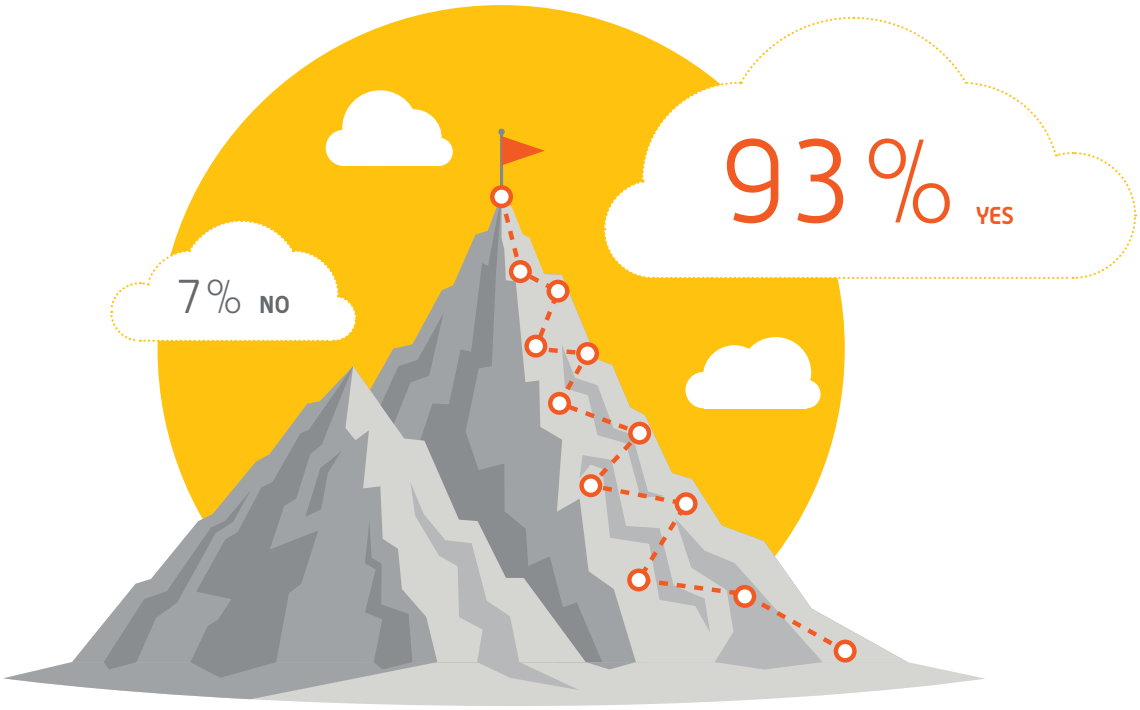
Figure 7.20: Other skills required in Hungary



Source: HOA study based on business service centre database

BSC EMPLOYERS CONSIDER language knowledge a key factor in the case of new hires. This corresponds to the aggregated CEE findings, where respondents also highlighted language proficiency as being of high importance. Collaboration, communication, and problem-solving follow on the list of the most wanted soft skills. Professional background only comes after these.

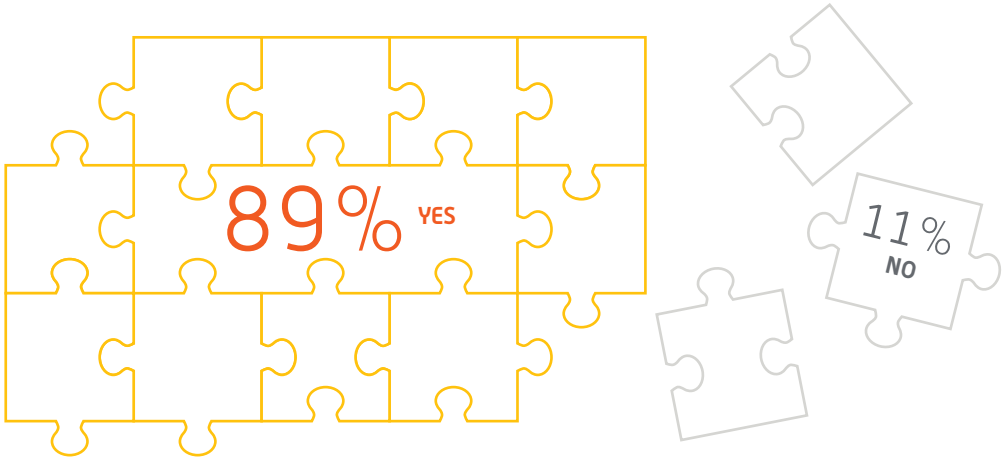
Figure 7.21: Provided Standard Career Path



Source: HOA study based on business service centre database

A WHOPPING 93% of the Hungarian BSCs provide a standard career path for their employees, meaning can plan their career path. This approach can be very beneficial, as the majority of BSC employees are Millennials, and this generation prefers having a clear vision of how to improve and climbing on the career ladder continuously.

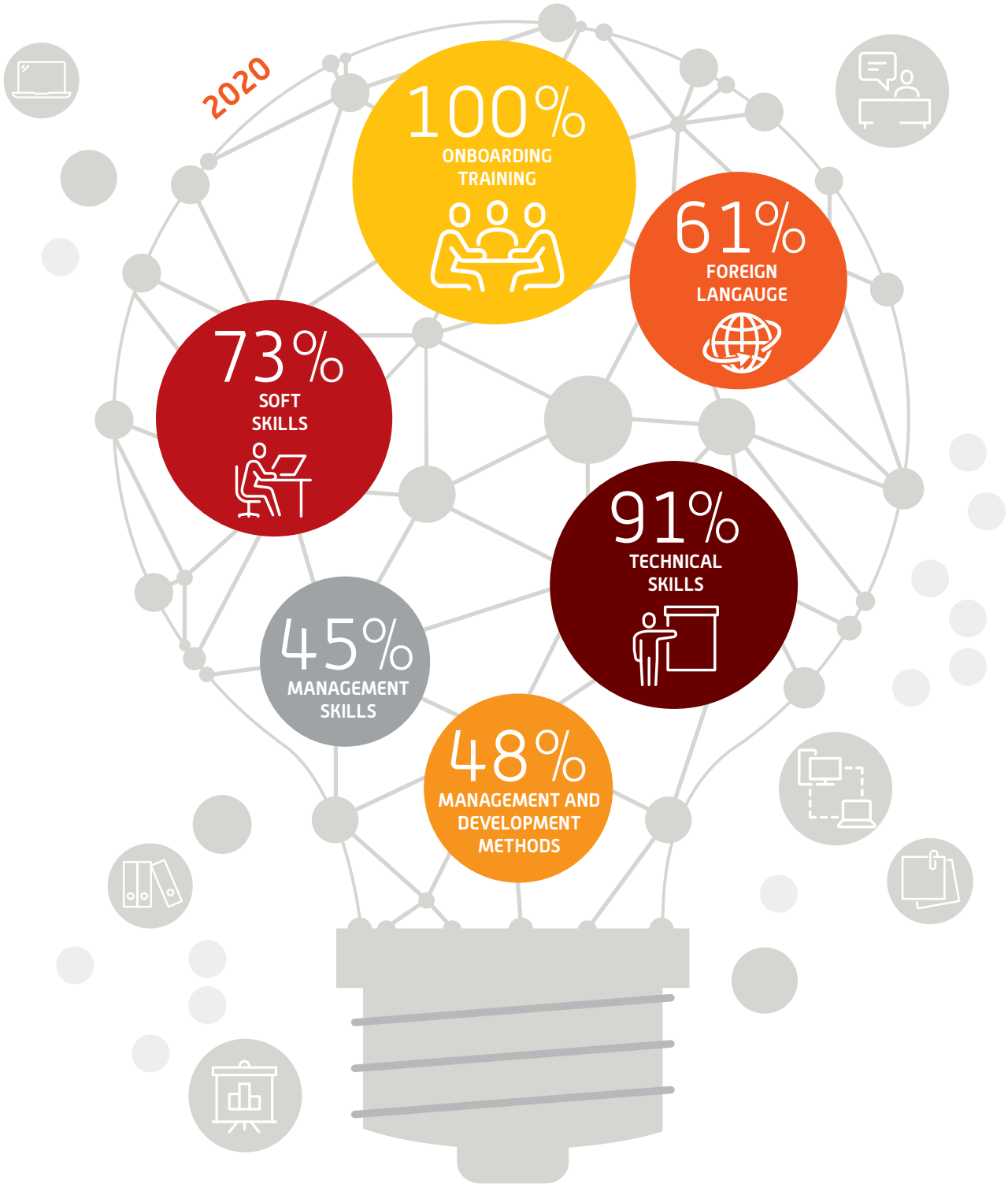
Figure 7.22: Employee Engagement Survey Process



Source: HOA study based on business service centre database

SOME 89% of Hungarian BSCs set up an employee engagement survey process. When asked to count the number of average training days provided to their workforce, answers were given on a scale from 1 to 35. However, the average within this scale was 9.5 days. This means employees usually have a full two working weeks of training when starting a new job/position at a Hungarian BSC.

Figure 7.23: Elements of Internal Training/Educational Program in Hungarian BSCs



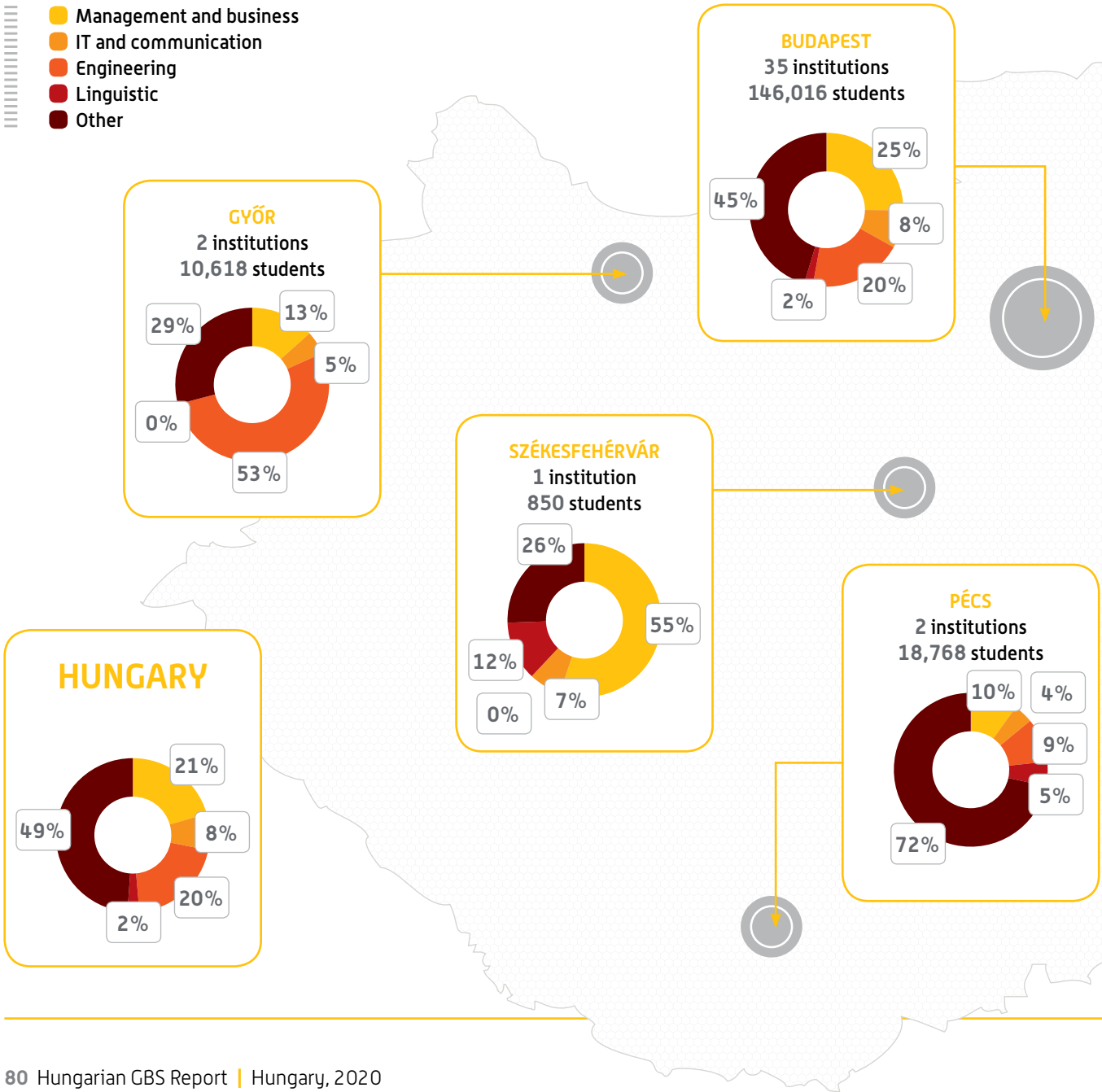
Source: HOA study based on business service centre database

According to the survey participants, during this training period every new employee received onboarding training in 2020. Moreover, the majority of Hungarian BSCs offer technical skills, soft skills and foreign language training. These correspond with BSCs' opinion of the Hungarian higher educational institution, as they believe universities fail to deliver fully competent graduates in these areas. As far as the importance of these elements goes, no significant change has been seen in the last three years.

EDUCATIONAL POTENTIAL OF HUNGARY

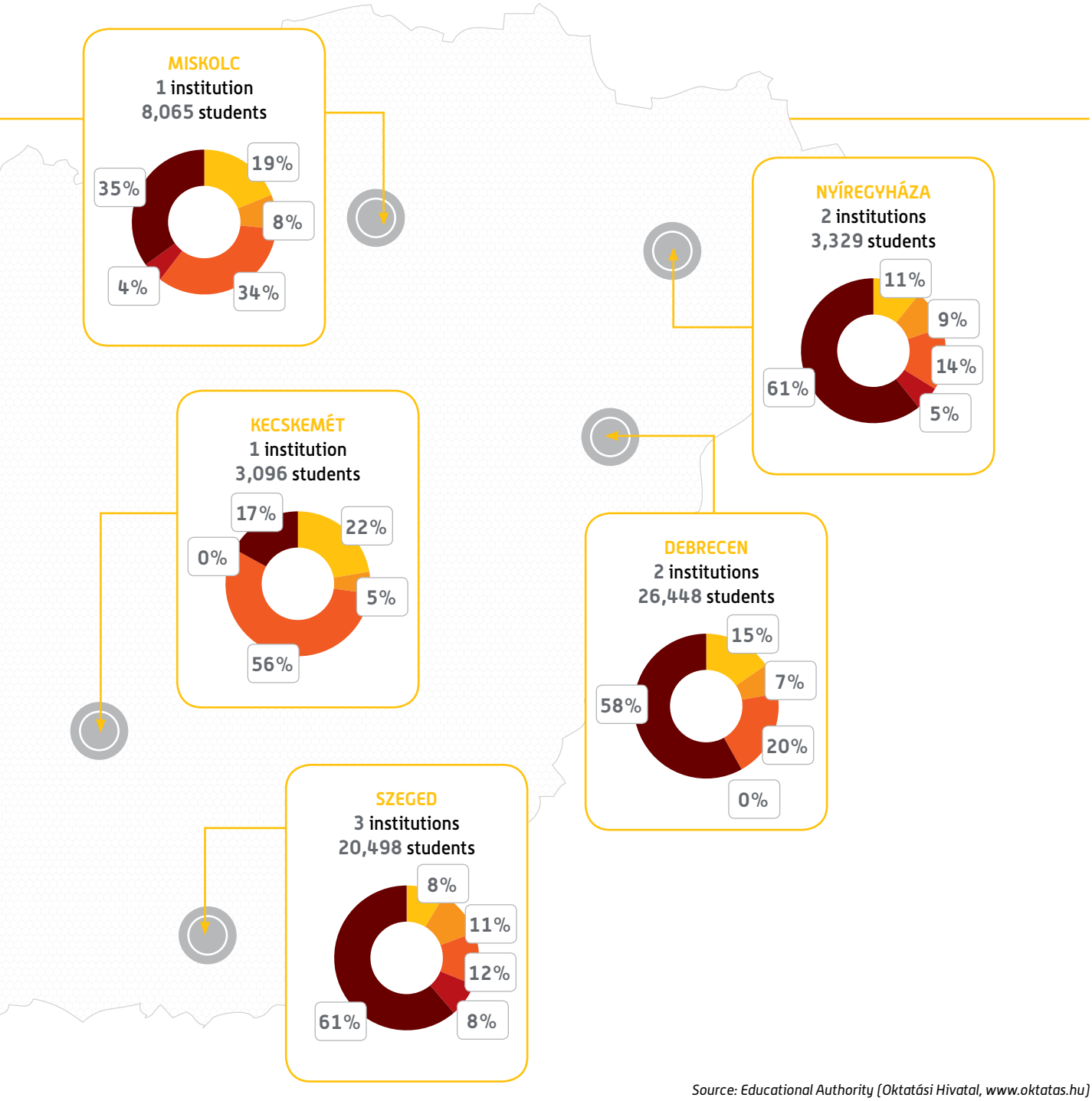
Considering the fact that 78% of employees in the Hungarian Business Services Sector are university graduates, young people studying in higher education are an unavoidable area of interest for the continuous operation and even the higher level of growth of the sector. Furthermore, these students do not only join the sector after graduation; some of them are already working as interns during their university years. The sector maintains close links with higher education institutions, as evidenced by the fact that more higher education institutions located in Budapest and in the countryside are teaching sectoral knowledge. This type of training is mainly present in business and economics courses in Budapest at the Corvinus University of Budapest, the Budapest Business School and the Edutus University, while in the countryside such courses are available in Debrecen, Szeged and Pécs.

Figure 8.1: Distribution of all Students in Higher Education by Field of Study



The future strengthening of the sector, in cooperation with market participants, requires amplify the existence of sectoral knowledge in courses and programs at universities in the countryside and expanding them for IT, engineering and linguistics students as well.

There are 49 universities in the major Hungarian BSC locations of Budapest, Debrecen, Győr, Kecskemét, Miskolc, Nyíregyháza, Pécs, Szeged, Székesfehérvár. The total number of potential students in these cities is 237,688. Those working in the sector typically studied business and economics, IT, other engineering and linguistics. The ratio of engineering students among all students is the highest in Kecskemét (56%), Győr (53%) and Miskolc (34%). This is also because two large car factories, owned by Audi and Mercedes, are located in Győr and Kecskemét, but Miskolc also has a strong industrial legacy. In contrast, the highest ratios of students studying business and economics are in Székesfehérvár (55%), Budapest (25%), Kecskemét (22%), Miskolc (19%) and Debrecen (15%).



Source: Educational Authority (Oktatási Hivatal, www.oktatas.hu)

SALARY GUIDE

Figure 9.1: Salary Ranges by the Level of Expertise in Different Service Fields

	LEVEL OF EXPERTISE	SALARY RANGES - AVERAGE - IN GROSS	
		Min	Max
Customer Service	Junior (0-1 years)	365,000 Ft	420,000 Ft
	Regular (1-3 years)	400,000 Ft	550,000 Ft
	Senior (3+ years)	500,000 Ft	600,000 Ft
	Team Leader	550,000 Ft	750,000 Ft
	Manager	800,000 Ft	1,100,000 Ft
Order Management	Junior (0-1 years)	365,000 Ft	420,000 Ft
	Regular (1-3 years)	425,000 Ft	550,000 Ft
	Senior (3+ years)	500,000 Ft	600,000 Ft
	Team Leader	550,000 Ft	750,000 Ft
	Manager	800,000 Ft	1,050,000 Ft
Technical Support	Level 1	320,000 Ft	420,000 Ft
	Level 2	400,000 Ft	550,000 Ft
	Level 3	500,000 Ft	660,000 Ft
	Team Leader	550,000 Ft	750,000 Ft
	Supervisor/Coach/Quality	750,000 Ft	1,100,000 Ft
Procurement	Operational	380,000 Ft	500,000 Ft
	Strategic	450,000 Ft	600,000 Ft
	Manager	800,000 Ft	1,200,000 Ft
HR Services	Junior (0-1 years)	365,000 Ft	420,000 Ft
	Regular (1-3 years)	400,000 Ft	550,000 Ft
	Senior (3+ years)	450,000 Ft	600,000 Ft
	Team Leader	550,000 Ft	750,000 Ft
	Manager	750,000 Ft	1,100,000 Ft
Payroll	Junior (0-1 years)	365,000 Ft	400,000 Ft
	Regular (1-3 years)	400,000 Ft	500,000 Ft
	Senior (3+ years)	480,000 Ft	600,000 Ft
	Team Leader	550,000 Ft	800,000 Ft
	Manager	850,000 Ft	1,100,000 Ft
AP	Junior (0-1 years)	350,000 Ft	400,000 Ft
	Regular (1-3 years)	400,000 Ft	550,000 Ft
	Senior (3+ years)	530,000 Ft	650,000 Ft
	Team Leader	630,000 Ft	800,000 Ft
	Manager	800,000 Ft	1,200,000 Ft
AR	Junior (0-1 years)	350,000 Ft	400,000 Ft
	Regular (1-3 years)	400,000 Ft	530,000 Ft
	Senior (3+ years)	500,000 Ft	630,000 Ft
	Team Leader	630,000 Ft	800,000 Ft
	Manager	800,000 Ft	1,200,000 Ft

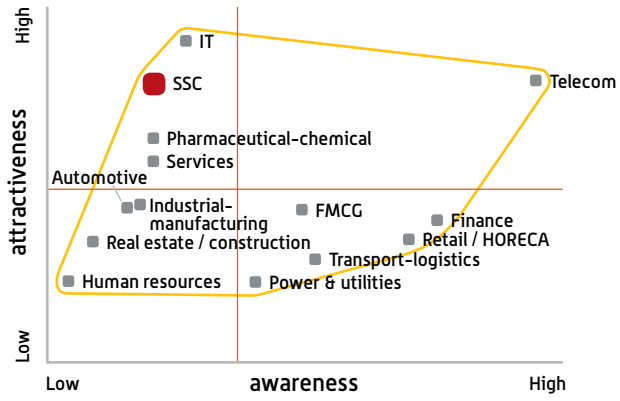
	LEVEL OF EXPERTISE	SALARY RANGES - AVERAGE - IN GROSS	
		Min	Max
GL	Junior (0-1 years)	380,000 Ft	450,000 Ft
	Regular (1-3 years)	430,000 Ft	580,000 Ft
	Senior (3+ years)	550,000 Ft	700,000 Ft
	Team Leader	750,000 Ft	900,000 Ft
	Manager	850,000 Ft	1,300,000 Ft
FP&A	Junior (0-1 years)	420,000 Ft	550,000 Ft
	Regular (1-3 years)	520,000 Ft	680,000 Ft
	Senior (3+ years)	600,000 Ft	850,000 Ft
	Team Leader	700,000 Ft	950,000 Ft
	Manager	900,000 Ft	1,400,000 Ft
Reporting & Controlling	Junior (0-1 years)	400,000 Ft	550,000 Ft
	Regular (1-3 years)	520,000 Ft	650,000 Ft
	Senior (3+ years)	650,000 Ft	850,000 Ft
	Team Leader	775,000 Ft	975,000 Ft
	Manager	950,000 Ft	1,400,000 Ft
Collection	Junior (0-1 years)	360,000 Ft	430,000 Ft
	Regular (1-3 years)	400,000 Ft	550,000 Ft
	Senior (3+ years)	525,000 Ft	650,000 Ft
	Team Leader	600,000 Ft	800,000 Ft
	Manager	750,000 Ft	1,200,000 Ft
TAX	Junior (0-1 years)	350,000 Ft	400,000 Ft
	Regular (1-3 years)	400,000 Ft	550,000 Ft
	Senior (3+ years)	590,000 Ft	700,000 Ft
	Team Leader	650,000 Ft	830,000 Ft
	Manager	800,000 Ft	1,300,000 Ft
Billing	Junior (0-1 years)	320,000 Ft	380,000 Ft
	Regular (1-3 years)	350,000 Ft	480,000 Ft
	Senior (3+ years)	500,000 Ft	615,000 Ft
	Team Leader	580,000 Ft	700,000 Ft
Statutory Accounting	Specialist	530,000 Ft	750,000 Ft
	Team Leader	750,000 Ft	900,000 Ft
Credit Analysis	Junior (0-1 years)	350,000 Ft	420,000 Ft
	Regular (1-3 years)	400,000 Ft	550,000 Ft
	Senior (3+ years)	555,000 Ft	650,000 Ft
	Team Leader	630,000 Ft	800,000 Ft
	Manager	800,000 Ft	1,200,000 Ft

Source: Grafton Recruitment in cooperation with Hays, Randstad, Trenkwalder

SECTOR ATTRACTIVENESS

Figure 10.1: How Well Does Your Sector Perform Compared to Others

Sector awareness and attractiveness – Hungary 2020



Having a high awareness means that companies in your sector are widely known as employers.

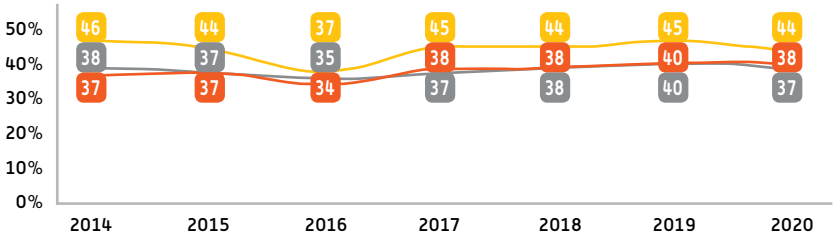
A highly attractive sector contains more highly attractive companies.

Source: Randstad, 2020

Figure 10.2: How Has Your Sector's Attractiveness Changed Over the Last few Years

Change in attractiveness compared to last year:	Most attractive sector this year:	Top 3 most attractive companies in Business Service Sector:
-2%	IT	Emirates, IBM, BT

Your sectors score on key drivers – Hungary 2020

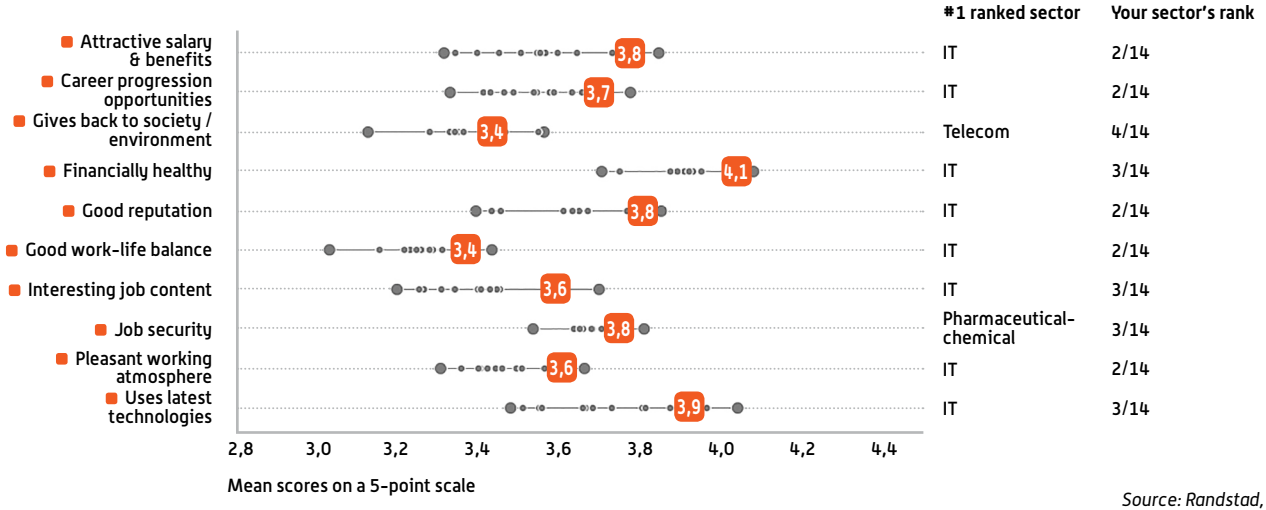


- Average across all sectors
- SSC
- Average of Randstad award companies

Source: Randstad, 2020

Figure 10.3: Sector Ranking key Drivers: Overview

Your sectors score on key drivers – Hungary 2020



Source: Randstad, 2020

FUTURE OF WORK

In 2020, due to COVID-19, organisations from all around the world were pushed to implement a remote work policy from one day to the next. The Business Services Sector took this sudden shift smoothly, given the nature of its positions and the infrastructure required in adapting quickly to this new arrangement. Beforehand, most parties offered 10-30% home office opportunity, but upon being forced to tackle this unprecedented challenge, 100% became the new normal.

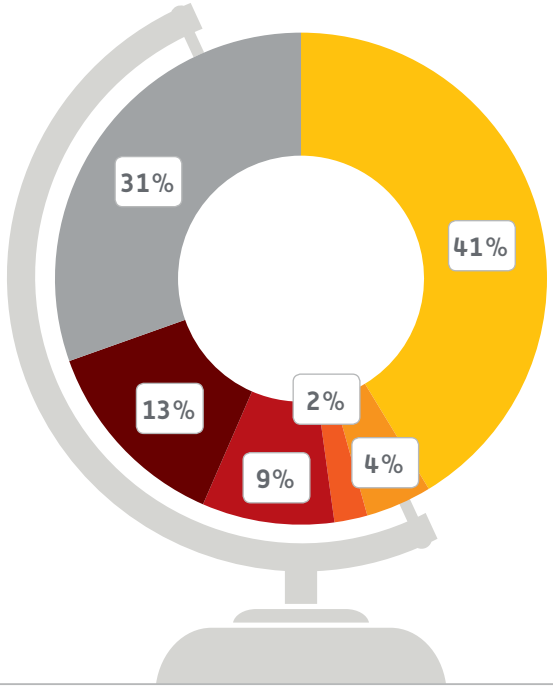
A few months ago, this solution was an emergency contingency plan for a pandemic situation, but it definitely seems to be functioning efficiently. Companies have already started to plan how to implement remote work in the long run to increase productivity, maintain sustainability, widen their potential talent pool outside of Tier 1 and 2 cities and, last but not least, to save costs on real estate. Although the long-term effects (both positive and negative) are yet to be fully uncovered, we can already see the advantageous effects of trusting employees with the flexibility of full home office, renting smaller office spaces or the reduced pollution due to a smaller commuting workforce.

After providing the structure and the technical background for implementing this new way of working, the main focus of every employer should be their human resources. That covers everything from how to build and train functioning teams inside the organizsation, enhance co-operation, increase loyalty amongst the employees, to coach them on maintaining work-life balance whilst conserving company culture under the reformed circumstances. Furthermore, in order to achieve these goals, the approach of the management needs to shift as well. This latter requires a whole new skillset. Leaders must put emphasis on clear, agile communication, trust and support, self-efficiency, proactivity, emotional intelligence and structure when operating a semi- or fully virtual team. It is definitely harder for managers to engage employees remotely, when what was once face-to-face communication is suddenly turned into conversation through a monitor and headset. The implementation of coaching sessions or related training sessions gained new importance in order to maintain cohesive teams and motivated employees and to avoid isolation. The next possible step further down the road for companies might be a global overview on their KPI-SLA systems, since these numbers were not structured for remote work at all. How each company will handle this momentous change is yet to be discovered.

The BSC sector has been undergoing change for many years in other aspects as well. It is one of the most prominent areas of RPA (Robotic Process Automation) and Digital Transformation, due to the standardised and well-documented, and if possible end-to-end (E2E), processes. We have to acknowledge, though, that current companies are only in the initial phases of exploring the possible benefits of potential Digital Transformation/ Automation. Along with the fact that these projects are generally very slow, they usually require around a year of preparation, followed by years of test and implementation phases. However, a well-structured Digital Transformation/ Automation project will help the company to complete current workflows faster and with a smaller margin of error. Moreover, employees will have to deal with less monotonous and repetitive tasks and can utilise their knowledge and energy in more complex and greater value-added roles. Due to this, we have to highlight that robotisation or digitalisation will not mean the mass reduction of workforce from Business Services Centres. On the contrary, due to automation the market will need more and more adaptive, creative professionals with excellent problem-solving skills. On this note, it will also be important that both companies and employees are keen to develop their skills and broaden their knowledge to integrate in this new environment. In the end, the tasks that require the biggest value-add contribution from the human side are harder to automate.

All in all, we can say that automation is definitely something Business Services Centres are looking into, in order to develop their efficiency, save money and motivate their employees with higher quality roles. Additionally, if a company's internal processes and systems are user-friendly, logical and take advantage of the possibilities of digitalisation, it can be very attractive for candidates and can have a huge impact in retaining the workforce.

Figure 11.1: Global Slowdown's Effect on Location of Activities in Hungarian BSCs



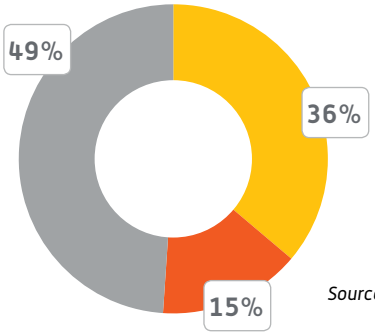
- No effect
- Reallocation from Hungary to Asia (e.g. India)
- Reallocation to Hungary from Asia (e.g. India)
- Reallocation to Hungary from other CEE country
- Reallocation to Hungary from other countries
- Reallocation to Hungary from Western Europe

Source: HOA study based on business service centre database

THE GLOBAL SLOWDOWN is going to affect more than half of BSCs, which will mostly consist of reallocation to Hungary from Western Europe and other countries.

Figure 11.2: Changing the Layout and Design of the Workplace Environment

THOUGH MORE THAN HALF of respondents plan to change the layout and design of the workplace environment, more than one-third will remain unchanged.



- No, we are not planning to do it
- Yes, we will change to an office that fits
- Yes, we will do it

Source: HOA study based on business service centre database

Figure 11.3: Workforce Capacity of Offices due to Pandemic in Hungarian BSCs

6%	38%	26%	29%
0-25% capacity	26-50% capacity	51-75% capacity	76-100% capacity

Source: HOA study based on business service centre database

THE VAST MAJORITY of the responders operate with a reduced office capacity due to the pandemic.

Figure 11.4: Future Workplace Layout and Design Scenarios

41%

- 50-60% individual desks
- 30-40% informal and formal meeting points
- 20-30% collaborative work & social interaction points

30%

- 60-80% individual desks
- 20-30% informal and formal meeting points
- 0-20% collaborative work & social interaction points

18%

- 80-90% individual desks
- 10-20% informal and formal meeting points

11%

Other

Source: HOA study based on business service centre database

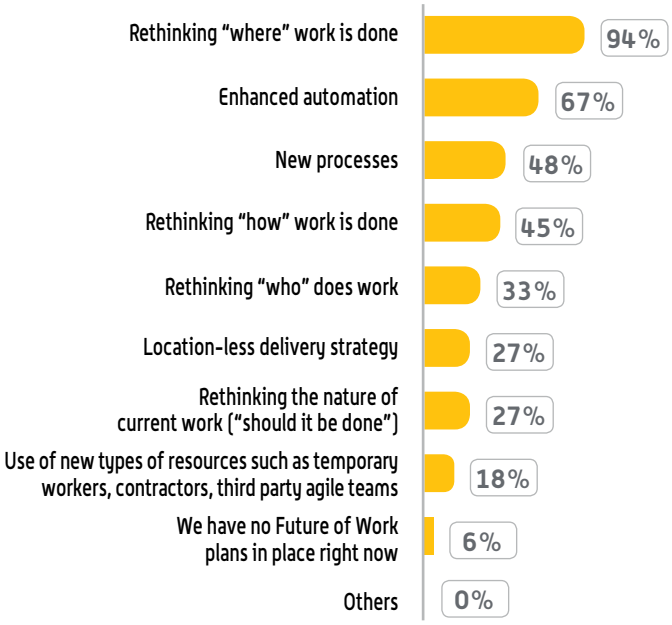
OVERALL THERE is a growing trend in decreasing individual desks and increasing informal and formal meeting points and social spaces.

Figure 11.5: Developing Future of Work Strategy in Hungary (%)

25% No

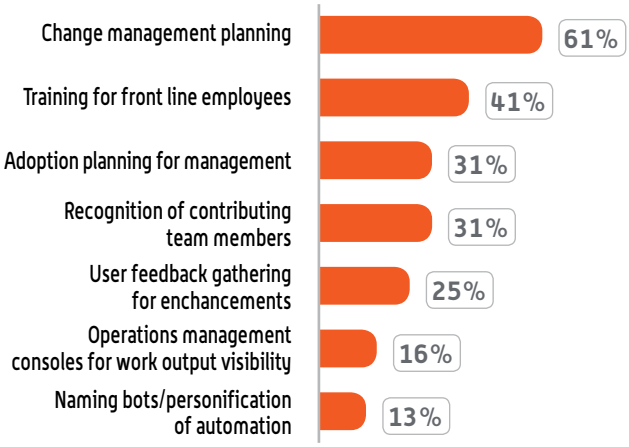
75% Yes

Elements of Developing FoW Strategy - Hungary (%)



Source: HOA study based on business service centre database

Elements of Developing FoW Strategy - Globally (%)



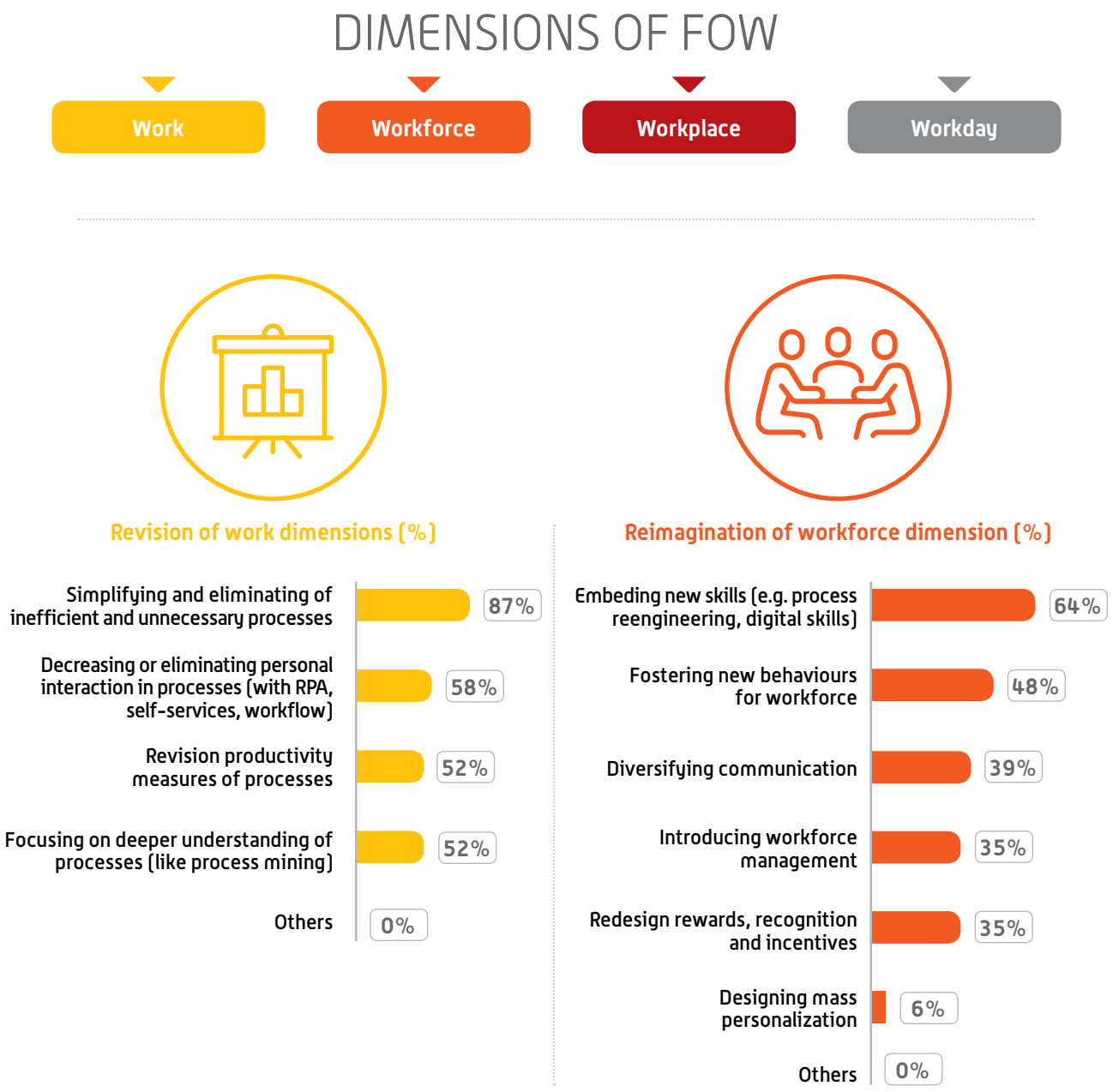
Source: SSON (2020) - HR Transformation: A new model, better data, and a digital formula redefine HR operations

WE KNOW EVERYTHING changes rapidly in the business world; therefore, firms must develop a Future of Work strategy. Luckily, 75% of the survey participants reported developing such a strategy.

In Hungary, the most significant elements of this are rethinking where work is done (94%), enhanced automation (67%), and new processes (48%). Meanwhile, globally the main elements are change management planning (61%), training for front line employees (41%), and adoption planning for management (31%).

Up until 2020, the Future of Work was mostly a trendy concept as there was no burning need for change. However, COVID-19 has set FoW in motion. Therefore, not surprisingly, 75% of survey participants reported developing a FoW strategy as part of their operating model. In order to fully implement this, four dimensions must be taken into consideration: work; workplace; workforce; and workday, each with its own possibilities.

Figure 11.6: Future of Work Development in Hungary (%)

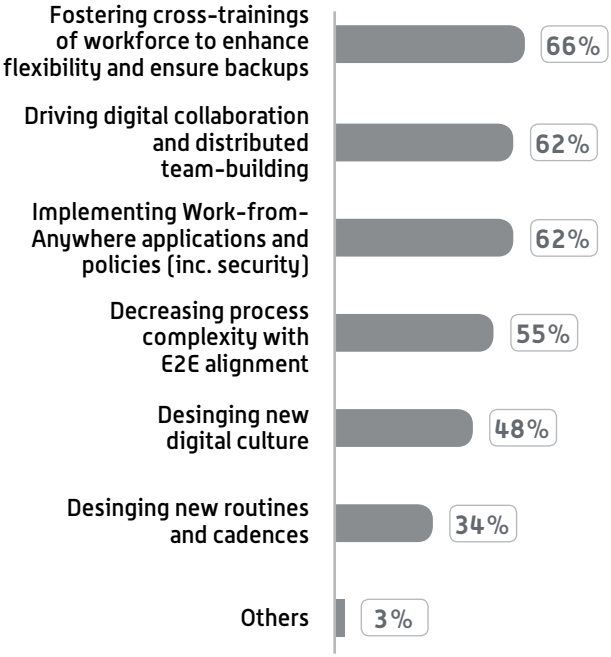


WORK: When it comes to the work dimension, the vast majority (87%) of survey participants think the key element is simplifying and/or eliminating inefficient/unnecessary processes. Overall, we can say the point of rethinking what, why, how, and when BSCs perform their work is to get rid of non-value-adding processes and to think big about automatization.

WORKFORCE: More than half (64%) of respondents put embedding new skills at the forefront regarding revisiting who does the work, and the relationship between worker and company. Firms need to get ready to provide flexibility both to their worker and to themselves, meanwhile personalizing working arrangements, as gig workers, crowdsourcing, and expert advisory teams are on the horizon. Thanks to this, 48% of respondents highlighted there is a need to foster new behaviours.

Reconsideration of workplace dimension (%)

Re-envision of workday dimension (%)



Source: HOA study based on business service centre database

WORKPLACE: In the middle of a pandemic it is not surprising that the vast majority (81%) of respondents highlighted the importance of fostering work from home (WFH) in the workplace section. However, with the right infrastructure and work rules, WFH can easily be transmitted to work from anywhere, with a number of benefits for both employee and company. This concept enables the company to attract the best talents from all over the world, meanwhile they can save money thanks to reduced operational costs, such as transport or real estate. At the same time, the employee is free from time consuming and inefficient commutes. The rest of the answers showcase that approximately half of the survey participants are concerned about health issues in the office. Therefore, managers have been establishing new workways, such as workplace capacity (52%), security policies (48%), and different responding scenarios (48%).

WORKDAY: As the nature of work changes and the old concepts of work fades, it makes sense to rethink workways. Participants put fostering cross-training (68%), driving digital collaboration (62%), and implementing work from anywhere applications (62%) at the forefront. This showcases that, overall in this digitalized world, the main challenges are how to preserve company culture, articulate company values, and establish the basis of strong teamwork while enhancing automatization.

KPIs OF DIGITAL TRANSFORMATION IN 2020

84%
of BSCs use customer self-service applications

78%
of BSCs have BI solutions

67%
have a Digital Transformation strategy

95%
of BSCs apply automation technologies

10%
increase in using RPA compared to last year

63%
of RPA implementation is human-attended

50%
of BSCs think new digital technologies will be disruptive

26%
of BSCs use intelligent automation technologies

32%
of BSCs think the key aim of Digital Transformation is a quality improvement

45%
of BSCs use CoE for automation technologies

93%
of BSCs do not experience resistance against automation technologies

EXECUTIVE SUMMARY OF DIGITAL TRANSFORMATION

The overwhelming majority of Business Service Centres use automation technologies that usually support many functions; most commonly, finance and accounting and IT. The key aims that drive digital transformation are quality- and customer-related: either quality improvements or increasing speed of service. Less than one-third of companies mentioned cost improvements in first place.

The most commonly used technology is still desktop automation (e.g. Excel macro), but the ratio of RPA (robotic process automation) is rapidly growing; two-thirds of companies already use it. Among RPA tools, 74% of the companies use any of the "leaders" tools – as per the Forrester Wave classification. The number of bots implemented is increasing, but as the majority of these are attended, likely most bots are supporting only smaller tasks.

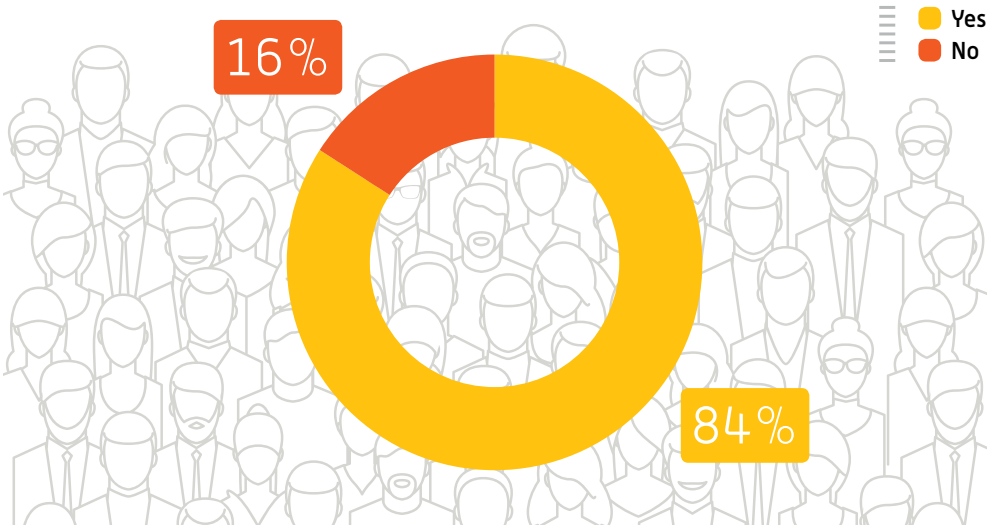
The main selection criteria for automation technology is the possibility to integrate the tool within the existing IT portfolio. This, combined with the current trend for vendors to be able to integrate different technologies (sometimes called "hyperautomation" or "large scale enterprise automation"), may lead to a further increase in the share of automated tasks and, most likely, more complex, end-to-end processes will be carried out by these bots.

As digital technologies are becoming more common, and as the key aim to implement them is not mainly cost-focused, resistance towards these tools is decreasing among colleagues. On the other hand, less than half of companies set up Centre of Excellence (CoE) units to manage the digital transformation centrally. These kind of units come in very handy when a mix of different automation and digitalization technologies are implemented. Most likely, the lack of these CoE units is the reason why the involvement of outside consultants is still frequent.

As a result of process automation and digitalization initiatives, companies mention enhanced efficiency, reduction of errors and ending repetitive work as the most important benefits of RPA implementation. When it comes to barriers to implementation, a lack of time and resources are the two main factors: exactly what could be saved by leveraging these technologies.

DIGITAL TRANSFORMATION

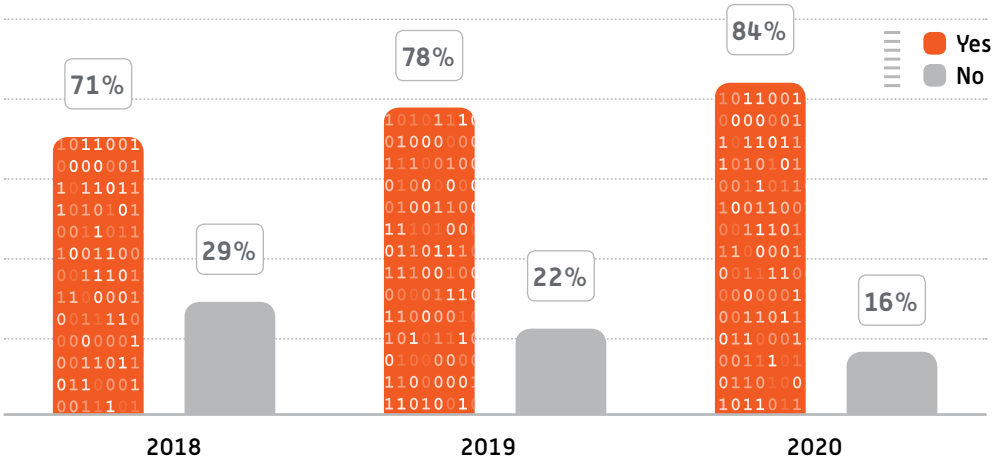
Figure 12.1: Proportion of Self-Service Applications in the Hungarian BSCs (%)



Source: HOA study based on business service centre database

BASED ON OUR RESEARCH sample, an increasing proportion of companies have started to use customer self-service applications since 2017. During the last three years, this proportion doubled in BSCs in Hungary.

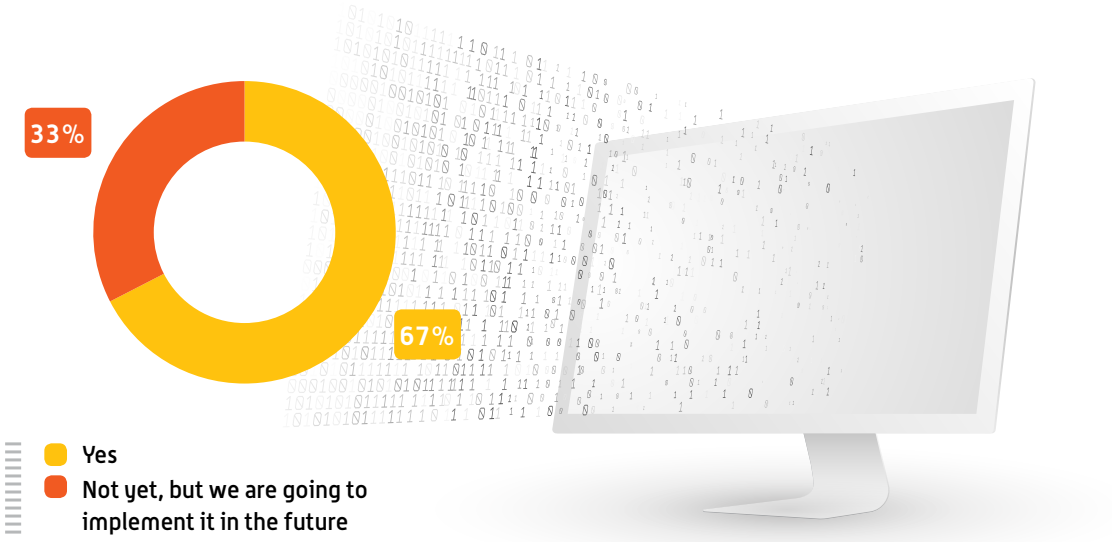
Figure 12.2: Implementation of IT-supported Knowledge Management Software or Platforms



Source: HOA study based on business service centre database

THE APPLICATION of IT-supported knowledge management software or platforms shows an increasing tendency in Hungary in the last three years.

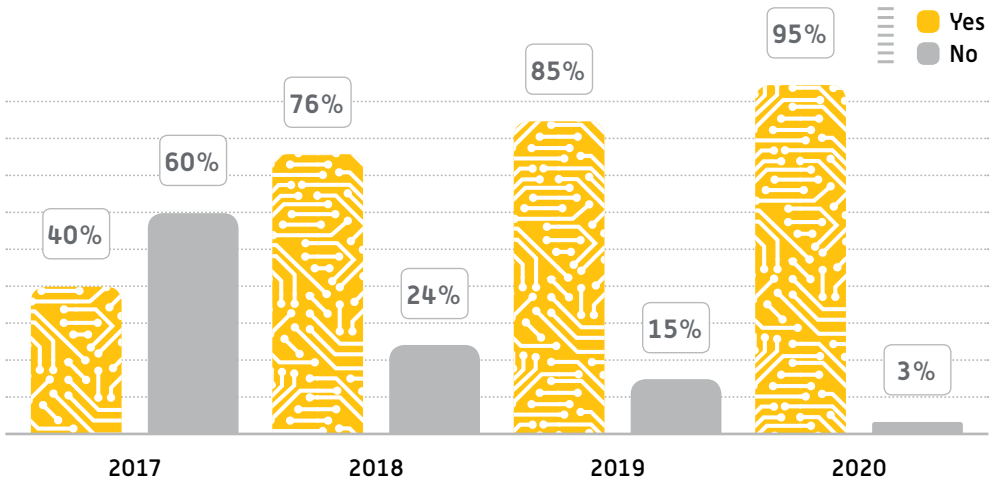
Figure 12.3: Proportion Having a Board-approved Long-term Strategic Plan for Digital Transformation



Source: HOA study based on business service centre database

67% OF RESPONDENTS already have a long-term strategic plan for Digital Transformation. Another one-third are still thinking about implementation possibilities.

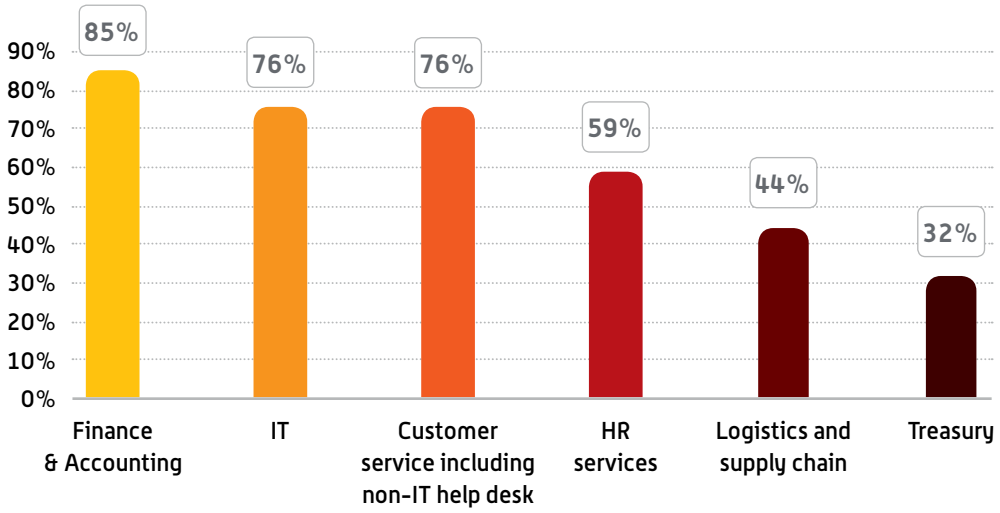
Figure 12.4: Distribution of the Application of Automation Technologies for Service Processes 2017-2020



Source: HOA study based on business service centre database

AUTOMATION TECHNOLOGY distribution is widespread in Hungarian service processes as 95% of respondents already implemented some kind of automation technology and this result has increased markedly in the last three years.

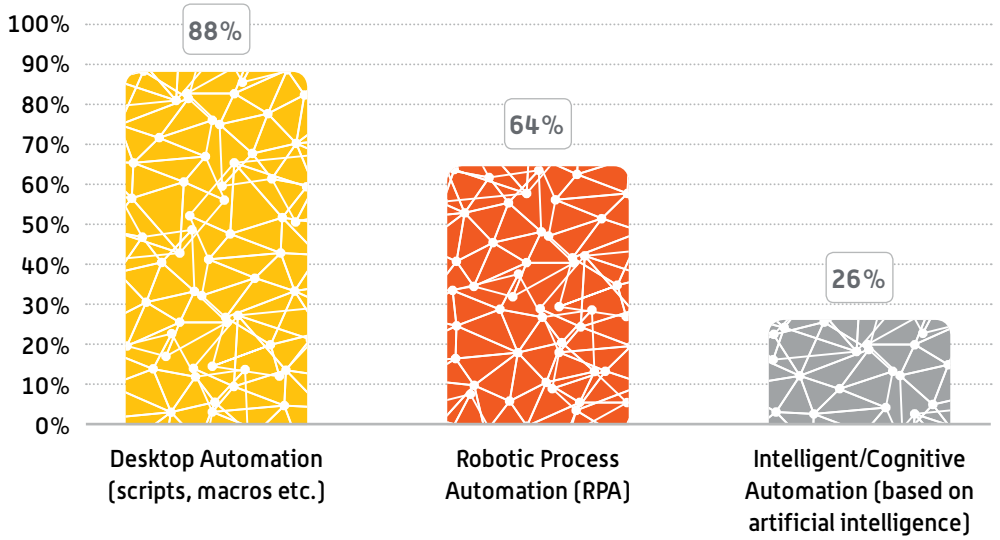
Figure 12.5: Frequency of Services Used for Automation Technologies



Source: HOA study based on business service centre database

FINANCE & ACCOUNTING, IT and customer service (including non-IT help desk) are those services, in which automation technologies are most widely used in Hungary; however, in HR services, it is also used in more than every second company. For long time, finance & accounting counts as a favourite field for using Excel macros to increase efficiency as a proper field for using Excel macros to increase efficiency, while IT – per definition – should be in a leading role in the digital transformation. However, now in 2020, digital technologies emerged in almost every service areas and started to renew them.

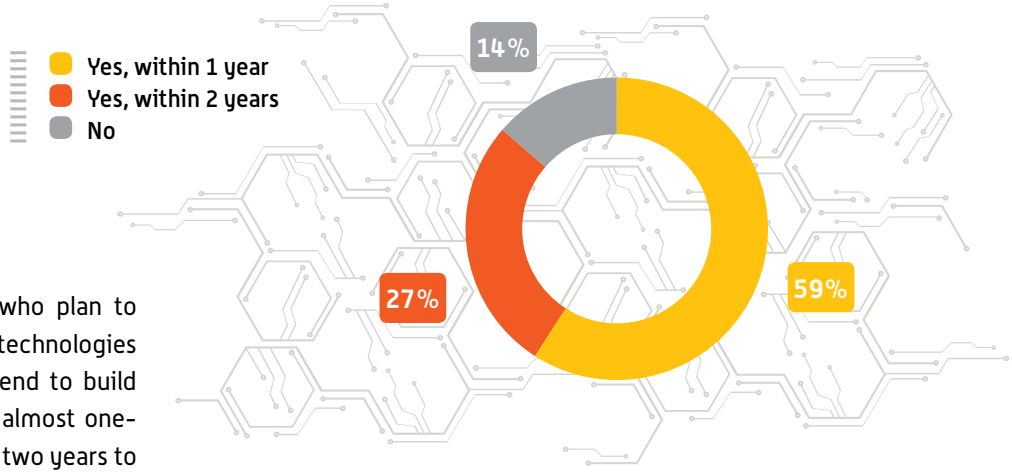
Figure 12.6: Automation Technologies Used in BSCs



Source: HOA study based on business service centre database

BASED ON THE SUPERIMPOSED steps of Digital Transformation, the most used automation technologies are Desktop Automation and RPA, while Intelligent/Cognitive Automation requires some kind of base for its application. Otherwise, a quarter of respondents are using Intelligent/ Cognitive Automation in BSCs and its share will constantly increasing in the next years.

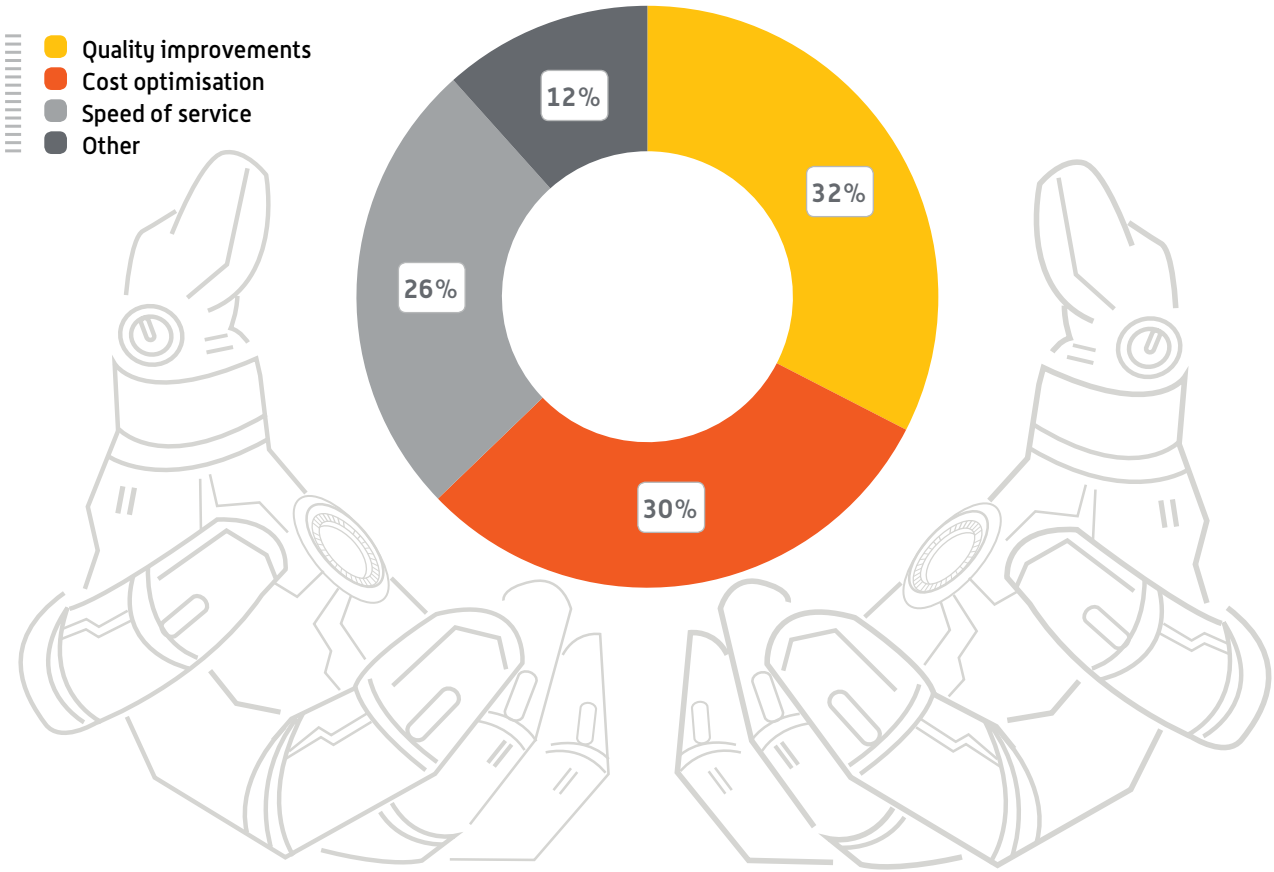
Figure 12.7: Proportion Planning to Implement Automation Technologies



OF THOSE RESPONDENTS who plan to implement automation technologies shortly, more than half intend to build them within one year, and almost one-third to design them within two years to improve current technologies.

Source: HOA study based on business service centre database

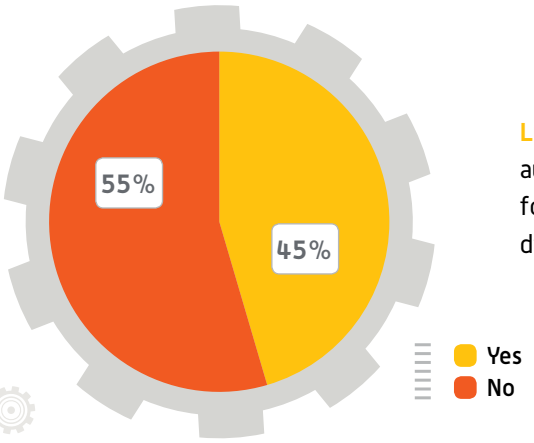
Figure 12.8: Key Aims for Implementing Digital Transformation in Hungary



Source: HOA study based on business service centre database

THE RESULTS REFLECT the distribution of key aims, which drives the implementation of Digital Transformation in Hungary; the most common aim is to improve service quality, which is followed by cost optimization and a quarter of respondents plan to improve the speed of service. Adding the ratio of quality improvements and speed of service (which is also quality-related), it can be stated that the main driver is quality (for the customer).

Figure 12.9: Centres of Excellence for Automation Technologies

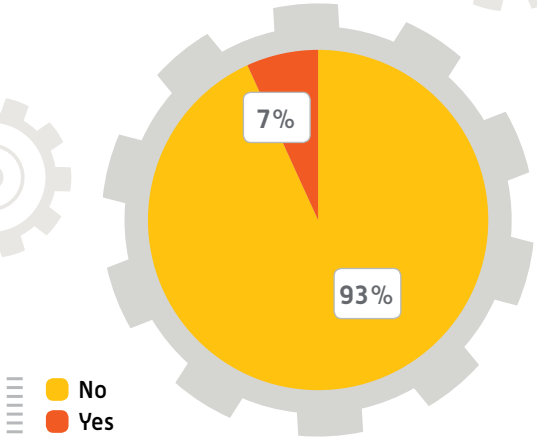


LESS THAN HALF OF companies have CoE for automation initiatives. This might be a bottleneck for effectively combining different technologies at different functions of a company.

Source: HOA study based on business service centre database

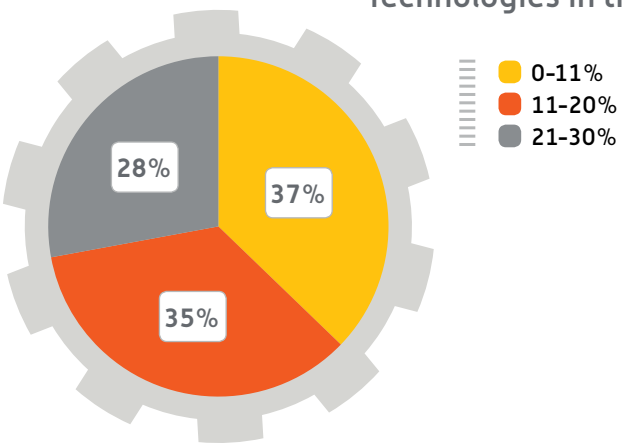
Figure 12.10: Ratio of Employee Resistance to Automation Tools

BASED ON OUR RESEARCH sample, 93% of the respondents show cooperation to the idea of automation tools within the organization and this tendency has been increasing in the last three years.



Source: HOA study based on business service centre database

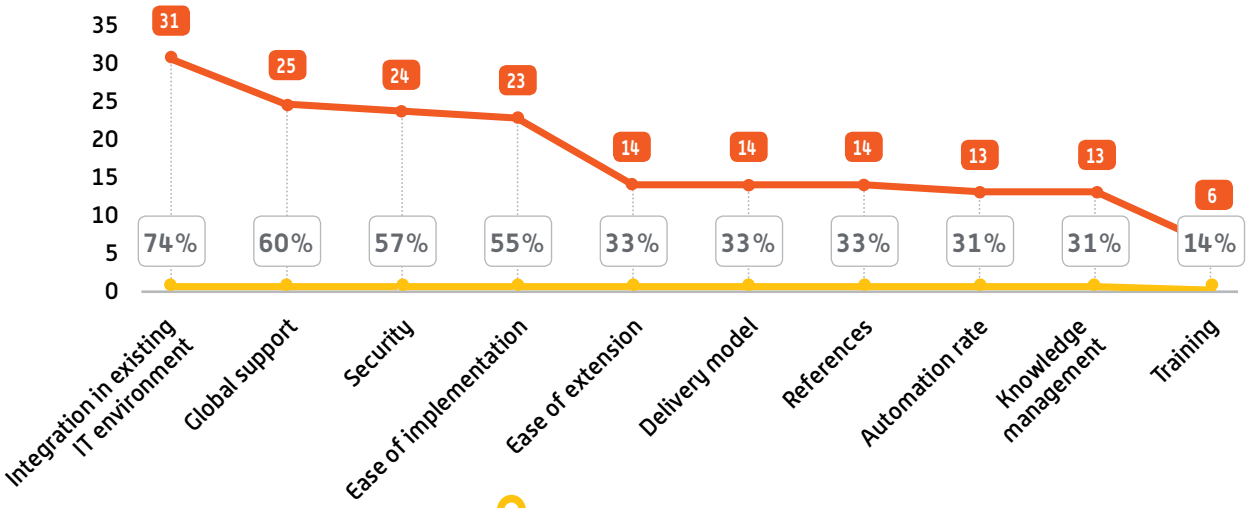
Figure 12.11: Expected Cost Savings Due to Use of Automation Technologies in the Next Two Years



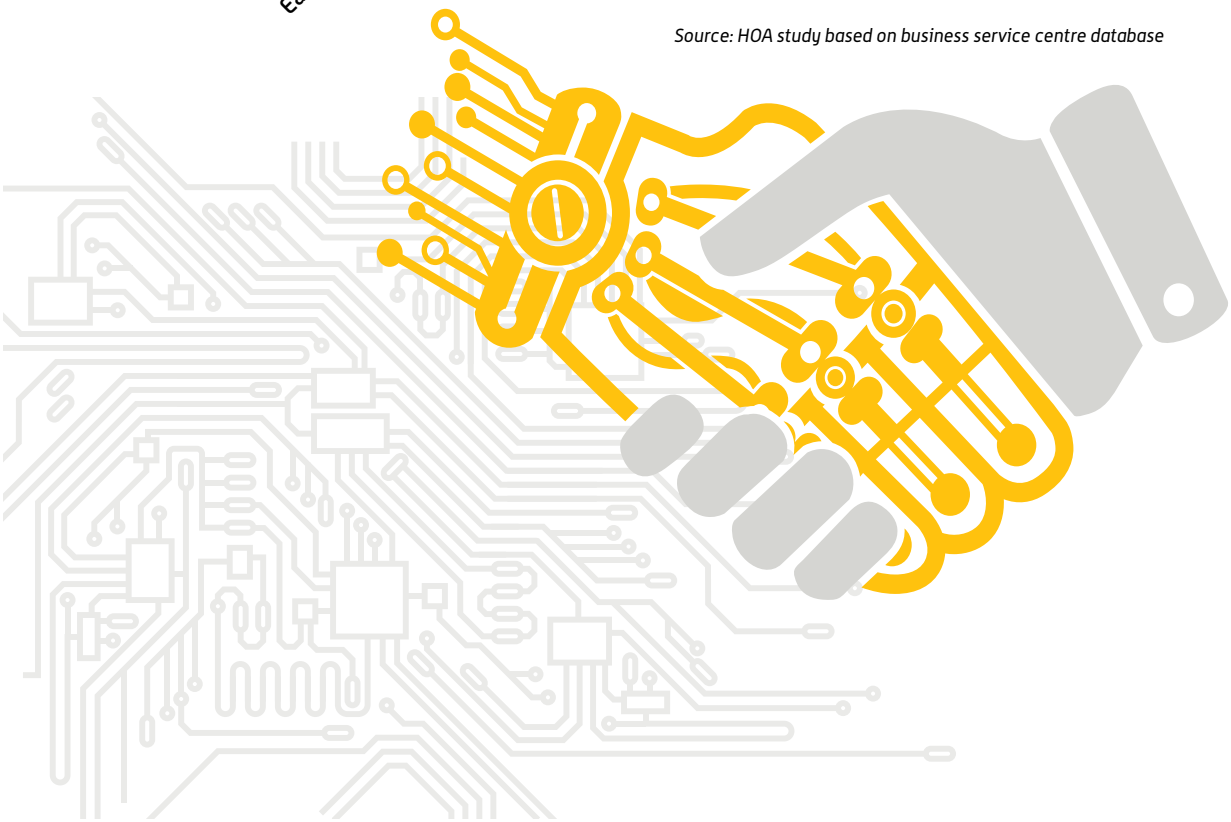
RESPONDENTS COUNT ON cost savings thanks to the use of automation technologies. Almost one-third expect cost savings of between 21-30% in the next two years. Those expecting fewer savings are close in number: 35% (11-20%) and 37% (0-10%).

Source: HOA study based on business service centre database

Figure 12.12: Criteria for Selecting an Automation Technology Vendor

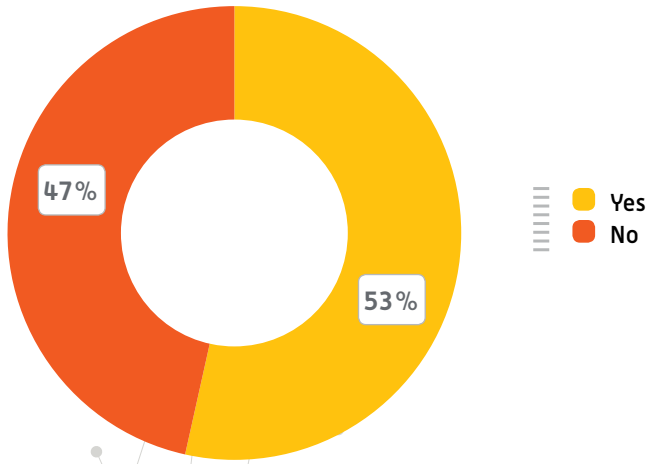


Source: HOA study based on business service centre database



THE KEY CRITERIA FOR selecting an automation technology vendor reflects the highly dynamic environment, thus the leading criteria based on our respondents is integration possibility within the existing IT environment, followed by Global support and Security. So, the ease of implementation also plays an important role in 55% of the answers. Ease of extension, Delivery model, References, Automation rate and Knowledge management are mentioned as influencing factors by one-third of the respondents, but Training has less importance during the selection procedure. These results are in line with the global trends: integration is key, as the implementation of these automation tools should not end up in a completely new IT landscape. Training is becoming less interesting, as many colleagues already have been trained, or can easily take self-paced, online courses free of charge.

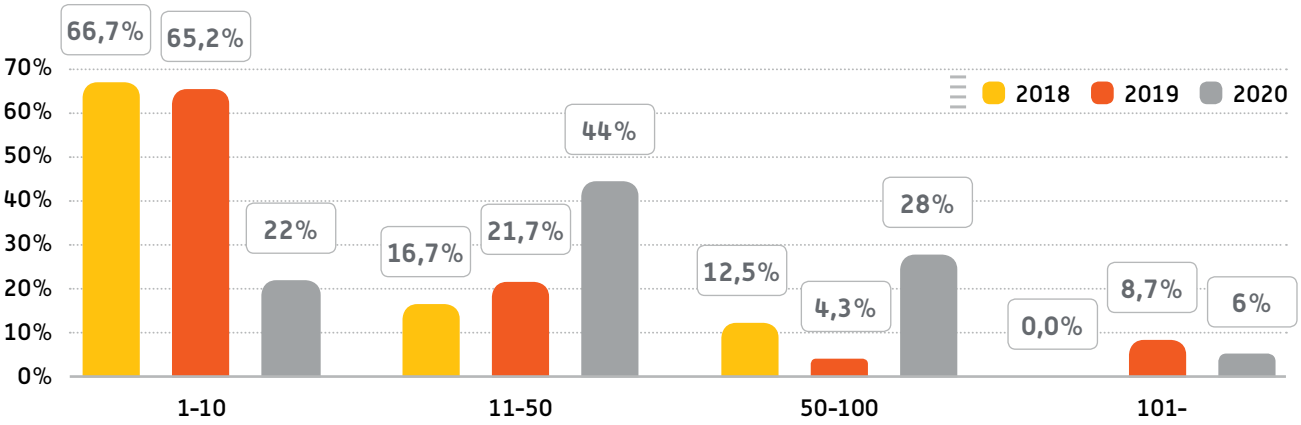
Figure 12.13: Use of BPM Service Vendor or Consulting Firm in the Implementation Process



COMPARED TO THE RESULTS from 2019, 53% of respondents already use a BPM service vendor or consulting firm, which shows a rising trend in 2020.

Source: HOA study based on business service centre database

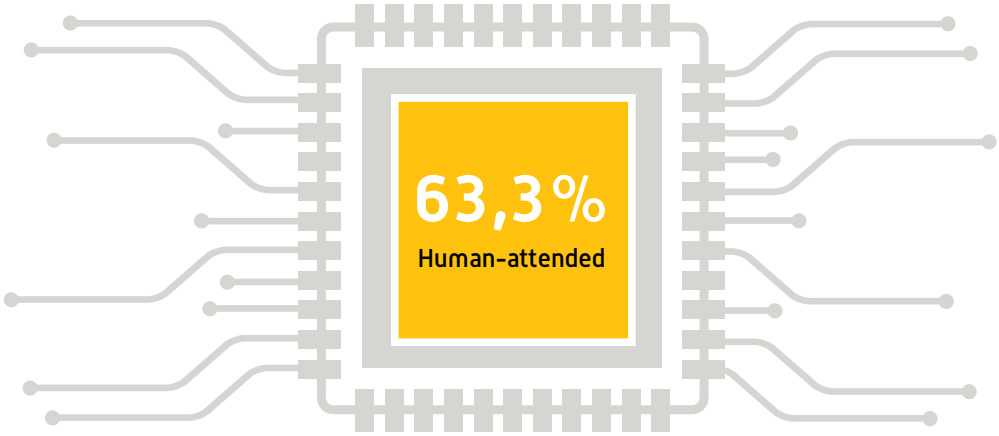
Figure 12.14: Number of RPA Bots in Operation 2018-2020

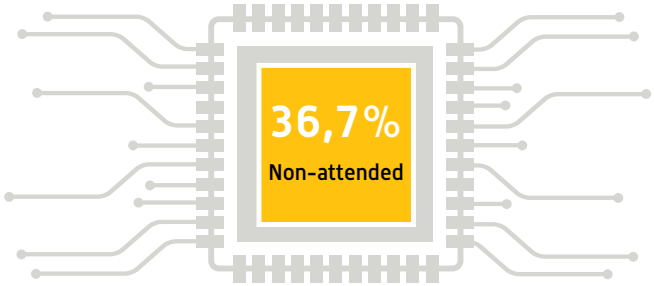


Source: HOA study based on business service centre database

AN INCREASING PROPORTION of companies have put new RPA bots in place each year between 2018 and 2020. In 2020, the average number of RPA bots in place was 66, while considerable differences between mature technology users and experimenters are responsible for a standard deviation of 91.

Figure 12.15: Share of Stand-alone and Human-attented RPA Bots in Place in 2020

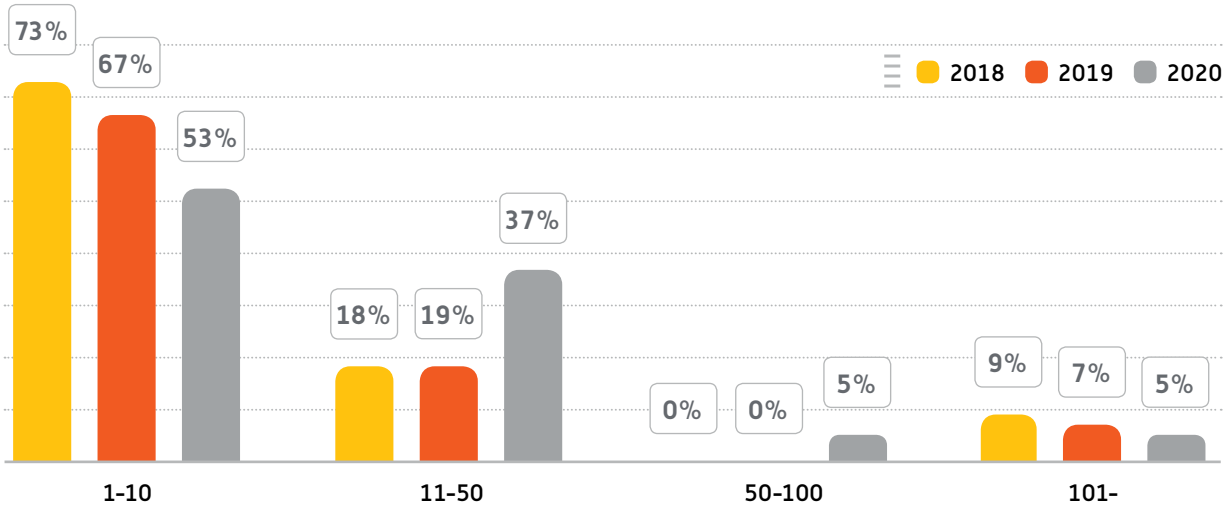




BASED ON OUR RESEARCH sample, the vast majority of RPA bots in place operated with human support, while another 37% worked unattended in 2020. This might mean that the majority of bots in place are mainly used for smaller (and most likely the most repetitive, annoying) tasks.

Source: HOA study based on business service centre database

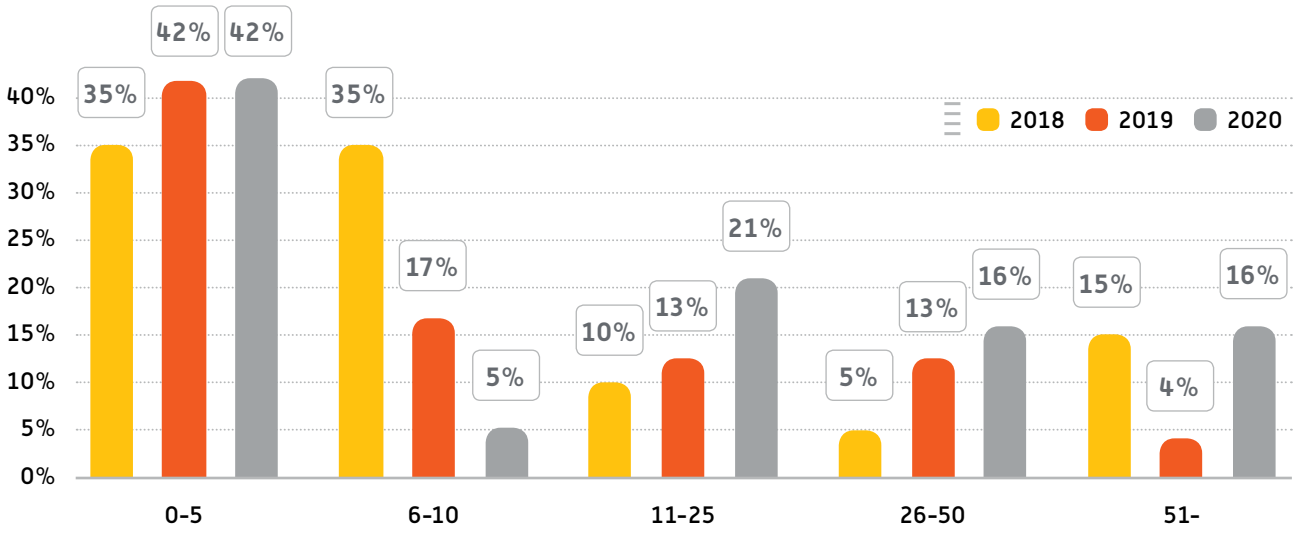
Figure 12.16: Number of RPA Bots Under Development in Company Operations 2018-2020



Source: HOA study based on business service centre database

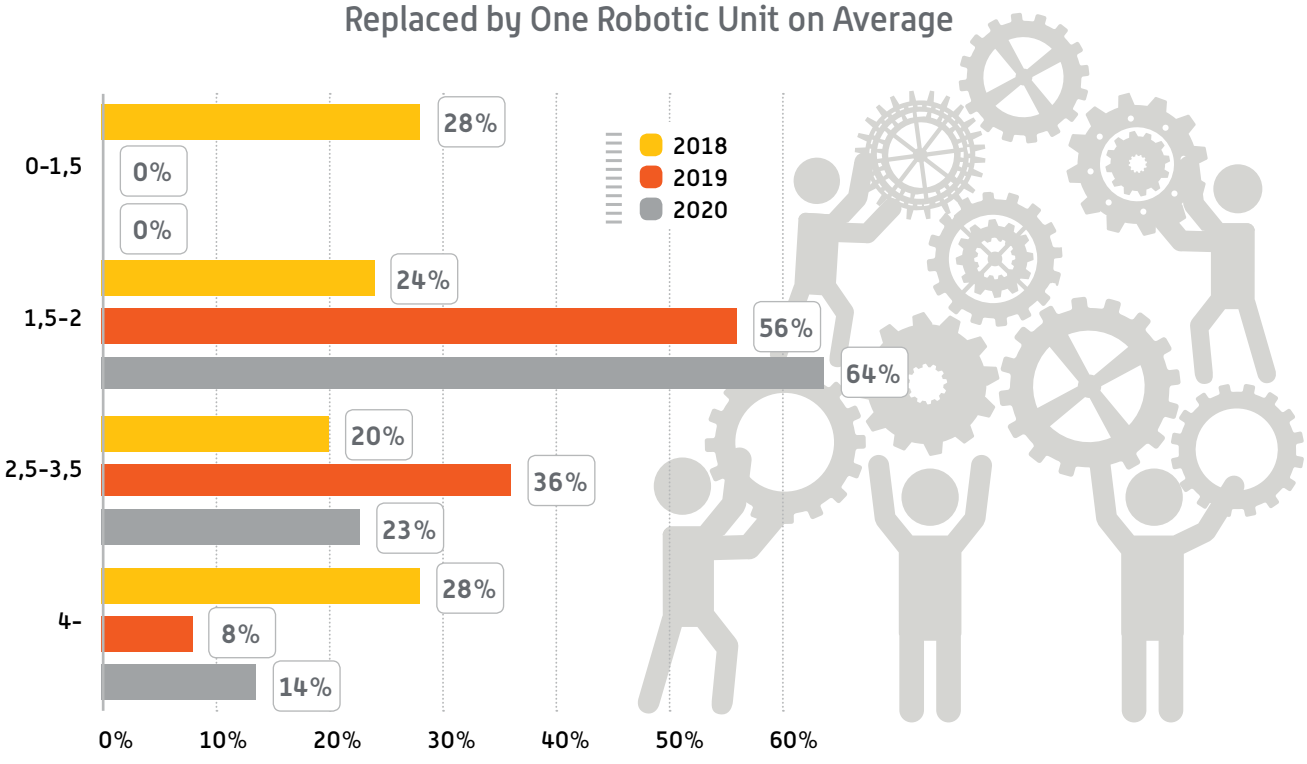
BASED ON OUR RESEARCH sample, companies that already use RPA solutions are increasing their involvement in new bot development. Not only the number of bots under development but also the number of processes in scope shows steady growth over the past four years. As more experiences are gained, and parts of the already running bots can be re-used, those processes that may provide less potential can be automated in the next waves with less effort.

Figure 12.17: Number of Processes in Scope for RPA Bot Development in Company Operations 2018-2020



Source: HOA study based on business service centre database

Figure 12.18: Proportion of FTEs Expected to be Replaced by One Robotic Unit on Average

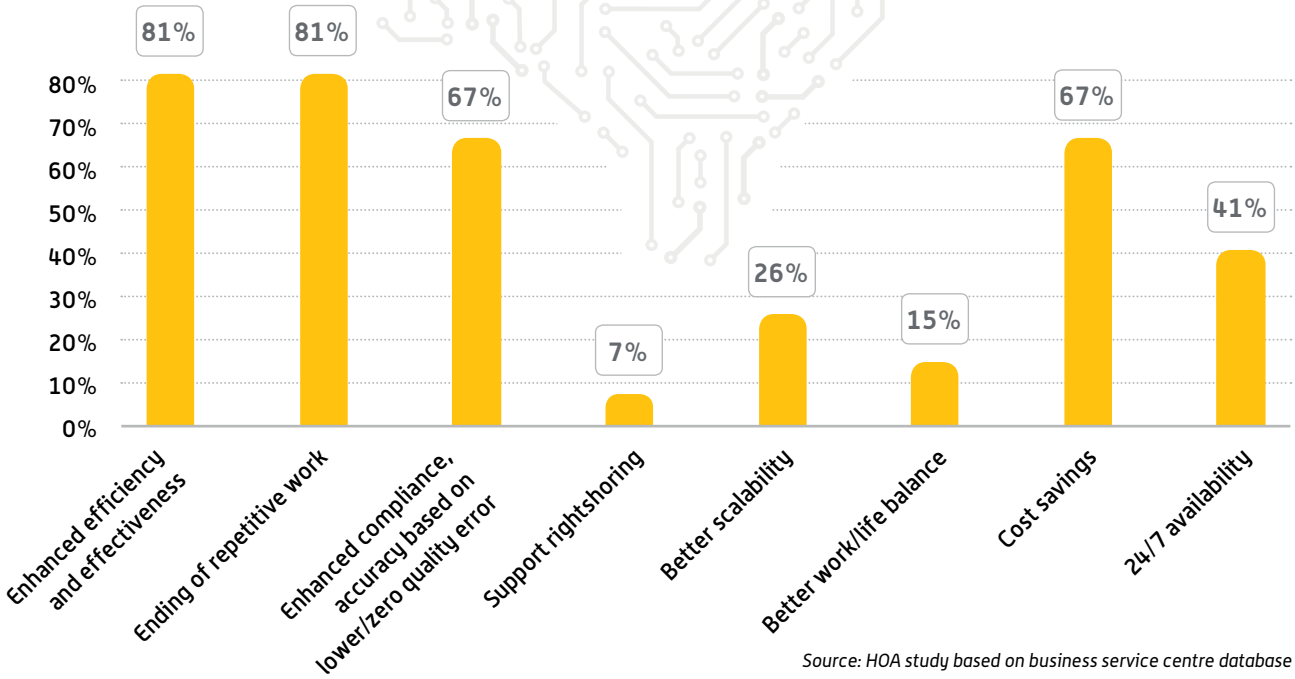


Source: HOA study based on business service centre database

IT SEEMS THAT CORPORATE expectations of FTE replacement by RPA agents has become more realistic in the past few years. Companies that run RPA bots have learned how best to reap the benefits of RPA developments and thus avoid unrealistic expectations. In 2018, some companies were taking their first steps in RPA (proof of concepts and pilots), which resulted in a limited number of FTE savings. The trial periods for these PoC/pilot projects are now over; many companies are now scaling up their RPA operations.

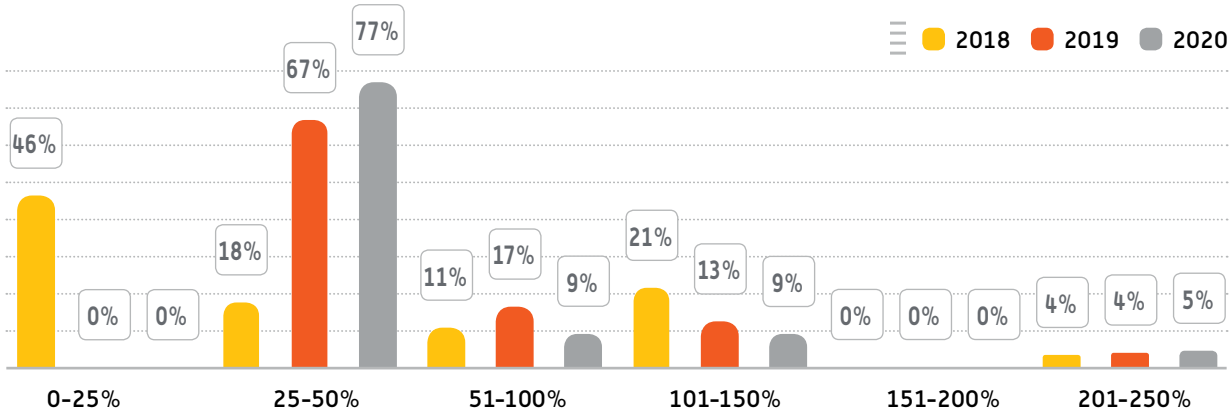
Figure 12.19: Most Important Effects and Benefits of RPA Implementation in Business Services Centres in 2020

Enhanced efficiency and effectiveness, enhanced compliance, cost savings, and the substitution of repetitive work are the most important motives for RPA implementation, according to our respondents.



Source: HOA study based on business service centre database

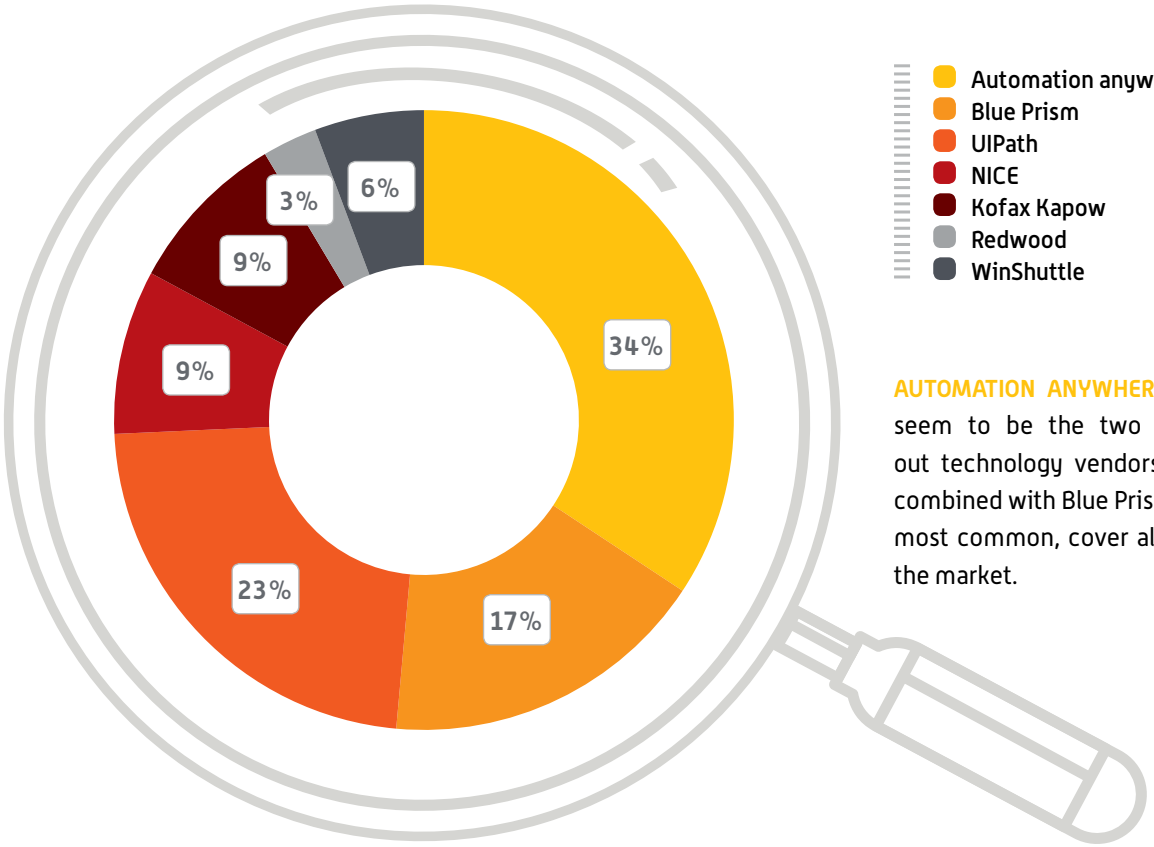
Figure 12.20: Expected ROI in the First Year of RPA Implementation 2018-2020



Source: HOA study based on business service centre database

BASED ON SURVEY RESPONSES, it seems that first-year ROI expectations also tends to be more realistic. Lower expectations may be a sign of higher maturity in technology use and the cumulation of experience. Despite lower ROI expectations, our respondents are committed to RPA developments.

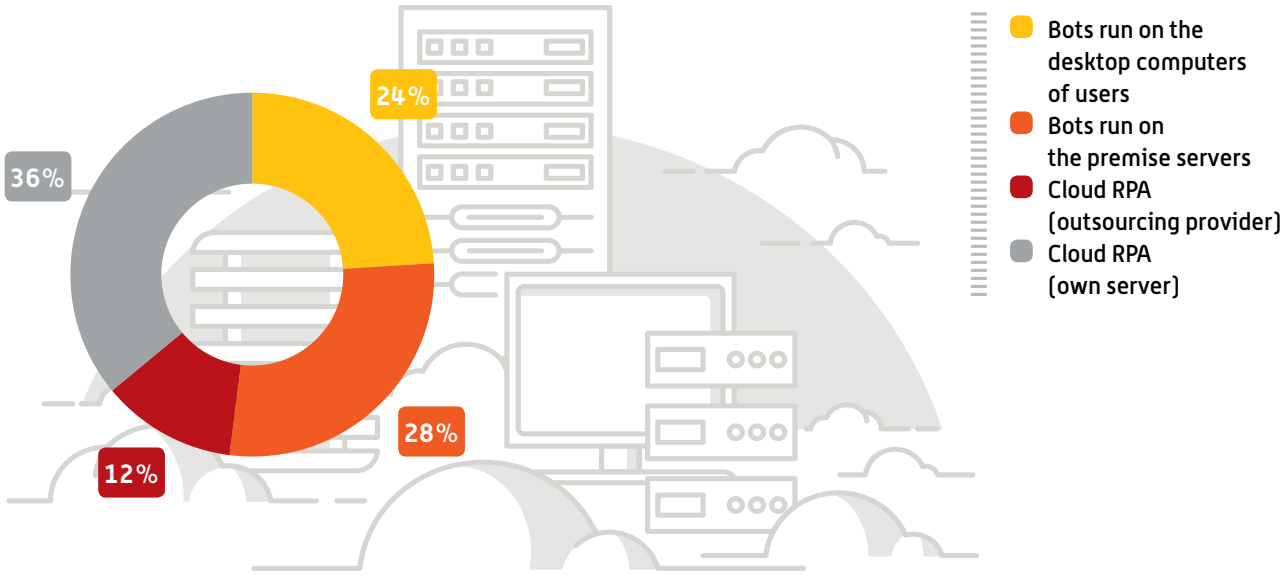
Figure 12.21: Automation Technology Vendor Distribution in 2020



AUTOMATION ANYWHERE and UIPath seem to be the two most sought out technology vendors. These two, combined with Blue Prism as the third most common, cover almost 75% of the market.

Source: HOA study based on business service centre database

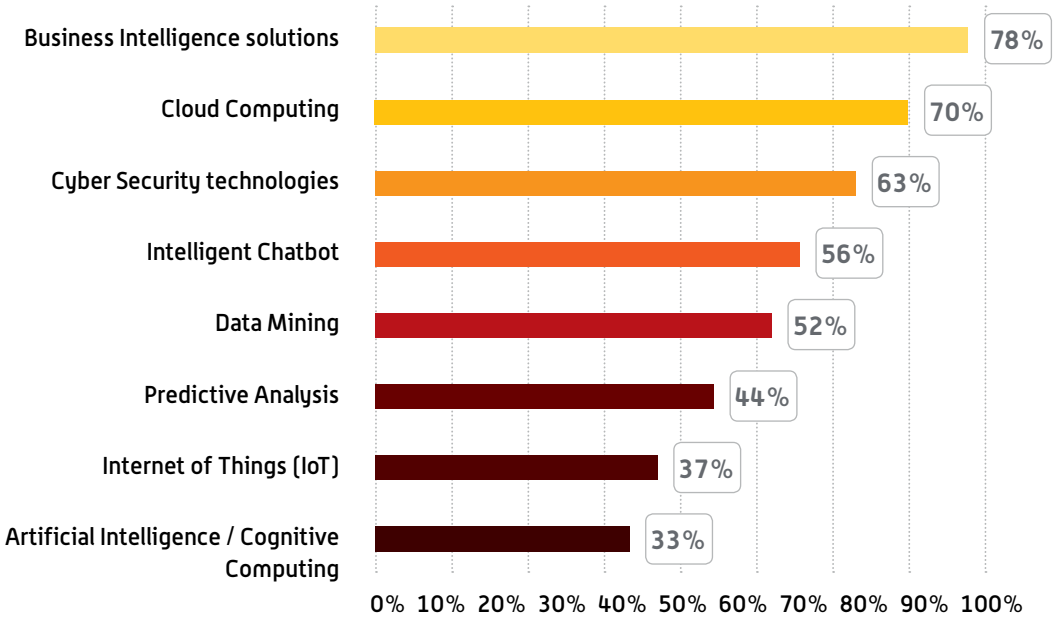
Figure 12.22: Distribution of RPA Implementation Models in 2020



Source: HOA study based on business service centre database

BASED ON OUR RESEARCH sample, on-site implementation models (servers or user desktops) are slightly more popular than cloud-based solutions for RPA.

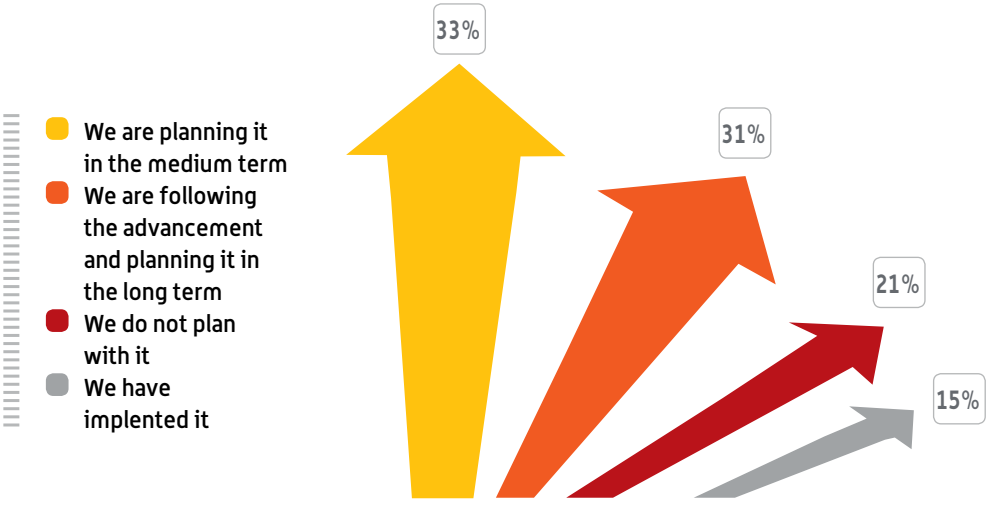
Figure 12.23: Popularity of Various Advanced Technologies in Business Services Centres in 2020



Source: HOA study based on business service centre database

BUSINESS INTELLIGENCE (BI) solutions are almost ubiquitous in the business services centres in our research sample. Other technologies, such as Cloud Computing (CC), cybersecurity solutions and intelligent chatbots are also popular amongst respondents.

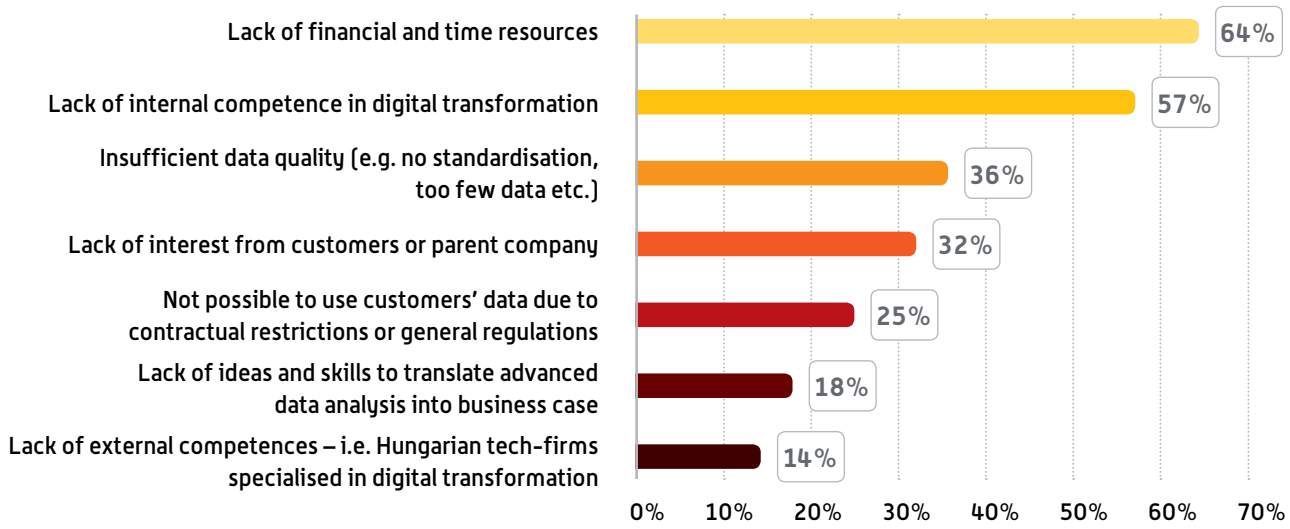
Figure 12.24: Ratio of Different Strategic Approaches to Cognitive Automation Technologies in 2020



Source: HOA study based on business service centre database

ONLY A SELECT FEW BSCs have already implemented intelligent or cognitive automation technologies. Despite this, most business services centres plan to implement such technologies in the medium or long run.

Figure 12.25: Most Important Barriers to IPA Implementation in Hungarian-based Business Services Centres in 2020

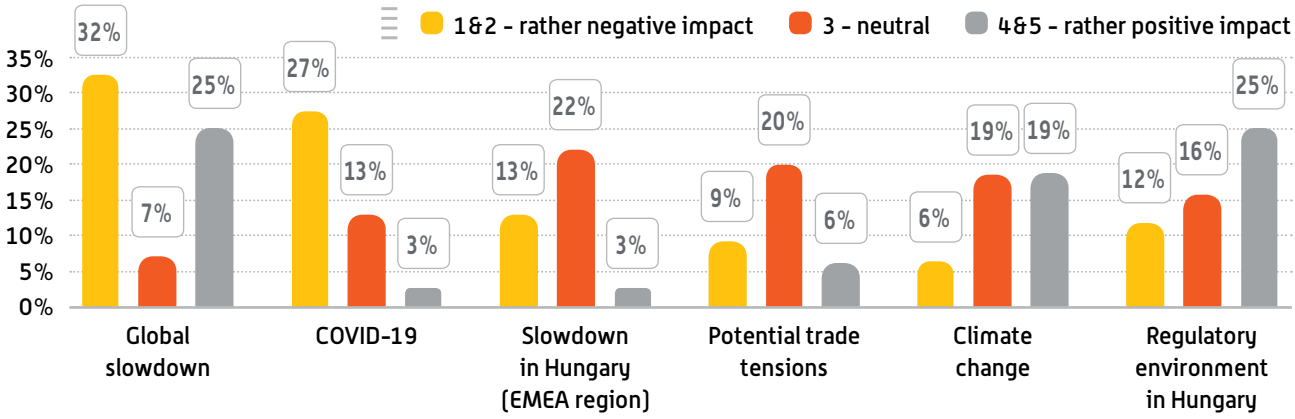


Source: HOA study based on business service centre database

ACCORDING TO OUR RESPONDENTS, the leading causes inhibiting IPA implementation in Hungarian-based BSCs are the lack of financial and time resources, as well as the lack of internal competence in digital transformation. By comparing these results with the realised benefits, most likely a better priority of resources could help BSCs step out of this vicious circle.

Figure 12.26: How Will the Following Factors Affect Your Activity in Hungary Until the End of the Q1 2021?

(1 = Significantly adverse effect; 2 = Adverse effect; 3 = Neutral; 4 = Positive impact; 5 = Significantly positive impact.)



Source: HOA study based on business service centre database

OUR RESPONDENTS seem slightly pessimistic about their economic perspectives up to Q1 2021. Apart from COVID-19 and the consequent global slowdown, however, they are rather more neutral than worried. Some of them see opportunities and expect a positive impact from climate change and the regulatory environment in Hungary.

TERMINOLOGY

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ARTIFICIAL INTELLIGENCE (AI): refers to technologies that are able to think and process information in a human-like way. Artificial intelligence solutions are also called cognitive computing.

ASSISTED (ROBOTIC PROCESS) AUTOMATION: refers to a software robot that responds to front-office employee-triggered actions to simplify the workflow. Typically, it runs on local workstations, desktops as a virtual assistant meaning they manipulate the same front-office programs as the human employees.

ATTENDED AUTOMATION: occurs in some rule-based back-office processes that can only be partly automated and require human intervention and judgement to be applied in between the process.

BACKSOURCING: transfer services back in-house from an external service provider.

BASIC AUTOMATION: automation of activities within a specific software environment (e.g. VBA macros and scripts).

BLOCKCHAIN: a cryptographically secure, distributed ledger that is a peer-to-peer system for validating, updating, time-stamping, and permanently storing transactions by the parties involved in all the transactions within a network.

BUSINESS INTELLIGENCE (BI): refers to technologies, applications and practices for collecting, integrating and analysing data about an organisation's current state and delivering actionable information that helps executives, managers and workers make informed business decisions. BI systems are data-driven Decision Support Systems (DSS).

BUSINESS PROCESS OUTSOURCING (BPO): transfer of responsibility for the execution of an entire (end-to-end, E2E) business process to an external service provider.

BUSINESS SERVICES CENTRE (BSC): an umbrella term that includes all kinds of service centres that provide business services.

CAPTIVE CENTRE: a type of Shared Services Centre that has only internal service recipients/clients (within the same company). It is also called GIC (global-in-house centre).

CENTRE OF EXCELLENCE (COE): an organisational unit (sometimes a high value-added subsidiary) that embodies a set of shared capabilities that have been explicitly recognised by the firm as important sources of value creation (e.g. deployment of new organisational and technological solutions), with the intention that these capabilities are leveraged by and/or disseminated to other parts of the firm. In the Business Services Sector, CoE frequently means the whole business centre if it is a knowledge-based service delivery unit.

COGNITIVE AUTOMATION (CA): see Intelligent Process Automation

COST CENTRE: a business unit that is only responsible for the costs that it incurs.

DIGITALISATION: adaptation of digital technologies on the process or organisational level aiming to improve customer/user experience. Digitalisation focuses more on effectiveness.

DIGITISATION: converting analogue or paper-based data/information into digital format. Digitisation focuses more on efficiency.

DIGITAL TRANSFORMATION: the transformation of business, enabled by digitised content and rapid change capabilities. It is the integration of digital technology into all areas of a business, resulting in fundamental changes to how businesses operate and how they deliver value to customers. It comes about when digitisation and digitalisation come together with advanced technologies to enable the creation of new business value.

END-TO-END (E2E): cover every stage in a particular process, often without any need for anything to be supplied by a third party.

FIX & SHIFT/FIX & DROP: a service process optimisation before relocation.

FTE (FULL TIME EQUIVALENT): a unit to measure the workload of employed persons in that way that makes them comparable although they may work a different number of hours a week. One FTE is equivalent to one full-time employee.

GLOBAL BUSINESS SERVICES (GBS): is an advanced multi-locational and multi-sourcing service delivery model for the service centre. This compilation of service offerings is global in nature concerning both delivery centres and customers. The provider of the individual services can be either internal or external but must be managed centrally by the global business services organisation. It covers consolidation and standardisation of end-to-end service provision globally with co-ordination of global process owners.

HYBRID CENTRE: a service centre that provides services internally and externally at the same time.

INSOURCING: adoption of an activity/service function that was not part of the organisation earlier.

INVESTMENT CENTRE: a business unit that has responsibility for its own revenue, expenses, and assets, and whose financial results are based on all three factors.

INTELLIGENT PROCESS AUTOMATION (IPA): includes non-standard heuristic processes, typically requiring human intervention or sample recognition from Big Data (BD). It is primarily a good idea to work with data analysis and unstructured data where cognitive automation tools help logical reasoning with pattern recognition and natural language interpretation. It must support data and provide scenarios to develop their logical ability.

INTERNET OF THINGS (IOT): refers to the network of physical objects that contain embedded sensors, software and other technology to communicate and sense or interact with their internal states or the external environment over the Internet.

IT OUTSOURCING (ITO): outsourcing of the whole IT function to an ITO provider. ITO providers are defined as IT centres that provide outsourced IT solution services (e.g. system, application or infrastructure maintenance, technical support) and/or develop and sell (implement) software for external customers (software development).

KNOWLEDGE PROCESS OUTSOURCING (KPO): a knowledge-intensive, high value-added subtype of process outsourcing.

LIFT & FIX & SHIFT / LIFT & FIX & DROP: a service process relocation that includes optimszation ("fixing") during the transfer.

LIFT & SHIFT / LIFT & DROP: a service process transfer without redesign ("fixing") of it.

MACHINE LEARNING (ML): algorithms that give computers the capability to learn without being explicitly programmed ("learning from experience").

NEARSHORE: use of services provided by a nearby location that is close to the clients.

OFFSHORE (OR FAR-SHORE): use of services provided by a country far away from the location of service clients (not only geographically but in culture, legal and business environment as well).

ONSHORE: use of services provided in the same location as the clients.

OPERATIONAL LEVEL AGREEMENT (OLA): are internal agreements that a service provider defines for internal users to meet SLAs. OLAs can also contain one or more objectives or service targets.

OUTSOURCING: transfer of responsibility for executing those activities to an outside contractor that was previously performed within the company.

PREDICTIVE ANALYSIS: the practice of extracting information from existing data sets in order to determine patterns and predict future outcomes and trends.

PROCESS MINING: refers to analytical software that can help organisations easily capture information from enterprise transaction systems and provides detailed – and data-driven – information about how processes are performing. It helps in the discovering, monitoring, and improving of processes.

PROCESS OWNER: a person who is responsible for managing the objectives and performance of a process. The global process owner is responsible for the service process operation and improvement globally.

PROCESS STANDARDISATION: the unification of procedures in organisations to avoid using different practices for the same issue.

PROFIT CENTRE: a business unit or department within an organisation that generates revenues and profits or losses.

PROOF-OF-CONCEPT (POC): a project section for a demonstration of a new method, idea or technology to prove the feasibility, functionality, and capabilities. Typically, it justifies the practical potential of it with a small or not complete example.

RIGHTSHORE (OR BESTSHORE OR HUB-AND-SPOKE): is a multi-locational service delivery model that breaks down the service process into different parts and finds the optimised service provision locations for them.

ROBOTIC DESKTOP AUTOMATION (RDA): see Assisted Automation.

ROBOTIC PROCESS AUTOMATION (RPA): mostly automation of an IT-centric process where communication with the software is done through the user interface. It is working with software robots (bots) that substitute the human workforce. RPA has been broadly categorized into Assisted Automation and Unassisted automation

ROBOTISATION: a subtype of automation when a robot or robot-like machine (software robot/bot) mimics the human activity.

SERVER-BASED AUTOMATION: software is written and designed in a data centre to execute the task autonomously without human interaction, i.e. the software, the process, and the robot are run only on a server. Human interaction is not required, as this is an 'Unattended RPA'. Often there are trigger-based rules that initiate RPA.

SERVICE 4.0: a transformation framework of those new digital technologies that support integrated, customised, data-driven, real-time and seamless service delivery.

SERVICE AUTOMATION: operating or controlling a process of electronic devices, reducing human intervention to a minimum.

SERVICE DELIVERY AUTOMATION (SDA): is an umbrella term for the technologies that automate a series of human actions in a business or IT process. It includes different levels of automation technologies like Basic/Desktop Automation, RPA, Intelligent/Cognitive automation.

SERVICE LEVEL AGREEMENT (SLA): is a formal agreement between the (external or internal) service provider and service recipients. SLA includes all important details, KPIs about service provision that are monitored by both parties during their partnership.

SERVICE MIGRATION: geographical transfer of the E2E process or only a part of it without any modification. It is also called as a Lift & Shift or Lift & Drop project.

SERVICE RELOCATION: choosing a new service location for higher operational efficiency. It includes two types of transfer: service transition and service migration.

SERVICE TRANSFORMATION: altering the structure or operational mechanism of service process without geographical transfer.

SERVICE TRANSITION: a change both in the location of service delivery and structure or operational mechanism of service process.

SHARED SERVICES: services that are usually provided from (legally) independent units within a holding structure (Shared Services Organisation, SSO) that is typically an internal service centre (Shared Services Centre, SSC).

TICKETING SYSTEM: a workflow software that supports and helps a service organisation to manage any issues/incidents from the moment they are captured through to their resolution.

UNASSISTED (ROBOTIC PROCESS) AUTOMATION: bots that run on an organisation's server with little to no human intervention.

HUNGARIAN SERVICE AND OUTSOURCING ASSOCIATION

HOA is Hungary's first non-profit industry association with more than 100 members whose goal is to continuously drive beneficial change towards improving the outsourcing industry ranking when it comes to Hungarian policy and decision making. Over the past 15 years, the association has successfully contributed to the industry through publications, strategic academia partnerships, industry networking opportunities and by sharing best practices.

NEW STRATEGIC FOCUS

In 2020, HOA has redefined its strategy with the newly elected President and its Board Members and laid out a road map for growth utilising industry 4.0 technologies. It continues to lead from the front of the Digital Transformation journey by adopting automation for driving innovation and future talent creation.

VISION:

HOA is the first and official organisation supporting & lobbying for the interests & development of the Global Business Services & Outsourcing sector in Hungary.

OUR MISSION:

As an association, we strengthen and expand the Business Services & Outsourcing capabilities of Hungary. Together, we build a community to develop the Hungarian BSS sector by enhancing competitiveness in the region.

It is also our intent to promote the economic development of the country through the delivery of the above-mentioned activities. Our common organising principle is to participate in the service activities provided to the stakeholders of the national economy and public sector. We act in the interests of the Business Services and Outsourcing Sector and our Members.

HOA
HUNGARIAN SERVICE & OUTSOURCING ASSOCIATION

OUR GOALS

TO BUILD A TRUSTWORTHY, LONG-TERM, AND STRATEGIC COMMUNITY THROUGH NETWORKING AND EXCELLENCE

INTERNATIONAL RELATIONS
We build International relationships & expertise

RELIABLE PARTNERSHIPS
We act through reliable partnerships

BEST PRACTICES
We support the growth of the industry by sharing best practices

NEW CAPABILITIES
We develop new capabilities for our members

NEW MEMBERS
We attract & retain Members (Business Services, Outsourcing, Professionals, Individuals, Academia &Students)

CORVINUS UNIVERSITY of BUDAPEST
INSTITUTE OF MANAGEMENT

Corvinus University of Budapest and Institute of Management

Corvinus University of Budapest (CUB) is a market-leading higher education institution in Hungary in the academic fields of business, management, economics and social sciences. Its history dates back to the end of the 19th and the beginning of the 20th century. Corvinus is an internationally recognized, prestigious Hungarian university with 296 partner institutions on 5 continents. It is member of some of the most prominent international networks (e.g. CEMS, PIM, PRME, AACSB, EFMD, EMPA) and owns international accreditations such as EQUIS and AMBA as well as programme accreditations (EFMD Accreditation, EAPAA) and recognitions (BSIS, CFA).

Corvinus University of Budapest operates as a public interest university since 2019. Our mission is to educate the present and future leaders of business and economy. Our vision is to become the best university in Central and Eastern Europe. We aim to strengthen our international competitiveness and to build closer academic ties with foreign partners. To this end, Corvinus University wishes to increase the number of foreign students in the English and German language degree programmes and the number of foreign professors and researchers, too.

Corvinus is committed to continuous improvement in line with international standards in order to educate talented students who are ready to enter global and local labor markets.

Corvinus University of Budapest offers programmes at all levels of education: Bachelor, Master, Postgraduate, and Doctoral programmes. Programmes are developed on the grounds of diverse intellectual traditions of Corvinus with an interdisciplinary approach of integrating the fields of Business and Management, Economics and Social Sciences.

Institute of Management (IoM) with a staff of 55 is one of the biggest institutes of CUB and manages the flagship Bachelor and Master programmes of the university. Due to several educational and research cooperation with various market players of the Hungarian business services sector, IoM cultivates successful partnerships and intends to widen them. Based on these engagements, IoM is working on building new education portfolio for Business Services Centers in Hungary.

Will digitalization transform GBS or will GBS transform digitalization?

EY
Building a better working world

The better the question. The better the answer. The better the world works.

EY is one of the world's leading assurance, tax, transaction and business consulting companies, providing professional services in Hungary since 1989.

Our goal is to create a better working world - a business world where trust in the business world is growing, growth is sustained, talent is nurtured in all its forms, and collaboration is characterized by real depth and substance.

We continually invest in methodologies, training and technology to promote the delivery of seamless, consistent, high-quality client service worldwide. Our area structure allows us to align our people and activities better to meet clients' demands for a consistent quality of service worldwide, while respecting the legal and regulatory requirements in each country. We measure our clients' satisfaction through constant communication and through our Assessment of Service Quality (ASQ) and seek to continuously improve our service delivery based on the feedback we receive.

Our unwavering commitment to quality and risk management is supported by a variety of policies, procedures, and tools. This means our clients can be confident of high-quality work. We strive to set an example for our corporate culture anywhere in the world: a culture that is welcomed and adhered to by highly qualified colleagues whose personal development and unfoldment help us deliver better service to our clients.

EY Hungary employs Consulting professionals with a particular focus on business performance and technology. Consulting helps clients to develop their processes in supply chain, risk management and delivers professional service in technology-related solutions.

The GBS team is part of our Consulting business. The team is specialized on GBS advisory services, and they all have GBS background, coming from the industry, with deep understanding of GBS processes, experience in transitions, and with a mindset to continuously strive for improvement possibilities, and innovative ideas regarding automation and digitalization. The Hungarian team is part of the global GBS community, heavily involved in group level product developments, and also working on both Hungarian and international projects.

EY | Assurance | Tax | Strategy and Transactions | Consulting

grafton recruitment
a GI GROUP company

WE HAVE CHANGED

AND SUCCESSFULLY SERVED **55 CLIENTS OVER THE LAST 24 YEARS** IN HUNGARY IN THE **BUSINESS SERVICES SECTOR**

OUR SOLUTIONS

- Permanent Recruitment
- Temporary Staffing
- RPO Solutions
- FDI Consultancy
- Outplacement
- Strategic HR Consultancy

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HAYS HUNGARY

HAYS Recruiting experts worldwide

Hays Hungary is a part of Hays Plc., the world's leading company in recruiting qualified, professional and skilled people. Today, with more than 52 years of recruitment experience, the Group operates out of more than 266 offices in 33 countries, employing around 10,000 staff worldwide across 20 specialisms.

Having launched our first office in Budapest in 2007, we are proud to have grown into one of the leading specialist recruitment companies in Hungary.

OUR HIGHLY QUALIFIED EXPERTS SPECIALISE IN THE FOLLOWING INDUSTRY SECTORS:

• Accountancy & Finance & Legal • Business Services • Construction & Property • Engineering & Manufacturing • HR & Training • IT & Telecoms • Life Sciences • Logistics & Supply Chain • Retail • Sales & Marketing

On the Hungarian Business Services market, we have one of the most acclaimed teams of Recruitment Consultants and Talent Sourcers focusing on the needs of our clients within the sector. Our experts are supported by Campus Recruitment and Recruitment Marketing Specialists in order to help our partners in achieving their business goals. Over the course of years, our team has successfully led and participated in several greenfield projects, building prestigious SSCs from the ground up.

We offer tailor-made recruitment services on permanent, contract and temporary basis along with Recruitment Process Outsourcing (RPO), Managed Service Programs (MSP), Employer Branding and other HR solutions. Furthermore, we provide a dedicated account manager as a single point of contact to support our partners.

We bring opportunities to people, helping them improve their lives and fulfil their potential. Our aim is to become lifelong partners to our clients and candidates, writing new stories and changing lives every day.

LEARN MORE ABOUT HAYS AND OUR SERVICES ON OUR WEBSITE: HAYS.HU

IFUA HORVÁTH & PARTNERS

IFUA HORVÁTH & PARTNERS
MANAGEMENT CONSULTANTS

CORPORATE PERFORMANCE MANAGEMENT

PERFORMANCE OPTIMIZATION

Our core competences lie in the fields of Corporate Performance Management and Performance Optimization. In the field of Corporate Performance Management we design and realize processes and systems which facilitate successful, performance-based management based on strategic and operative goals, both at overall company level and for specific divisions and functions. Our Performance Optimization solutions improve the results by tapping growth potentials and deploying resources more efficiently.

We develop concepts and solutions for the entire organization, for its divisions, and for those in charge of strategy and innovation, organization and processes, sales, operations, purchasing, management accounting and control (controlling), finance, and IT. And we do this for mid-sized companies and public organizations in the same way as for large corporations from industry, retailing and the service sector.

We stand for project results which create sustainable benefit. For this reason, we accompany our clients from developing the business concept through to anchoring it in processes and systems.

Our approach to consulting is based on an intensive partnership and cooperation with our clients. Fair and team-oriented interaction at all levels, with a constant eye on results, leads to working solutions which our clients accept. Tailor-made training courses ensure that all employees quickly master the new concepts and changed processes.

HOW THE MARKET SEES US

Hidden Champion: No. 1 in Controlling & Finance

Top 100: Impressive Power to Innovate

WiWo Best of Consulting

STEERING BUSINESS DIGITALLY

STEERING LAE
AI, Big Data & Machine Learning

Digital Ecosystems

SAP S/4HANA

Robotic Process Automation

Process Mining

EMPLOYEES
Over 150 in Budapest

VALUES
Entrepreneurship, Competence, Innovation, Openness and Trust

CORE COMPETENCES
Corporate Performance Management and Performance Optimization

GLOBAL DELIVERY COMPETENCE
Cordence Worldwide Alliance with 5,100+ consultants

DIGITALIZATION
Data Analytics & AI, Digital Ecosystems, In-Memory Technologies, Robotics, Steering Business Digitally

INDUSTRY EXPERTISE
Automotive, Banking, Chemicals, Consumer Goods, Health Care, High Tech, Industrial Goods, Insurance, Logistics, Media, Oil, Pharmaceuticals, Public Sector, Retail, Telecom, Transportation, Travel, Utilities

JONES LANG LASALLE

We are JLL, a professional services and investment management firm specialising in real estate. We help organisations around the world to achieve their ambitions by owning, occupying and investing in real estate.

We are a world leader in real estate services, powered by an entrepreneurial spirit. At JLL, we shape the future of real estate for a better world. We are a powerful force advancing sustainability in cities and the built environment worldwide. We develop and activate technology to make real estate work for the long-term benefit of our clients, our people and our communities.

We are on a constant search for smarter ways to help our clients find space to occupy or invest in, design and build incredible spaces, manage both buildings and portfolios, and embed sustainable real estate solutions that won't cost the earth. We are nearly 94,000 individuals, and one team. It's as one team that we achieve our common goals and share our mutual successes. We unite across locations and functions to build world-class teams offering first-class service.

Our leasing agents are known for being the most creative and knowledgeable in the industry, having represented investors and their landmark properties in more than 1,000 markets internationally.

JLL's best-in-class research manages more than 21 years of market data of all real estate sectors in Hungary and is present in the country since 1992. Our research team supports developers with feasability studies prior to commencement of new office projects.

WE ARE A FORTUNE500 COMPANY;
WE EMBRACE THE HUMAN SIDE OF BUSINESS, WHICH MAKES US BETTER AT DELIVERING THE BUSINESS SIDE OF BUSINESS. WE WANT THE MOST AMBITIOUS CLIENTS TO WORK WITH US, AND THE MOST AMBITIOUS PEOPLE TO WORK FOR US.

moving your business forward

the #1 HR services provider worldwide & the leading recruitment firm in Hungary.

Randstad is the global leader in the HR services industry. By serving as a trusted human partner in today's technology-driven world of talent, we support people and organizations in realizing their true potential.

key figures 2019:

HUF 6,23
billion in revenue

#1
in recruitment in Hungary

Employer Brand Research
annual survey about employee preferences and employer perceptions

specialized teams
covering all business functions in white- and blue-collar fields

16 years
presence on the Hungarian labor market

215
avg. corporate employees working

what we do.

We help our clients find the best talent with the most relevant skills for their business.

Our technological expertise, combined with our human touch, enables us to focus on our clients' business needs by providing tailor-made solutions and the best personal advice potential.

our concepts.

recruitment
staffing
executive search
recruitment process outsourcing (RPO)
alternative HR solutions

our expertise in the business services sector.

We focus on all industries, nevertheless serving business service centers is one of our field of expertise.

From consultancy in location-scout projects, greenfield BSC/SSC/BPO setups via supporting existing centers in planning and handling growth via new migrations to handling business as usual recruitment needs, we believe to be considered a trusted expert and partner.

randstad

human forward.

TRENKWALDER

trenkwalder

Trenkwalder is one of the leading HR service providers in Central and Eastern Europe, present in 14 European countries, with more than 30 years of experience. In recent years, Trenkwalder has developed into a digitalised 360° HR solutions provider. As a reliable strategic partner for clients in all industry sectors, Trenkwalder Group offers extensive solutions in Staffing, HR Services and Business Process Outsourcing.

In order to help international companies in finding the best investment options in our country, we have decided to co-operate with the Hungarian Outsourcing Association in its 2020 survey with the segment: Time to Hire! We believe that there is a huge potential in the Hungarian SSC sector, which has not yet been fully capitalised on. Through end-to-end Shared Services Centre projects, Trenkwalder aims to deliver professional recruitment services, helping green field projects to take off as efficiently and quickly as possible.

WHAT DO WE OFFER?

• Temporary Placement • Permanent Placement • Outsourcing of production and business processes (BPO) • Management & Executive Recruitment • Interim Management • Rehabilitation employment and Audit • Digital onboarding and Work Time Tracking services • Employer branding and internal communications solution

Our highly-skilled team of consultants are specialised in SSC recruitment, delivering complex services that precisely safisfy the needs of our partners. The success of our customised solutions is guaranteed by the largest nationwide branch office network and candidate database in Hungary. We select employees with deep knowledge of the field which they can utilise to help our partners through even the most difficult recruitment projects.

TRENKWALDER'S 2019 RESULTS SPEAK FOR THEMSELVES

IN HUNGARY		ON A GROUP-LEVEL
58+ million EUR net revenue		**800+** million EUR net revenue
330,000 candidates in database		**3,000,000+** candidates in database
13,858 candidates placed		**200,000+** candidates placed
20 branch offices nationwide		**200+** branch offices in Europe
200 full time employees		**50,000+** full time employees
434 partners		**8,000+** partners

SURVEY RESPONDENTS

THANK YOU FOR YOUR CO-OPERATION

HOA

HUNGARIAN SERVICE & OUTSOURCING ASSOCIATION

HOA - **Creating Value** in Business Services

The Hungarian Service and Outsourcing Association (HOA) was the first association of its kind in the CEE Region. In 2020, HOA is celebrating 15 years of existence.We have been in the forefront in promoting the possibilities and advantages of outsourcing solutions and operational modes in Hungary, and we have a pivotal and leading role in attracting, supporting, and sharing knowledge with the players of the Business Services Sector.

15 Years of HOA

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