



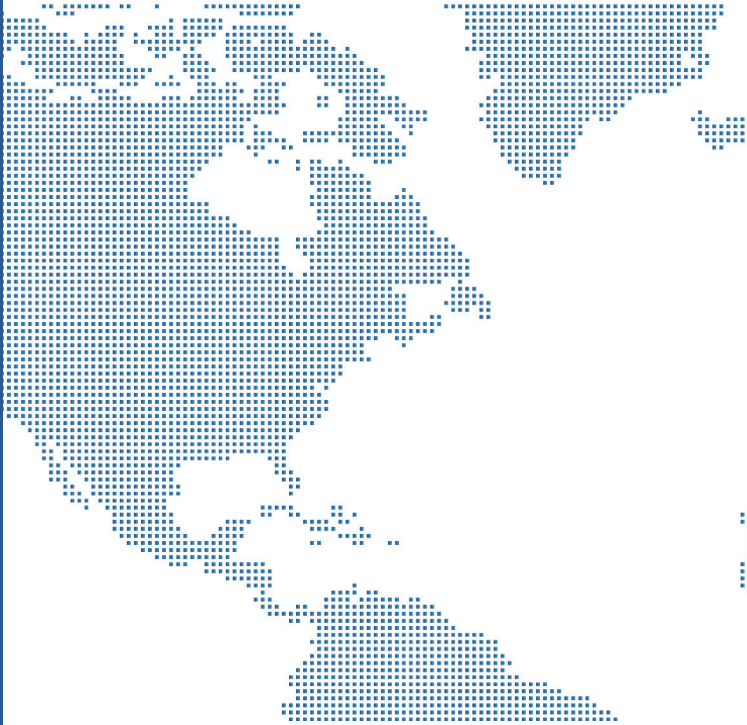
ENTERPRISE GEORGIA

**BUSINESS PROCESS  
OUTSOURCING (BPO)  
SECTOR IN GEORGIA**



# GEORGIA

## COUNTRY OVERVIEW



<b>Area:</b>	69,700 sq. km		
<b>Population:</b>	3.7 mln	<b>GDP 2017:</b>	USD 15.2 billions
<b>Life expectancy at birth 2017:</b>	73.5 years	<b>GDP real growth rate 2017:</b>	5%
<b>Official language:</b>	Georgian	<b>GDP CAGR 2010-2017 (GEL):</b>	4.6 %
<b>Literacy:</b>	99.8 %	<b>GDP per capita 2017:</b>	US\$ 4068
<b>Capital:</b>	Tbilisi	<b>Inflation rate (July) 2018 (Y-o-Y):</b>	2.8%
<b>Currency (code):</b>	Lari (GEL)	<b>Total Public Debt to Nominal GDP (%) 2017:</b>	44.6%

# OVERVIEW OF GEORGIA'S BPO SECTOR



## YOUNG, ENERGETIC AND COMPETITIVELY PRICED LABOR FORCE

- \* 54% of the unemployed population is in 20-40 age category
- \* Average monthly salary for BPO sector was 380 USD
- \* Georgia has one of the most liberal labor codes, not only in the region, but globally and ranks 17th in the world in Labor Freedom Index (Source: Heritage Foundation)



## EDUCATION

- \* Georgia has literacy rate of 99.8% and 92% of population with at least secondary education
- \* 75 higher education institutions and 125 professional education centers
- \* Economics and Business, Juridical Sciences and medicine are the most popular faculties
- \* Georgia provides vocational education training, most of the course's fees are financed by the state



## TIME PROXIMITY AND CULTURAL SIMILARITIES WITH TARGET MARKETS

- \* Strategically located where the two continents (GMT+4), Georgia is uniquely positioned to serve any country from Europe to Central Asia
- \* As a former Soviet Union country Georgia has unique perspective and language skills to service Russian speaking countries
- \* Vast majority of younger population speaks fluent English (German is the 3<sup>rd</sup> most frequent foreign language)



## INVESTMENT OPPORTUNITIES

- \* Based on Georgia's and Global market study, BPO sector has an opportunity to capitalize on competitive advantages that country offers.
- \* Functions like F&A, CRM and many more could be serviced from Georgia, giving investors high returns on investment
- \* With good quality of life, availability of high class offices and good infrastructure (utilities, internet, telecom, etc.) Tbilisi could be ideal destination for BPO centers

# OVERVIEW OF GEORGIAN BPO MARKET

## CURRENT STATE OF THE BPO INDUSTRY IN GEORGIA

- \* BPO market in Georgia is rising, increasing number of companies are being set up to serve local and international businesses
- \* Most companies are small scale up to 50 FTE, but few large BPO companies have over 100 FTE
- \* Estimated total FTEs employed in BPO sector stands at few thousand
- \* Companies don't have any specific sectorial focus. Although largest BPO companies seem to be providing call center, finance, HR and IT outsourcing services
- \* BPO companies mainly serve English and German speaking countries
- \* Newly established investor companies include Arvato Bertelsmann and Base4 (architectural & engineering services)

## SOME OF THE COMPANIES ALREADY OPERATING IN GEORGIA



OutSource **GEORGIA**  
Customized Business Process Outsource Solutions

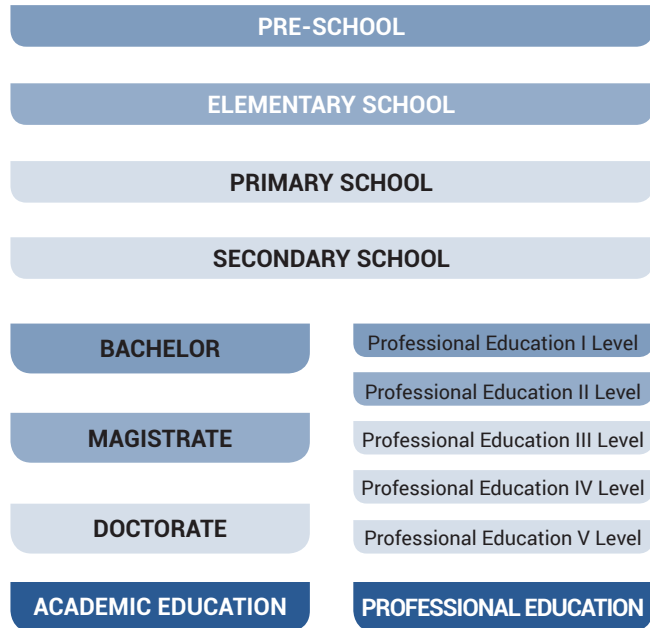


# EDUCATION SYSTEM

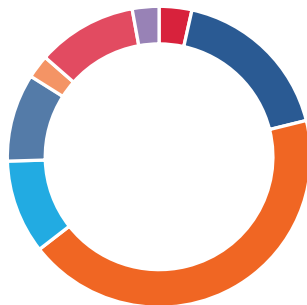
## EDUCATION

- \* First 4 levels of education is mandatory for every citizen of Georgia (from Pre-school to Secondary school)
- \* Almost 80% of graduates from secondary school continue education in some kind of tertiary education institutions
- \* Georgia has 75 higher education institutions and 125 professional education centers, ensuring constant flow of high quality professionals every year. During last 5 years around 105,000 students graduated from Higher education programs
- \* Vocational training course's fees provare mostly financed by the state

## EDUCATION SYSTEM OF GEORGIA



## GRADUATES BY FACULTIES



- Education
- Humanities and Arts
- Social sciences, business and law
- Science
- Engineering, manufacturing and construction
- Agriculture
- Health and welfare
- Services

# TALENT POOL

## FRESH TALENT

- \* In past 5 years, around 23 thousand students graduated from Public and Private HEIs annually.
- \* In past 5 years, around 18.5 thousand students graduated from the programs of Humanities and Arts, Social Sciences, Business and Law, Science and Engineering annually.

## UNEEMPLOYED TALENT

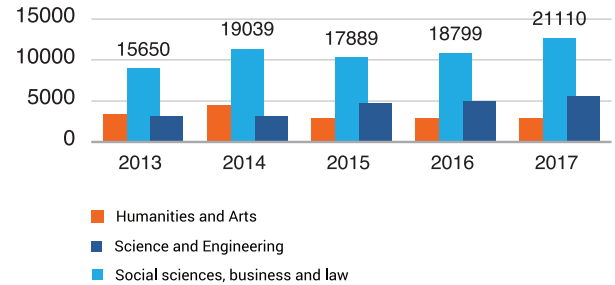
- \* Unemployment rate in Georgia stood at 13.9% in 2017. Total amount of unemployed population amounts to 276 000 persons.
- \* 82% of unemployed population live in urban areas.
- \* 53% of population is in 25-40 age category.

## KNOWLEDGE OF FOREIGN LANGUAGES

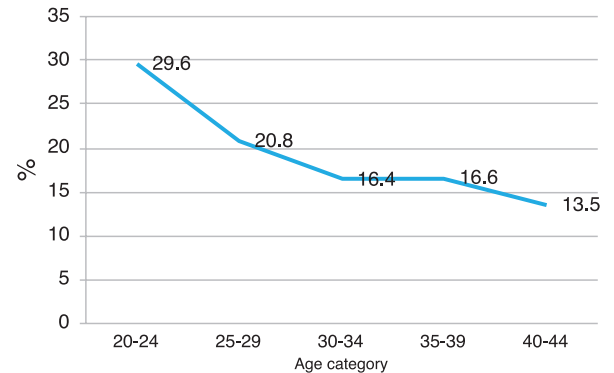
- \* Vast majority of population know English and Russian. German is the 3<sup>rd</sup> most frequently spoken language

\* Information is based on preliminary results of ongoing BPO&SSC market study conducted by Deloitte and Touche LLC and might be subject to change throughout the survey process

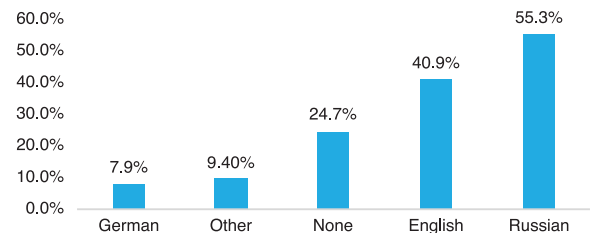
## GRADUATES AT HIGHER EDUCATION INSTITUTIONS, THOUSANDS



## UNEEMPLOYMENT DISTRIBUTION BY AGE, %



## KNOWLEDGE OF FOREIGN LANGUAGES, 2018\*



# GEORGIA'S FAVORABLE BUSINESS CLIMATE

## COMPETITIVE BUSINESS COSTS

- \* Average gross salary in BPO sector is USD 380
- \* Setting up company takes only 2 days and it costs about 40 USD (or 80 USD and 1 day)

## NO SOCIAL OR INSURANCE TAX

- \* The only tax payable based on the salary is personal income tax, which is flat 20%
- \* Georgia doesn't have the Social Security Tax and insurance is not obligatory
- \* Georgia has only 6 flat taxes and very simple and fair taxation system. All transactions are done online

## FAVORABLE LABOR CODE

- \* The country doesn't have minimum wage regulations and compensation for labor depends on the agreement between employee and employer
- \* According to Heritage Foundation, Georgia ranks 17<sup>th</sup> globally on Labor Freedom Index

## FLEXIBLE REGULATIONS

- \* No working permits are required
- \* Citizens of 98 countries can stay in Georgia without visa during whole 1 year, which helps attracting professional employees from other countries in the wider region

## INCENTIVES

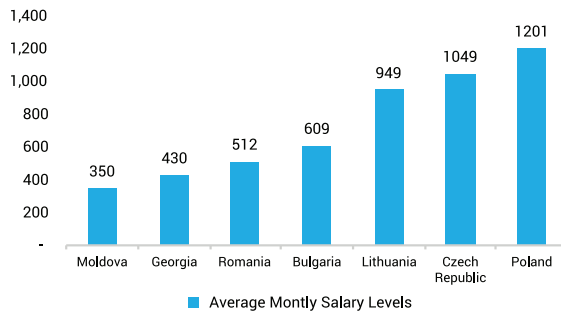
- \* Georgia provides a profit tax exemption to legal entities of a "virtual zone" (engaged in IT activities)
- \* Georgia provides vocational education trainings and most of the course's fees are financed by the state

# GEORGIA HAS ONE OF THE LOWEST BUSINESS COSTS IN THE REGION

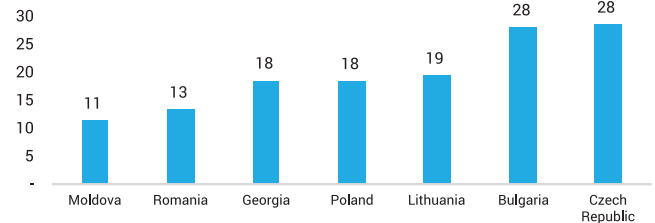
## INFRASTRUCTURE AND BUSINESS COSTS

- \* High class, modern Office spaces are available in all major cities of Georgia, with almost 1 million. sq. m. of office stock
- \* High speed broadband and mobile internet is available throughout whole country, Georgia ranks 15<sup>th</sup> in terms of internet affordability.
- \* Costs are one of the lowest in the region. Georgia ranks 1<sup>st</sup> amongst countries benchmarked for utility costs and 3<sup>rd</sup> for broadband cost, with 0.07 USD per KWH and 18 USD per month respectively.
- \* Georgia has one of the lowest average gross salary among competitor countries

### AVERAGE MONTHLY GROSS SALARY LEVELS IN U.S. DOLLARS, 2017



### AVERAGE COST OF BROADBAND PER MONTH, USD



Source: National Statistics Institutions of comparable countries

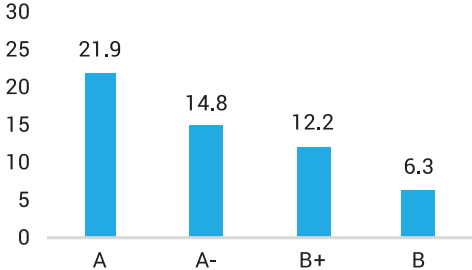


# GEORGIA HAS ONE OF THE LOWEST BUSINESS COSTS IN THE REGION

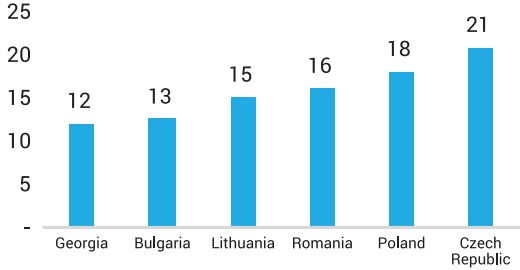
## LOW OFFICE RENT PRICES

\* Weighted average rent prices in Tbilisi (capital of Georgia) varies between USD 6.3-21.6 for per square meter. Regarding Batumi (2<sup>nd</sup> largest city) and Kutaisi (3<sup>rd</sup> largest city), weighted average rent prices are USD 7.5 and USD 7.2

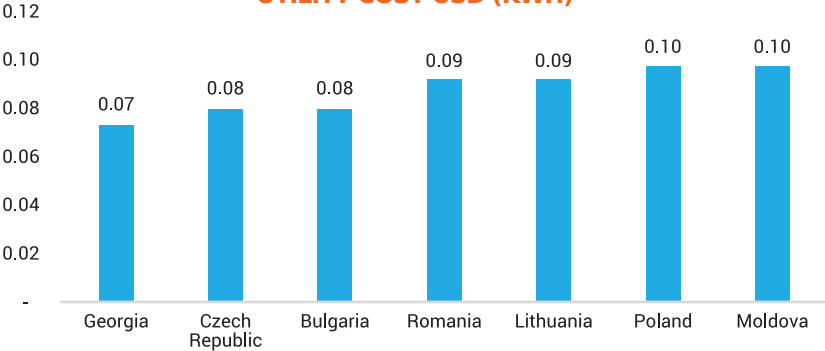
**WEIGHTED AVERAGE RENT BY CLASS (USD PER SQ. M) IN TBILISI**



**AVERAGE MONTHLY OFFICE RENT PRICES FOR 2017, USD**



**UTILITY COST USD (KWH)**



Source: Deloitte & Touche LLC, Cushman & Wakefield, Colliers International

Note: Utility costs are without VAT, electricity is a key cost component within utility costs  
 Rent prices for Georgia is national average of Tbilisi, Batumi and Kutaisi

# INVESTMENT OPPORTUNITIES

## CONSIDERING COUNTRY'S COMPETITIVE ADVANTAGES SETTING UP BPO CENTERS IN GEORGIA IS A VERY ATTRACTIVE OPPORTUNITY

Based on Global and Georgian BPO market study, 5 sub-sectors have the highest potential for development in Georgia

### F&A

- \* Employable talent pool with relatively higher quality of education
- \* F&A is one of the most attractive professions for the university applicants

### CRM

- \* Leverage customer care services already being carried out in Georgia, especially from banks and telecoms as well as outsourcing companies
- \* Leverage existing logistics sector focusing on Georgia's USP as a trans-Caucasian corridor

### IT SERVICES

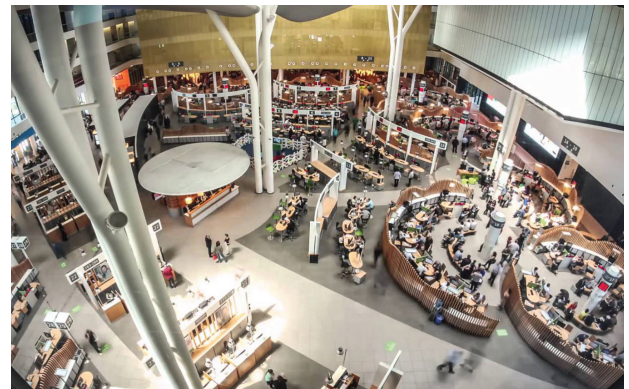
- \* Leverage considerably lower utility and labor costs

### HR

- \* Leverage existing HRO work already being carried out in Georgia
- \* Traditionally, segment has a range of low-end and high-end activities which is ideal for organizations to explore offshoring

### ARCHITECTURE AND DESIGN SERVICES

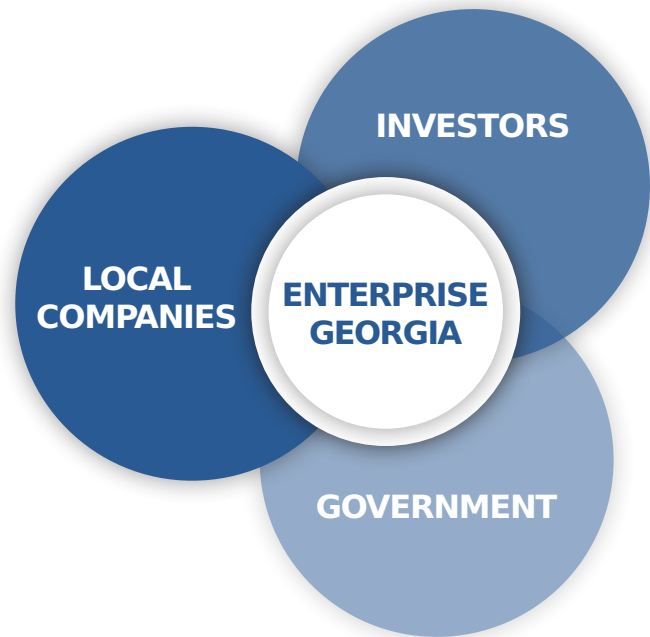
- \* Leverage existing export opportunities of Architecture and Design services



# ENTERPRISE GEORGIA

- \* LEPL “Enterprise Georgia” operates under the Ministry of Economy and Sustainable Development
- \* “One-stop-shop” for investors to support companies before, during & after investment process
- \* Moderator between investors, government and local companies

**Mission:**  
Attracting and Facilitating Investments



## OUR SERVICES



### Information

General data, statistics, sector researches



### Communication

Access to Government at all levels & connection to local partners



### Organization

Organization of site visits and accompanying of investors



### Aftercare

Legal advising & Supporting services

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**ENTERPRISE GEORGIA**

## **ENTERPRISE GEORGIA 2018**

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