



5th
ANNUAL

Business Service Centers Conference

TUESDAY
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VENUE
NH Bratislava
Gate One Hotel

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The fifth annual conference of the Business Service Center Forum (BSCF) put forward questions regarding the development of the shared service sector in Slovakia over the past five years, the achievements of BSCF and, above all, the outlook for the years to come.

The importance of the SSC sector for Slovak economy has grown considerably over the last period. And, to a large extent thanks to the activities of BSCF, it is becoming more and more recognized also by the respective ministries and the Slovak government. BSCF gave the sector a unified voice which helped it establish a constructive dialogue with the government.

Wade Baze of Dell, who served as the first Chair of BSCF and Alan Knight of IBM Budapest, BSCF Vice-Chairman 2013-2015 - two BSCF leaders from the past who were instrumental to its success, addressed the audience through a video message. They both

stressed the key importance of setting aside the differences and the competitive nature of the SSC industry which enabled the creation of BSCF and were very complimentary about its achievements over the last five years.

AmCham Slovakia's President and also BSCF Chair Gabriel Galgóci opened the conference program with a traditional summary of the previous year from the perspective of SSCs. The presented statistics served as good indicators of the main discussion points of the conference. Besides a growing focus on automating processes, two figures drew the biggest interest, as they demonstrate the concerns of the sector. 70% of BSCF members are not able to grow at their desired pace due to increasing labor costs and a lack of skilled workforce on the market. In addition, after several years of double-digit growth, the growth pace of the sector slowed down to 1% in 2018.

Peter Mrnka, Partner, PricewaterhouseCoopers, presented the results of a study conducted at the global level, thus adding an interesting comparative perspective to the debate regarding the SSC sector in Slovakia. He pointed out a strong global trend of an on-going shift from transactional processes towards knowledge-based processes and skills, also characteristic for SSCs in Slovakia. The presented results also indicated a considerably stronger focus on automation globally than currently expressed by the SSC sector in Slovakia.

His presentation was followed by the keynote presentation of Arjen Sader, Global Business Services Advisory Leader, Dentons, entitled "Welcome to the Jungle". In this context, "the jungle" was a metaphor for the SSC sector, due to its complexity and uncertainties. His presentation covered a wide range of topics related to the development of the sector, as well as the most important risks and challenges it currently faces. These included challenges resulting from Industry 4.0 and the digital revolution, or human resources and organizational issues.

The next block of the conference was entitled "government talks" and focused on one of the key goals of BSCF - establishing a constructive dialogue with the Government and defining a new framework of cooperation in a dynamic business environment. This year's conference featured representatives of two institutions with perhaps the biggest practical impact on HR issues in the SSC sector.



70% of BSCF members are unable to reach strategic development plans due to the continuous increasing cost of labor combined with the lack of labor resources.

2019 BSCF SURVEY

Branislav Červenka, Director, Department of Alien Police, Bureau of Border and Alien Police of the Slovak Republic, talked very openly about the issues the Department of Alien Police faces as well as about the improvements they've already implemented or plan to implement in the future. As he said, he can easily relate to the human resources problems of the SSC sector, as his department is in a similar situation, with some centers lacking 40% of workforce. The temporary registration system launched in spring has improved the processes but the real hope for a major improvement lies in a completely new automated registration system which should be introduced later this year.

Many of the mentioned topics were further developed by the second speaker, Marián Valentovič, Director-General, Central Office of Labor, Social



GABRIEL GALGÓCI
BSCF Chair, and President of AmCham Slovakia



PETER MRNKA
Partner, PricewaterhouseCoopers



Affairs and Family of the Slovak Republic. He also mentioned the inefficiencies of the current system of information exchange between his Office and the Alien Police, mainly due to archaic technologies. However, he also mentioned one of the positive outcomes resulting from an input by BSCF - the creation of a list of hard-to-fill positions, as identified by the employers. The paperwork for these positions is processed much faster than usual, in most cases within five working days.

The program continued after a coffee break when Gabriel Galgóci was joined on stage by Rastislav Chovanec, State Secretary, Ministry of Economy of the Slovak Republic, who hasn't missed any BSCF conference so far. They agreed that the perception of the sector has undergone a dramatic change and it now faces different challenges than five years ago. Although the number of SSCs outside of Bratislava has grown considerably, Mr. Chovanec mentioned that he would like to see an even stronger presence in the regions. In his opinion, the biggest achievement of the BSC sector in Slovakia was the successful transformation of numerous centers into centers of excellence, able to offer world-class services to their customers or mother organizations.

The last debate of this year's conference turned the attention to the fast changing labor market, which is likely to transform even more dramatically as a result of the so called fourth industrial revolution. In order for Slovakia to remain competitive, AmCham's BSCF, together with all relevant employer associations and chambers of commerce, have been calling for a major revision of the Labor Code. As Peter Rusiňák, BSCF Coordinator, AmCham Slovakia, pointed out in his introduction to this panel discussion, the philosophy of our Labor Code dates back to 1965, although the current version of the law is in force since 2001.

As the panelists agreed, it is a product of its era of industrial and agricultural production and it fails to reflect the changes the work process is undergoing in the 21st century, such as new forms of employment, or the influence of modern technology.

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I would wish for a managerial and expert approach to running the state - that would also be reflected in the legislation.

RASTISLAV MACHUNKA, Vice-President, Federation of Employers' Associations of the Slovak Republic (AZZZ)

Much of the debate was reminiscent of the discussion at AmCham's Rule of Law conference, as it criticized the legislative process which still enables new laws to be passed without any discussion with the employers, any impact assessment or feedback from experts. This translates into legislation which is unpredictable, increases the bureaucratic burden and often has damaging effects on employers. As the panelists concluded, to fix this problem would require not only procedural changes, but a change of political culture and of how the legislative process is perceived.

The afternoon part of the program was fully focused on high school teachers who had a unique chance to attend tailor-made presentations by experts as well as participate in a series of workshops to improve their teaching skills.



Arjen Sader, Global Business Services Advisory Leader, Dentons



GOVERNMENT TALKS: BUSINESS ENVIRONMENT FOR BUSINESS CENTERS (PART 1)
Marián Valentovič, Director-General, Central Office of Labor, Social Affairs and Family of the Slovak Republic (left); **Branislav Červenka,** Director, Department of Alien Police, Bureau of Border and Alien Police of the Slovak Republic (right)



GOVERNMENT TALKS: BUSINESS ENVIRONMENT FOR BUSINESS CENTERS (PART 2)
Rastislav Chovanec, State Secretary, Ministry of Economy of the Slovak Republic (right); and **Gabriel Galgóci,** BSCF Chair and President of AmCham Slovakia



LABOR CODE FOR THE 21ST CENTURY
 From left: **Gabriel Galgóci,** President, AmCham Slovakia; **Ján Oravec,** Member of the Board, The National Union of Employers (RUZ); **Rastislav Machunka,** Vice-President, Federation of Employers' Associations of the Slovak Republic (AZZZ); and **Peter Rusiňák,** BSCF Coordinator, AmCham Slovakia (Moderator)