



THE BUSINESS SERVICE INDUSTRY IN SLOVAKIA

PERSONAL OBSERVATIONS & VISION

|

BY DANIEL GIEBEL

T - Systems -

T-SYSTEMS – DEUTSCHE TELEKOM'S SUBSIDIARY FOR CORPORATE CLIENTS

GLOBAL DELIVERY CAPABILITY

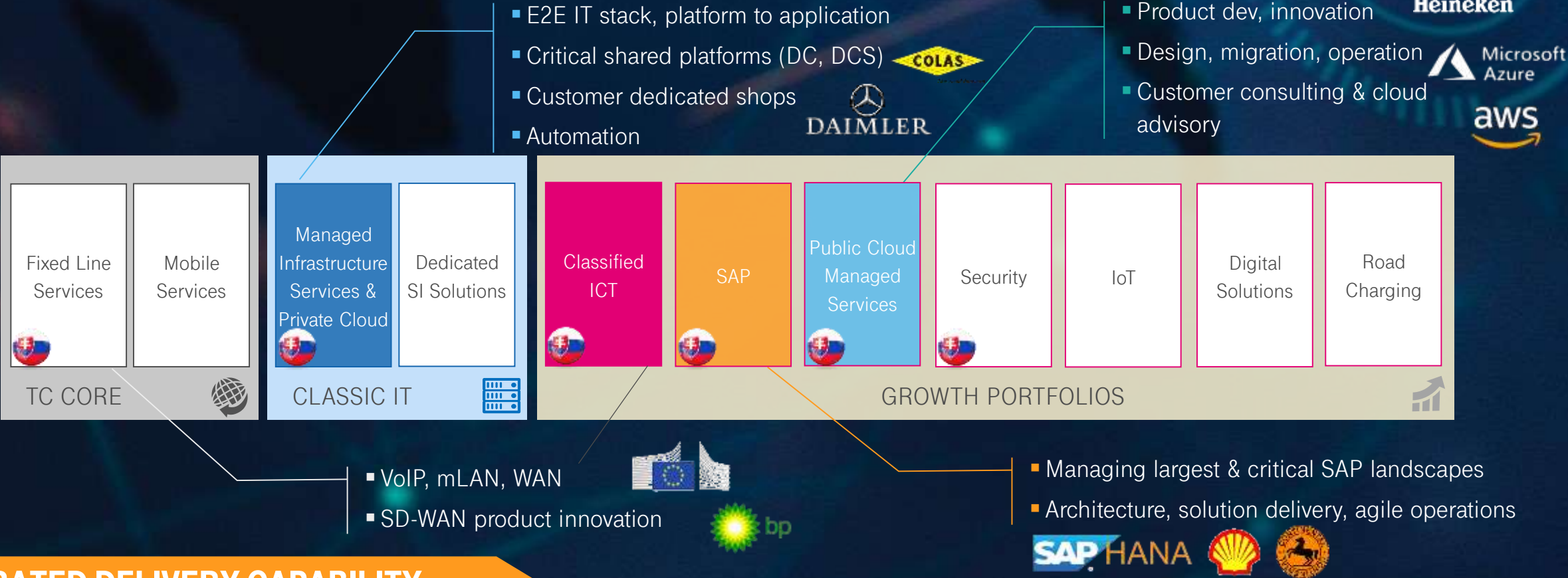
GLOBAL REVENUE	APPROX. 6,4 BIL EUR
GLOBAL DATA CENTERS	40 DCS (25 TWINS)
SAP USERS	3,3 MIO USERS
GLOBAL DELIVERY NETWORK	IN, HU, MY, RU, SK
EMPLOYEES (GLOBAL)	38 000 FTE

LOCAL DELIVERY IN SLOVAKIA

LOCAL REVENUE	APPROX. 150 MIO EUR
COMPANY RANKING	NO. 14 IN SLOVAKIA
CUSTOMERS SERVED	700 GLOBAL ACCOUNTS
PRIZES & AWARDS	TOP EMPLOYER 2016, 2018
EMPLOYEES (LOCAL)	3 960 FTE

As of Q4/2019

WE ADD VALUE BY BEING A TRUSTED PARTNER FOR OUR CUSTOMERS DURING THE DIGITALIZATION LIFECYCLE



INTEGRATED DELIVERY CAPABILITY

I HAVE SPENT CLOSE TO FIVE GREAT YEARS IN KOSICE

What I am particularly proud, it's that those years were spent in **KOŠICE**

(and not KOSIČE or KOZÍČE)

With my family we travelled a lot across this small and beautiful country

dipped into gardening and lawn-making

ONE DREAM REMAINED THOUGH – MY “4000 STAFF IN TSSK” CHAMPAGNE IS STILL IN WAITING...

01

Where are we today with BSCs?

10'

02

Our environment – what matters?

15'

03

Strategic imperatives going forward

15'

04

Strategic opportunities for our sector

20'

05

Your view – open discussion

30'

WHAT I WANT TO SHARE WITH YOU TODAY



WE CAN BE PROUD OF THE ACHIEVEMENTS OF THE BSC SECTOR
IN SLOVAKIA – ITS FOOTPRINT, ITS IMAGE, ITS CAPABILITIES...

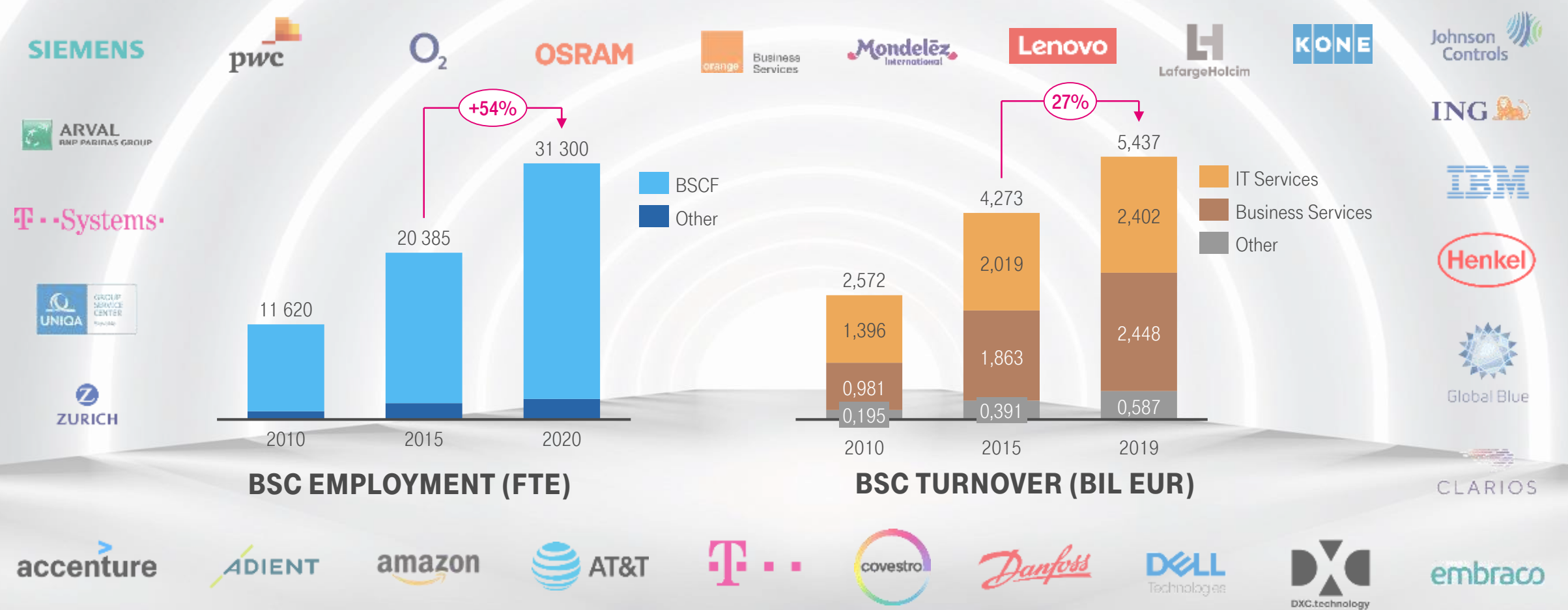
... YET FOR A LONG-TERM OUR SECTOR NEEDS TO MAKE A BOLD
STEP TOWARDS PRODUCT INNOVATION.

01

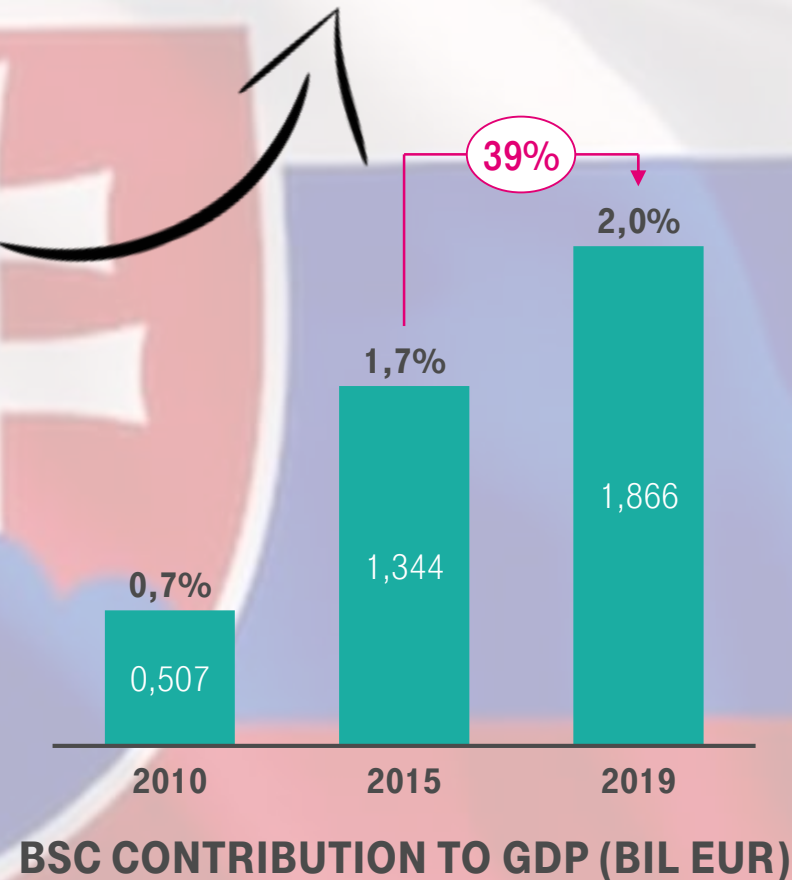
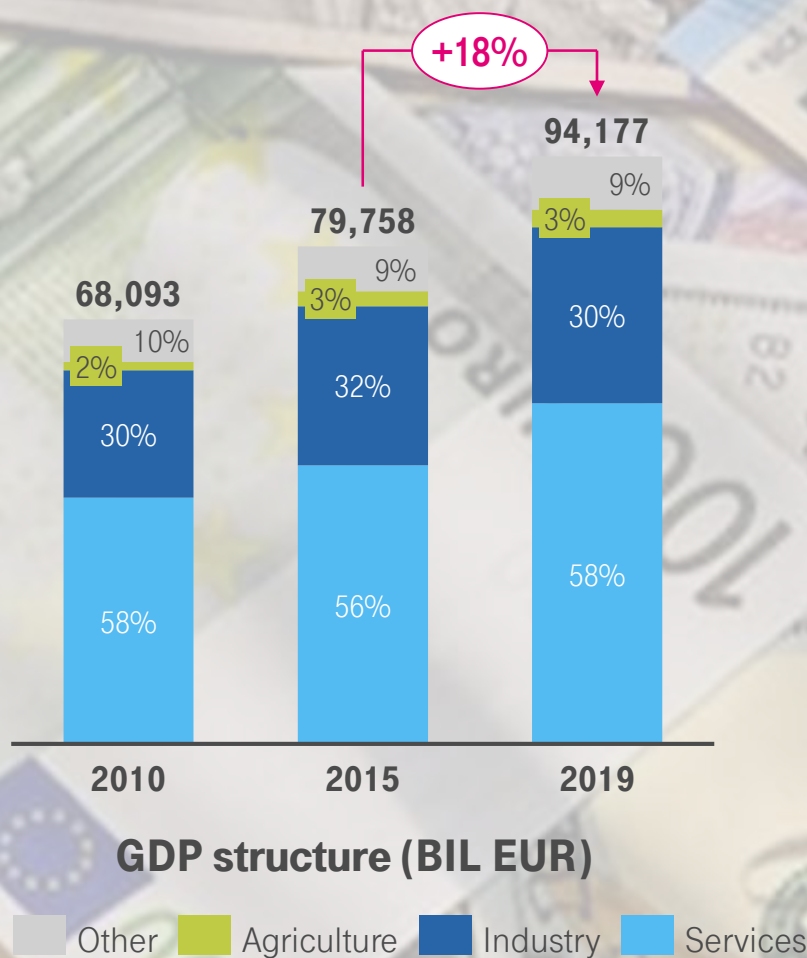
**WHERE ARE WE TODAY WITH
BSC'S IN SLOVAKIA**



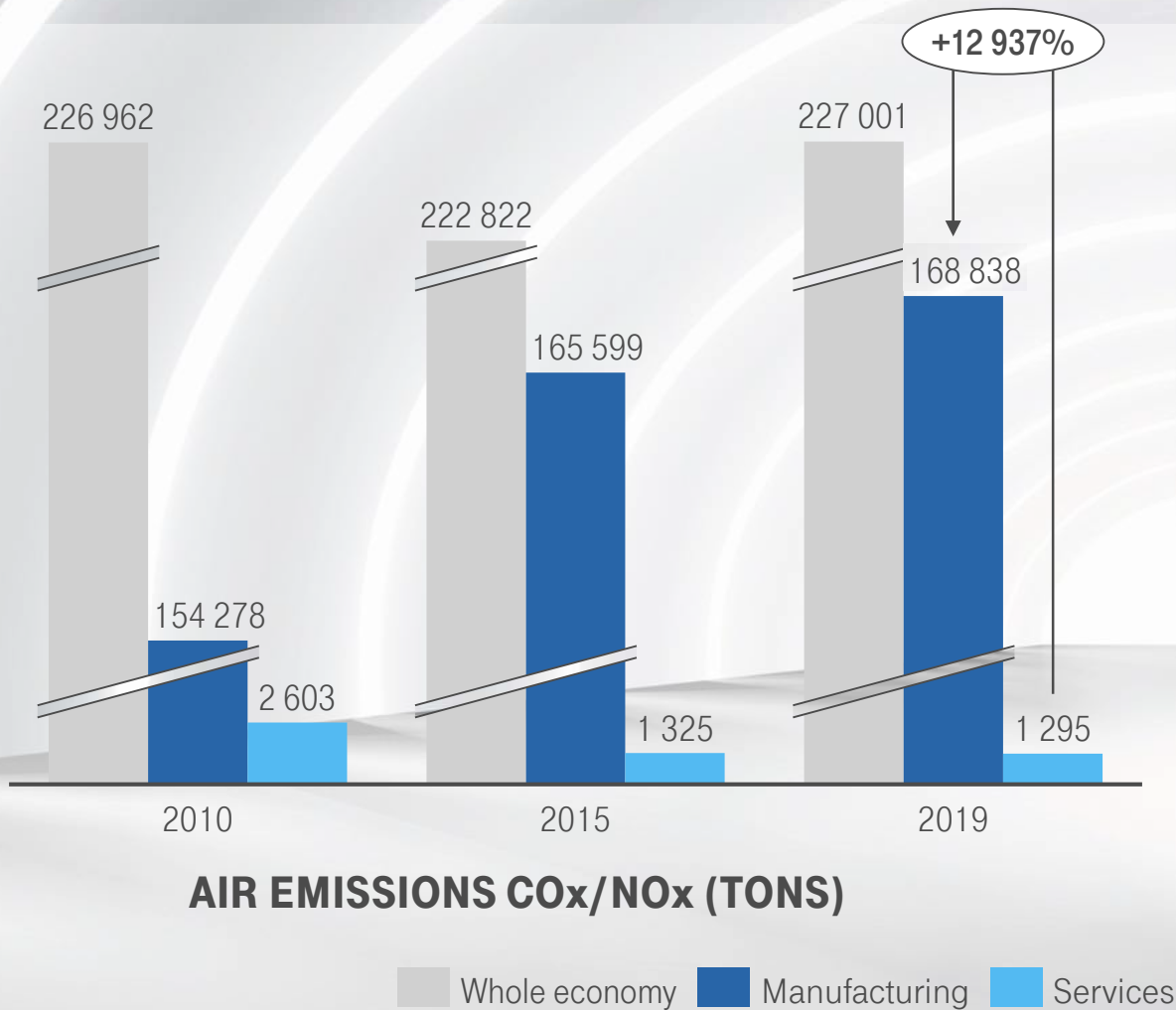
BUSINESS SERVICE CENTERS HAVE SHOWN AN IMPRESSIVE GROWTH IN THE LAST 10 YEARS...



... AND THEY REPRESENT SIGNIFICANT VALUE ADDED: THE MONEY STAYS IN THE COUNTRY



ALL OF THAT WITH VERY LIMITED ENVIRONMENTAL IMPACT



184
kg / FTE

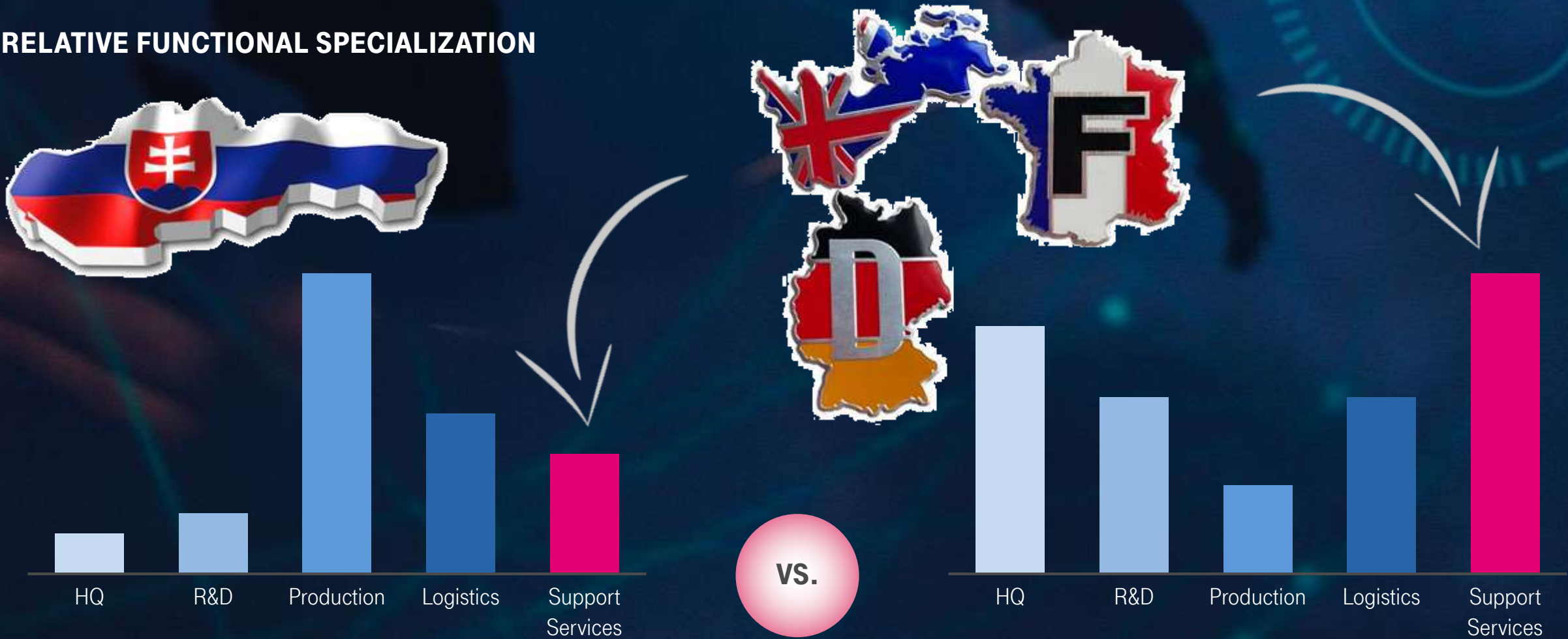
VS.



9,3
kg / FTE

AND THEY CAN HELP SLOVAKIA TO BECOME MORE LIKE EU-17

RELATIVE FUNCTIONAL SPECIALIZATION



02

WHAT MATTERS IN OUR SECTOR



EASILY MOVED... PARTICULARLY FOR TRANSACTIONAL WORK

IT **outsourcing hotspot** since the 1990's

*"It can't happen here...
We are solution for the expensive West"*

Cost **advantage erosion**

Classic outsourcing goes further east

WHAT REMAINS WHEN MASS-MARKET OUTSOURCING DECIDES TO LEAVE THE REGION, COUNTRY?

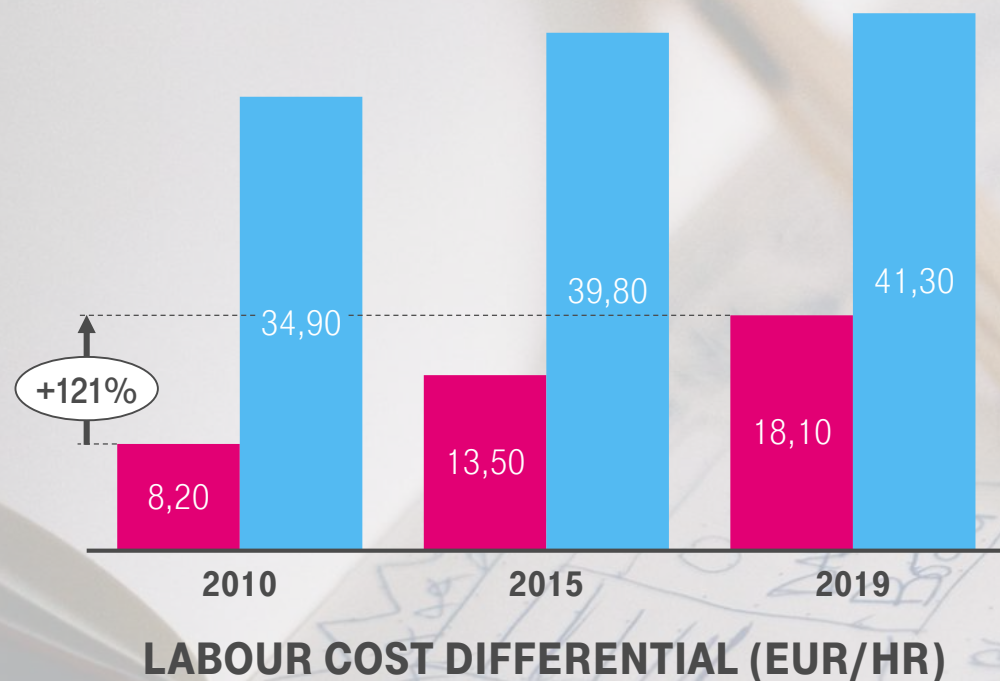
WORKFORCE WITH HIGH MOBILITY... AND A CHOICE OF LOCATIONS

- Campaign launch: **Oct 2016**
- Target: **Slovak IT expats** in Prague and Brno



578 responded → **6** hired

SUSCEPTIBLE TO LABOUR RATE CHANGES IN THE LOCAL ECONOMY



■ SLOVAKIA ■ (OLD) EU17

COMPARING YEAR 2010 WITH TODAY

AVERAGE HOURLY LABOUR COST

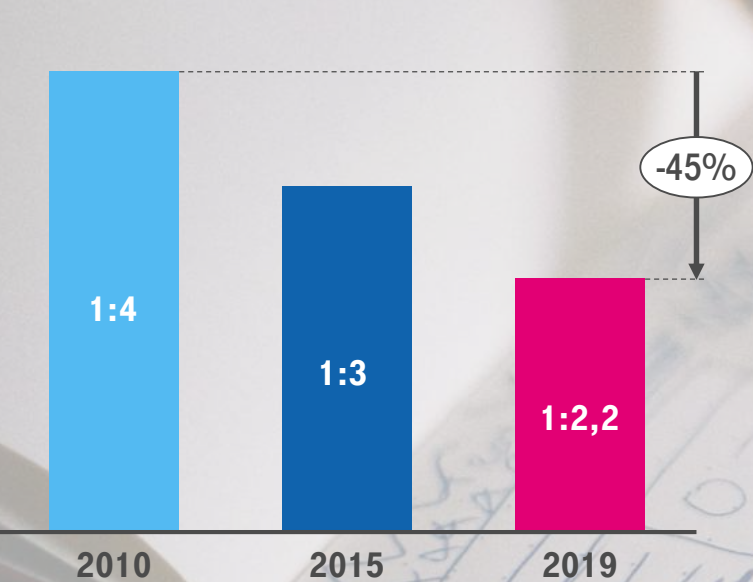
- FOR PROFESSIONAL SERVICES SECTOR ONLY*
- SLOVAKIA VS. "OLD EUROPE"



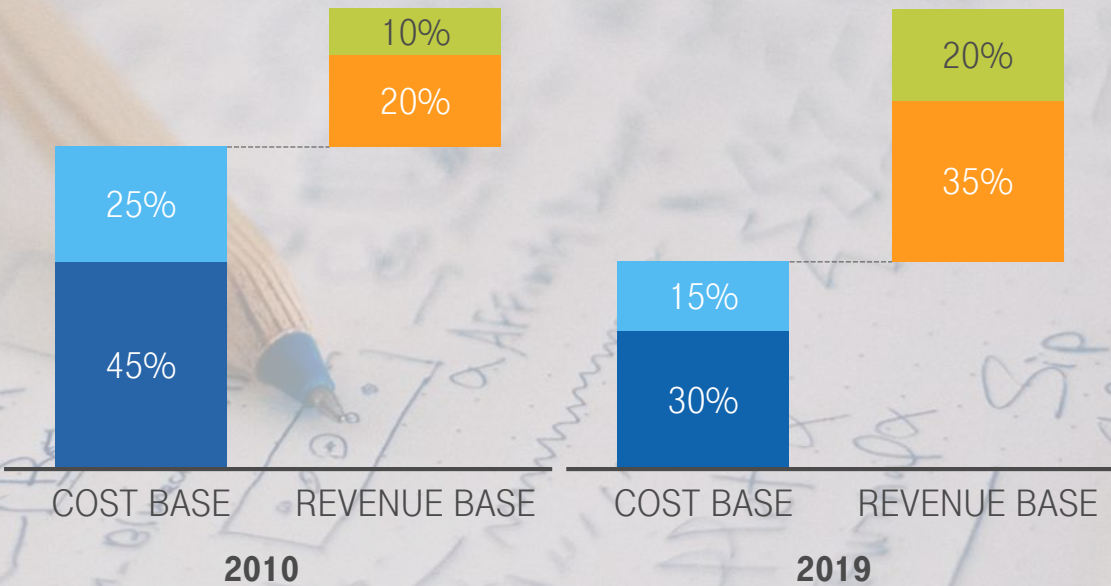
* Hourly costs in professional services are approximately 35% higher than national average in Slovakia, and 25% higher in Germany/France/Netherlands/Denmark.

DRAMATIC SHIFT IN THE SOURCES OF OUR ADVANTAGE

PAST  FUTURE



**LABOUR RATE ADVANTAGE
ERODED ALMOST BY HALF**



VALUE CONTRIBUTION MIX CHANGED DRAMATICALLY

03

STRATEGIC LEVERS FOR GOING FORWARD (MY OPINIONS)



LEVERS FOR SUCCESS OF SLOVAKIA'S BSC'S

ATTRACTIVITY

How good is our soft & hard infrastructure?

How we keep existing business here, once cost advantage diminishes?

"STICKINESS"

SPECIALIZATION

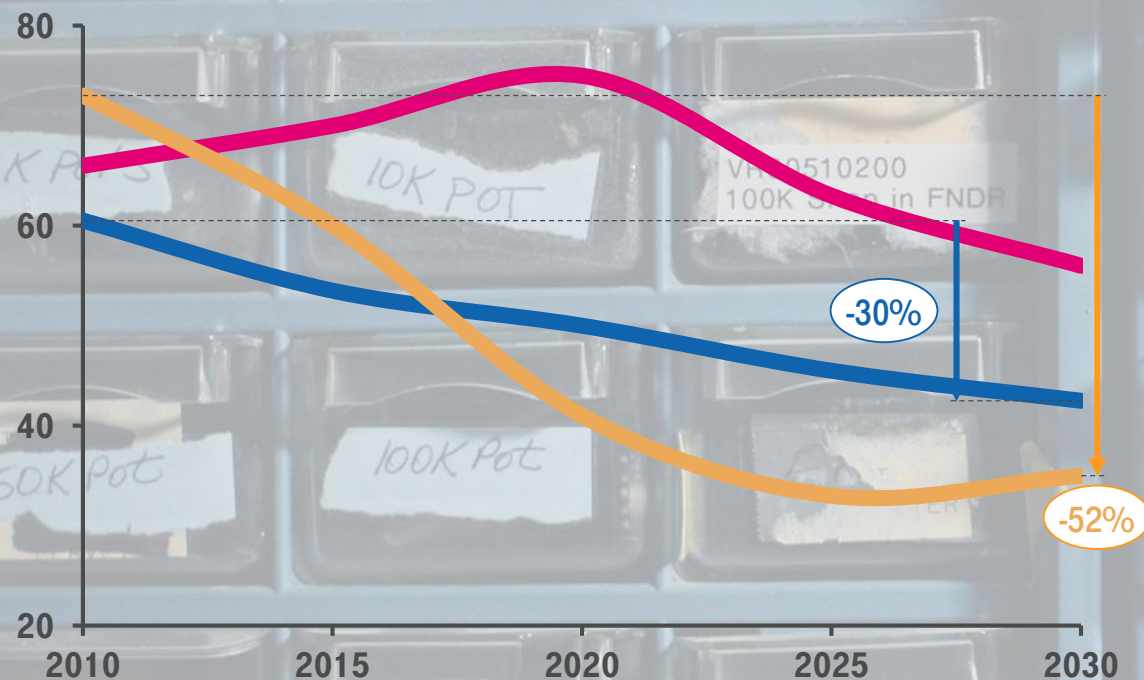
Where on the transaction – innovation continuum do we want to play?

How will we ensure we supply resources fast enough? And despite demography?

AVAILABILITY



THE CURRENT KING: AVAILABILITY OF RESOURCES



DEMOGRAPHIC PROJECTIONS LOOK GLOOMY

■ Number of births ■ Labour market demand ■ University graduates

+29%

By 2030 additional demand for resources in IT & business services is likely to reach some 20 000 jobs, or 29% of the current expert population!

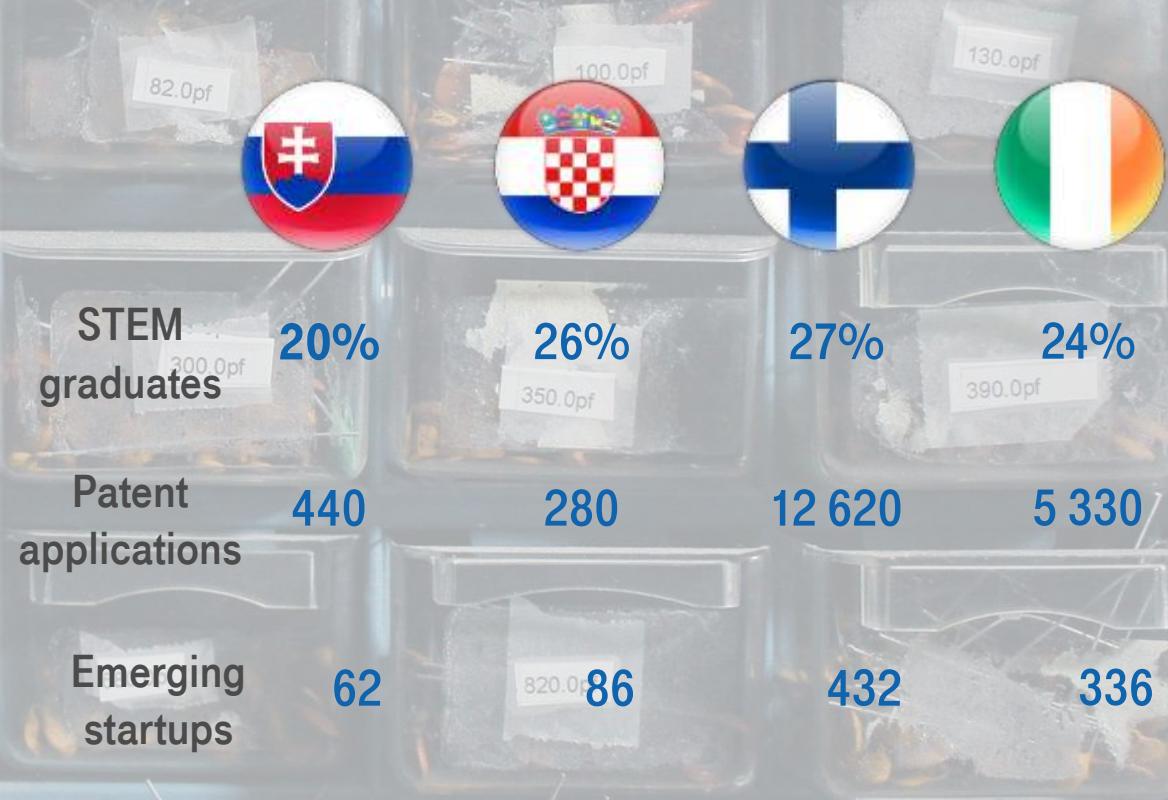
-52%

By 2030 we are likely to get half the number of graduates from Slovak universities than we did 10 years ago!

THE FUTURE KING: INNOVATION CAPABILITY



WE NEED TO HELP SLOVAKIA CATCH UP WITH THE CONTENDERS IN ITS WEIGHT CATEGORY



HIGHEST VALUE ADDED IN SPECIALIZED PRODUCTS & SERVICES



€25/
hr



€50/
hr



STRENGTHS

- Technically savvy maintainer
- Process & efficiency oriented
- Exploratory change agent & innovator
- Flexible, product & result oriented



GAPS

- Repetitive tasks, rare new challenges
- Valuing today's knowledge
- Lack of technical depth
- Too thinly spread interests & attention



FOCUS AREAS

- Automating to create space
- From fixing to shaping things
- Getting closer to the customer & its needs
- Evolution of existing services

A PREDICTABLE LEGISLATIVE ENVIRONMENT WOULD HELP... ...IN ITS ABSENCE WE CAN STILL COUNT ON CULTURE HACKING



+



+

...



INTERNAL TRAINERS
LIVE IT PROJECTS

KANBAN

CITY OF
TEVELOPERS

LEAN COFFEE

BARCAMPs



**CHANGING
THE WAY WE
LEARN**



**INNOVATING THE
WAY WE WORK**



**AGILE IN MORE AND
MORE PLACES**

04

STRATEGIC OPPORTUNITIES FOR OUR SECTOR



ONE PERSONAL EXPERIENCE I LEARNED WHILST IN SLOVAKIA



SLOVAKIA IS A SMALL COUNTRY AND THERE IS A RATIONALE IN FOCUSING ON ONE STRONG INDUSTRY, HERE AUTOMOTIVE...

...HOWEVER, I BELIEVE SLOVAKIA IS READY FOR A SMART DIVERSIFICATION



IN THE ABSENCE OF OTHER CONTENDERS, IT'S THE BSC SECTOR THAT MIGHT SUCCEED IN RAISING THE DIVERSIFICATION FLAG

SPECIALIZATION – OUR BSC’S NEED MORE FOCUS ON “PRODUCT” AND “CUSTOMER”

Product Co-Creation = Customer Centric Innovation

AIMING



Customer’s
Unmet Need

EXPLORING



Technology,
Service Consulting



Prototyping,
PoC, Demo

IMPLEMENTING



E2E Solution
Implementation



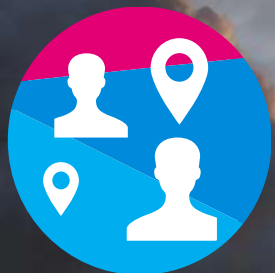
Rollout
& Delivery

IMPROVING



Optimization &
Transformation

OUR MISSION - BSC'S AS MULTIPLICATORS IN THE INNOVATIVE REGIONAL ECOSYSTEMS TO CREATE CRITICAL MASS



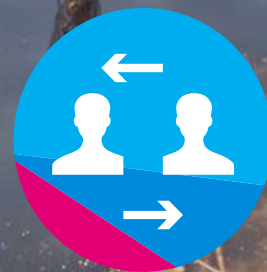
BOOTSTRAPPING

help to ideate,
encourage to explore,
build community



FINANCING

up to €1000k
strategic lead- or
co-investment



MENTORING

consultancy from
external mentors,
support from DT experts



ACCESS INTO DT

business development,
product prototyping
with live business units
& real customers



innovlab
startup centre of T-Mobile

powered
by
hub:raum
tech incubator of T-Mobile



AT&T
HACKATHON



HACKATHON
CODE AS HELLO

slovak. AI

PLUG THE EDUCATION GAP



MY KEY MESSAGE FOR YOU



WE CAN BE PROUD OF THE ACHIEVEMENTS OF THE BSC SECTOR
IN SLOVAKIA – ITS FOOTPRINT, ITS IMAGE, ITS CAPABILITIES...

...YET FOR A LONG-TERM OUR SECTOR NEEDS TO MAKE A BOLD
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THANK YOU!

ACKNOWLEDGEMENT



- Fellow T-Systems Slovakia's directors for being such a great leadership team.
- T-Systems employees for their passion.
- And namely Martin Dzbor for being able to support almost any of my ideas with data & slides.

05

YOUR VIEWS & DISCUSSION

