



Ministry of Economics

GBS ENVIRONMENT



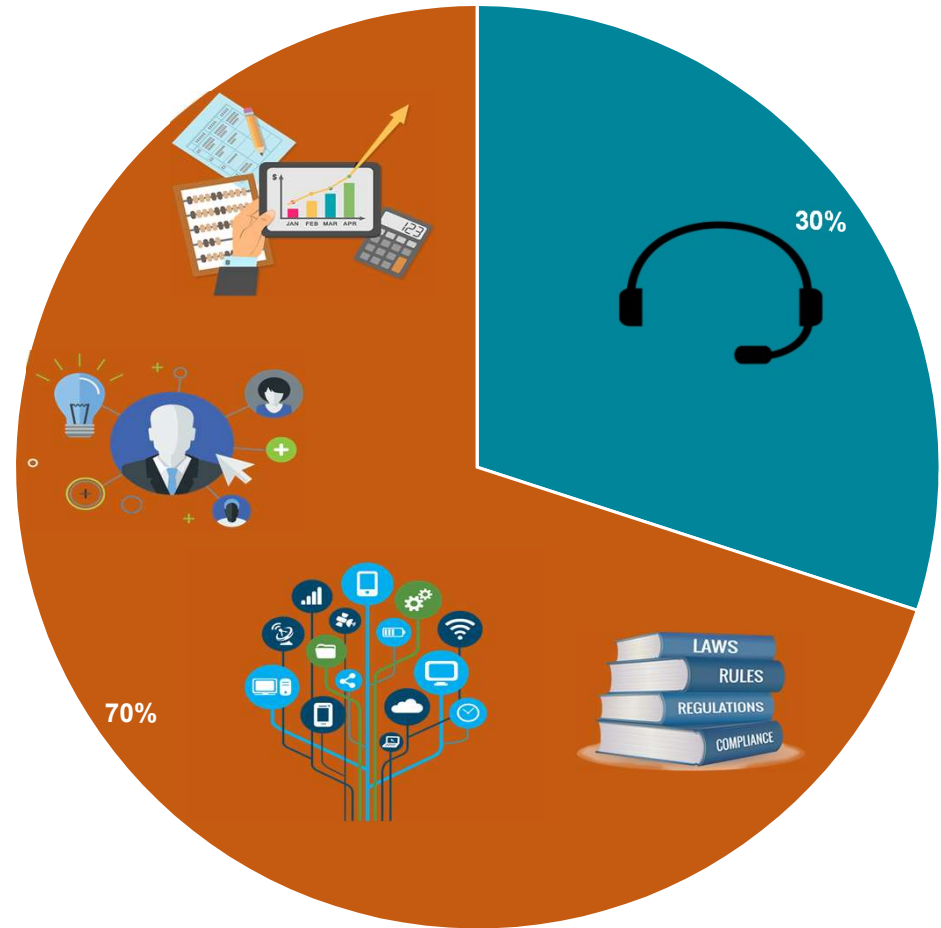
ROLANDS BOGDANOVŠ, FDI ADVISER

RIGA | 2017

What's GBS(C)?

↓
SSCs
BPOs
ITOs

↓
IT
HR
Legal
Finances
Compliance
Customer Relations





WHY GBS?

Globally renowned companies

Fair taxpayers

2016 = 126 mil €

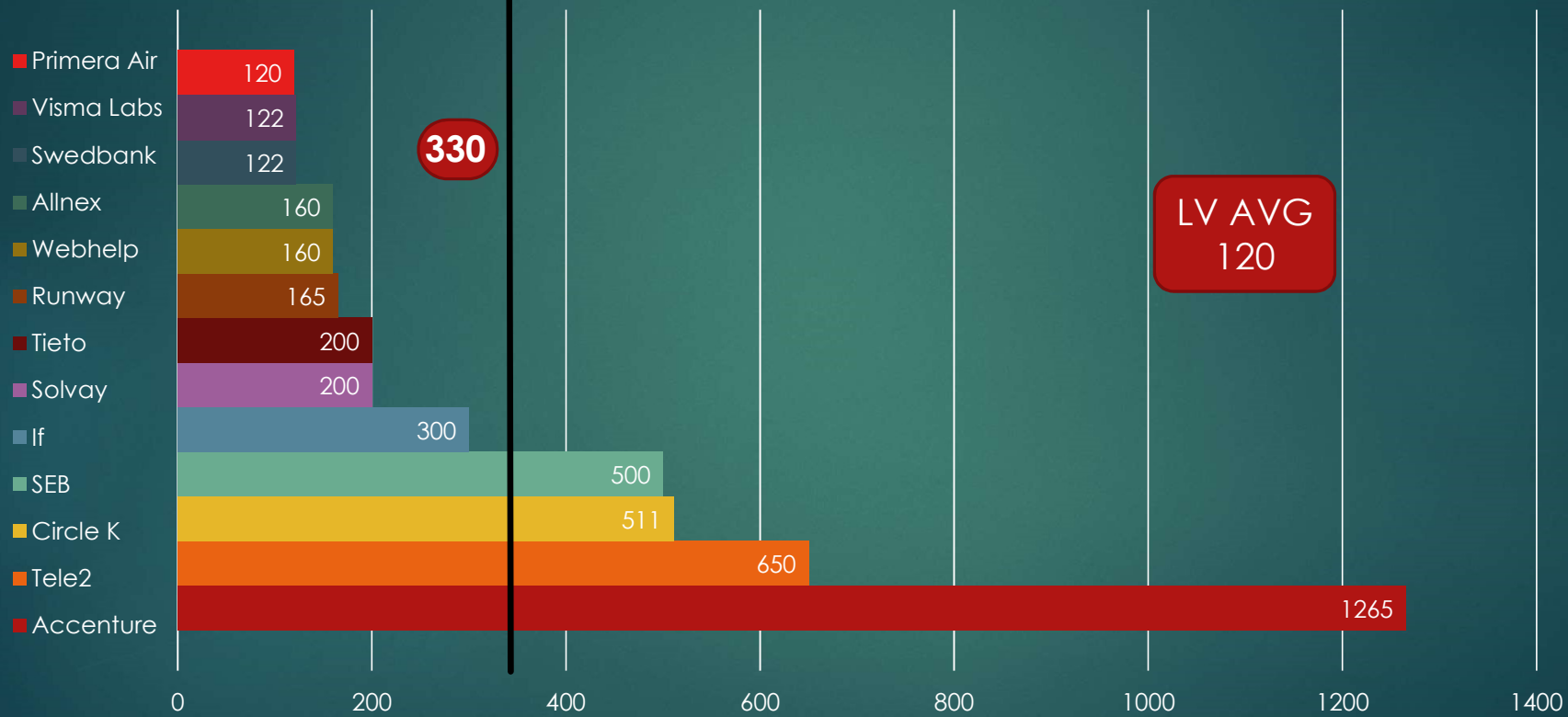
In-house training

Many workplaces

Salary > average in the country



Number of employees

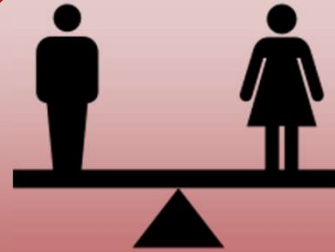


Expansion in the next 2 years

- ▶ Expected growth of the sector >2k
- ▶ **Ready and willing** to expand significantly, even x2
- ▶ Grow steadily by 50 employees per year
- ▶ Not willing to grow in size, but in complexity
- ▶ Main drawbacks:
 - ▶ limited office space;
 - ▶ HR



What is important?





“

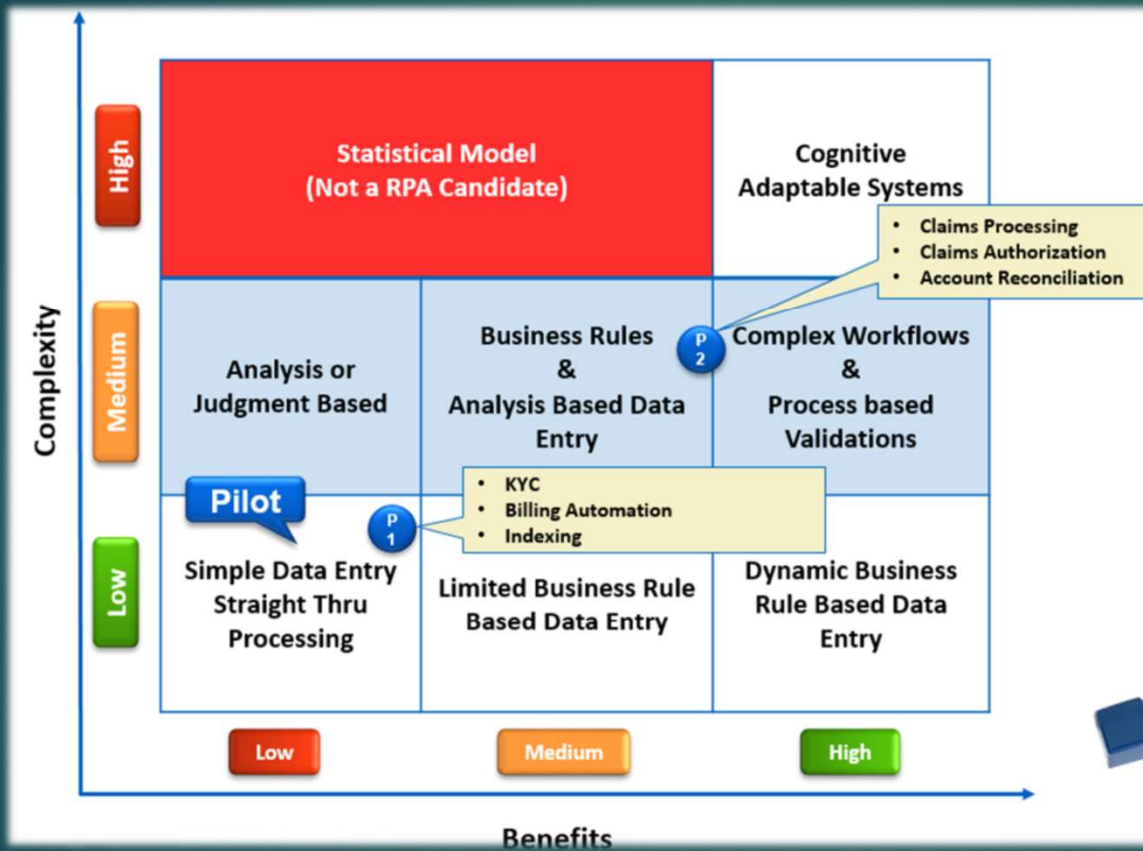
Automation allows us to manage processes more efficiently and at the same time it gives employers the privilege of utilizing the potential of their talent pool by redirecting it to more challenging, complex and value added tasks.

”

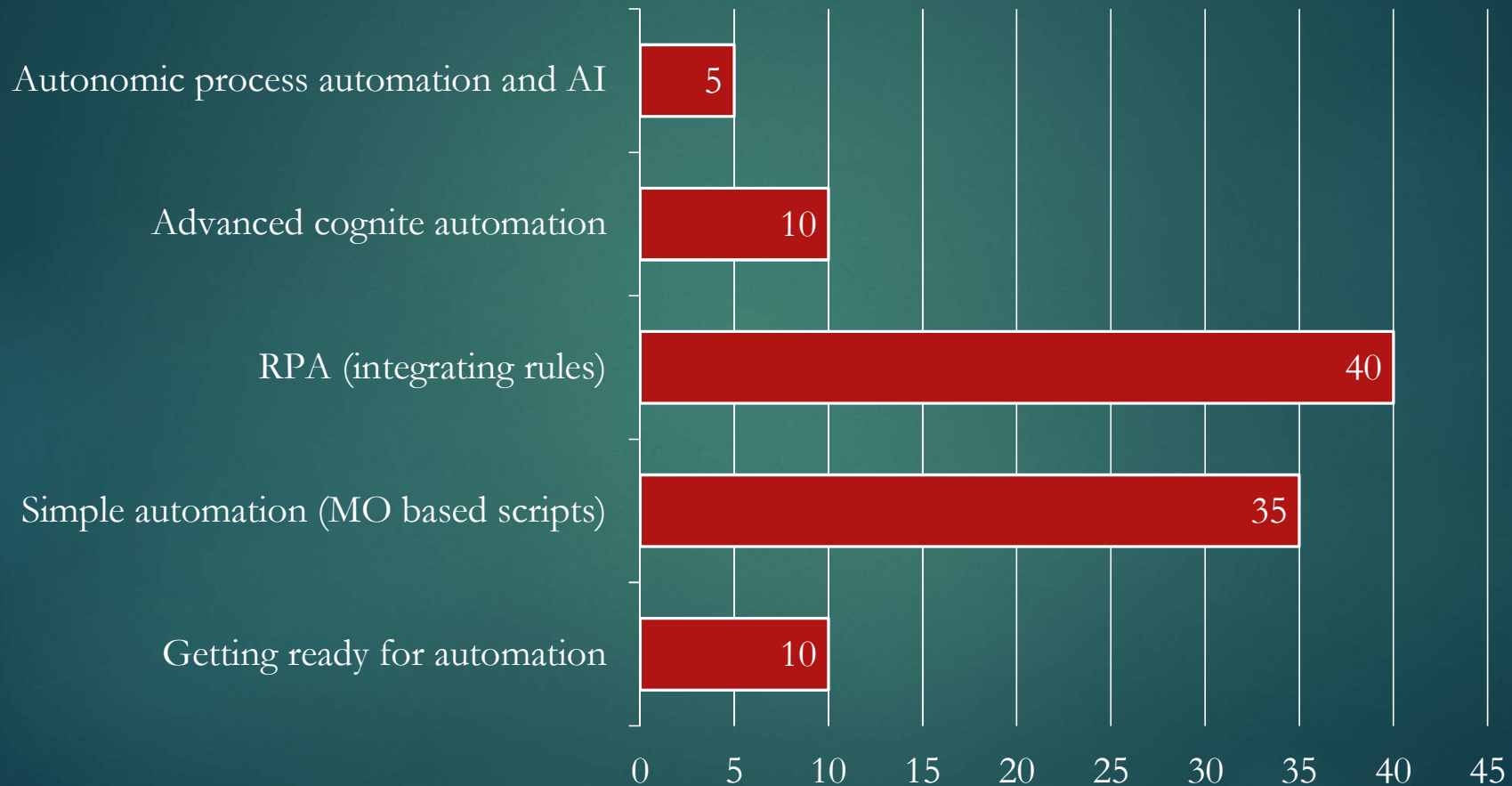
Kim Leandersson

General Manager of Tele2 Shared Service Center

Automation = future strenght



Current situation



Our attractiveness



- ▶ Work culture
- ▶ Ability to learn, adapt
- ▶ Work smart vs Work hard



- ▶ Location (languages, talents)
- ▶ Competitive costs
- ▶ Developed infrastructure



CHALLENGES

What's GBS?

Economic growth

- Growing salaries
- IT specialists close to the \$ level of Scandinavia

Resources

- Office space
- Lack of high level specialists
- Specific programming languages

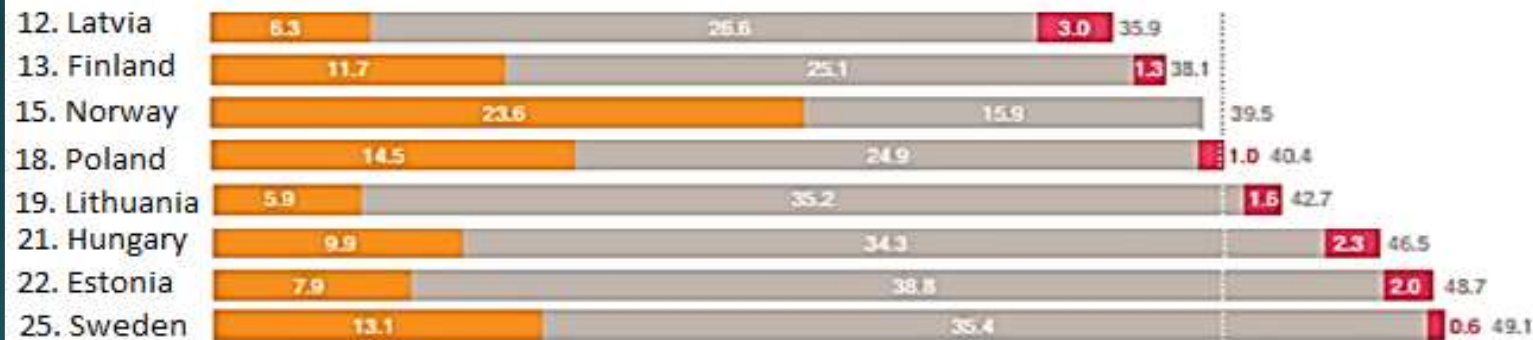
Education system

- Scandinavian languages
- State funded studies for exact sciences
- Courses (unemployed, elderly, new mothers)

Taxes

- Tax burden
- Unpredictability

RELATIVELY LOW TAX-RATE



Profit taxes Labour taxes Other taxes

40.3 Regional average



Overall workforce costs

| | LV | LT | EE |
|--------------------------------|--------|--------|-------|
| Employer costs, EUR 2000 gross | 2472 | 2624 | 2676 |
| Employer costs, EUR 1500 gross | 1854 | 1968 | 2007 |
| Employer social tax rate | 23.59% | 31.18% | 33.8% |

Source: PricewaterhouseCoopers "Paying Taxes 2017 - The global picture"

Proposals

- ▶ Proposals for government, municipalities
 - ▶ Training programs
 - ▶ Tax stability
 - ▶ Provision of office space
 - ▶ Engaging in promotion



Opinion on other players joining the market



Further actions

- ▶ Identified problems → Action Plan
- ▶ Improved action plan → GBS Companies | JAN
- ▶ Presentation of the Action plan | FEB
- ▶ Conclusion of the Memorandum of Cooperation | MAR

