AIBEST

ANNUAL REPORT

2020

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About

AIBEST

AIBEST - Association for Innovation, Business Excellence, Services and Technology - is an independent industry organization which mission is the development of Bulgaria and the SEE region as a leader in knowledge-intensive products, services, solutions, and world-class destination for educated talent.
Aiming at driving knowledge, innovation, technology and professional ethics to improve the business environment, and shape the future of the knowledge-based economy, AIBEST is the voice of companies from the entire spectrum of the modern business services industry - companies specializing in BPO, ITO, KPO, LPO, HRO and others that employ over 35 000 people

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Introduction

2019 was another year of growth for the technology and business services industry in Bulgaria. The total profit of the companies operating in this sector climbed 8.4% y/y to EUR 252.1 mln, contributing to a record-high net profit for the five-year period since 2015.

The industry reinforced its position of preferred employer, which is evidenced by the increasing number of people working in the sector and the rising employee costs and taxes paid by the companies. Our sector employed more than 77,950 people at the end of 2019, up by 5,536 as compared with 2018. The share of the sourcing companies in the country's total labour costs has been growing steadily in the last five years, to reach 9.3% of total salaries and 7.4% of the social security contributions paid in 2019.

Furthermore, we expanded our partnerships with the local authorities and our industry is now much better represented nationwide. Sourcing hubs emerged in Varna, Plovdiv, Burgas and Veliko Tarnovo, where a number of Sofia-based vendors opened offices.

The unprecedented health crisis which hit the world in early 2020 naturally impacted the technology and business services sector as well. The companies' cash flows, technical setup, crisis plans and protocols were put to test, as issues of social responsibility and solidarity came to the fore.

However, the crisis also unlocked the digitalisation and innovation potential of the sector, highlighting two words – adaptation and speed – in respect to decision-making and transformation of business models, products, services and solutions. The results were quick to show. The companies' operations have started to return to normal in terms of volume and revenue, and the expectations are that more new projects will be launched as global players seek to diversify their risk.

Due to its membership in the EU, its well-developed digital infrastructure and extensive talent pool, Bulgaria is well poised to attract new investments as Western companies contemplate relocating operations to regions which are closer to their headquarters. Considerations related to time difference and cultural similarities too come into play to our advantage.

To succeed, however, a reform of education and an overhaul of regulations such as work from home legislation and the process of issuing visas to non-EU residents, are critical. Our industry is not based on natural resources but on human resources, on people who are super flexible and adaptive. Establishing companies with soft power that are attractive on a global scale is fundamental for the type of people we can attract and retain.

The extent to which we avail ourselves of this opportunity in the next year or two will be crucial with regard to how Bulgaria emerges from the crisis, how well it positions itself in respect to its global competitors and how quickly it catches up with the older members of the EU in terms of GDP levels.

Ilia Krustev,
Chairman of the
Managing Board at
AIBEST

Key findings

The AIBEST Annual Industry Report 2020 covers 610 Bulgarian companies engaged in business process sourcing (BPO) and information technology sourcing (ITO). Based on the analysis of the data we identified the following highlights for the development of Bulgaria's sourcing industry in the five-year period 2015-2019:

- In 2019, sourcing contributed 5.5% to Bulgaria's real GDP, or EUR 2.9 bln. The industry is growing considerably faster than the national economy and by 2022 its turnover is expected to expand both in terms of value and as a share of the economy, to EUR 4.7 billion and 8.9%, respectively. The Bulgarian sourcing providers performed impressively as the industry's growth rate in 2019 reached 19.6%, almost matching the 20.5% forecasted in the last year's edition of our report.

- The industry is an important contributor to the national economy in terms of taxes paid as well. In 2019, it paid EUR 30.5 mln in taxes or EUR 5.5 mln more than in the previous year. The industry's tax contributions accounted for 2.5% of all taxes paid in the economy, compared to 2.1% in 2018. Sourcing providers on average spent 1.1% of their operating revenue on taxes.

- Sourcing companies further increased their salary expenses in 2019 and accounted for 9.3% of the total salary costs in Bulgaria, up from 8.5% a year ago. The industry's social security contributions followed the trend, accounting for 7.4% of the national total versus 7.0% a year earlier. These shares are expected to grow further by 2022.

- Shared service centres (SSC) was the segment with the highest annual salaries costs per company. However, it should be noted that this is mostly due to the size of the companies operating in this segment, while wages are also above the BPO average, due to the knowledge-intensive activities performed in the segment. Salaries costs across the SSC segment amounted to EUR 15.3 mln, or nearly six times more than the industry's average of EUR 2.7 mln. A similar pattern emerged in terms of social security contributions, where the average annual amount per SSC company stood at EUR 2.2 mln, while the industry averaged EUR 0.4 mln.

- The sourcing industry employed a total of 77,987 full-time employees (FTEs) in 2019. By 2022, the number of FTEs is expected to exceed 110,000. BPO continued to account for the majority of the employment in the industry, or 67.0% of the total FTEs in 2019.

- The market is divided almost uniformly between BPO and ITO. A total of 322 companies operate in the ITO sector versus 288 BPOs.

- In terms of operating revenue, however, BPO continues to be the better performer, accounting for 54.8% of the total in 2019. ITO vendors added the remaining 45.2% and their share inched up in comparison to the previous year.

- In 2019, the industry's operating revenue continued to grow at a stable rate of 19.6%, compared with 20.3% in 2018, as a consequence of untapped potential and the accelerating transition towards more complicated knowledge-intensive and value-added activities. Forecasts based on the compound annual growth rate in the period 2015-2019 show a continuous rise in company numbers and aggregate revenue by 2022.

- Sourcing remains a profitable industry – its net profit totalled EUR 252.1 mln in 2019, up by 8.4% year-on-year. BPO generated 52.0% to the total amount and also had the edge over ITO in annual growth terms with an yearly increase of 18.9% in the bottom line result. ITO's net profit, on the other hand, stagnated slightly below the previous year's level.

- Western Europe, the UK and the USA strengthened their positions as the main foreign markets of Bulgaria's sourcing providers.

1. Overview of Bulgaria as a sourcing destination

Fig. 1 Bulgaria Factsheet 2019

BULGARIA

Area
110,994 sq km

Population
6,951,482

Capital
110,994 sq km
Sofia

Other Major Cities
Plovdiv, Varna, Burgas, Ruse

Currency
Bulgarian lev (BGN), pegged to the euro at BGN 1.95583

Form of government
Parliamentary Republic

Taxes
Corporate tax - 10%;
Income tax - 10%;
VAT - 20%

Membership
EU, IMF, NATO, UN, WTO

MACROECONOMIC INDICATORS

GDP Real Annual Growth Rate
3.4%

GDP per capita (EUR, current prices)
8,809

Exports
EUR 29.9 bln

Labour Force
3.376 million people

Unemployment
4.2%

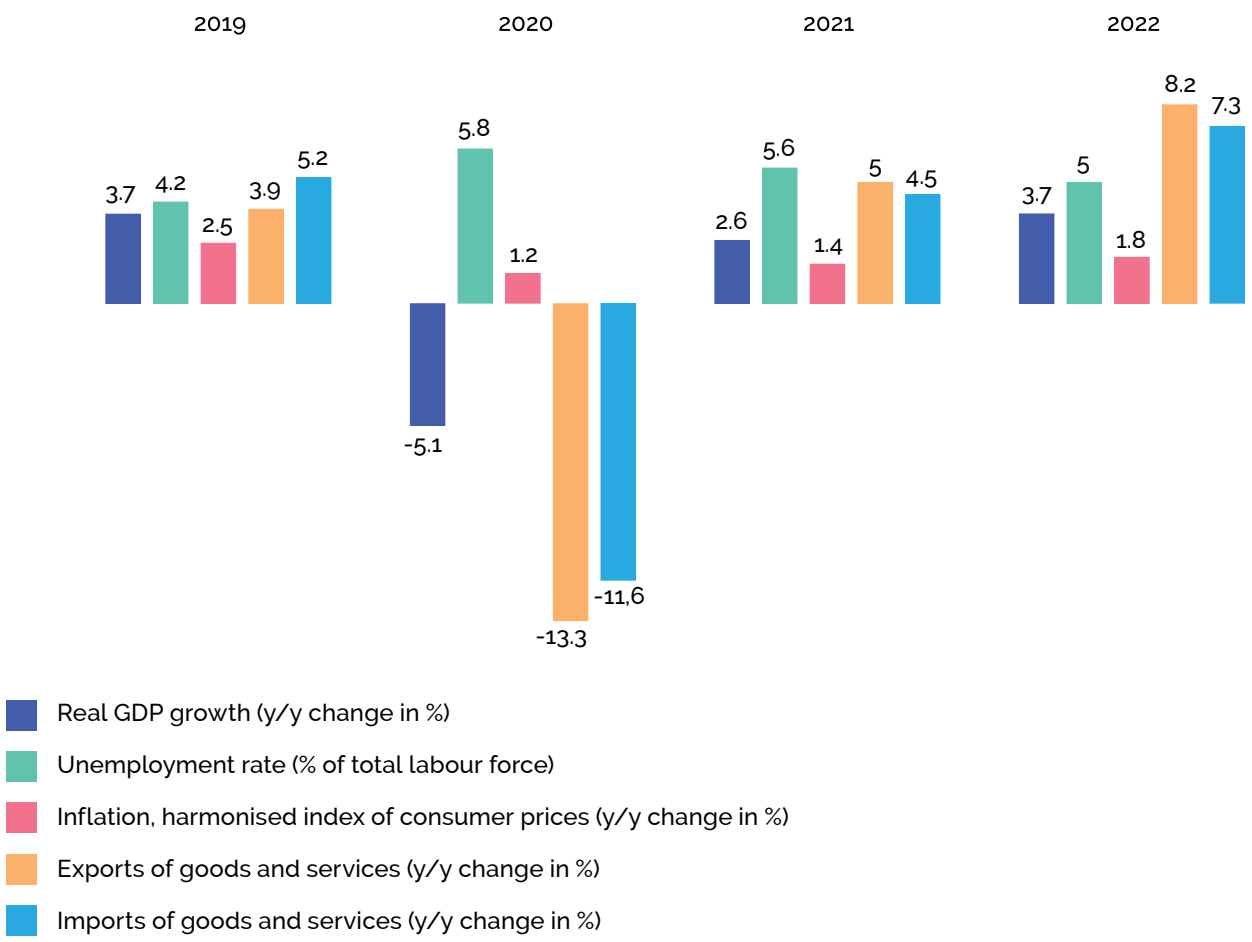
Average Gross Monthly Wage
EUR 650

Average Annual Inflation
3.1%

FDI
EUR 1.092 bln

Sources: NSI, BNB

Fig. 2 Bulgarian Economy Forecast



Source: European Commission - European Economic Forecast - Autumn 2020

Over the last decade Bulgaria has firmly positioned itself as the leading global services location in Southeast Europe (SEE). The management consulting firm A.T. Kearney placed Bulgaria 17th in the world and top in SEE in the latest edition of its Global Services Location Index report, published in 2019. The index ranks the 50 most attractive destinations for business services worldwide based on criteria such as financial attractiveness, people and skills availability, business environment and digital resonance. Bulgaria is well positioned in terms of financial attractiveness and business environment. On the other hand, it is less competitive and faces challenges in the areas of people availability and digital skills.

Bulgaria is fully integrated into the European economy as one of the four EU members in SEE. Its currency is pegged to the Euro, which guarantees a stable business environment as well as zero exposure to foreign exchange risks. Bulgaria is among the countries with the lowest operational costs in the region, due to the flat 10% corporate and personal income taxes. The country boasts a well-developed telecommunications infrastructure, with fixed broadband Internet connection speed being among the fastest in SEE and the third fastest mobile Internet speed in Europe. Information security and privacy regulations are in accordance with existing EU legislation. The country has well-educated and highly-skilled professionals in the areas of information technology and languages. However, in order to be able match the demand for labour force and keep up with the global sourcing sector's development, the talent pool with suitable STEM (science, technology, engineering, and mathematics) skills needs to be expanded.

Amid the ongoing COVID-19 crisis, Bulgaria's sourcing industry has demonstrated resilience and its growth prospects remain intact. However, as a clearly export-oriented branch of the economy, it will hardly remain untouched by the global challenges related to the pandemic - economic slowdown, decreased demand and investment activity, as well as geopolitical shifts. In order to stay competitive, the Bulgarian sourcing industry has to venture deeper into higher value-added services and focus on research and innovation to take advantage of the new niches emerging during the crisis.

No one can direct the wind, but can you calm the waters?
As storm clouds gather, how you plot the course for calmer waters is essential.
We can help you navigate the critical questions for now, next and beyond.
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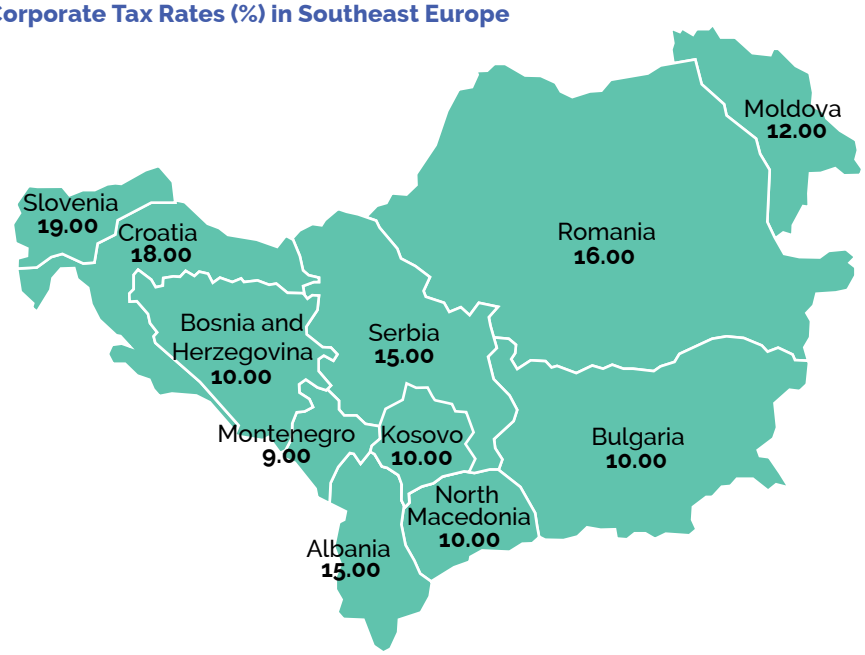
2. Factors affecting the business services industry in Bulgaria

2.1 Cost of doing business

2.1.1 Taxes

With its 10% corporate tax Bulgaria is the country with the second lowest rate in the EU after Hungary. The corporate tax rate in Bulgaria is more than two times lower than the EU-average of 20.9%. Among the countries in SEE, Bulgaria ranks second, along with North Macedonia, Kosovo, and Bosnia and Herzegovina, which also have a 10% corporate tax. Montenegro tops the chart with a tax rate of 9.0%.

Fig. 3 Corporate Tax Rates (%) in Southeast Europe



Source: European Commission - European Economic Forecast - Autumn 2020

2.1.2 Labour costs and salaries

In 2019, Bulgaria had the lowest average hourly labour cost across the EU, according to Eurostat. It stood at EUR 6.0, or more than four times lower than the EU-28 average of EUR 27.7. However, Bulgaria is gradually catching up with the rest of the member states since its labour costs increased to 21.7% of the EU-28 average from 19.7% in the previous year. The country's closest competitors in the region, the other three EU members, still have higher average hourly costs. Romania reported average costs of EUR 7.7 in 2019, an hour of labour costs an average of EUR 11.1 in Croatia, while Slovenia had an even higher hourly cost - EUR 19.1.

In terms of average monthly gross salaries in the economy, Bulgaria ranked fourth in the region with EUR 650 in 2019, up from EUR 579 in the previous year. While Bulgaria's competitive advantage over other EU members persists, wages in the sourcing industry have been climbing at a rate comparable that in the rest of the region. As far as the sourcing industry is concerned, Bulgaria belongs to the countries with the most well-paid talent within SEE. In 2019, the average monthly gross salary in the information technology and communications sector stood at EUR 1,542, growing faster than the average for the economy, by 12.8% on the year. Among the other countries in the region, only the EU members Slovenia, Romania and Croatia offered higher IT salaries.

2.1.3 Electricity prices

Bulgaria's electricity prices for industrial consumers are considerably lower than the EU-28 average. In 2019, the average electricity price, including all taxes and levies, was EUR 0.11 per kWh, compared to EUR 0.15 per kWh for EU-28. The electricity rate for Bulgarian industrial consumers was among the 10 lowest in Europe, but at a regional level it was more expensive than that of Serbia, North Macedonia, Bosnia and Herzegovina, Kosovo, Moldova and Montenegro.

2.1.4 Internet speed and connections

In 2019, Bulgaria's broadband internet speed was among the best in SEE and in Top 40 globally, on par with Slovenia and Romania and well ahead of Serbia, Croatia and the rest of the region, according to the Worldwide Broadband Speed League. In terms of average price per megabyte, Bulgaria offers the eleventh cheapest internet in the world, albeit more expensive than some of its main nearshoring competitors, such as Romania, Poland and Lithuania.

2.1.5 Standard and cost of living

Bulgaria offers favourable cost of living compared to the other major SEE countries, as measured by the Cost of Living Index by the database of user contributed data Numbeo. Living costs in Bulgaria are on par with Romania and Serbia and considerably cheaper than Slovenia and Croatia. Furthermore, Bulgaria combines its low cost of living with high quality of life, according to the Numbeo Quality of Life Index. The country's most attractive features include cost of living, safety, climate and traffic commute time, while indicators such as healthcare, property price to income, pollution and purchasing power need improvement.

Within the country, there are significant differences in the cost of living between Sofia and the other large cities, which present an opportunity for those cities with a more favourable cost structure, like Plovdiv, Varna and Burgas to attract workforce and investors.

2.2 Office space

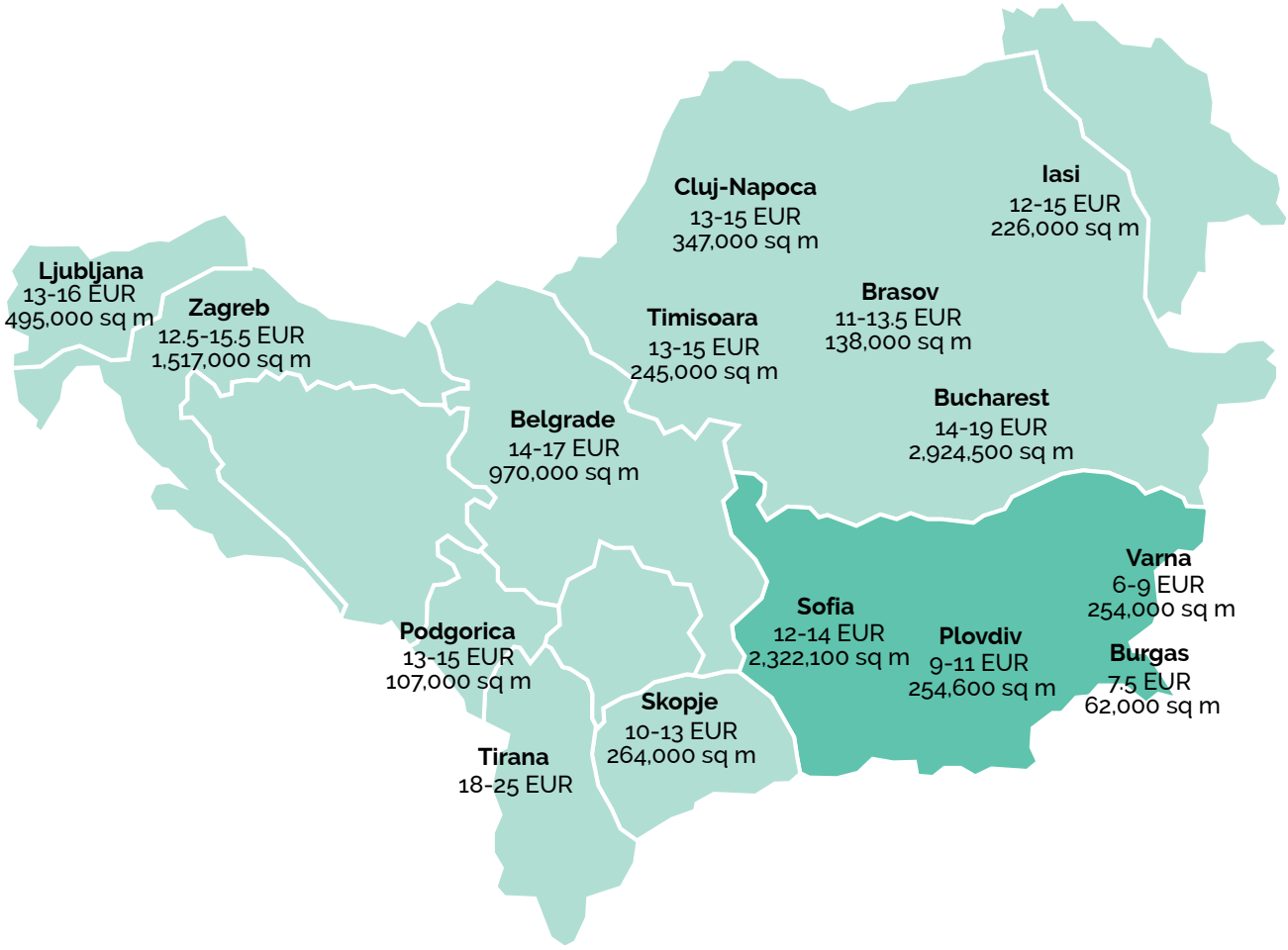
The focal point of the Bulgarian sourcing industry, the capital city of Sofia, is also the most developed office space market in the country. It boasts highly competitive rental rates for prime office premises at regional level. With EUR 15.0/sq m per month in September 2020, the prime office rents in the Bulgarian capital were below the average among the other sourcing locations in the SEE region. Outside the central business district of Sofia, class A office rates varied between EUR 12/sq m and EUR 14/sq m, while class B rates were as low as EUR 9.5/sq m.

The office stock in Sofia is set to expand in the short term, with between 380,000 sq m and 515,000 sq m being under construction as of Q3 2020, according to estimates by different real estate agencies. This accounts for more than two thirds of the overall area of office projects in the pipeline in Bulgaria, which will reinforce Sofia's dominance on the Bulgarian office space market. The top areas in Sofia in terms of new space remained Tsarigradsko Shose Blvd., the Hladilnika area and the southern outskirts around the city's ring road, where more than 80% of the new office projects are located. The central business district, Business Park Sofia and the areas close to Sofia Airport and along Bulgaria Blvd. will witness negligible expansion of the office space due to the limited availability of land plots. Areas situated around main roads and the neighbourhoods with good transport access account for more than 90% of the planned office developments in the capital.

The second largest office market in the country, Plovdiv, features one of the lowest Class A office rents in SEE, at EUR 9.0/sq m to EUR 11.0/ sq m. It was the only Bulgarian city to report a rise in price levels in the last four years, together with a considerably faster expansion of the office stock than that in its main rivals, Varna and Burgas. Varna, for its part, slid to the third largest office market in the country, with Class A and Class B total supply of 254,000 sq m. Its average asking rent sank to EUR 7.5/sq m as of Q3 2020 from EUR 8.5/sq m until 2019, matching that of the other seaside location, Burgas, which also saw a slight decline. The office markets in the three cities have some similarities, such as the close rent levels and the slight advantage of Class A over Class B premises in terms of total area, but each of them also has its own unique features. Plovdiv continues to be the most dynamic location, with 76,100 sq m worth of office projects in the pipeline, which is two times more than the combined area of projects under construction in Varna and Burgas. The city is characterised by a high concentration of modern office space in the outskirts, and strong dominance of IT, sourcing and manufacturing occupiers. Varna's prime office space is also unevenly distributed throughout the city, while office buildings in Burgas are heavily concentrated in the central business district. IT and sourcing companies also prevail in these two markets, followed by representatives of the strongest local sectors – transport and logistics in Varna and energy in Burgas.

At a regional level, rental prices in Sofia and the other Bulgarian cities are the lowest among the 15 major cities in SEE. As of Q3 2020, Plovdiv, Varna and Burgas have the lowest rents, while in Sofia they were slightly above those in Skopje and Romania's Brasov and approximately equal to the prices in the other large Romanian cities outside Bucharest. Monthly prime rates in Tirana, Bucharest and Belgrade are the highest in SEE, standing around and above EUR 17/sq m. While an undisputed leader in Bulgaria, Sofia is also among the top locations in terms of total office space in SEE, second only to Bucharest and considerably ahead of Zagreb, Belgrade and Ljubljana. Bulgaria's capital had 2.322 million sq m of class A and B office space as of Q3 2020.

Fig. 4 Average monthly asking rent for Class A office space (EUR/sq m) and available office space as of Q3 2020



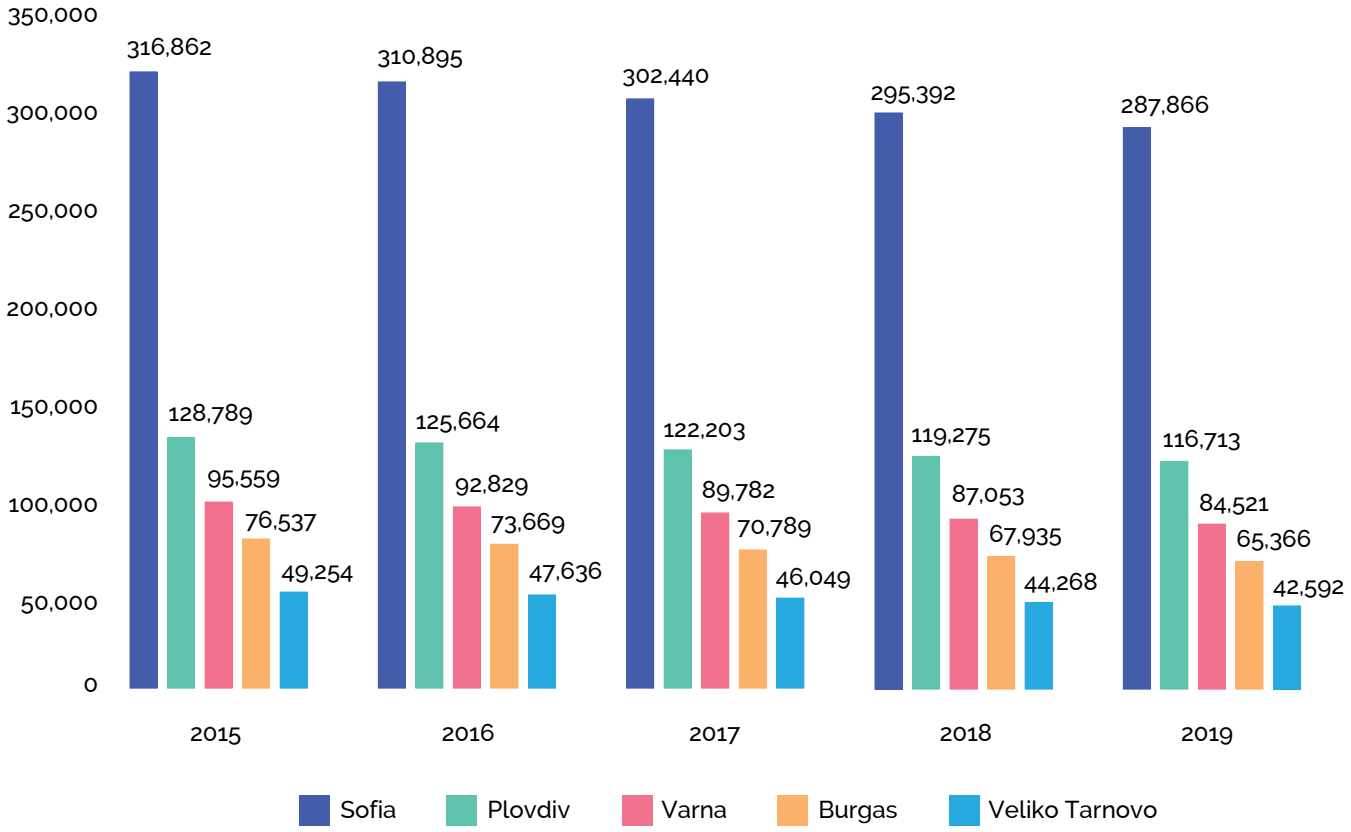
Sources: Colliers, CBRE, MBL, Forton

The sourcing sector is expected to continue to be one of the driving factors for office development in the short and medium term, despite the temporary drop in office space demand, caused by the extensive "work from home" organisation of the activities in the industry during the COVID-19 pandemic. The primary new occupants of office space in major Bulgarian cities are companies from the banking, manufacturing and IT sectors opening shared service centres or nearshoring business activities, as well as BPO providers. Supply continues to grow, fuelled by the large number of ongoing new office developments and the increasing sublease inventory.

Vacancy rates in Sofia climbed to 11.3% for Class A and Class B premises, due to the reduced footprint of some occupiers since the outbreak of the crisis in Q1 2020. The office market registered a limited leasing activity over the last two quarters. Most companies prefer to stay at their current locations and to postpone their expansion or relocation plans until it becomes clear what their needs for office space will be in the long run. Vacant space remains scarce in the city centre, while in suburban areas, where most new projects are located, it is growing at a fast rate. In the rest of the large cities in the country, vacancy rates reached 16% in Plovdiv and 13% in Varna. Burgas remains the only exception, with a vacancy rate as low as 6.0%, mainly due to a tight supply of modern office space.

2.3 Demographics and available labour force

Fig. 5 Population Aged 20-34 in Major Bulgarian Districts by Year



Source: NSI

Bulgaria's total workforce stood at 3.376 million people at the end of 2019, an increase of 1.5% on the year. Out of them, 597,058, or 2.7% less than in 2018, were aged 20-34 and based in the five best developed cities of the Bulgarian sourcing industry and their adjacent administrative districts. The young population decreases faster in smaller cities, partially due to migration to the capital or abroad.

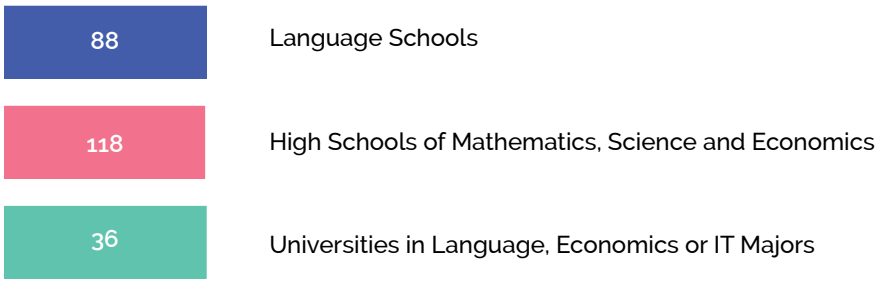
In 2019, the two smallest among the top five sourcing destinations -- Burgas and Veliko Tarnovo -- suffered the sharpest decrease in youth labour force, of 3.8% y/y each, followed by Varna with 2.9%. The capital city of Sofia and the second largest Bulgarian city, Plovdiv, also faced declining population in the 20-34 age group compared to 2018, although at a slower pace of 2.5% and 2.1%, respectively.

The five-year downward trend demonstrates a severe demographic problem - between 2015 and 2019 the five leading sourcing centres in the country together lost 10.5% of the population aged 20 – 34, or a total of 70,000 people. Youth population in Burgas decreased the most, by 14.6%, followed by Veliko Tarnovo with a drop of 13.5%. The slowest decline rate was reported in the capital of Sofia, where youth labour force fell by 9.2% during the analysed period. The main reason for the downward trend is the steadily declining birth rate in the 1990s, when this age group was born. In Sofia and Plovdiv, and to a lesser extent in Varna, youth migration in 2015-2019 shows a positive balance, which partially mitigates the negative effect of the declining population. In Burgas and Veliko Tarnovo, however, youth migration balance is negative and additionally aggravates the demographic crisis.

2.4 Education

Bulgaria has a well-developed educational system. It spans a wide network of secondary schools with an intensive focus on languages, mathematics and science as well as 52 universities across 14 cities. Out of them, 38 offer majors related to the sourcing industry, which is the second highest number in SEE behind Romania. Bulgarian students traditionally are among the top performers at international technology and science high school competitions.

Fig. 6 Number of Schools and Universities Preparing Students for Potential Sourcing Jobs in 2020/2021



Source: Ministry of Education of Bulgaria

Fig. 7 Prizes for Bulgaria from International High School Competitions in October 2019 - September 2020

Approximately 80% of the working-age population has secondary or higher education, above the EU average of 75%. One in four Bulgarians aged 15-64 has attained a tertiary education degree. Over the last five years, more than 10,800 Bulgarian students graduated in computer science, software development, mathematics and statistics. In the 2019/2020 academic year, around 12,900 students were enrolled in these majors. In 2019, there were 51,460 university and college graduates and over 18,500 of them could be suitable employees for the sourcing industry.

In an effort to match higher education to the needs of the sourcing industry, AIBEST launched in 2019 a master's programme in sourcing jointly with Sofia University St. Kliment Ohridski.

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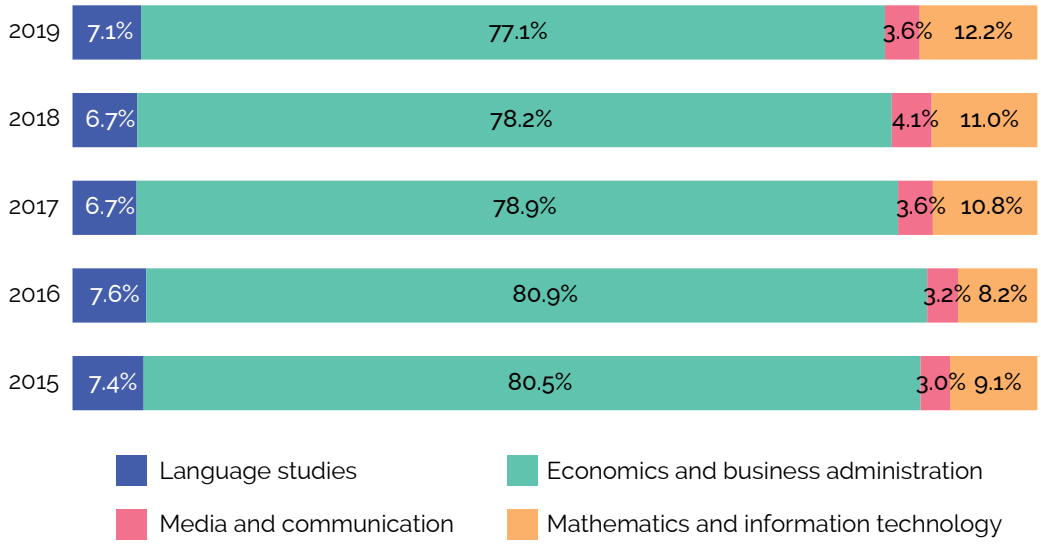
Fig. 8 Graduates Potentially Suitable for Sourcing by Year and Field (%)



Source: NSI

The language skills of Bulgaria's labour force are still insufficient in comparison to other European countries. Eurostat data shows that 50% of the working-age population speaks at least one foreign language, which is considerably below the EU average of 64.5% and lower than all SEE countries except Romania. Encouragingly, this share reaches 60% in the 25-34 years age group. At the same time, Bulgaria is the SEE country with the lowest share of people aged 25-34 who speak two or more foreign languages.

Almost three quarters of the pupils in general upper secondary education in Bulgaria are taught two or more foreign languages, according to the most recent Eurostat data. English is by far the most popular language among secondary school students in the country. More than 87% of them learn English, but this is the lowest percentage among all SEE countries. In the 2020 edition of the English Proficiency Index Bulgaria ranked fourth among the participating five SEE nations, with its proficiency in the language estimated as high. The other most common foreign languages include German, Russian, French and Spanish.

The talent pool also has some room for improvement in the area of STEM (Science, Technology, Engineering, and Mathematics) skills. Bulgaria is the worst-performing country among the four EU members in SEE covered in the Europe's Digital Progress Report 2017 by the European Commission. It had 14 STEM graduates per 1,000 individuals aged 20-29, compared to an average European level of 19. Major challenges for Bulgaria include lack of adequate IT skilled workforce and national strategies to combat the low interest and high dropout rates in STEM studies. A positive trend is the rapid development of private initiatives for adult and formal secondary IT education.

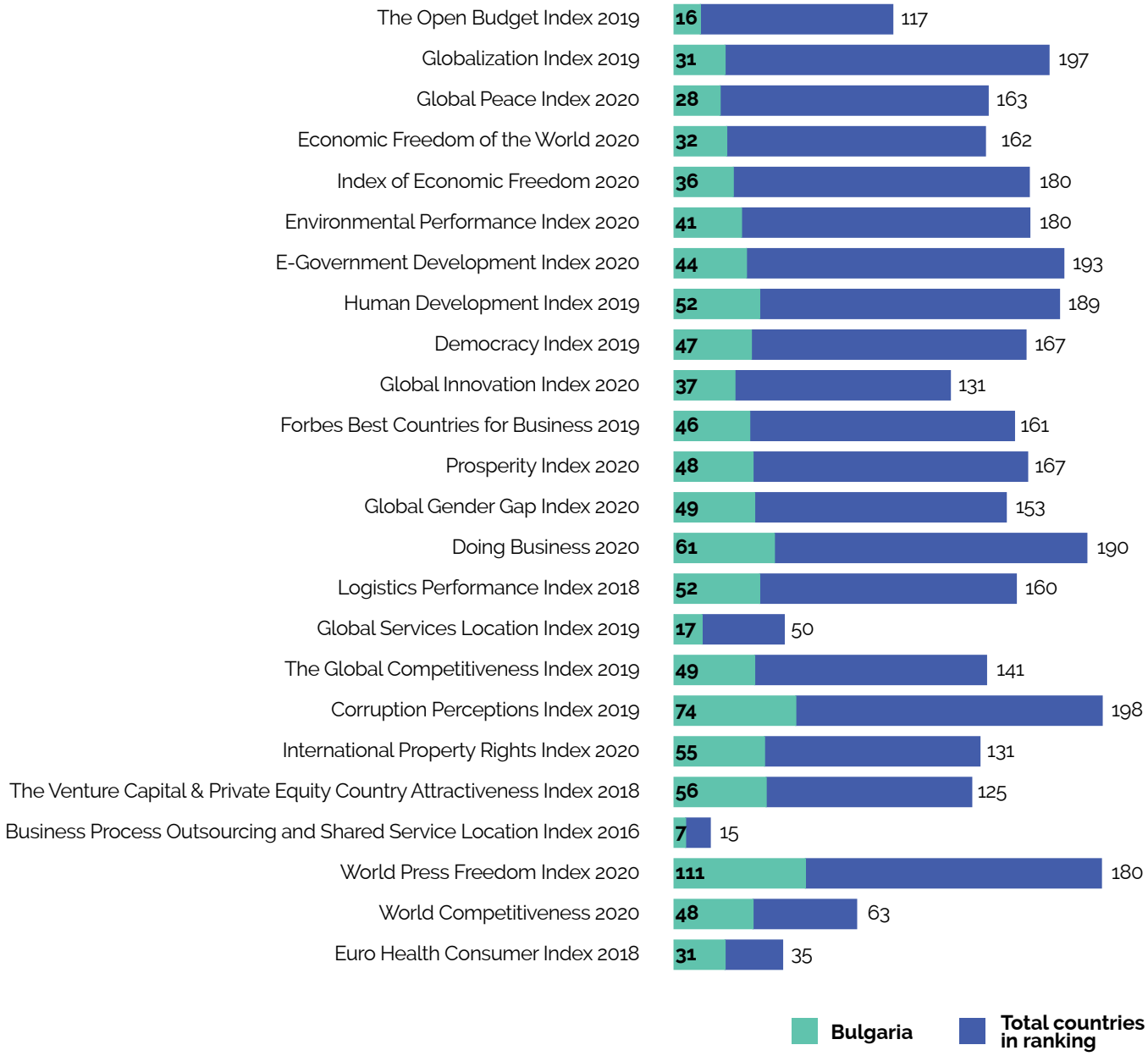
The performance of high-school students in Bulgaria in technical and language skills as measured by the latest PISA Mathematics, Science and Reading test was above the SEE average, only behind Slovenia and Croatia, but in the lower half of the global ranking – 45th out of 70 countries.

2.5 Global rankings

Bulgaria and Romania, the only two SEE representatives in A.T. Kearney's 2019 Global Services Location Index 2019, occupied spots in the upper half of the ranking, but slipped down in comparison with the previous edition two years ago. Bulgaria went down two notches and, although outpacing the former European leader Poland, lost its second place on the continent, falling behind the UK, Estonia, Lithuania and Germany. The factors that pushed the country down in the ranking stem mostly from the comparatively low digital skills of the population. At the same time, the biggest gainers were the most technologically developed countries in Western Europe and North America, which implies that the crucial factor for a country as a successful global services location is investment in digital skills.

The country boasts solid infrastructure, stable economic and political systems and strategic location, all of which attracted the World Bank to invest in a shared services centre in Bulgaria.

Fig. 9 Positions of Bulgaria in International Rankings



In almost all other international rankings measuring social and economic performance, Bulgaria ranks ahead of the rest of the SEE countries, especially in terms competitiveness, innovation and globalisation. Economic freedom and business environment are the other merits of Bulgaria, while in the areas of healthcare and press freedom it falls behind most of its neighbours.

3. Profiles of Bulgarian cities

Sofia

Population
1,328,790

67.5% Economic-active age

52.8% Attained a university degree

91,960 Students in universities

19,202 Graduated last year

40 Professional high schools

30 Software schools

75.6% Employment rate

524 Sourcing companies

21,040 BGN Average gross annual salary

11 Universities relevant to sourcing

Talent pool and demographics:

- There were 1,328,790 people in the municipality of Sofia in 2019. Out of those, 67.5% were in the economic-active age group between 15 and 64.
- A total of 52.8% of the 15+ population has attained a university degree, the highest share in the country, while another 42.3% have secondary degrees.
- Currently, there are 91,960 students in universities. A total of 19,202 people graduated over the last academic year.
- The number of pupils in professional secondary schools stands at 30,865.
- There are 40 professional high schools in Sofia.
- More than 30 software schools operate in the municipality.

Business snapshot:

- Sofia is the largest district and municipal economy in Bulgaria, contributing 39.2% of the national GDP in 2019.
- Sofia is the major transport centre of Bulgaria and an international hub of regional importance, easily reachable via Sofia Airport and three Pan-European transport corridors.
- The first science and technology park in Bulgaria, Sofia Tech Park, is the heart of innovations in the city and home to more than 30 high-tech companies.
- Employment rate in the capital stood at 75.6% in 2019.
- The average gross annual salary per employee in 2019 was BGN 21,040, the highest in the country and 50% above the second district in the ranking.
- The total headcount in the sourcing industry in Sofia stood at 61,925 in 2019. ITO was the leading segment with more than 18,600 employees.

- Sofia has a Digital Transformation Strategy and a Strategy for Smart Specialization, an online platform Sofia Smart City Marketplace and a cluster Sofia Knowledge City, which aims to develop the innovation ecosystem in the city.

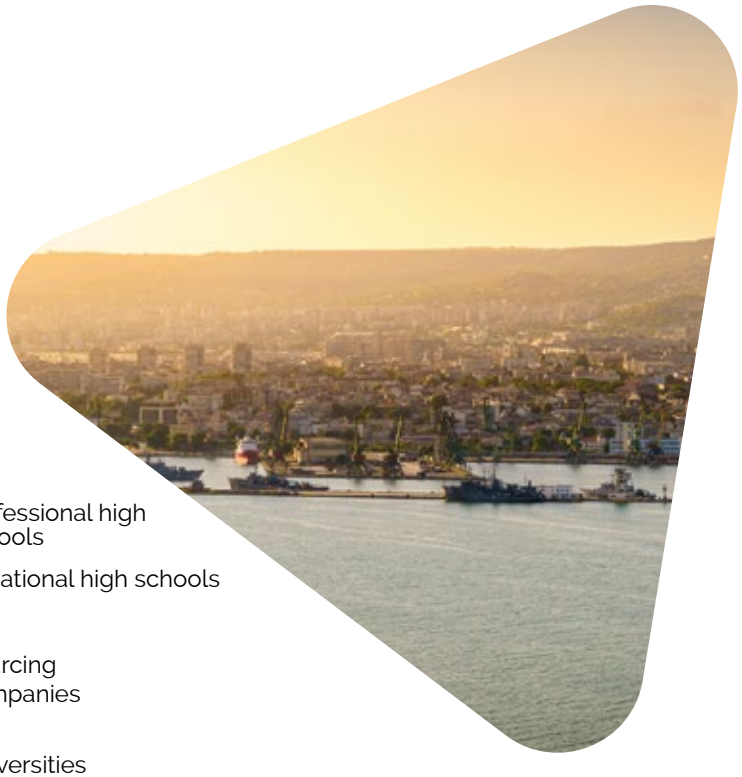
Tech ecosystem:

- Number of sourcing companies with operations in Sofia – 524
- Largest sourcing companies based in Sofia – Enterprise Services Bulgaria EOOD, Paysafe Bulgaria EOOD, VMWare Bulgaria EOOD, Callpoint New Europe EAD, Sutherland Global Services Bulgaria EOOD, IBM Bulgaria EOOD, SiteGround Hosting EOOD, SAP Labs Bulgaria EOOD, Hewlett-Packard Global Delivery Bulgaria Center EOOD, Experian Bulgaria EAD.
- Number of universities with majors relevant to sourcing - 11

**Data in the "Talent pool and Demographics" and the "Business snapshot"sections is provided by the municipality of Sofia, data in the "Tech ecosystem" section is based on SeeNews research*

GARITAGE
PARK
Sports
Center
www.sportscentergaritage.com
CROSSFIT
VITOSHA

Varna



Population
469,885

65.5% Economic-active age

23,894 Students in universities

5,113 Graduated last year

10 Professional high schools

15 Vocational high schools

54.9% Employment rate

75 Sourcing companies

14,282 BGN Average gross annual salary

6 Universities relevant to sourcing

Talent pool and demographics:

- There were 469,885 people in Varna District in 2019. Out of those, 65.5% were in the economic-active age group between 15 and 64.
- Currently, there are 23,894 students in universities. A total of 5,113 people graduated over the last academic year.
- The number of pupils in professional secondary schools stands at 8,681.
- There are 10 profiled high schools and 15 vocational high schools in the municipality of Varna.
- Programming languages taught in educational institutions include Java, JavaScript, Python, C++.

Business snapshot:

- Varna is the district with the third highest level of economic activity in Bulgaria behind Sofia and Plovdiv.
- The city is well-connected to the national road network via two highways and is the terminus of two major railway lines. It is also easily reachable from Europe and Asia via Varna Airport and Port Varna.
- Varna Industrial Zone, in partnership with Aksakovo Municipality, is planned to become one of the leading industrial zones in Bulgaria. In addition, an Innovation Neighbourhood and a new STEM educational campus are in process of development as part of Varna's aim to become "City of Knowledge".
- Employment rate across the district stood at 54.9% in 2019.
- The average gross annual salary per employee in 2019 was 14,282.

Tech ecosystem:

- Number of sourcing companies with operations in Varna District – 75
- Largest sourcing companies based in Varna – myPOS AD, IGaming.com OOD, Enterpryze Consulting EOOD
- Number of universities with majors relevant to sourcing - 6

**Data is based on information from NSI and SeeNews' research*

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Plovdiv

Population
535,000

86% Economic-active age

33,900 Students in universities

10,900 Enrolled last year

37 General high schools

29 Vocational high schools

7 Foreign language and math schools

74 Sourcing companies

16,411 BGN Average gross annual salary

7 Universities relevant to sourcing

Talent pool and demographics:

- The Plovdiv district is home to 535,000 people who live less than 30 minutes away from the city center. Close to 18,000 expats also live within the district
- Around 86% of the population in the district is between the ages of 20 and 64.
- There are 9 universities in the city with more than 33,900 students in total. Foreign students are around 3,300. More than 10,900 students are enrolled in IT & BPO related fields such as: information and computer technologies, BM&BA, language studies, finance & accounting, etc.
- The school system in Plovdiv is very well developed with its 29 vocational schools, 37 general high schools and 7 foreign language and math high schools. The total number of students is 23,300, around 9,800 of which are enrolled in STEM programmes.
- Plovdiv is the only Bulgarian city member of the UNESCO Global Network of Learning Cities which supports the practice of lifelong learning.
- There are also 78 vocational training centers and 10 applied science institutes and labs in Plovdiv. A huge boost for the research & development ecosystem in the city is the Center for plant systems biology and biotechnology PlantaSyst. The facility is financed in part by the EU's Horizon 2020 programme and is worth over EUR 15 million.

Business snapshot:

- The city of Plovdiv was ranked among the top 10 mid-sized cities with the best FDI strategy in 2020 according to Financial Times. Moreover, Trakia Economic Zone, located in the Plovdiv region, was ranked among the biggest industrial zones in Southeast Europe.
- The city also received an award for excellence in innovation, technology and sourcing ecosystem development in the first SEE Innovation, Technology and Sourcing Summit in 2019.
- Plovdiv is easily reachable via Trakia motorway. It also has its own airport and railway station while its distance to Bulgaria's main airport – Sofia Airport – is about 140 km. With currently over 7,000 employees, this is the region of the country with the largest number of people working in the outsourcing, second only to the capital city of Sofia.
- According to estimates by the think tank Trakia Tech, the ITO & BPO sectors in Plovdiv have a growth potential of about 5,000 jobs in the next three to five years.
- According to most recent data cited in the "Plovdiv Technology Destination 2020-2021" report, prepared by the Plovdiv Municipality, the average salary in the sourcing sector in Plovdiv is 22% lower than that in Sofia. This makes Bulgaria's second-largest city an attractive destination for ITO and BPO investors.
- According to the same publication, gross monthly salaries in the industry in 2021 are forecasted to be in the range of EUR 530 to EUR 2,830 for junior and senior positions in the ITO sector and between EUR 590 and EUR 1,450 for junior and senior positions in SSC.
- Another IT & BPO investor-friendly feature of Plovdiv is the fact that the city has around 53 000 sq.m. area ready to use office spaces Class A and 45 000 sq.m. more that are under construction.

Tech ecosystem:

- Number of sourcing companies with operations in Plovdiv District – 74
- Largest sourcing companies based in Plovdiv – SBTech (Global) Limited - Bulgaria Branch, Reward Gateway (UK) OOD, M+W MediaNetworks EOOD
- Number of universities with majors relevant to sourcing – 7

**Data in the "Talent pool and Demographics" and the "Business snapshot"sections is provided by the municipality of Plovdiv, data in the "Tech ecosystem" section is based on SeeNews research*

OFFICE PARK PLOVDIV

www.officeparkplovdiv.com

Category	Offices	GBA	19 352 sq.m
Design	Atelier Serafimov Architects	Office space	13 320 sq.m

Office Park Plovdiv sets new high standards for modern office space in Plovdiv – convenient location, open office spaces, facilities, technical infrastructure and pleasant environment.
The building has eight levels, one underground parking level, ground floor with reception and amenities, and six office floors.

Office Park Plovdiv is situated in area with new park, street and underground infrastructure. It is located near Mall Plovdiv and the Rowing Canal, the greenest area in Plovdiv. Public transport and three main boulevards provide fast communication with the other parts of the city, Trakia Highway and Plovdiv Airport.

GALAXY
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OFFICE PARK
PLOVDIV

Burgas

Population
208,235

61.06% Economic-active age

26% Attained a university degree

4,772 Students in universities

1,148 Graduated last year

5 Professional high schools

12 Vocational high schools

71.1% Employment rate

26 Sourcing companies

12,864 BGN Average gross annual salary

2 Universities relevant to sourcing

Talent pool and demographics:

- There were 208,235 people in the municipality of Burgas in 2019., while 415 000 people live in the comute distance of 45 min by car/bus. Out of those, 61.06% were in the economic-active age group between 15 and 64.
- A total of 26% of the 15+ population has attained an university degree, while another 17% have secondary degrees.
- Currently, there are 4,772 students in universities. A total of 1,148 people graduated over the last academic year.
- Burgas' universities now have in their curriculum new masters programmes related to sourcing – "Information technologies and transformation of business processes" and "Robotics"
- The number of pupils in professional secondary schools stands at 10,088.
- There are five profiled high schools and twelve vocational high schools in the municipality of Burgas.
- There are 286 students currently being trained in the applications programmer profession.
- Burgas also has a network of training centers in programming and software engineering as well as IT academies.
- In 2018, a new vocational school for computer programming and innovation was established in the city of Burgas. The school is part of the CISCO Networking Academy and the Microsoft Imagine Academy. It also has training programmes in robotics and digital design.
- Programming languages taught in educational institutions in Burgas include C#, Java, JavaScript, Python, C++.
- There are 1,690 pupils in each of the two narrow fields of education in programmes for attainment of II level or III level of professional qualification – computing.
- As many as 44% of the students in Burgas speak at least two foreign languages while 20% speak three foreign languages.

Business snapshot:

- Burgas' business ecosystem is well-developed – the municipality has four industry-specific zones to foster Industrial and Logistic Park phase 1, Industrial Zone Balgarovo, Idustrial Park Ravnetz, Industrial and Logistic Park phase 2.
- The city is well-connected and easily reachable via – Trakiya Motorway, Burgas Airport, Port of Burgas and Railway Station Burgas.
- Employment rate across the municipality stood at 71.10% in 2019.
- The average gross annual salary per employee in 2019 was 12,864.
- Burgas is among the Bulgarian cities that have integrated a smart city platform – Smart Burgas
- It is also the first city in Bulgaria to introduce the Integrated Public Transport with Inteligent traffic management system
- There are annual conferences, hackathons and events aimed at developing the IT ecosystem.

Tech ecosystem:

- Number of sourcing companies with operations in Burgas District – 26
- Largest sourcing companies based in Burgas – IP Telecom Bulgaria OOD, Komplex 2000 OOD, Plutus BG EOOD
- Number of universities with majors relevant to sourcing – 2

**Data in the "Talent pool and Demographics" and the "Business snapshot"sections is provided by the municipality of Burgas, data in the "Tech ecosystem" section is based on SeeNews research*

Veliko Tarnovo

Population
232,568

63.3% Economic-active age

26% Attained a university degree

15,634 Students in universities

5,634 Graduated last year

4 Profiled high schools

12 Vocational high schools

59.9% Employment rate

22 Sourcing companies

11,619 BGN Average gross annual salary

4 Universities relevant to sourcing

Talent pool and demographics:

- There were 232,568 people in Veliko Tarnovo District in 2019. Out of those, 63.3% were in the economic-active age group between 15 and 64.
- Currently, there are 15,634 students in universities. A total of 5,634 people graduated over the last academic year.
- The number of pupils in professional secondary schools stands at 4,815.
- There are four profiled high schools and six vocational high schools in the municipality of Veliko Tarnovo.

Business snapshot:

- The business environment in Veliko Tarnovo District is not sufficiently developed according to the regional profiles by the Institute for Market Economy – the district performs well in labour market and administration, as well as in infrastructure despite the lack of highways, while foreign direct investments and EU funds absorption are considerably below the national average.
- The central location of the district in northern Bulgaria determines its good transport connections with the rest of the country via road and railway networks, and to Central Europe and Ukraine via the Danube port of Svishtov. Employment rate across the municipality stood at 59.9% in 2019.
- The average gross annual salary per employee in 2019 was 11,619.

Tech ecosystem:

- Number of sourcing companies with operations in Veliko Tarnovo District – 22
- Largest sourcing companies based in Veliko Tarnovo – Osceola EOOD, VKA Solutions EOOD, Celtis OOD
- Number of universities with majors relevant to sourcing – 4

**Data is based on information from NSI and SeeNews' research*

Ruse

Population
215,477

59% Economic-active age

26% Attained a university degree

6,157 Students in universities

1,451 Graduated last year

16 Professional secondary schools

52.5% Employment rate

18 Sourcing companies

12,329 BGN Average gross annual salary

2 Universities relevant to sourcing

Talent pool and demographics:

- Population in the district of Ruse stood at 215,477 people at the end of 2019. A little over 59% of the population was in the economic-active age group between 15 and 64.
- In academic 2019/2020, there were 6,157 students in the district. The number of graduates stood at 1,451.
- There are two higher education institutions teaching programmes related to the sourcing industry.
- The university works actively with IT companies and conducts student traineeships in a real business environment, trainings, project work, specialized seminars.
- There are 16 professional secondary schools in the district of Ruse and in academic 2019/2020 the number of students in these educational institutions was 4,284.
- In November 2020, Ruse-based blockchain company ReCheck won first place in one of the biggest international hackathons -- Odyssey Momentum.
- Since 2016, Ruse – Free Spirit City Municipal Foundation, in partnership with Econt Foundation, has been holding annual competitions for projects in the field of history, science, education and new technologies. So far a number of initiatives have been implemented, including hackathons, digital skills workshops, mentoring programmes, prototype development programmes, etc.

Business snapshot:

- The city of Ruse has three business zones -- West Industrial Zone, East Industrial Zone, Business Park Ruse.
- The city's proximity to the Romanian border and the Romanian capital of Bucharest makes in attractive location for sourcing companies that seek international partnerships and expansion.
- Employment rate in the district stood at 52.5% in 2019.
- The average annual gross salary per employee in 2019 was BGN 12,329
- A non-governmental organization (NGO) called StartUp Factory Association launched operations in Ruse in 2015. The NGO's aim is to support early-stage startups, build
key skills in demand by the market and supporting the IT ecosystem. One of StartUp Factory's founders is also founder of ReCheck – the company that recently won the Odyssey Momentum hackathon.

Tech ecosystem:

- Number of sourcing companies with operations • Number of sourcing companies with operations in Ruse District – 18
- Largest sourcing companies based in Ruse – SigmaPlan EOOD, Forschung - Direkt OOD, Access Consultancy OOD
- Number of universities with majors relevant to sourcing - 2

**Data in the "Talent pool and Demographics" and the "Business snapshot" sections is provided by the municipality of Ruse, data in the "Tech ecosystem" section is based on SeeNews research*

Blagoevgrad

Population
302,694

61% Economic-active age

8,464 Students in universities

2,548 Graduated last year

3 Schools with software-related programmes

75.2% Employment rate

7 Sourcing companies

10,692 BGN Average gross annual salary

3 Universities relevant to sourcing

Talent pool and demographics:

- A total of 302,694 people lived in Blagoevgrad district as of end-2019. The population in the economic-active age group between 15 and 64 formed a little offer 61% of the total population.
- In academic 2019/2020 there were 8,464 students in Blagoevgrad's two universities, while the number of graduates stood at 2,548.
- There are three schools teaching software-related programmes.
- Programming languages taught in Blagoevgrad include Visual basic and C++.
- The number of graduates in ICT and STEM-related programmes was 109 and 198, respectively.

Business snapshot:

- In 2019, the employment rate was 75.2%.
- The average gross annual salary per employee was BGN 10,692.
- In October 2019, the municipality of Blagoevgrad signed a memorandum on setting up an industrial zone. The zone will be built on an 11.5-hectare municipal lot adjoining the E79 road and is expected to be operational in 2021.
- Blagoevgrad district has a strategic location, being the fastest link of western Bulgaria and Romania with Greece. Despite the mountainous nature of the district, which impedes the development of infrastructure, all major centres lie on the main highway and railway axis Sofia - Thessaloniki. Those two are the nearest airports, accessible within two hours. Blagoevgrad District is also connected with North Macedonia.

Tech ecosystem:

- Number of sourcing companies with operations in Blagoevgrad District – 7
- Largest sourcing companies based in Blagoevgrad – Kinguin Bulgaria EOOD, Top Skills Recruitment OOD, Code Plus EOOD
- Number of universities with majors relevant to sourcing - 3

**Data in all three sections is based on information provided by the municipality of Blagoevgrad, official NSI data and SeeNews research*

Stara Zagora

Population
157,000

73% Economic-active age

6,427 Students in universities

1,176 Graduated last year

74.70% Employment rate

13,190 BGN Average gross annual salary

5 Specialsed schools

2 Vocational high schools

1 Technical college

6 Sourcing companies

1 Universities relevant to sourcing

Talent pool and demographics:

- A total of 157,000 people live in the municipality of Stara Zagora, while the number of people living within the commuting is 423,000.
- Close to 73% of the municipality's population is in the economic-active age group between 15 and 64.
- Currently, there are 6,427 university students, while 1,176 people graduated in 2019.
- Trakia University will launch enrollment in ICT in 2021.
- The number of pupils in Stara Zagora's 13 professional secondary schools was 3,800 in 2019.
- There are two vocational schools, five specialsed schools and one technical college.
- About 300 pupils graduate in ICT and STEM-related programmes.
- Programmed languages taught include C++, Visual Basic and Java
- English, German and French are the most popular foreign languages among pupils in Stara Zagora. Spanish, Russian and Chinese are also taught in schools in Stara Zagora.

Business snapshot:

- Stara Zagora has five industrial zones – Industrial zone-West, Industrial zone-East, Industrial zone-South, Golesh district as well as the newly developed zone Zagore.
- Stara Zagora's startup ecosystem is formed by 237 companies.
- Employment rate in the district stands at 74.70%
- The average annual gross salary per employee is BGN 13,190 while the average monthly labour cost per FTE in the tech ecosystem is BGN 1,285.
- The city has one railway station. The closest airport is in Plovdiv at a distance of 90 km. The distance to Sofia airport is 250 km.
- The average price of office real estate is in the range of EUR 350 to EUR 550 per sq. m while the average rent price is EUR 8 per sq. m.

Tech ecosystem:

- Number of sourcing companies with operations in Stara Zagora District – 6
- Largest sourcing company based in Stara Zagora – PlaDo International OOD
- Number of universities with majors relevant to sourcing – 1

**Data in the "Talent pool and Demographics" and the "Business snapshot"sections is provided by the municipality of Stara Zagora, data in the "Tech ecosystem" section is based on SeeNews research*

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GOLD 2020 STEVIE WINNER FOR SALES & CUSTOMER SERVICE

PEOPLE'S CHOICE STEVIE AWARDS FOR FAVORITE COMPANIES 2019 WINNER

4.Vendors Landscape

4.1 Distribution of companies by segment

ITO still prevails in terms of number of companies in the sourcing industry in Bulgaria. In each of the last three years its share in the total number has grown due to the intensive development of this segment compared to the BPO. In 2019 alone, there were 322 ITO companies versus 288 BPO providers. The BPO sector is divided into voice-based BPO, FAO and HRO services, shared service centres, KPO and other BPO, which includes research, data processing and similar activities. Voice-based BPO and HRO providers remained the most numerous representatives of the BPO sector with 94 and 74 companies, respectively. Other BPO companies numbered 68, while the remaining three BPO segments were represented by a considerably smaller number of vendors – SSC by 21, KPO by 17 and FAO by 14. It should be noted that these calculations include all registered companies in the industry, including those that have not provided recent employee data.

We have analysed ITO as a single segment, as implementation of segmentation is impossible due to the high integration of activities within companies - software development, networking solutions, software support and consultancy.

The size structure of the industry shows significant variations between the sectors, with our calculations based only on those companies that have reported employee numbers for 2019. While more than two thirds of all ITO enterprises fall into the micro and small categories, BPO features a more equal distribution. At the same time, although small enterprises also forms a large part of the company pool in BPO, this sector has three times higher the share of large companies compared to ITO. This is above all due to the SSC segment, where almost 70% of the vendors are large enterprises. At the other end of the scale is HRO which is dominated by micro enterprises. Their share in the total has increased further in comparison to 2018. KPO and other BPO are represented predominantly by medium-sized companies and FAO providers are distributed uniformly across the spectrum.

Fig. 10 Number of Companies by Segment and Size in terms of FTEs

Note: Companies with no data for 2019 are not included in the calculations.

4.2 Sourcing locations

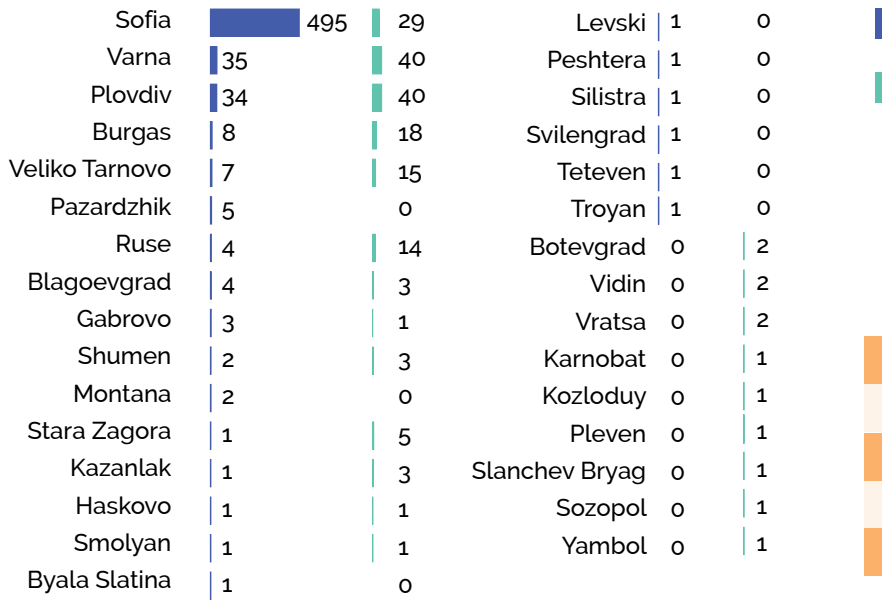
The Bulgarian sourcing industry traditionally has a very strong concentration in Sofia – eight out of ten sourcing companies are headquartered in the capital. Overall, 85.9% of all vendors have geographical presence in Sofia, which has been an almost constant share throughout the period 2015-2019, despite the positive recent developments outside the capital. The 115 vendors not headquartered in Sofia are based in 21 other Bulgarian cities and towns. In further 12 towns Bulgarian sourcing companies operate only secondary offices. In all major non-capital sourcing centres - Varna, Plovdiv, Burgas and Veliko Tarnovo, there were more secondary offices than headquarters. This is a result of the expansion of activities of Sofia-based vendors throughout the country. At the same time, eight district centres - Pernik, Dobrich, Sliven, Lovech, Kardzhali, Kyustendil, Targovishte and Razgrad, are completely absent from the sourcing map of Bulgaria.

Sector-wise, ITO providers are dominant in Sofia, Plovdiv and Burgas, while BPOs are more numerous in Varna and Veliko Tarnovo among the five major industry locations.

The number of Bulgarian BPO and ITO vendors with offices abroad grows consistently. In 2019 there were 85 establishments in 34 foreign countries, compared to 51 offices in 28 countries in the previous year. Despite deepening geopolitical issues, the UK and the USA remained the preferred destinations for expansion of Bulgaria-based sourcing companies with ten offices each, closely followed by Germany. The Netherlands, Spain, Austria, and France are also popular, as are the neighbouring Romania and North Macedonia as well as the Asian technology and finance hub Singapore. Australia, Africa and Latin America are also present, albeit to a lesser extent.

Fig. 11 Major Cities by Number of Sourcing Companies

Bulgaria



Top 5 cities	BPO-h	BPO-s	ITO-h	ITO-s
Sofia	234	12	261	17
Varna	23	18	12	22
Plovdiv	11	19	23	21
Burgas	2	10	6	8
Veliko Tarnovo	3	10	4	5

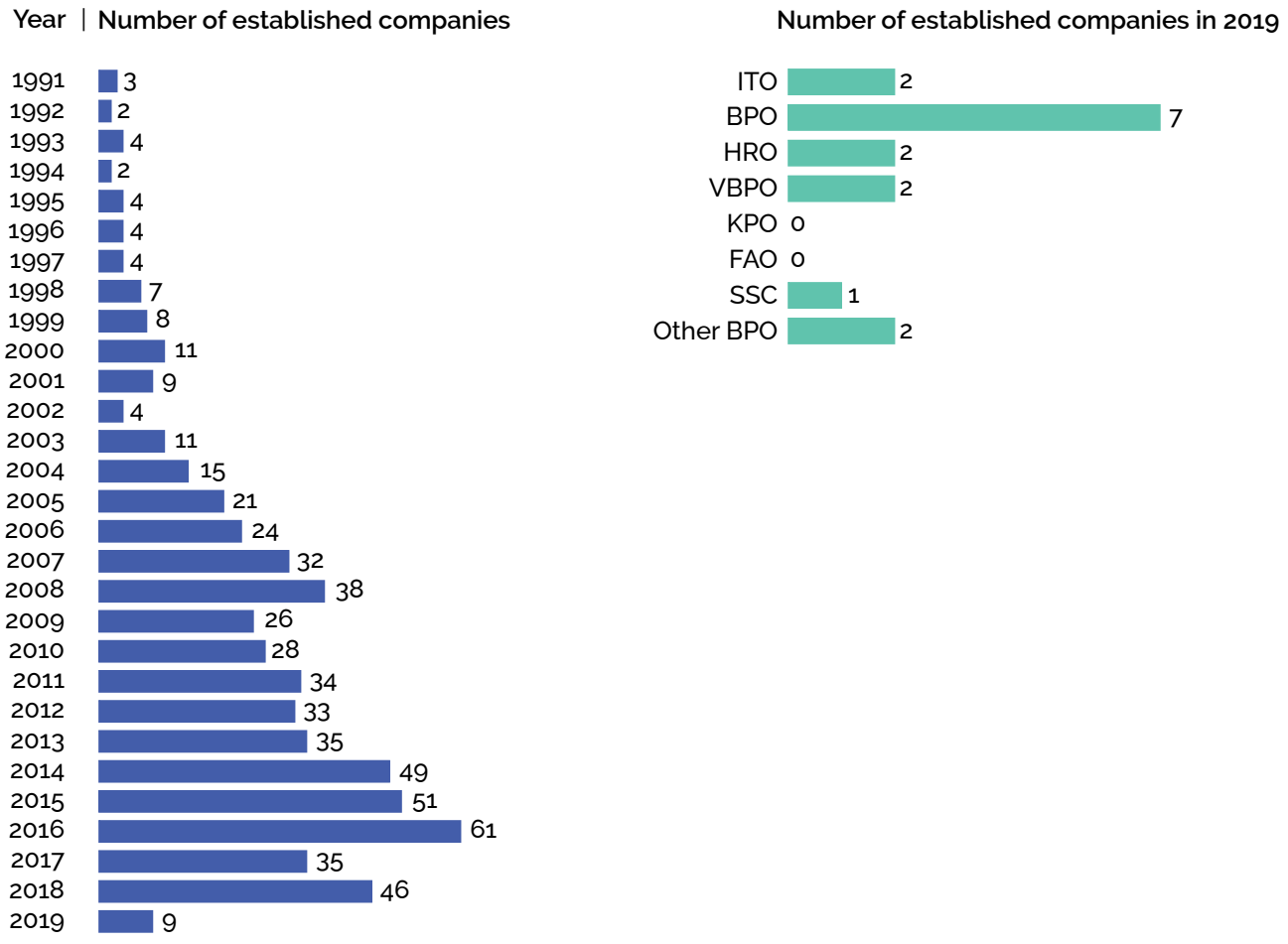
Abroad

4.3 Distribution of companies by incorporation date

Sourcing maintains its position as one of the fastest-developing industries of the national economy over the last decade. More than half of the active companies have been established since 2012 and a third of all vendors were set up in the period 2015-2019 alone. The segmentation of the companies established in this period replicates the general structure of the industry, with equal representation of BPO and ITO providers and HRO and VBPO being the most active segments. The peak was reached in 2015 and 2016, when more than half of all new entrants in the 2015-2019 period were set up, with a five-year high reached in 2016 with 61 companies established. Due to the gradual market saturation, the dynamics in the industry slowed down to 35-45 new vendors per year from 2017 onwards.

In 2019 alone, new sourcing companies were established in four Bulgarian cities. More than half of the new set-ups were located in Sofia, followed by Varna and less-known sourcing locations, such as Pazardzhik and Shumen. Thus, despite the trend of expansion outside the capital city, Sofia remains the most preferred location among investors, while Varna continues to hold its position as the second largest Bulgarian sourcing location, outpacing Plovdiv.

Fig. 12 Number of Sourcing Companies by Year of Establishment



4.4 Distribution of companies by country of origin of the investors

When it comes to ownership, there is an almost even distribution between Bulgarian-based and foreign majority owners. As of October 2020, 316 companies, or 51.5% of all providers analysed in the current report, had Bulgaria-based majority owners. ITO prevailed among domestically majority-owned vendors with 179 companies, while 137 companies were active in the BPO field.

The remaining 294 sourcing companies had foreign majority owners from 46 different countries. The sectoral structure of foreign-owned sourcing companies was the opposite to that of the domestically owned ones and BPO dominated with 151 providers compared to 143 ITO companies. Almost half, or 48% of these companies, were owned by entities based in the UK, the USA, the Netherlands or Germany. While most sourcing vendors with direct owners from the UK and the Netherlands were engaged in BPO, investors from the USA and Germany prevailed in the ITO sector. In terms of preferred locations within the country, the capital Sofia is the undisputed favourite, with nine out of ten foreign investors choosing it to establish operations. This exceeds the industry average and can be attributed to a strive for more predictable business environment and access to workforce.

Fig. 13 Number of Sourcing Companies with Foreign Majority Owners

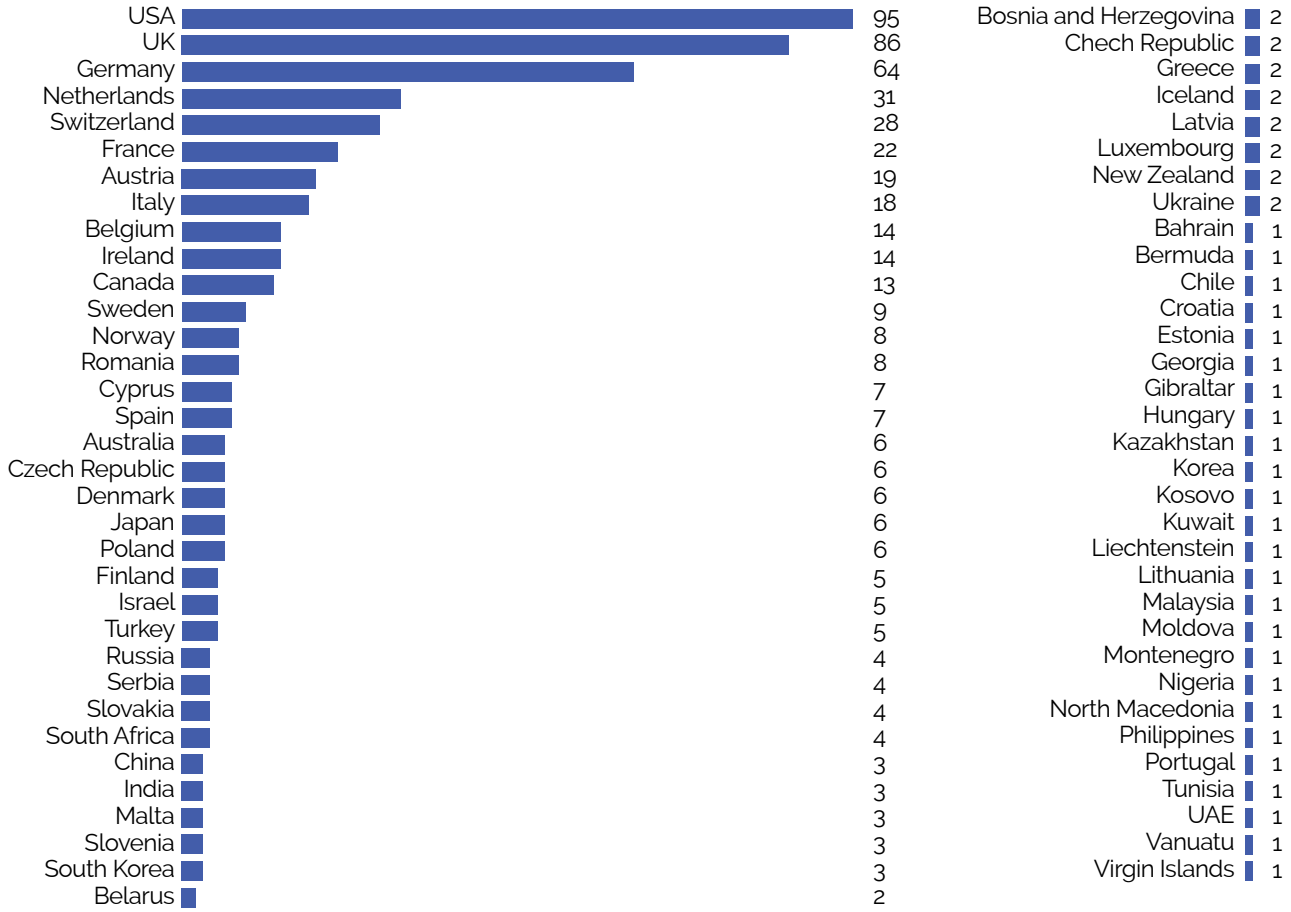
Country	ITO	BPO	Total
UK	18	25	**43**
USA	23	14	**37**
Netherlands	15	20	**35**
Germany	14	12	**26**
Cyprus	10	9	**19**
Israel	7	8	**15**
Switzerland	9	3	**12**
France	8	4	**12**
Austria	4	4	**8**
Belgium	3	5	**8**
Serbia	0	6	**6**
Ireland	2	3	**5**
Slovakia	3	1	**4**
Isle of Man	2	2	**4**
Italy	0	4	**4**
Denmark	2	1	**3**
Sweden	2	1	**3**
Cayman Islands	1	2	**3**
Hong Kong	1	2	**3**
Luxembourg	1	2	**3**
Romania	1	2	**3**
Turkey	0	3	**3**
Malta	2	0	**2**
Norway	2	0	**2**
Russia	2	0	**2**
Armenia	1	1	**2**
Canada	1	1	**2**
Gibraltar	1	1	**2**
India	1	1	**2**
Costa Rica	0	2	**2**
Finland	0	2	**2**
Hungary	0	2	**2**
Ukraine	0	2	**2**
Virgin Islands	0	2	**2**
Australia	1	0	**1**
Brazil	1	0	**1**
Czech Republic	1	0	**1**
Kyrgyzstan	1	0	**1**
Latvia	1	0	**1**
Spain	1	0	**1**
Syria	1	0	**1**
The Bahamas	1	0	**1**
Belize	0	1	**1**
Croatia	0	1	**1**
Curacao	0	1	**1**
Greece	0	1	**1**

4.5 Distribution of companies by geographic scope of services provided

The foreign customer base of Bulgaria's sourcing industry is traditionally dominated by US, Western European and UK clients. In 2019, a total of 207 Bulgarian BPO and ITO vendors provided their services to foreign clients, mainly based in the USA, where 95 companies have clients, plus the UK, Germany, the Netherlands and Switzerland in Europe. One in six Bulgarian companies operating in the industry has US-based partners, while every ninth sourcing company in Bulgaria is active on the German market. The UK is the fastest growing among the top foreign destinations for Bulgarian sourcing services and in 2019 already was almost on par with the USA. The impact of Brexit in 2020 is yet to be estimated, but it two distinct trends are already shaping. On one hand, Brexit will impose additional difficulties in forming and maintaining business relationships between Bulgarian companies and their British partners which will become non-EU British entities, while on the other, many UK-based providers will likely outsource their operations to European companies to avoid the negative effects of the UK's exit from the EU.

In addition to the five established leaders, the Bulgarian sourcing industry maintains relationships with customers in 62 other countries worldwide. The other most important customer regions are Central Europe, represented above all by Austria and the Czech Republic, Southern Europe and the Middle East, represented by Cyprus, Turkey, Malta and Israel, as well as the leading Asian economies China, Japan, India and South Korea.

Fig. 14 Number of Sourcing Companies Servicing Foreign Markets



Top 3 cities	Top 3 Clients` Countries		
Sofia	USA	UK	Germany
	80	66	52
Varna	UK	USA	Germany/France/Canada
	9	6	2
Plovdiv	UK	Germany	Netherlands
	6	5	4

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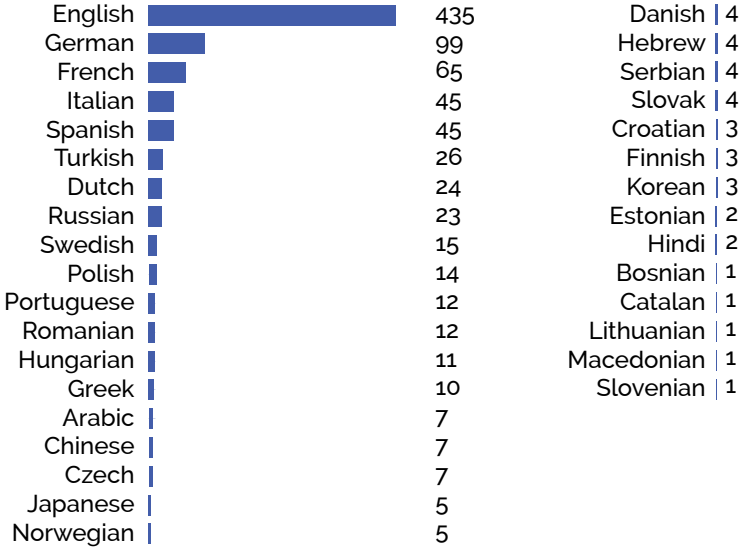
4.6 Foreign languages used in sourcing industry

In line with the increasing exposure of Bulgaria's sourcing industry to European and global markets, foreign languages have become crucial components of sourcing companies' business activity. Bulgaria's vendors cover 33 foreign languages from around the world. English is the working language in 435 companies, or 71.3% of all sourcing entities in the country. It is by far the most widely used foreign language in the country. German and French follow with shares of 16.2% and 10.7% respectively. The other popular foreign languages in the industry include Italian, Spanish, Turkish, Dutch and Russian.

Fig. 15 Foreign Languages Used by Bulgarian Sourcing Companies



Top 3 cities	Top 3 languages		
Sofia	English	German	French
	358	87	56
Varna	English	French	German
	24	6	4
Plovdiv	English	German	French
	23	5	2

4.7 Shared Service Centres

Shared service centres has been the most rapidly developing sourcing segment in Bulgaria in the last five years. The most prominent recent new entries include the World Bank Group and BIC Services Sofia. Bulgaria is the second most important SSC location after Romania in Southeast Europe, a region where SSCs are still present only in the larger and more mature sourcing markets.

As an emerging SSC hotspot, Bulgaria has attracted global technology companies fueling the development of the sourcing industry with their shared services centres in Sofia, and in cities such as Varna, Plovdiv and Burgas. A growing number of manufacturing and trading companies also operate SSCs serving their local and global financial, IT and HR operations either as part of the company structure, or as separate legal entities.

The major competitive advantage of Bulgaria in this sourcing segment is the availability of skilled labour force, especially experienced IT specialists. SSCs generally fall in the medium-sized or large-enterprise category and rely on a wide pool of talent, which is readily accessible only in larger countries and big cities. Thus, Bulgaria competes only with Romania as a potential location of US-based and Western European companies for their regional operations. This competition is expected to intensify in the short and medium term, following the possible relocation of units from China and other Asian destinations back to Europe in times of unprecedented global uncertainty resulting from the COVID-19 pandemic and the negative geopolitical developments worldwide. However, the Bulgarian SSC segment is expected to reach faster saturation, given the still limited pool of talent compared to Romania. In order to achieve sustainable growth in the SSC segment, inflow of suitably skilled talent into the national workforce is necessary.

5. Employment structure

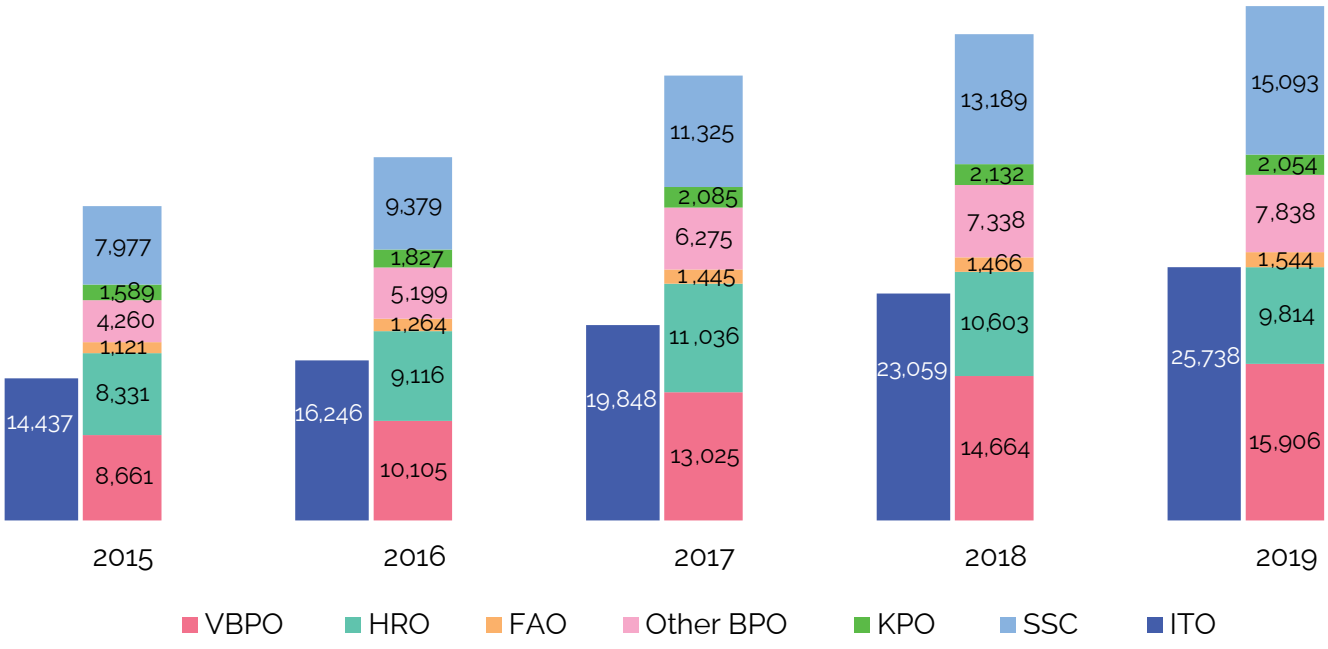
5.1 Total FTE employment

The dynamic development of the sourcing industry in Bulgaria is reflected by its constantly expanding headcount, which grew by a CAGR of 13.9% in the period 2015-2019. In 2019, companies operating in the sourcing industry reported 77,987 full-time employees, up by 5,536 compared with 2018.

The fastest annual growth rate was observed in the SSC segment, which grew 14.4% year-on-year to a headcount of 15,093 people. Despite a slowdown in the last three years, SSC maintained its position as the fastest growing segment in terms of employment throughout the 2015-2019 period with CAGR of 17.3%. VBPO and Other BPO also faced a slowdown in employment growth in 2019 to rates of 8.5% and 6.8%, but maintained considerably higher CAGR of 16.4% and 16.5%, respectively, over the five years under consideration. The smallest segment, FAO, expanded by 5.3% annually in 2019 to 1,544 employees, accounting for 2.0% of the overall full-time employment in the industry. In CAGR terms, FAO belongs to the three segments with the slowest growth rate during the five-year period. HRO was the third largest employer in the BPO sector with a headcount of 9,814, but registered a decline in employment, which led to the lowest five-year CAGR of 4.2%, or more than three times lower than the industry average. KPO also saw declining employee numbers in 2019, following a three-year trend of ever slowing growth and employed 2,054 FTEs in 2019.

The ITO sector as a whole added 2,679 FTEs to its headcount in 2019 which represents an increase of 11.6% year-on-year. This is by far the lowest growth rate over the last three years, a period when it grew between 16.0% and 22.0% annually. This slowdown could be attributed to the lack of unemployed IT talent, especially in the capital Sofia, where the market is highly saturated and large expansions or new entries very rare. ITO had a share of 33.0% of the total sourcing industry employment in 2019.

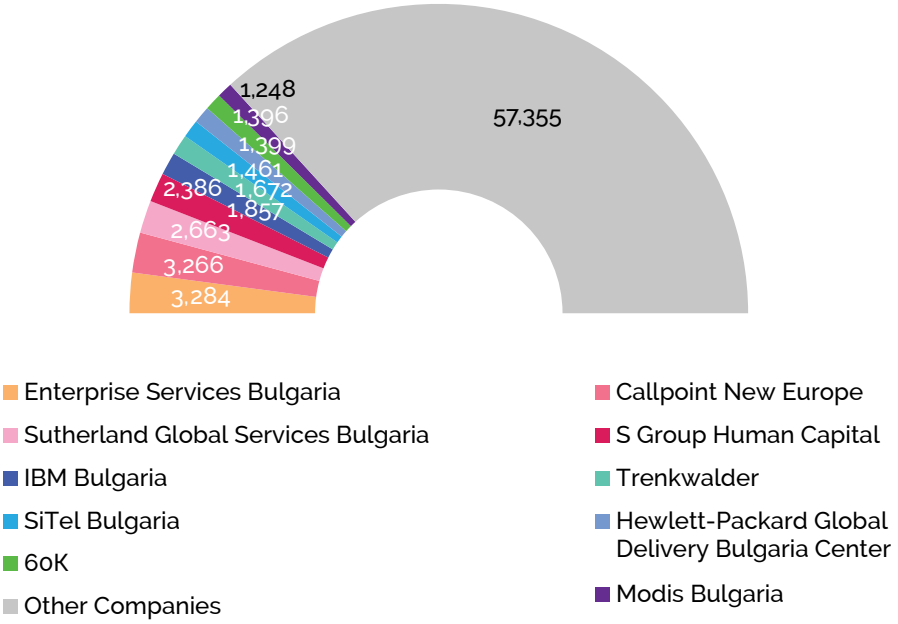
Fig. 16 Full Time Employees in the Sourcing Industry



At company level, 16 entities had more than 1,000 FTEs in 2019, compared to 14 in the previous year, which is in line with the trend for expansion of the largest players and further consolidation of the industry. The shared service centre Enterprise Services Bulgaria EOOD, formerly part of Hewlett-Packard Global Delivery Bulgaria Center EOOD, emerged once again as the largest sourcing employer, for third consecutive year since its spin-off, with 3,284 FTEs in 2019. Callpoint New Europe AD, operating under the brand Telus International Europe, almost caught up due to the addition of more than 350 new employees that brought the total number to 3,266. Another SSC, Sutherland Global Services Bulgaria EOOD, continued its sharp increase of headcount in 2019 and expanded by more than 450 FTEs, thus reaching 2,663 employees. The new entries among the companies with over 1,000 FTEs included the BPO providers Paysafe Bulgaria EOOD and PPD Bulgaria EOOD.

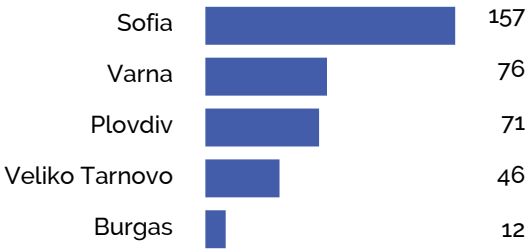
Shared service centres of companies, active in industries other than sourcing, which are not separate legal entities and generate less than half of the company's operating revenue, are not taken into consideration in the rankings, unless the exact number of employees in the SSC unit is specified.

Fig. 17 Top 10 Sourcing Companies by Number of FTEs in 2019



In terms of average headcount per company, Sofia reported the highest number among those Bulgarian cities hosting the headquarters of more than five sourcing vendors. In 2019 an average of 157 employees worked in Sofia-based sourcing companies. Out of the largest 25 employers in the industry, 24 were based in the capital and one in Plovdiv – the BPO provider SBTech (Global) Limited - Bulgaria Branch. Varna ranked second among the locations with highest average headcount with 76 employees per company, followed by Plovdiv with 71. In the other two major locations, the profile of the average company was small, with average personnel of 46 FTEs in Veliko Tarnovo and 12 FTEs in Burgas. This ranking reflects the concentration of large-scale operations almost exclusively in Sofia, and to a lesser extent in the other two big cities Plovdiv and Varna, while the other centres in the industry are home to predominantly small ITO and HRO providers.

Fig. 18 Average Number of FTEs per Company by Location



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expanded to support the US business
by introducing night shifts

36 000
manual journal entries
performed per year

$11 mln
profit
on small and medium business
year-to-date

1.5 mln
stock units
maintained per year

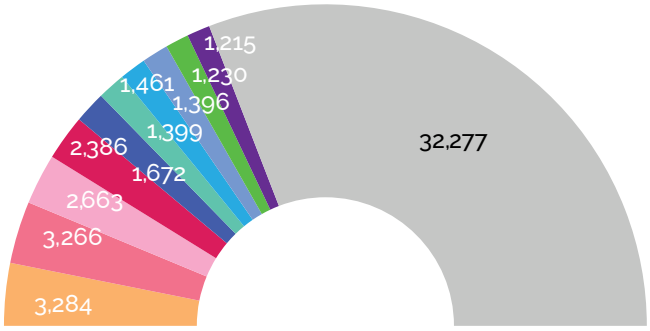
Service extended to
18 countries

$2.3 bln
Vendor claims in total

Full personnel retained
Full service maintained
We proceed to succeed.

5.2 BPO sector employment

Fig. 19 Top 10 BPO Companies by Number of FTEs in 2019

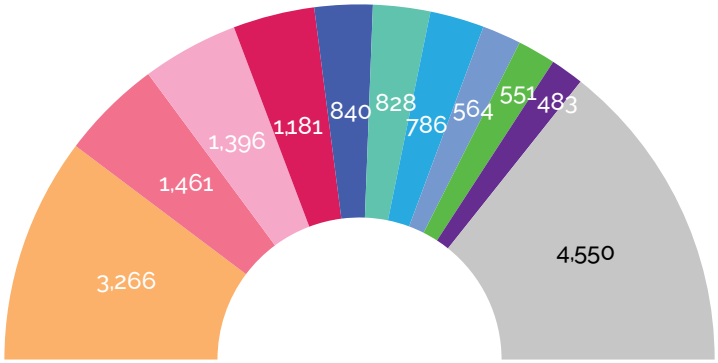


- Enterprise Services Bulgaria
- Sutherland Global Services Bulgaria
- Trenkwalder
- Hewlett-Packard Global Delivery Bulgaria Center
- Adecco Bulgaria
- Other Companies
- Callpoint New Europe EAD
- S Group Human Capital
- SiTel Bulgaria
- 60K
- Cargill Bulgaria

5.2.1 Voice-based BPO

The VBPO segment employed 15,906 FTEs in 2019, or 8.5% more than in the previous year, and remained the largest employer within the BPO sector. In terms of five-year CAGR, VBPO recorded a 16.4% rate, well above the industry and the BPO's respective averages of 13.9% and 13.1%, which is due to the consistent double-digit annual growth rates in the first four years of the period. The leading 10 vendors in the segment were in the group of large companies with personnel of more than 250 people, and the four largest companies had headcount exceeding 1,000 - Callpoint New Europe AD, SiTel Bulgaria EOOD, 60K EAD and Concentrix Services Bulgaria EOOD.

Fig. 20 Top 10 VBPO Companies by Number of FTEs in 2019



- Callpoint New Europe
- 60K
- TTEC Eastern Europe
- Tek Experts
- Concentrix CVG International Bulgaria
- Other Companies
- SiTel Bulgaria
- Concentrix Services Bulgaria
- C3i Europe
- Regiocom
- SiteGround Hosting

Advertorial

Garitage Park

In response to modern challenges, the prime long-term objective of companies is to create a sustainable work model that will ensure highest efficiency. The balance between family, personal health, professional development and leisure is becoming a high priority for their employees.

All of the above is embedded into the concept of Garitage Park - the only multifunctional complex in Bulgaria that combines office, residential, retail, education, as well as sports and entertainment functions. It is located on a plot of 167,000 sq.m., 90,000 sq.m. of which are park and green areas. The project is developed in stages, and when fully completed it will include 95,000 sq.m. of offices, 60,000 sq.m. of residential, primary school for 500 children, 4,500 parking spaces, sports center and sports hall, playgrounds and a number of retail spaces.

An essential part of the Garitage Park concept is "sustainability" in all modern environmental aspects, therefore, the best practices in this direction are implemented in the complex. Garitage Park is the first multifunctional complex in Central and Eastern Europe to achieve an Excellent Final Certificate under the international scheme of the BREEAM Communities 2012 for social, economic and environmental sustainability. In addition, the first four office buildings have achieved BREEAM Excellent and the low-rise residential buildings - BREEAM Very Good certification according to BREEAM NC 2013 standard for new construction.

At Garitage Park priority is placed in the wellbeing of everyone who will live, work, study or spend part of their free time in the complex. Hence, the whole concept is aimed at creating an environment that welcomes all users and visitors to feel comfortable and content – i.e. "at the right place".

For the convenience of employees, residents and visitors, at Garitage Park there are already operating cafes and restaurants, supermarket, pharmacy, drugstore, dry cleaning and flower shop. For those interested in sports, the complex has a 3,500 sq. m. sports center with 25-meter swimming pool, and a recently opened sports hall with capacity of 1,700 seats for volleyball, basketball and mini football. In the next stages of development, children center, medical center, bookstore, bakery and more food & beverage shops are planned to open, which will further complement the various amenities and services within the area.

The office spaces at Garitage Park

are tailored to the specific requirements of high-tech companies. They are designed as "open space", which provides opportunities for shared workspaces and encourage collaboration among employees. The office levels have over 2,500 sq.m. of usable floor space and are designed to provide high energy efficiency. The complex is supplied with electricity from three independent sources, which ensures the continuity of the work process. Following the recommendations of BREEAM Communities, Garitage Park special attention have been paid on the following:

- **Implementation of energy efficient solutions** that enhance the sustainable use and management of energy within the buildings - such as recuperators for the utilization of waste heat gained from exhaust air and systems such as "Heat Recovery", which transfers and utilize waste energy from indoor units that operate in different heating/cooling modes;

- **Creating a more comfortable, healthier and safer environment for building users.** One example in this direction is the increased capacity of fresh air systems within the office buildings – 30% more than the highest-class A office buildings;

- **Improving the transport infrastructure** by widening road network and adding new roundabouts. Provisions are made for sustainable ways of transport and they are highly encouraged (e.g. bicycle lanes and bicycle parking areas, shared transport, as well as the expansion of the public transport network).

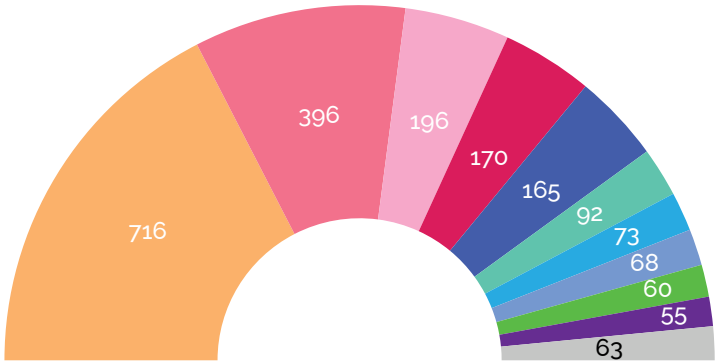
- **Environmental sustainability,** through the protection and enhancement of biodiversity, through controlling the impact of construction materials, waste management and recycling, as well as sustainable practices for water usage.

All of the above aims at creating excellent conditions for encouraging employee creativity and collaboration, as well as providing various facilities for relaxation and minimising stress. The ultimate goal for maximum flexibility and effectiveness is targeted through convenient and creative design combined with green environment, excellent infrastructure and communications.

5.2.2 KPO

The KPO segment consisted of 17 companies with 2,054 FTEs in 2019. Compared with the previous year, the total number of FTEs decreased by 3.7% on the year. During the 2015-2019 period, the segment expanded by a CAGR of 6.6%, considerably slower than all other segments except HRO and the industry average. The size structure of KPO is dominated by large and medium-sized enterprises, with the largest two of them, GfK Bulgaria, Market Research Institute EOOD and A Data Pro OOD, accounting for more than half of the total employment in the segment. Isobar Commerce EOOD ranked third with 196 FTEs, keeping the level from the previous year.

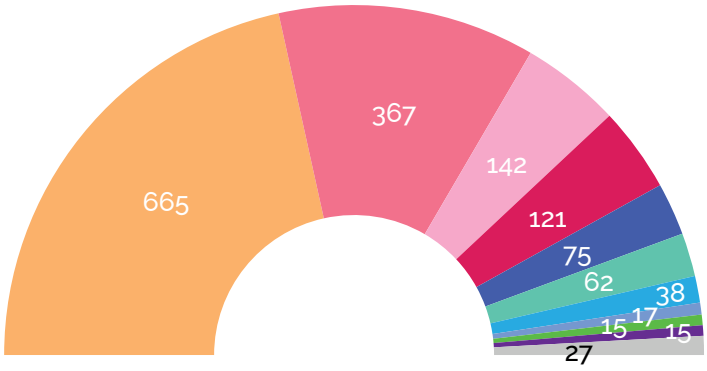
Fig. 21 Top 10 KPO Companies by Number of FTEs in 2019



5.2.3 FAO

The smallest employer in the BPO sector, FAO, reported 1,544 FTEs in 2019, an increase of 5.3% or one of the slowest annual growth rates among the segments. In CAGR terms, FAO expanded by 8.3% annually between 2015 and 2019, below the industry average of 13.9%. The two largest FAO employers in FTE terms in 2019, Coca-Cola Hellenic Business Services Organization EOOD and Taxback EOOD, reported a slight drop in numbers, but still accounted together for two thirds of the employment in the segment.

Fig. 22 Top 10 FAO Companies by Number of FTEs in 2019

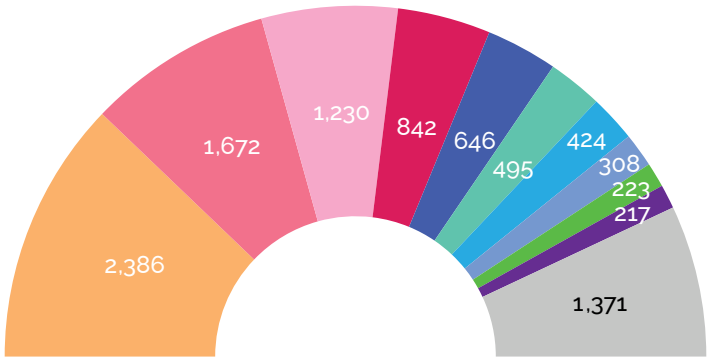


- Coca-Cola Hellenic Business Services Organization
- TMF Services
- SB Co
- Foris Europe
- Vest Corporate Services
- Other Companies
- Taxback
- Safecharge Bulgaria
- Tide Platform
- Cycle Credit Bulgaria
- Tungsten Network

5.2.4 HRO

HRO lost 7.4% of its headcount in 2019 and was the only segment of the entire sourcing industry to register a decrease for second year in a row. Its number of FTEs fell to 9,814, as the companies from the segment lost an aggregate of 789 full-time employees since 2018. Only 10% of the companies in the HRO segment are large enterprises, but they accounted for more than half of its overall employment. The three largest HRO providers in 2019 were S Group Human Capital EOOD, Trenkwalder EOOD and Adecco Bulgaria EOOD, with headcount figures of more than 1,000 FTEs each. However, all of them reported decreases of between 150 and 400 employees on an annual basis.

Fig. 23 Top 10 HRO Companies by Number of FTEs in 2019

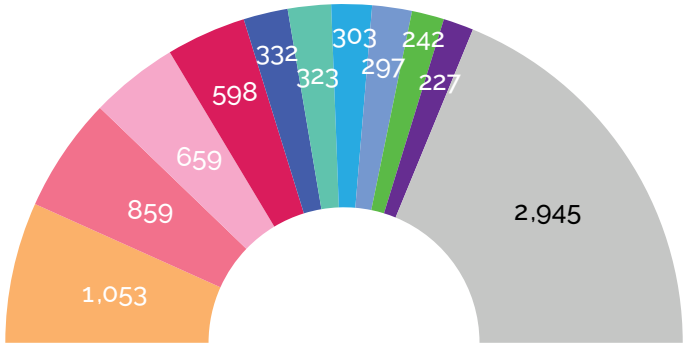


- S Group Human Capital
- Trenkwalder
- Adecco Bulgaria
- Easy Consult
- Manpower Bulgaria
- Toro GroupS
- HRS Staffing Bulgaria
- Dr. Pendl & Dr. Piswanger Bulgaria
- GI Group
- Hi Way Jobs
- Other Companies

5.2.5 Other BPO

Non-classified BPO companies employed 7,838 FTEs in 2019 or 15.0% of the total BPO full-time employment. FTEs grew by 6.8% annually and the Other BPO segment added 500 employees to its headcount. Eight of the ten largest companies in the segment had personnel exceeding 250 people and employed more than half of the segment's total workforce. The leader, PPD Bulgaria EOOD, even passed the threshold of 1,000 FTEs in 2019.

Fig. 24 Top 10 Other BPO Companies by Number of FTEs in 2019



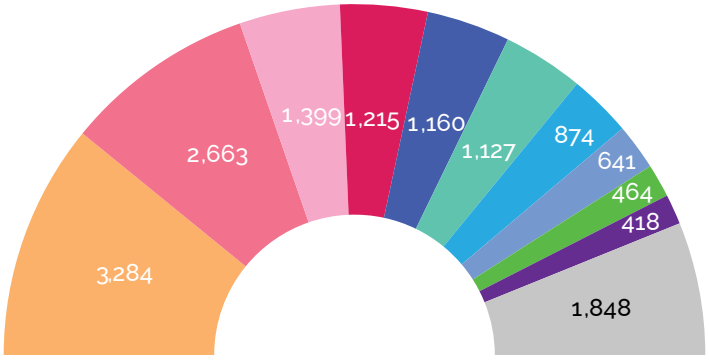
- PPD Bulgaria
- SBTech (Global)
- IQVIA RDS Bulgaria
- HP Inc. Bulgaria
- Bulgarian Online Research
- Ipsos
- ABC Global
- Genius Sports Services
- OnProcess Technology Bulgaria
- Dantek
- Other Companies

5.2.6 SSC

Shared service centres were the BPO segment with the second most numerous workforce after VBPO in 2019, employing 15,093 FTEs, or 19.4% of the overall sourcing headcount in Bulgaria. It enjoyed the highest y/y growth rate among all industry segments – 14.4%, considerably above the industry average of 7.6%. The newly hired employees by SSCs exceeded 1,900 in 2019 – a figure comparable only with the other most dynamic branch of the Bulgarian sourcing industry, ITO. In each of the last four years the number of employees in SSCs has grown by between 1,400 and 2,000 people.

Over a half of the vendors in the segment belong to the group of large enterprises with more than 250 employees. Six largest of the ten largest SSCs reported personnel of above 1,000 FTEs in 2019 - Enterprise Services Bulgaria EOOD, Sutherland Global Services Bulgaria EOOD, Hewlett-Packard Global Delivery Bulgaria Center EOOD, Cargill Bulgaria EOOD, Paysafe Bulgaria EOOD and Ingram Micro SSC EOOD.

Fig. 25 Top 10 SSCs by Number of FTEs in 2019



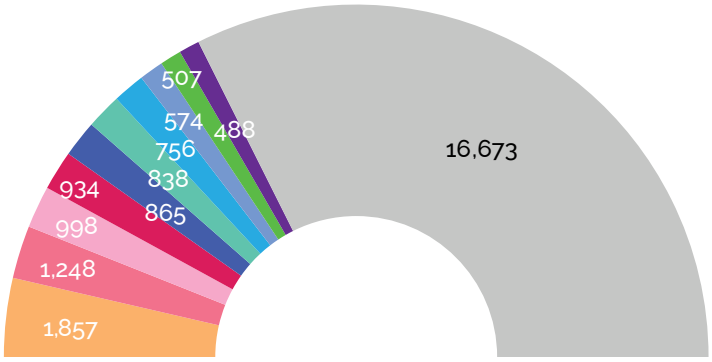
- Enterprise Services Bulgaria
- Sutherland Global Services Bulgaria
- Hewlett-Packard Global Delivery Bulgaria Center
- Cargill Bulgaria
- Paysafe Bulgaria
- Ingram Micro SSC
- Coca-Cola European Partners Services Bulgaria
- Atos IT Solutions and Services
- AIG Europe
- DXC Technology Bulgaria
- Other Companies

5.3 ITO sector employment

The ITO sector employed 25,738 FTEs in 2019, which represented 33.0% of the total sourcing workforce. The annual growth rate of the sector's FTEs slowed down to 11.6% from 16.2% in 2018 as vendors in the segment faced increasing difficulties to attract skilled IT talent. Considering the five-year period between 2015 and 2019, ITO expanded at a CAGR of 15.6%, about 2.0 pp faster than BPO and the industry average.

On average, ITO companies are smaller than their BPO counterparts. In 2019, only 6.5% of the ITO vendors belonged to the large companies category with more than 250 employees, while two thirds of the companies in the sector were micro and small enterprises with 49 or fewer employees. Even the leaders IBM Bulgaria EOOD and Modis Bulgaria EOOD, the only two ITO companies employing more than 1,000 people, had personnel twice smaller than the BPO's largest.

Fig. 26 Top 10 ITO Companies by Number of FTEs in 2019



- IBM Bulgaria
- Modis Bulgaria
- VMWare Bulgaria
- Experian Bulgaria
- SAP Labs Bulgaria
- Visteon Electronics Bulgaria
- GTT Bulgaria
- Scale Focus
- Codix Bulgaria
- MentorMate Bulgaria
- Other Companies

6. Market size

6.1. Total turnover in the sourcing industry

In 2019, sourcing maintained its rapid expansion with its operating revenue jumping by 19.6% to EUR 2.860 bln. That was the second fastest annual growth rate within the 2015-2019 period, only behind 2018 when the industry grew by 20.3% y/y. Both ITO and BPO contributed to the impressive overall performance with y/y rises of 20.9% and 18.5%, respectively. The BPO sector accounted for 54.8%, of the industry's total operating revenue in 2019. The ITO segment is gathering pace - it added the remaining 45.2% of the total in 2019, compared to 40.6% in the beginning of the period and 44.7% in the previous year.

Fig. 27 Operating Revenue and Employment in the Sourcing Industry by Sectors

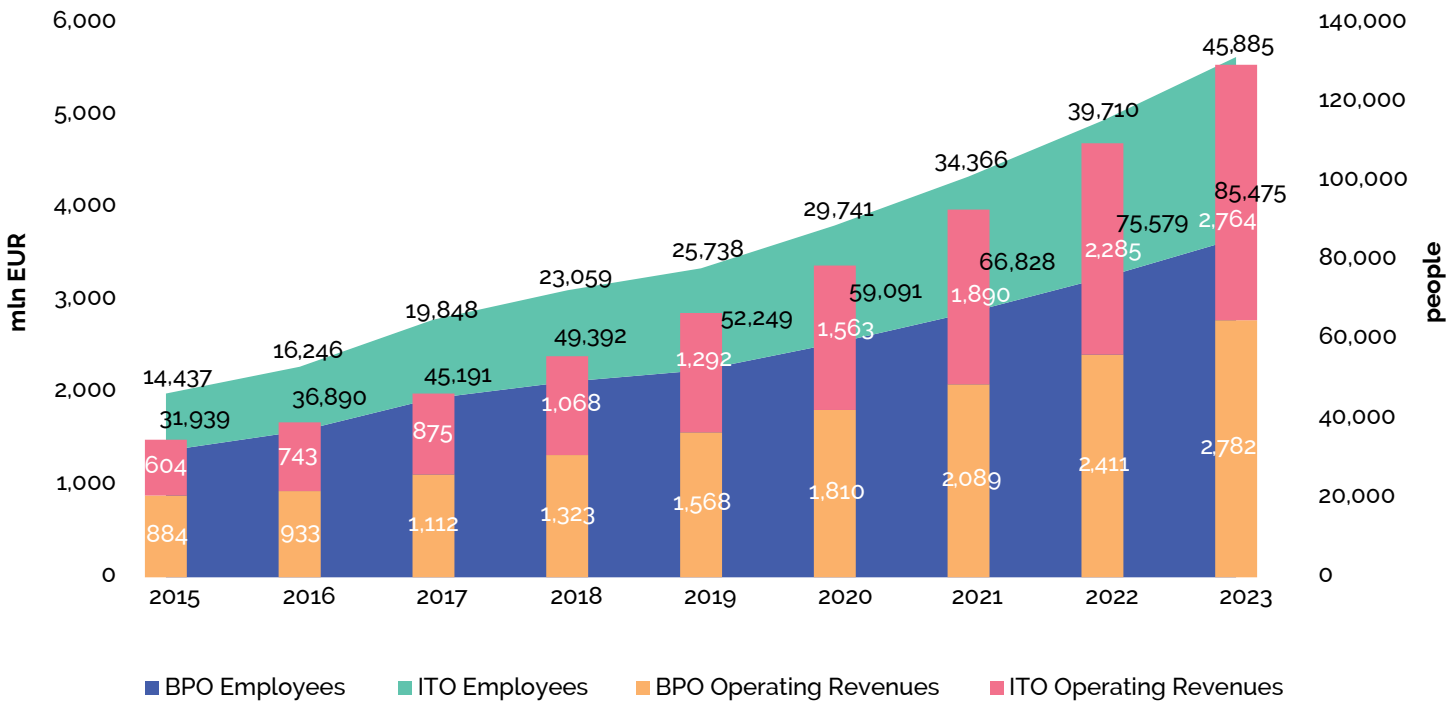


Fig. 28 Operating Revenue by Segment (mln EUR)

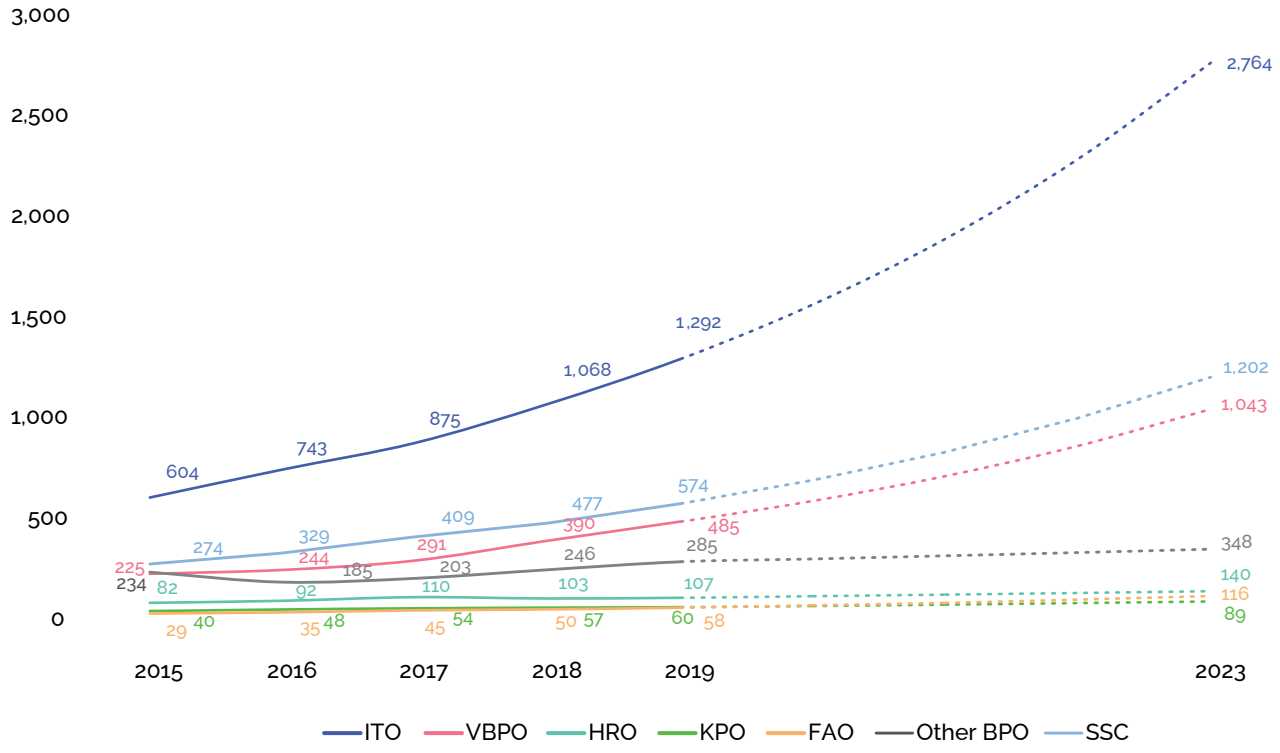
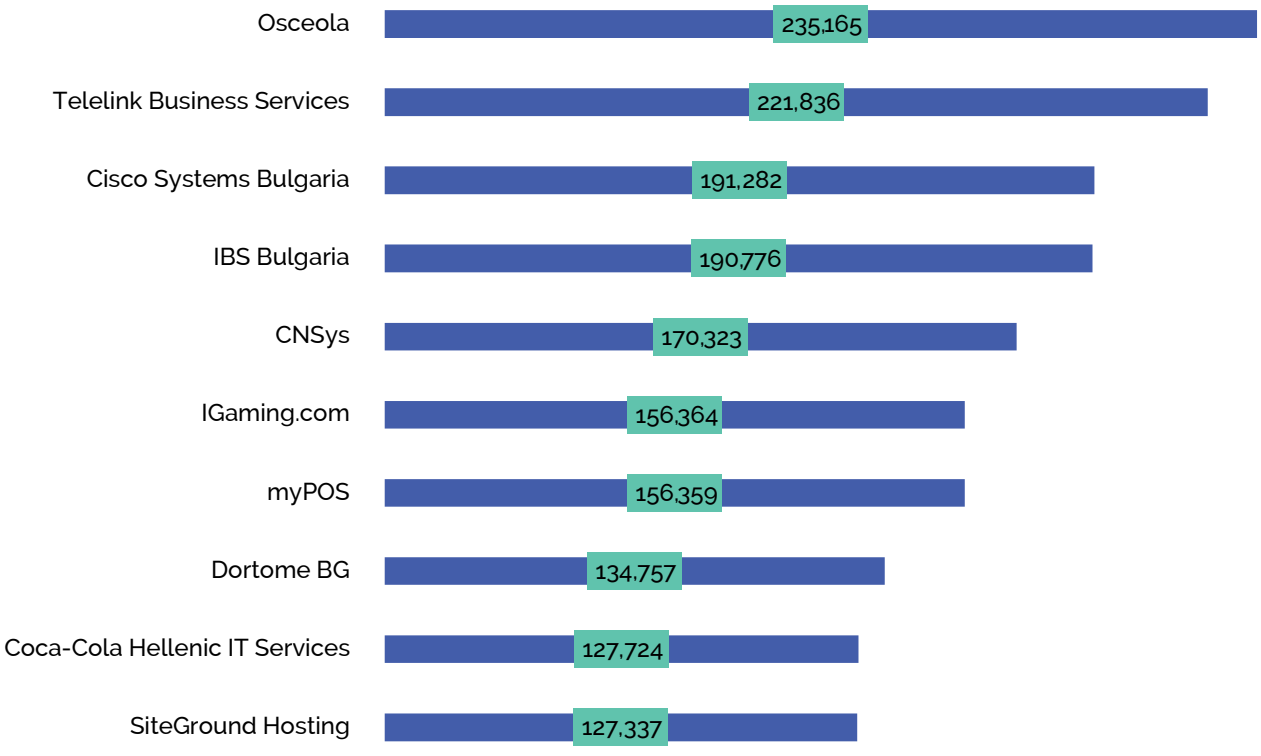


Fig. 29 Top 10 Medium-sized and Large Sourcing Companies by Net Revenue per FTE in 2019 (EUR)



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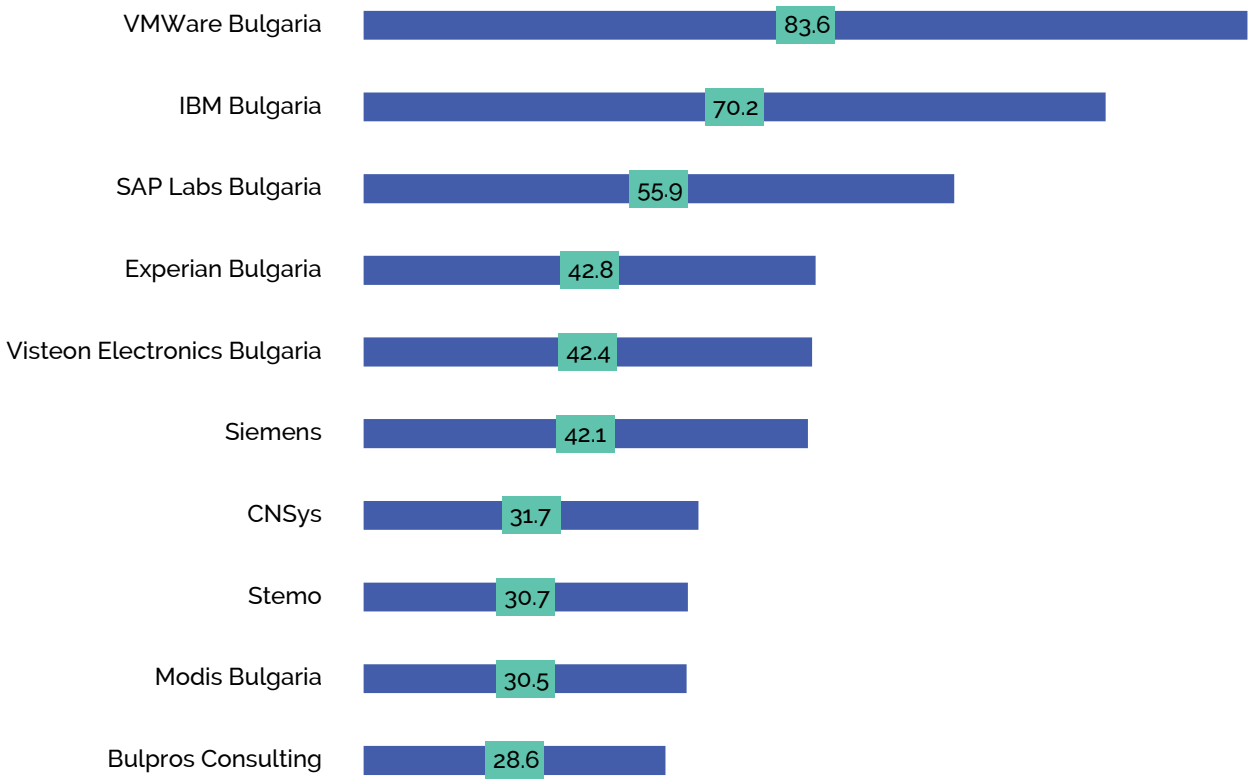
6.2. ITO sector turnover

In 2019, ITO's operating revenue growth rate slightly slowed down to 20.9% from 22.1% in the previous year. However, the fast growth pace of the sector is sustained, with the five-year CAGR standing also at 20.9%.

The new leader in terms of revenues in the ITO sector in 2019 was VMWare Bulgaria EOOD, which outperformed the previously largest ITO provider IBM Bulgaria EOOD, following a 51.1% annual jump in revenue to EUR 83.6 mln.

The 10 leading ITO companies in revenue terms had a key role for the development of the sector in 2019 as they accounted for 35.5% of its total turnover.

Fig. 30 Top 10 ITO Companies by Net Revenue in 2019 (mln EUR)



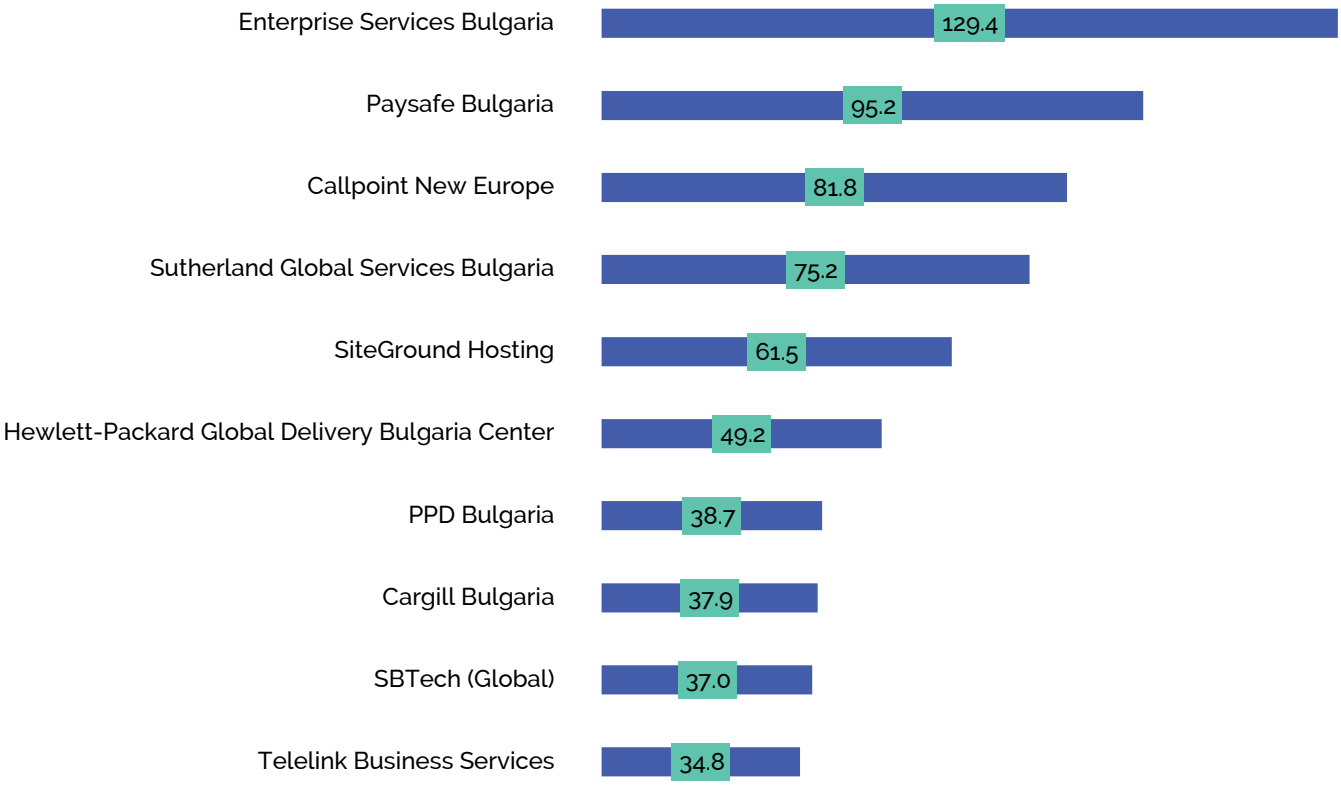
6.3. BPO sector turnover by segments

The BPO sector also saw its operating revenue rise on the year, by 18.5%, with the growth rate remaining almost unchanged in comparison with 2018 when it stood at 18.9%.

All BPO segments expanded in 2019, at widely varying rates. The best performing segment in terms of annual operating revenue growth was VBPO with 24.4%, ahead of SSC, which enjoyed an increase of 20.3% growth. The smallest segment in absolute values, FAO, came in third with an annual growth rate of 16.5%. Other BPO was the last segment in the group with a strong double-digit annual growth rate, expanding by 16.0% in comparison to 2018. Two segments, KPO and HRO, reported considerably lower increases in revenue, of 4.0% and 3.4%, respectively. In the case of the latter, this slowdown in the growth rate has evolved into a structural trend over the last few years, which is expected to be aggravated by the COVID-19 pandemic through decline in demand of sourcing and personnel leasing services.

In terms of revenue of the BPO companies, the undisputed leader was Enterprise Services Bulgaria EOOD – the only Bulgarian sourcing company to crack the EUR 100 mln mark, with a turnover of EUR 129.4 mln in 2019. Paysafe Bulgaria EOOD came second in the BPO ranking with EUR 95.2 mln, well ahead of the third major player, Callpoint New Europe EAD with EUR 81.8 mln. The 10 leading companies play a significant role for the sector, as they sliced a 40.9% share in the BPO total operating revenue.

Fig. 31 Top 10 BPO Companies by Net Revenue in 2019 (mln EUR)

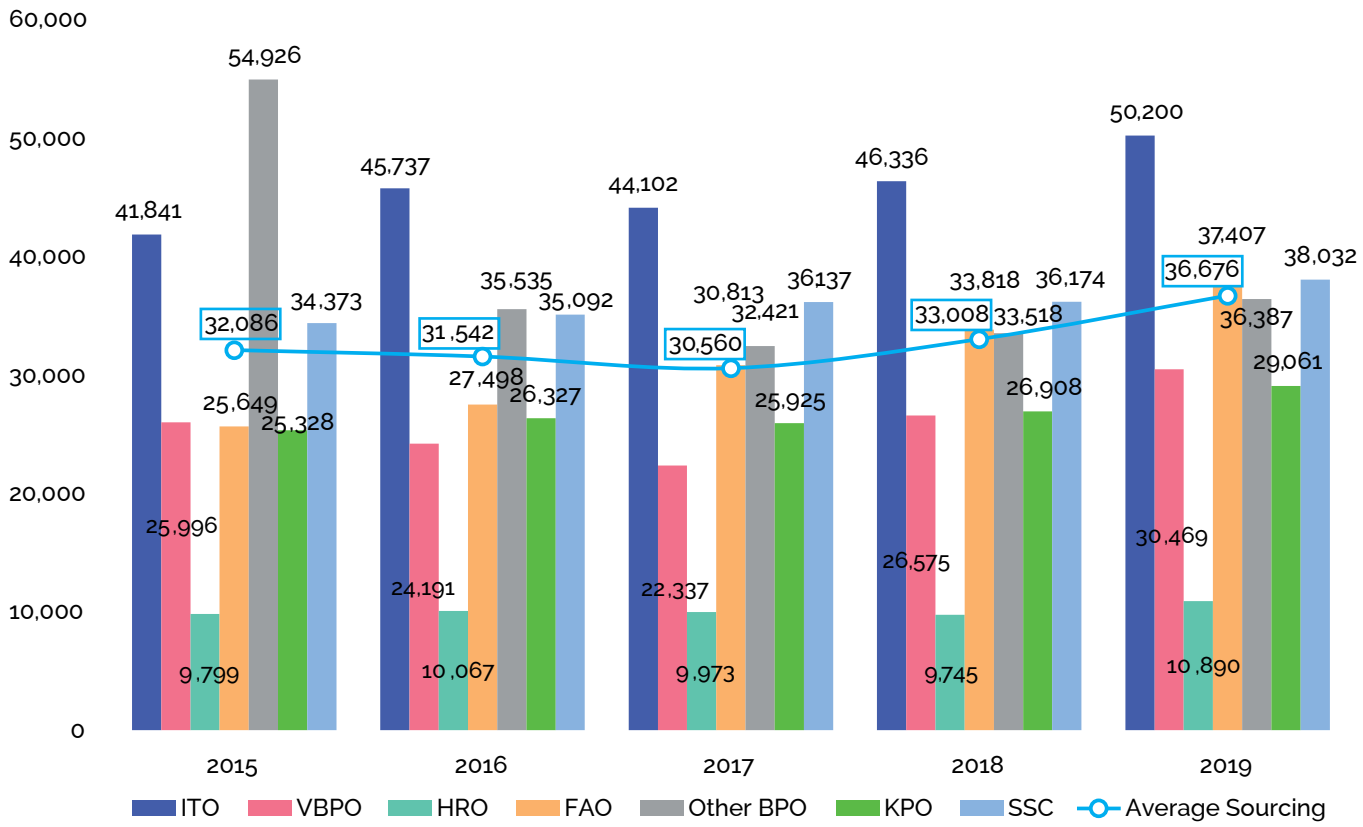


6.4. Average revenue per employee

In 2019, the upward trend from the previous year, when revenue in the sourcing industry grew faster than employment for the first time, persisted. Until 2017 the vendors in the industry concentrated mainly on finding and hiring more workforce, while in the last two years the emphasis falls on creating higher value added and maximising revenue. Thus, the average revenue per employee in the sourcing industry reached EUR 36,676 in 2019, up from EUR 33,008 in 2018.

At a segment level, VBPO's average revenue per FTE employee recorded the strongest growth, by 14.7%, to EUR 30,469. All other BPO segments and the ITO sector reported an annual rise varying between 11.7% in HRO, where the decline in employment compensated for the slow growth in revenue, and 5.1% in the otherwise thriving SSC segment, where the expansion of employment outstripped the dynamic growth in revenue.

Fig. 32 Average Revenue per Full Time Employee by Segment (EUR)



6.5 Most dynamic companies

Fig. 33 Most Dynamic ITO Companies

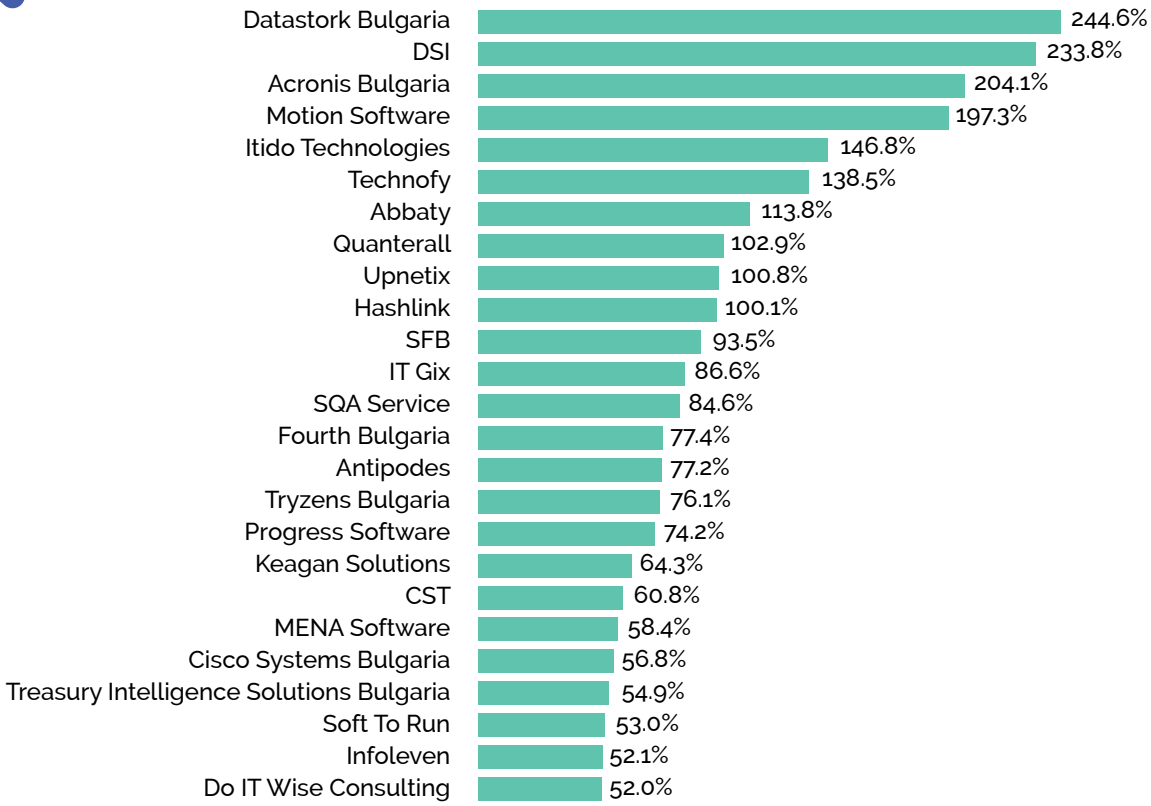
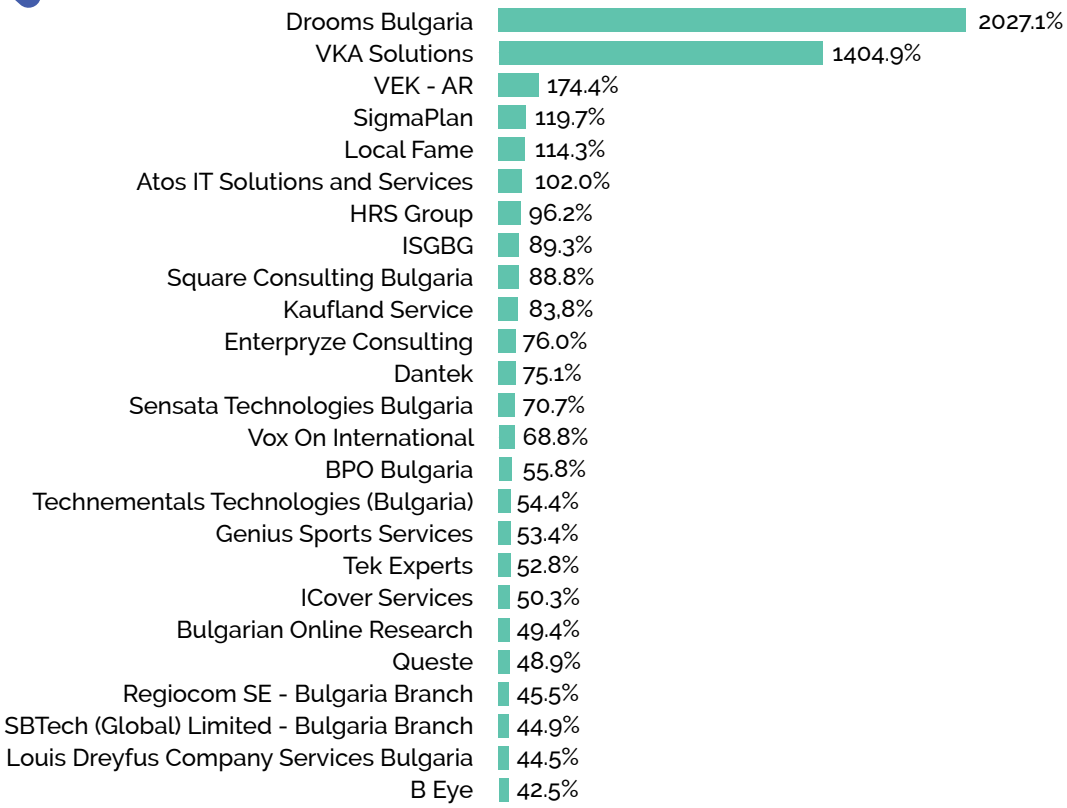


Fig. 34 Most Dynamic BPO Companies



7. Costs

7.1. Cost structure

In 2019, salary costs in sourcing increased by 19.6% y/y, matching the rise of the aggregate operating revenue in the industry. Total salary costs had expanded at a slower annual rate of 17.8% in the previous year. As a share of all labour costs in the economy, the importance of sourcing has been steadily on the rise in the last five years and 2019 is no exception. Sourcing companies accounted for 9.3% of the salary costs incurred and 7.4% of the social security contributions made, up from 8.5% and 7.0%, respectively, in the previous year. The industry accounted for 3.5% of all employed in the country in 2019 versus 3.1% in 2018.

The indicator grew across all sectors and segments in 2019, with the ITO sector reaching the highest rate of 22.0% y/y, closely followed by the SSC and VBPO segments, both with growth rates exceeding 20%. The HRO segment advanced at the slowest rate, of 4.7% y/y to EUR 73.0 mln. KPO was the other segment to report annual rise of salary costs lower than 10%.

When it comes to social security contributions, the annual growth rate stood at 15.6% y/y. All sectors and segments except HRO and FAO registered double-digit rates in 2019. Other BPO was the leader in terms of annual dynamics and jumped by 25.9% to EUR 21.7 mln from EUR 17.3 mln in 2018. HRO once again was the segment with lowest annual growth rate of social security contributions, of 3.9%, but still marked an improvement over 2018 when they had notched down by 0.6% y/y.

Fig. 35 Salary Costs in Sourcing by Segment (mln EUR)

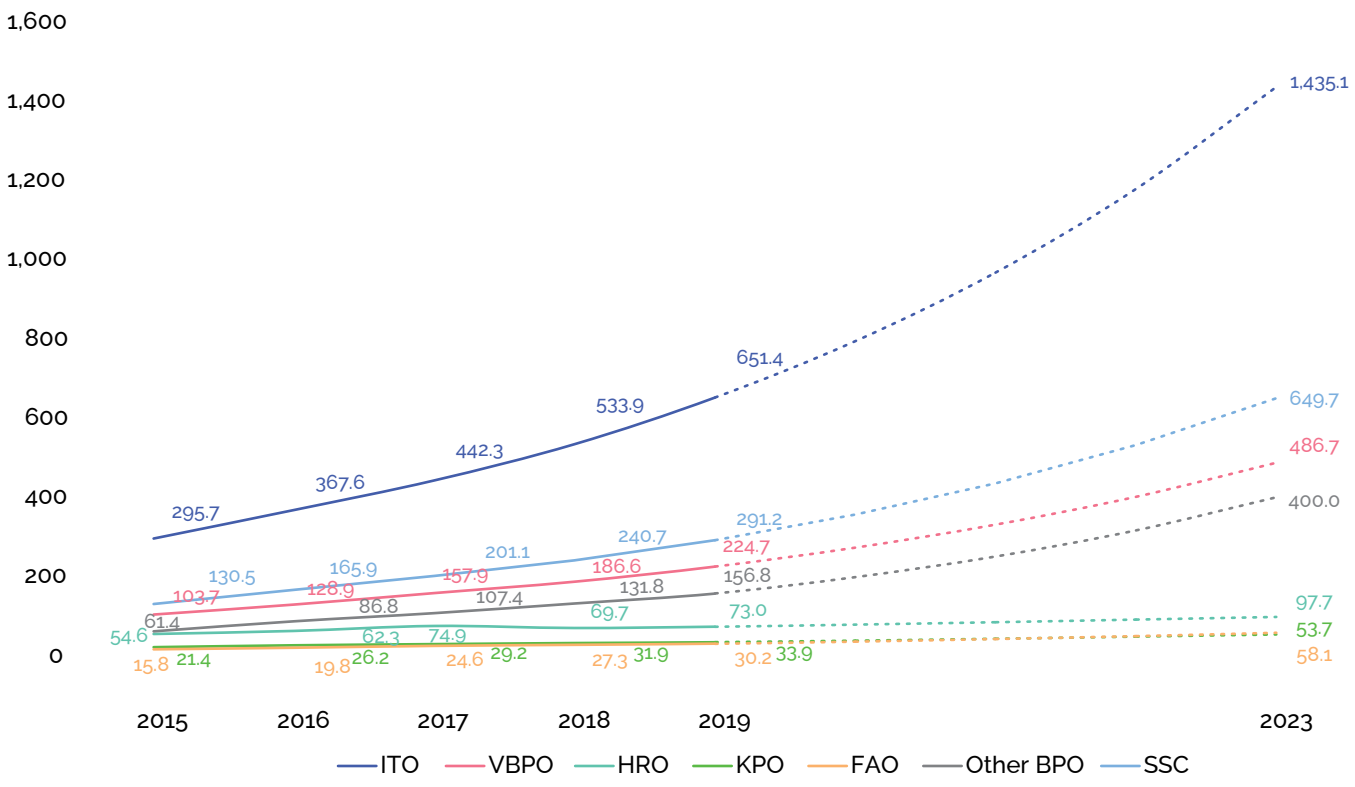
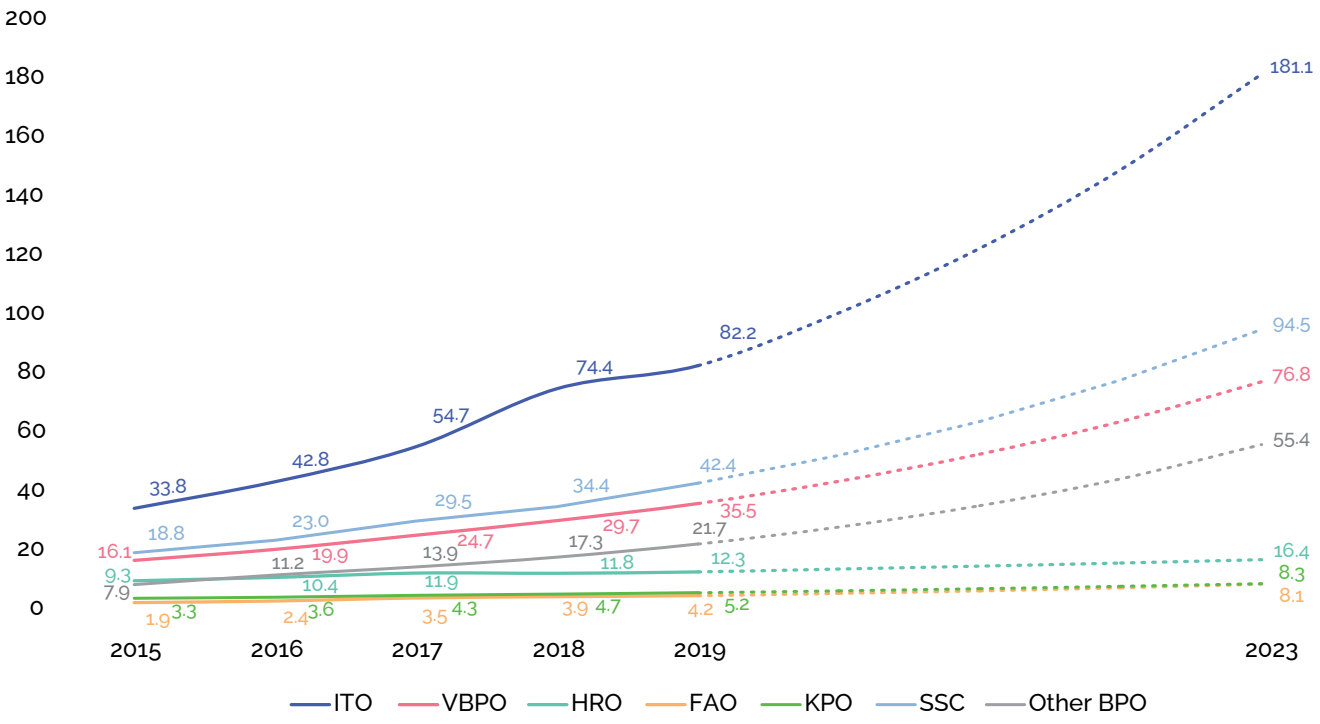


Fig. 36 Social Security Contributions in Sourcing by Segment (mln EUR)



Employment expenses in the ITO sector

The overall labour costs of Bulgarian BPO and ITO providers climbed in 2019, as a consequence of the increasingly tightening labour market, paired with the continuous dynamic development of both sectors. With 22.0% up y/y, ITO was the field that recorded the strongest annual increase in salary costs, which exceeded EUR 650 mln and accounted for 44.6% of the overall salary costs in the industry in 2019, up from 43.7% in the previous year. In 2019, the average salary cost per FTE in the ITO segment increased by 9.3%, a significant acceleration compared to the 3.9% y/y growth in 2018.

Fig. 37 Salary Costs per Company by Segment (mln EUR)

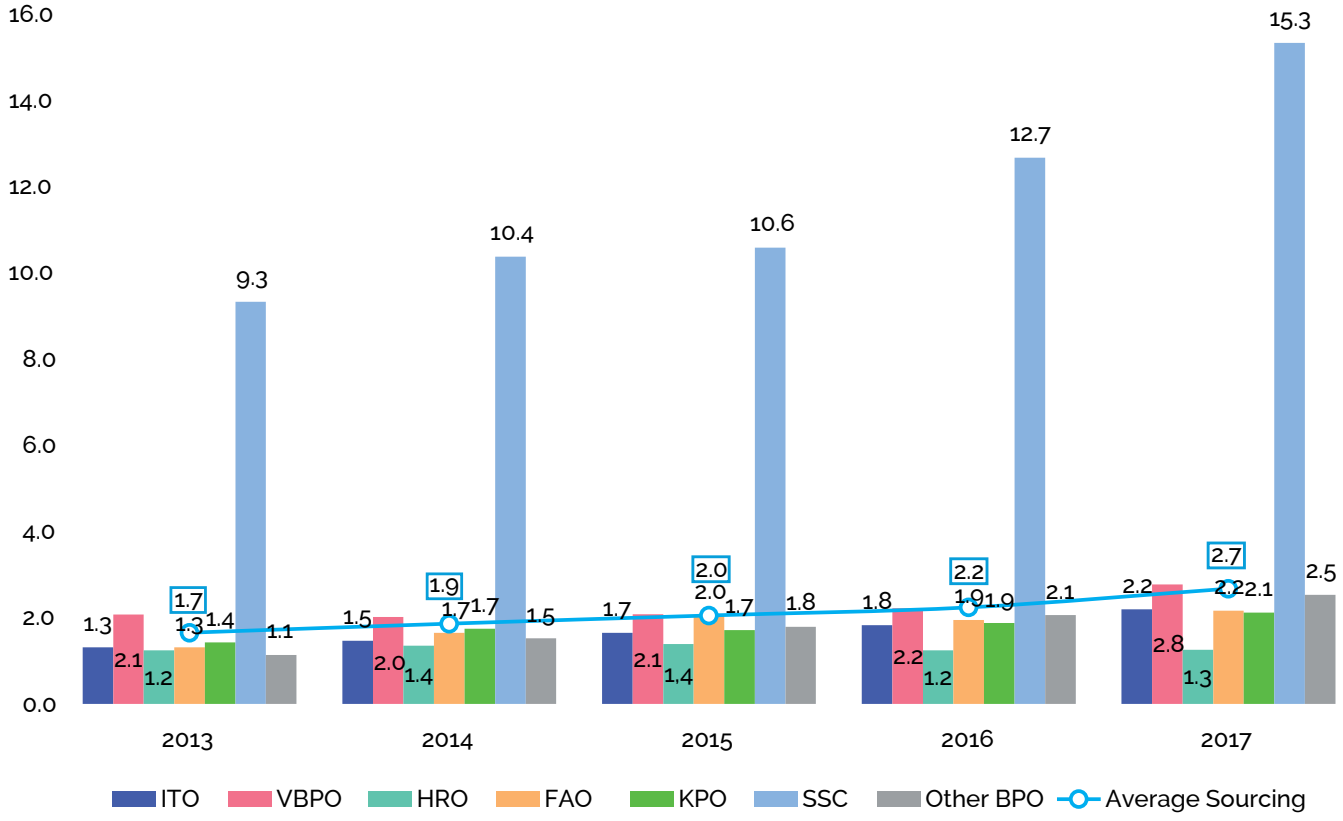
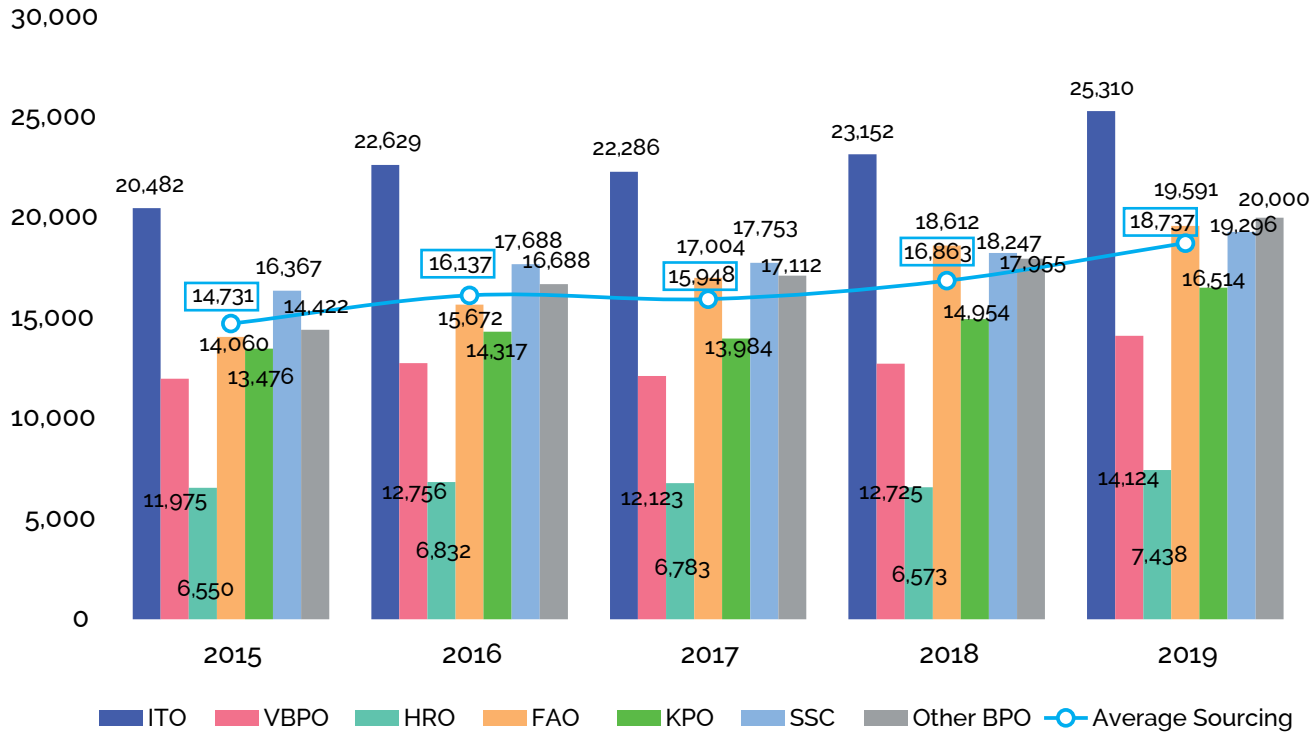


Fig. 38 Salary Costs per FTE (EUR)



Employment expenses in the BPO by segment

The annual rate of growth accelerated across most segments, but in KPO, FAO and Other BPO salary costs grew slower than in the year before as a sign of companies' reluctance to attract additional labour force at a higher price. In 2019, there were highly divergent trends in salary costs per FTE in the BPO sector by segment. Whereas labour costs per FTE went up by 13.2% y/y in HRO, which represented a strong annual acceleration compared to the decrease in 2018, the fastest growing segment by this indicator from the previous year, FAO, halved its growth rate to 5.3%, and slid to the end of the ranking. In absolute values, Other BPO kept the first place as the highest-paying BPO segment with annual labour costs per FTE of EUR 20,000, followed closely by FAO and SSC with EUR 19,591 and EUR 19,296, respectively. HRO remained at the bottom of the ranking with EUR 7,438 per FTE in 2019, up from EUR 6,573 in 2018.

Fig. 39 Social Security Contributions per Company (EUR)

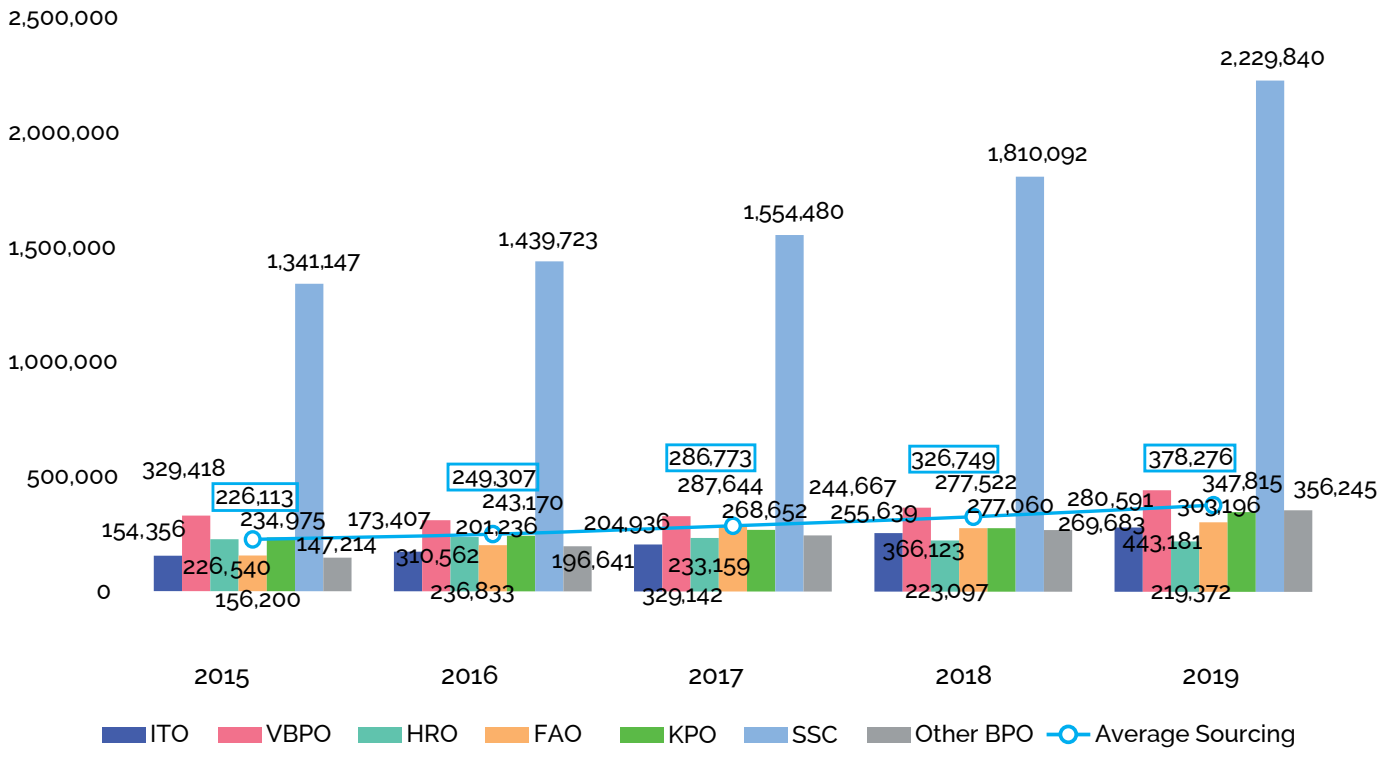
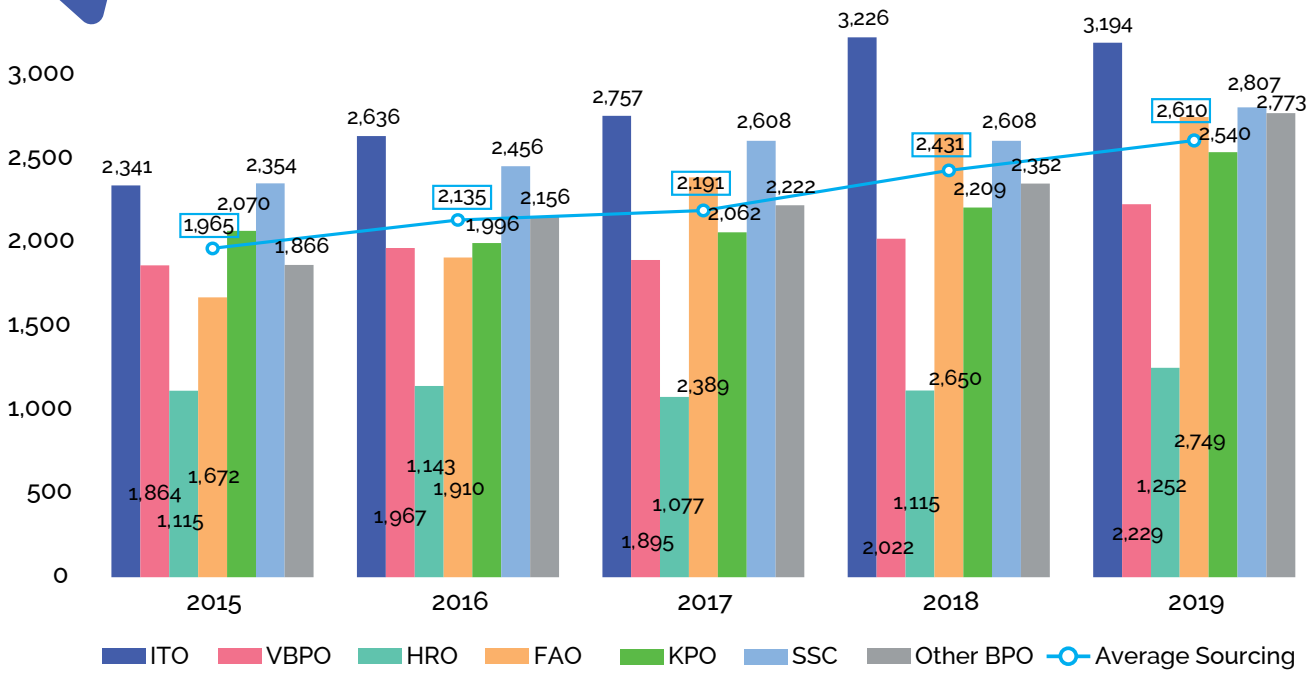


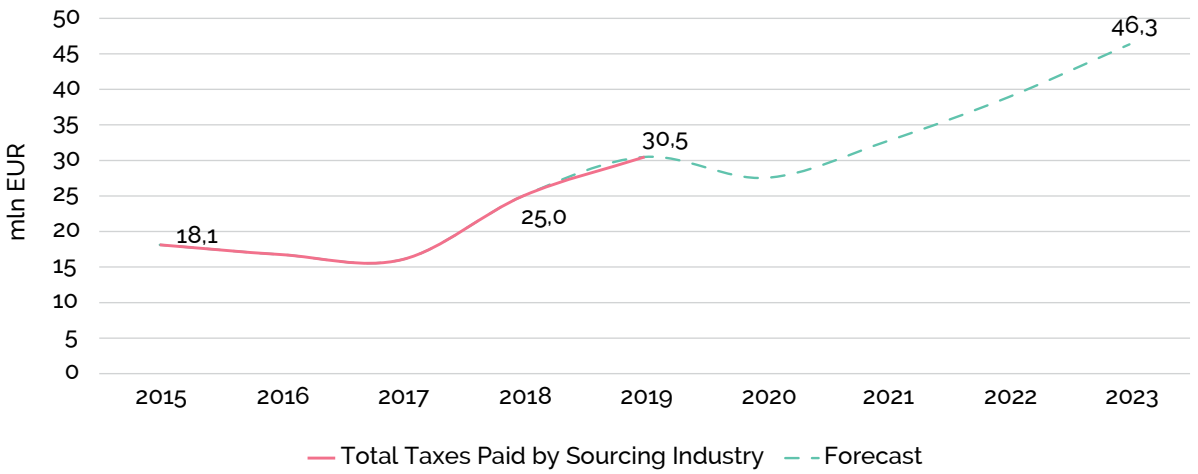
Fig. 40 Social Security Contributions per FTE (EUR)



7.2. Tax expenses

In 2019, the sourcing industry's paid taxes expanded by 21.9% to EUR 30.5 mln, which is nearly double the value of just two years ago, when companies in the industry paid a total of EUR 16.0 mln in corporate taxes. In relative terms, its share also grew to 2.5% in 2019 from 1.4% in 2017 of all corporate taxes paid in Bulgaria. After a period of continuous decrease in taxes paid, the trend took a turn upwards since 2018 and as a result sourcing is expected to increase its contribution to the national economy in terms of paid taxes to EUR 46.3 mln in 2023. In the next four years, no shift in the taxpayers' structure by sector is expected and BPO will dominate in 2023 with 56.0% of the total contribution. Within the sector itself, the largest taxpayer VBPO will see its share narrow, at the expense of the more complex segments SSC and Other BPO due to their faster growing profitability.

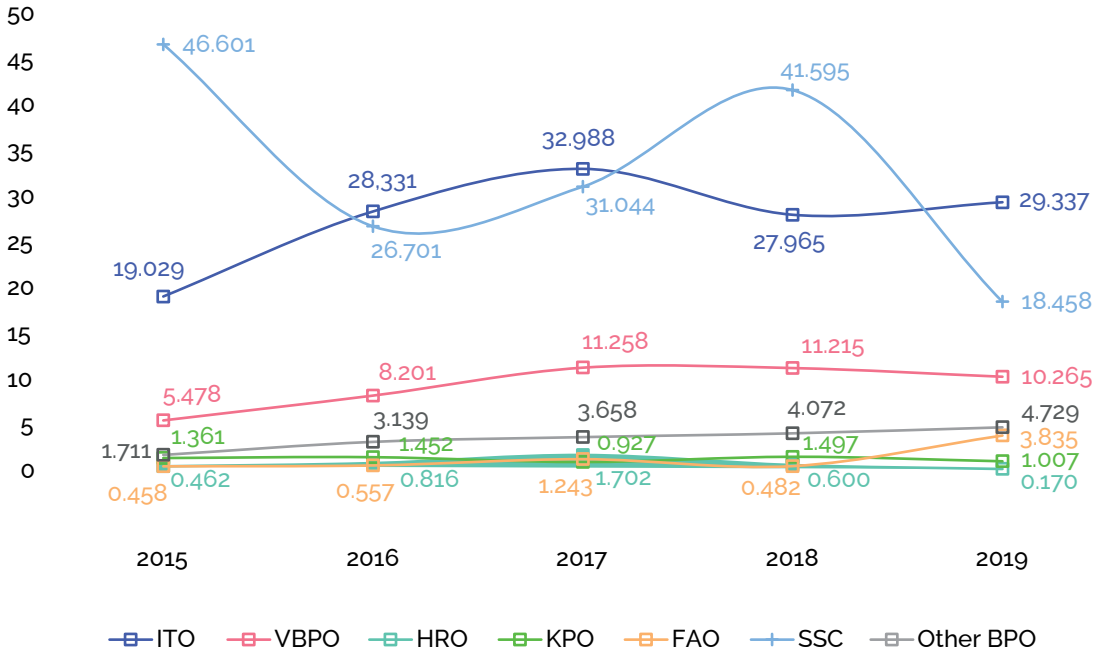
Fig. 41 Taxes Paid by the Sourcing Industry (mln EUR)



8. Long-term investments

The Bulgarian sourcing vendors analysed in the report invested a total of EUR 67.8 mln in long-term assets in 2019. This represented the lowest figure throughout the 2015-2019 period and an annual decrease of 22.4%, which brought the five-year CAGR down to -2.5%. ITO was the leading sourcing segment, outpacing SSC, in terms of total investments in long-term assets with EUR 29.3 mln, or almost half of the overall investments in the industry. The bulk of the investments were made by three segments, which accounted for 85.6% of the aggregate amount for the industry. ITO, SSC and VBPO largely invested in acquisition of own real estate, which suits their high personnel numbers, although at rates slower than in the previous year, with the exception of ITO. The KPO and HRO segments had negligible long-term investments.

Fig. 42 Investments in Long-Term Assets (mln EUR)



9. Profits and profitability

In 2019, the sourcing industry registered a record-high net profit for the five-year period between 2015 and 2019. The bottom line result climbed by 8.4% y/y to EUR 252.1 mln, confirming the positive trend that occurred in 2018 when there was a jump which put an end to a three-year downward movement in sourcing profits. Growth was fuelled by the BPO sector whose net profit reached EUR 131.1 mln, compared to EUR 110.2 mln in the previous year. The ITO sector also performed well, reaching a net profit of EUR 121.1 mln. This is slightly below the profit reported in 2018 – EUR 122.4 mln. The performance of the BPO's segments was again mixed – half of them enjoyed improved profits, while the other half saw a decline in profitability. VBPO and SSC increased their bottom line results further and came on top in terms of both absolute value and annual net profit increase.

The vast majority, or 80.4% of the sourcing providers which have reported financial results for 2019, recorded net profits in the year under review. The share of companies in the red was 17.9% and the remaining 1.7% posted neither a profit nor a loss. The large share of profitable companies and the uptrend in the total net profit kept the corresponding margin at 8.9% in 2019, close to the 2018 level of 9.8%. The profitability of companies established in 2016-2018 was lower than the industry's average – 6.3%.

In 2019, the slight rise in the industry's aggregate net profit brought the average net profit per FTE to EUR 3,233 – an annual increase of 0.7%. ITO remained at the top with EUR 4,703 per employee, while the jump in VBPO's net profit in 2019 lifted its net profit per FTE to EUR 4,134, which was the highest among all BPO segments.

Fig. 43 Net Income in Sourcing by Sector (mln EUR)

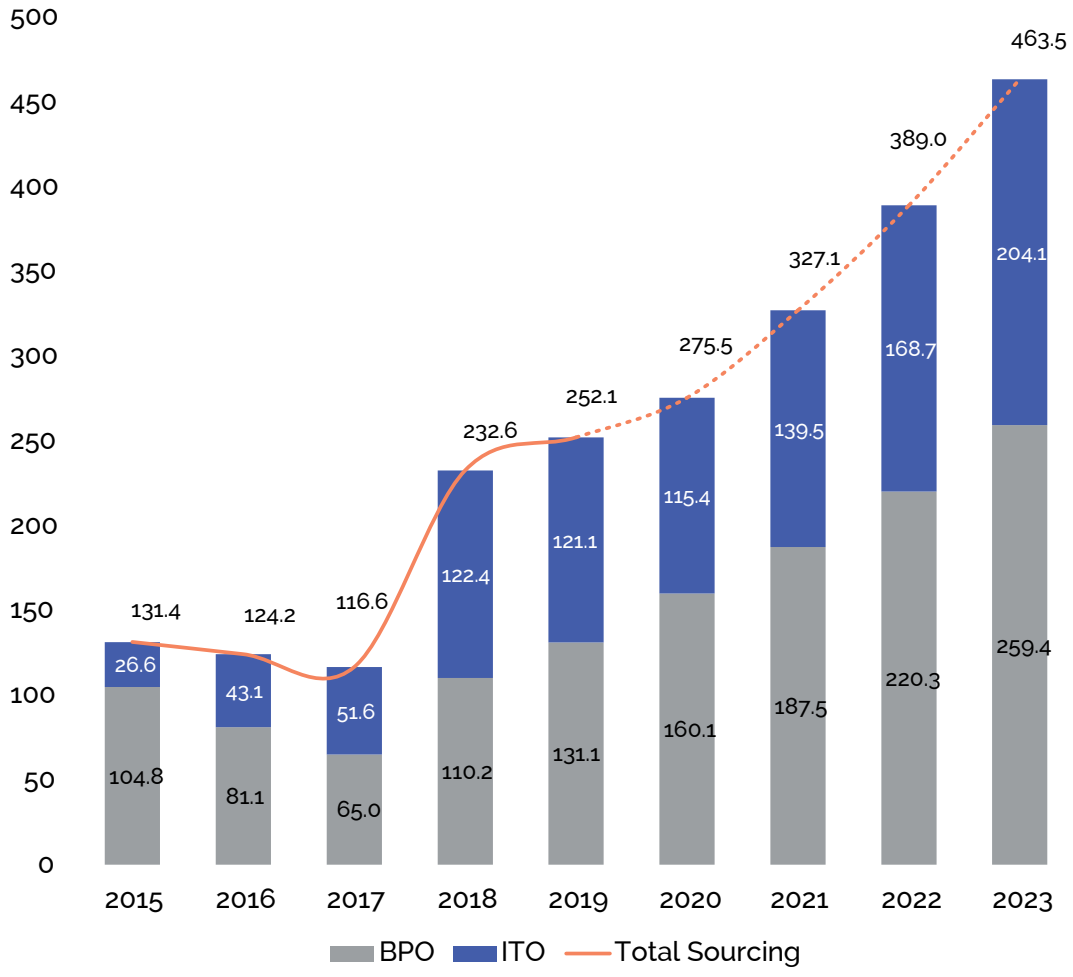


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Fig. 44 Net Income in Sourcing by Segment (mln EUR)

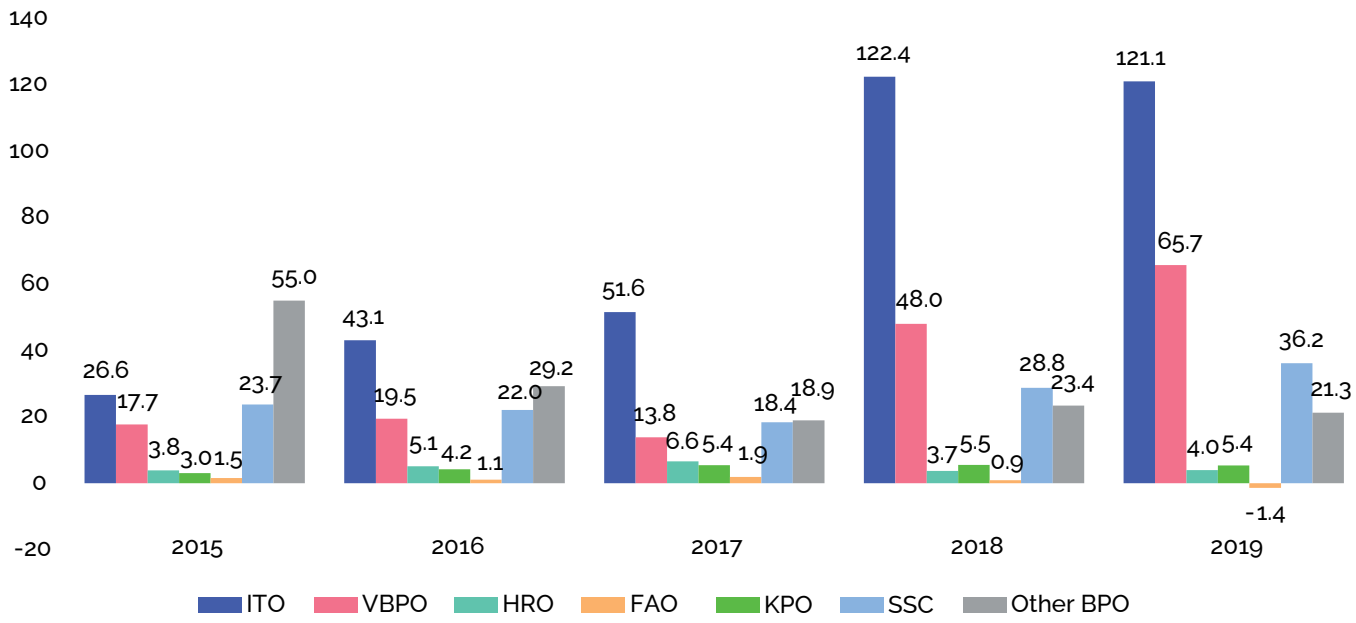


Fig. 45 Net Income per FTE by Segment (EUR)

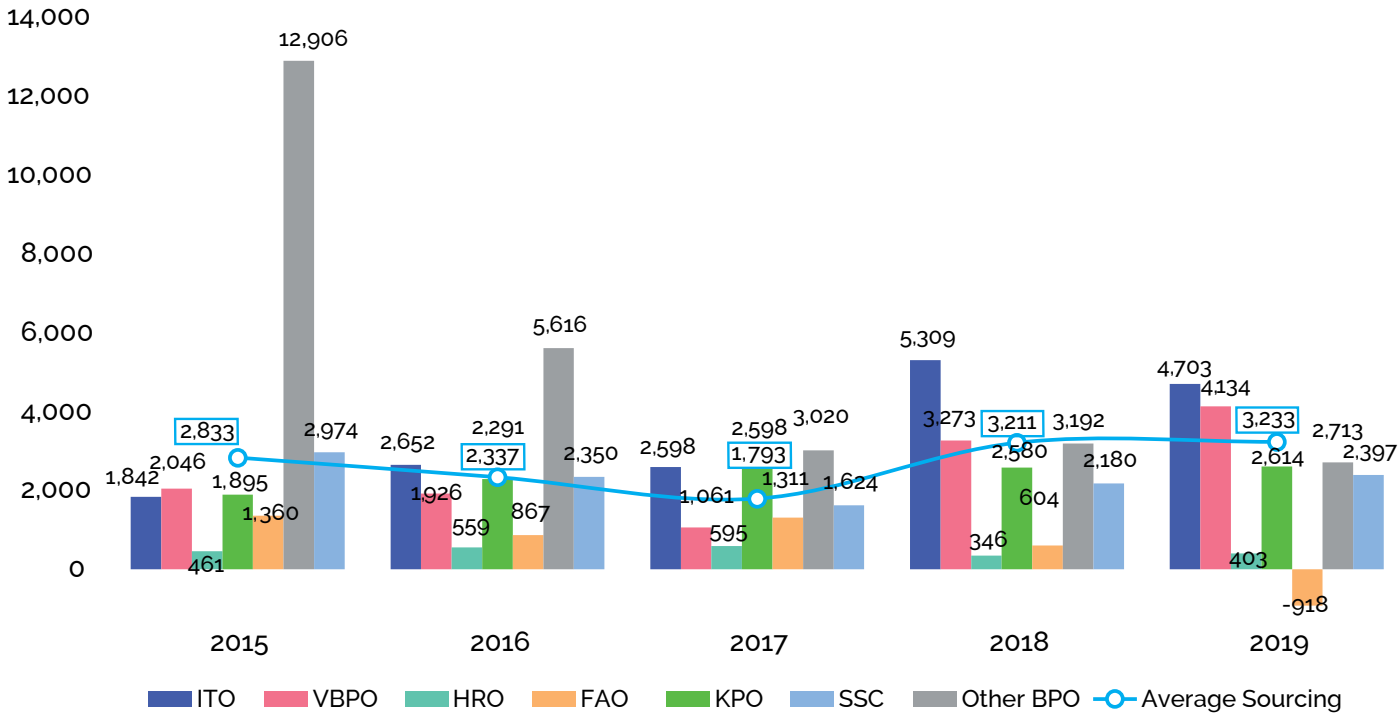
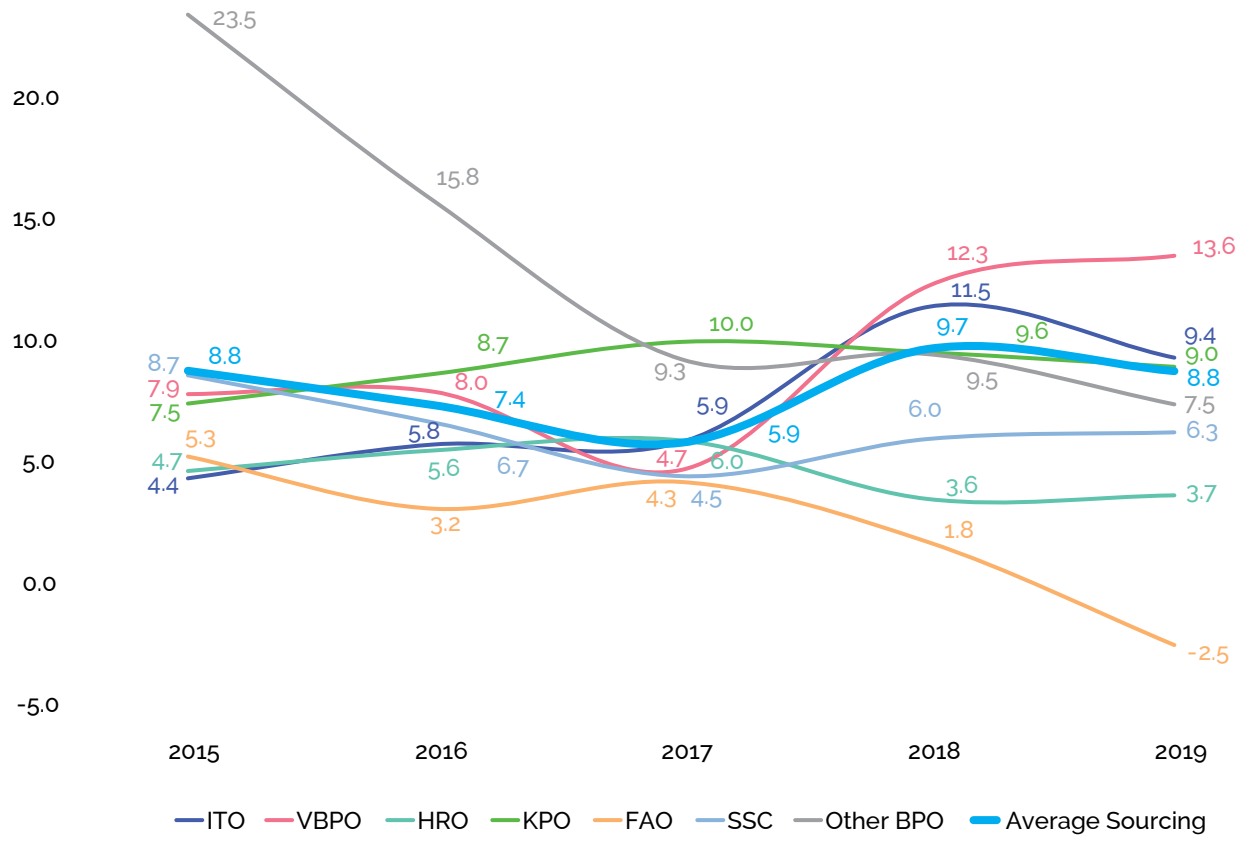


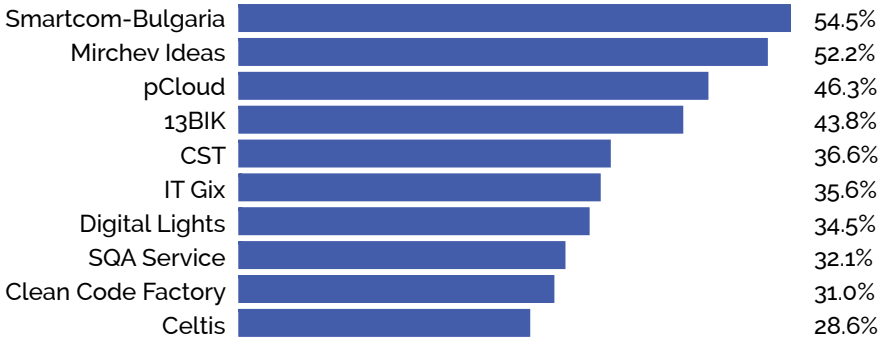
Fig. 46 Net Profit Margin by Segment



9.1. ITO Sector

In 2019, ITO's net profit declined in absolute values on annual basis for the first time in the analysed five-year period, to EUR 121.1 mln from EUR 122.4 mln in the previous year. Still, this financial result was more than two times higher than the average yearly net profit of the sector prior to 2018. The continuing development of the sector is expected to boost its net profit further, which is forecasted to exceed EUR 200.0 mln by 2023. The overall net profit margin in ITO in 2019 amounted to 9.4%, down from 11.5% in the previous year, but above the industry average of 8.8%.

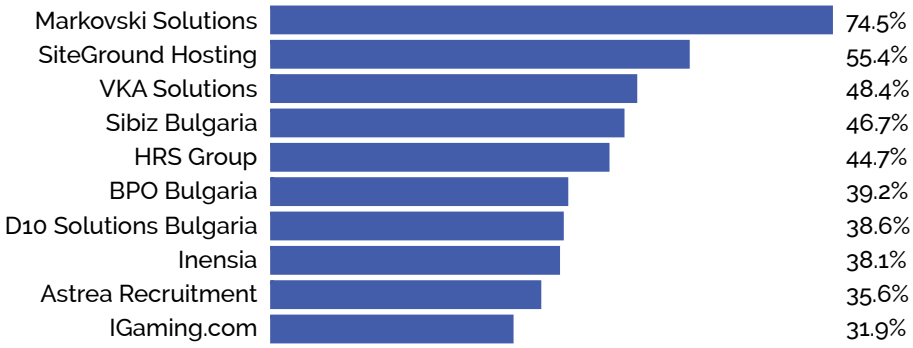
Fig. 47 Top 10 ITO Performers by Net Profit Margin



9.2. BPO Sector

The performance of the BPO providers in 2019 was impressive as their combined net profit reached EUR 131.1 mln and made BPO again the more profitable sector. The aggregate net profit in the sector grew by 18.9% on annual basis. The fluctuations in BPO's net results during the period brought its average annual net profit growth rate in the 2015-2019 period to 5.8%, almost ten times below that of ITO. However, the expectations are for a stable development of the BPO sector and its net profit is seen reaching close to EUR 260.0 mln by 2023. In terms of net profit margin, the leader among the BPO segments in 2019 was VBPO with 13.6%, followed by KPO with 9.0%. FAO performed worst with a negative net profit margin of -2.5%.

Fig. 48 Top 10 BPO Performers by Net Profit Margin



10. Industry trends

10.1 Fostering talent amid pandemic

Any analysis looking beyond 2019 is naturally dominated by the COVID-19 pandemic and the economic crisis it has induced in 2020. "Crisis" is often associated with "uncertainty" but while we are waiting for the dust to settle on the economic scene, new patterns of doing business, communicating and up-skilling the personnel are already emerging.

The sourcing industry is no exception to this and as it has always been at the forefront of innovation in Bulgaria, it is also leading by example in the current situation, says Ivaylo Pirovski, Delivery Manager Temp Staffing & Outsourcing at recruitment company EasyConsult. Most companies operating in the BPO sector and SSCs segment quickly shifted to a remote working model back in March. While this was highly stressful given the nature of the industry - where access control and security of information were always some of the main priorities - the new model is still working quite successfully and big players are operating successfully, Pirovski noted. This new way of "working from everywhere" has opened up new opportunities for employers, especially when it comes to hiring executives and qualified professionals, says Darina Peneva, Managing Director of Stanton Chase Bulgaria. Geographical barriers no longer seem to be a limiting factor for some positions and sectors, according to her. A recent study by the Bulgarian branch of global consultancy Mercer supports these statements. According to the study's findings, the sourcing industry is bearing well with the major shifts towards remote working, especially when compared with industries that cannot support permanent flexibility such as retail, healthcare and automotive.

The new reality of work from home inevitably brings about the need for up-skilling and re-skilling and this trend is valid for both hard and soft skills, notes Denitsa Chaneva, Permanent Placement Team Lead at Adecco. Employees had to quickly adapt and not only upgrade their technical skills so as to start using different online platforms for daily communication and trainings but also prove of being capable to manage their time, work independently, stay mentally strong and focused to be able to cope with every situation. In fact, the sourcing industry had never before seen such urgent need to up-skill and re-skill large groups of employees, Pirovski says. The industry was faced with a tough balancing act. On the one hand it had to either lay off or quickly re-skill employees supporting projects related to travel, tourism and hospitality while at the same time other business lines boomed and required multiple new employees. Those included social media support, online shopping and home deliveries, social services, medical and pharmaceutical lines of business, online gaming, etc. In any case, both employers and employees in the sourcing industry do not shy away from retraining and rely mostly on the talent pool within the organisation. There is a clear tendency for companies to first turn to internal human resources, assess the potential among employees and offer them promotions or new roles, Stanton Chase Bulgaria's Managing Director says, adding that companies in the sourcing industry work actively with people and give them more security and a long-term development horizons, flexible working models, psychological support in difficult times and remote working options. Respondents in Mercer's study echo this trend -- 76% of the companies surveyed said they are planning to build from within this year.

While many companies have resorted to reduced working hours and furloughs, the sourcing industry has not experienced major shifts in the ratio of full-time to part-time employees, proving its resilience amid the pandemic. While part-time employment in the industry has always been related to project specifics or the availability of talent, the current crisis could in fact lead to a certain reduction of part-time employees as companies can now hire full-time home-office workers in their place, Ivaylo Pirovski notes. Adecco's Denitsa Chaneva agrees that there has not been a radical change in the ratio between part-time and full-time employees. Additionally, no mass layoffs occurred within the Bulgarian sourcing industry in 2020 and both EasyConsult and Adecco agree that the hiring rate in 2021 should pick up in pace after somewhat of a slowdown in 2020. Hiring rates are at the managerial level remained stable in 2020 as these positions are crucial for achieving strategic objectives of the organisation, especially in difficult times, Stanton Chase Bulgaria's Darina Peneva says.

So what trends from this "new normal" are here to stay? The home office has turned from a benefit into a norm from these days, but virtual communication could pose new challenges. "The virtual process of interviewing, induction or training of new employees has still some gaps, missing the personal touch and non-verbal communication that we observe during the face to face meeting," Chaneva says, adding that a mixed form of online and personal interactions should be expected in the future. Additionally, managers and HR specialists within the organisations are facing the challenge of decreases engagement among the employees, according Stanton Chase's Managing Director. That is why, care for employees' mental health is becoming increasingly popular, especially after the COVID-19 lockdowns, Peneva says.

In any event, all experts are certain that the sourcing industry and its employees are one of the few well-equipped to face the business model shifts induced by the pandemic.

10.2 Corporate investments

In October 2020, Germany-based IT services provider SUSE announced plans to set up an innovation hub in Bulgaria and hire up to 200 software engineers within three years.

In October 2020, the BPO vendor Paysafe Bulgaria EOOD announced it will increase the number of its employees in Sofia by 200 to 1,500 within the next year. The company also revealed its aim to expand outside of Sofia in the first six months of 2021, with the main candidates being Plovdiv, Varna and Burgas.

In September 2020, the software company VMWare Bulgaria EOOD said it will increase the number of its employees in Sofia to 2,500 from 1,100 at the end of 2019 within a couple of years.

The shared service centre BIC Services Sofia EOOD was opened in September 2020 with its personnel planned to reach 230 people by 2021. The total investment in the office stands at EUR 2.6 mln.

The VBPO provider Tek Experts EOOD announced in September 2020 that it had expanded its headcount by 160 employees since the COVID-19 outbreak in March, due to increase in the demand for its services.

In September 2020, the BPO provider Pontica Solutions OOD launched its second Bulgarian office, in Varna, and hired more than 100 new specialists in the first two months of the new location's existence.

Callpoint New Europe EAD (Telus International Europe) announced that it has hired 500 new employees in the first half of 2020.

The KPO vendor A Data Pro OOD opened a new office in Burgas in 2020.

The ITO provider Acronis Bulgaria EOOD plans to hire more than 700 new employees by the end of 2022.

In 2020, the German bank Commerzbank AG launched its digital technology centre in Sofia, aiming to employ between 400 and 600 people in it in the medium term.

10.3 Forecasts

The new dynamics in the global services industry in 2020, following the outbreak of the COVID-19 pandemic, present to Bulgaria an opportunity to establish itself as a preferred destination for European companies, which are starting to relocate their operations out of China and Asia in search of increased predictability.

A major new trend, catalysed by the pandemic, is the opening of most companies in the industry to opportunities to access workforce in cities and even countries outside the locations in which they have offices. This benefits both the companies, which often suffer from lack of skilled candidates, and the employees, allowing the industry to expand its geographical footprint.

The crisis caused by the pandemic did not affect the industry as severely as other parts of the economy. As of August 2020, the total headcount of the 610 companies analysed in the current report exceeded 81,000, registering a rise of more than 3,000 FTEs compared with the employment data for 2019. This is in line with the growth rate in previous years, which implies no change in the forecasts for the development of the Bulgarian sourcing industry. No official data for 2020 is available as far as other financial indicators are concerned, but experts estimate that despite some difficulties for sourcing companies servicing clients in the hardest-hit sectors globally, the overall size of the industry will expand in 2020 by approximately 10%. Companies engaged in cloud services, online payments and other specific divisions of the sourcing industry with growing demand due to the pandemic are expected to be the fastest growing ones in 2020.

An ongoing trend in Bulgaria's sourcing industry is the rapid entry and expansion of shared service centres of global technology companies and financial institutions. This is a sign for the improved image of the country as a destination where high value-added services are provided by skilled talent and is a prerequisite for further development of this segment. SSC's bring along improved process control, risk reduction, better compliance, quality and sustainability.

The operations in the industry continue to be shifting from traditional human-based work to more knowledge-based activities. Automation technologies are the main factor fuelling this transformation. Automation is also facilitating the development of new competencies among sourcing companies, thus putting the sector on a path of consistent growth.

Over the five years under review, the expansion of the ITO and BPO sectors in locations outside of Sofia was most evident in Plovdiv and Varna. According to our 2019 analysis, Varna was the location with the highest number of operating companies outside of Sofia, thus surpassing Plovdiv for the first time. The seaside city also had the most new companies established in the year under review. All this turned Varna into the most dynamically growing sourcing location in 2019. There are positive signs in smaller cities, such as Burgas and Veliko Tarnovo, where new ITO and BPO positions are growing in numbers. However, salaries are only barely above the economy's average in those cities. Ruse and Stara Zagora are also locations with good perspectives for development as preferred sourcing destinations.

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The main challenge for the sourcing industry continues to be a limited talent pool. While there are still sourcing specialists in the labour market, their number does not suffice to meet the high demand coming from companies, especially in the context of the industry's transition towards knowledge-based services. This would necessitate upgrading the education system in order to meet the constantly evolving requirements of the sourcing and technology sector.

11. Report concept and methodology

The purpose of the AIBEST Annual Industry Report 2020 is to summarise the sector's developments in Bulgaria in the five-year period 2015-2019 and to provide reliable, comparable, comprehensive and independent data about market stakeholders.

The main focus of the report is the analysis of the ITO and BPO segments of the sourcing industry, including voice-based BPO (VBPO), finance and accounting sourcing (FAO), human resource sourcing (HRO) and other vendors specialised in providing more than one type of services. In the 2020 edition, KPO and shared service centres (SSC) are again separate segments within BPO in the vendors' landscape and financial analysis to reflect their growing significance.

The report preparation took place in October and November 2020.

Identification of companies

The AIBEST Annual Industry Report 2020 encompasses 610 companies from all sourcing segments. This year we included 27 additional providers of sourcing services compared to the previous edition of the report. Sourcing vendors missing complete financial data are only listed in the report, but not included in the financial and employment analysis.

The identification process consists of the following steps:

Checking the pool from the previous year for changes in companies (status, name, activity) and removing inactive or irrelevant companies. In the process of company identification, companies performing at least some amount of sourcing activities are included in the pool. The first pool was derived by individual desktop check of all companies in the trade register with industry classification in one of the following fields (NACE rev. 2.0): 58.29; 62.01; 62.02; 63.11; 63.99; 69.10; 69.20; 70.21; 70.22; 73.20; 74.90; 82.20; 82.99.

Sending of the pool of companies to AIBEST for final check, distribution by segments, verification and confirmation.

Financial analysis

The financial analysis consists of five chapters – Employment structure, Market size, Costs, Investments and Profits and profitability.

We have used the official non-consolidated company records of all vendors to collect information about financial indicators such as labour costs and social security expenditure, operating revenue, net sales revenue, long-term investments, taxes, net profit and loss for five consecutive years - 2015-2019. Time analysis is based on the aggregated indicators of all companies for 2018 and 2019. Forecasts for the period 2020-2023 are calculated based on the CAGR of the companies in the respective segment in the five-year period 2015-2019.

The financial analysis is preceded by the following steps:

Extraction of financial data for the last five years from our database (Operating revenue; Net sales revenue from services; FTE employees; Labour costs; Social security costs; Income taxes; Net financial result; Share capital; Outgoing cash flows for fixed assets).

Exclusion of companies without full financial data for the last year from the financial analysis - they do not take part in rankings and in the number of segment's companies by which the sum for the segment is divided to get average values. Along with the rankings and financial analyses, we will provide a short explanation of the latest developments concerning the leading companies.

Employment

FTEs are taken from the financial indicators pool with all identified companies. Calculations include: ranking by number; sum by segment; average by segment; average headcount by location (based only on companies with at least one employee in 2019). Companies operating SSCs as a part of their organisational structure, but not as a separate legal entity, are not taken into account in the rankings by FTE numbers. In the cases of Sensata Technologies Bulgaria EOOD and Cargill Bulgaria EOOD, only SSC employees are included in the calculation of

the total industry figures.

Market size

The main indicator for calculating the market size is Operating revenue from the official individual financial reports of the companies for 2019, with the exception of companies with sourcing or SSC units, more than 90% of whose operating revenue is formed by activity in other industries (Sensata Technologies Bulgaria EOOD, S&T Bulgaria EOOD, Cargill Bulgaria EOOD). For the latter we have taken net sourcing or SSC revenue as declared in their annual reports, or net revenue from services, where the abovementioned classification is not available. In the case of Progress Software EAD, we have omitted from the calculation the one-off revenue from sale of intellectual property rights in 2018, as well as revenue from sale of own products. Forecasts up to 2023 are made using CAGR for the 2015-2019 period. Calculations include: ranking by number; sum by segment; average by segment; revenue/employee ratios; graphical representation - five-year trend; forecasts. We will include rankings by Net Sales Revenue from Services or Net sales revenue as a whole for companies with estimated share of sourcing in their activities above 50%. Most dynamic companies ranking is based on the year-on-year change in Net sales revenue only at sector level - ITO and BPO. The top 25 companies in each sector are represented graphically. Net sales revenue from the official individual financial reports of the companies is used for calculation of the change. The ranking excludes:

- companies established in the last three years

- companies with nine or fewer employees

- companies with less than EUR 50,000 in net sales revenue

It includes only companies with positive financial results in the last three years. The change is calculated as the average annual growth rate in the period 2016-2019.

Costs

Salary costs, social security contributions and total taxes from official financial reports are used. Forecasts up to 2023 are made using CAGR for the 2015-2019 period. Calculations include: sum by segment; average by segment; graphical representation - five-year trend; costs/employee ratios; forecasts. In the case of Sensata Bulgaria EOOD, the labour costs and social security contributions are scaled proportionally to the SSC headcount of the company.

Profits and profitability

Net financial result (from official individual financial reports of the companies) is used. Forecasts up to 2023 are made using CAGR for the 2015-2019 period. We have excluded vendors with profit margins above 100%, companies with annual operating revenue below EUR 50,000, as well as recently created companies (last three years) from the ranking of companies by profit margin. Calculations include: sum by segment; average by segment; graphical representation - five-year trend; profit/employee ratios; net profit margin is calculated as net profit/loss over operating revenue (with the exception of companies with sourcing or SSC units, more than 90% of whose operating revenue is formed by activity in other industries, for which we have used net revenue from sourcing, SSC or services); forecasts. In the case of Sensata Bulgaria EOOD, net profit is calculated as the difference between shared services revenue and shared services costs, as declared in the company's individual annual reports. The net profit of Progress Software EAD for 2018 is reduced by the amount of the revenue from sale of intellectual property rights.

Non-financial chapters

Snapshot of the Bulgarian sourcing industry

Factsheet data about Bulgaria are gathered from official government and statistical sources (NSI, Bulgarian National Bank).

Bulgarian economy forecasts are taken from the Autumn 2020 edition of the European Economic Forecast by the European Commission.

Factors, such as labour and electricity costs, taxes and office space developments are examined based on desktop research of official Bulgarian and EU sources such as NSI and Eurostat as well as a survey with the consultancies Colliers International, Cushman & Wakefield Forton and MBL.

Talent pool analysis is based on data from NSI. The number of schools and universities preparing potential employees for the sourcing sector is determined by manual checking of the database of the Ministry of Education and Science for the current (2020/2021) academic year. In the workforce education chapter, we have defined professional areas suitable for sourcing as follows: university majors in the areas of Language studies, Administration and Management, Economics, Mathematics, IT and Computer Science and Communication and Computer Technology, as well as mathematics, science, economics and language high schools. We have omitted general secondary schools with a limited number of classes profiled in one or more of the abovementioned areas from the number of schools suitable for sourcing.

The positions of Bulgaria in global rankings are derived from desktop research of international rankings relevant to the sourcing industry by different consultancy companies and institutions.

City profiles

The chapter is prepared based on a survey prepared by AIBEST and SeeNews as well as data from NSI.

Vendors landscape

For each company we have identified: headquarters (according to the trade register), secondary offices in Bulgaria and abroad (through desktop research of website, annual report and job sites), ownership structure (latest available official data from the trade register), customers by country and languages (through desktop research of website, annual report and job sites). Data are grouped, analysed and graphically represented.

Industry trends

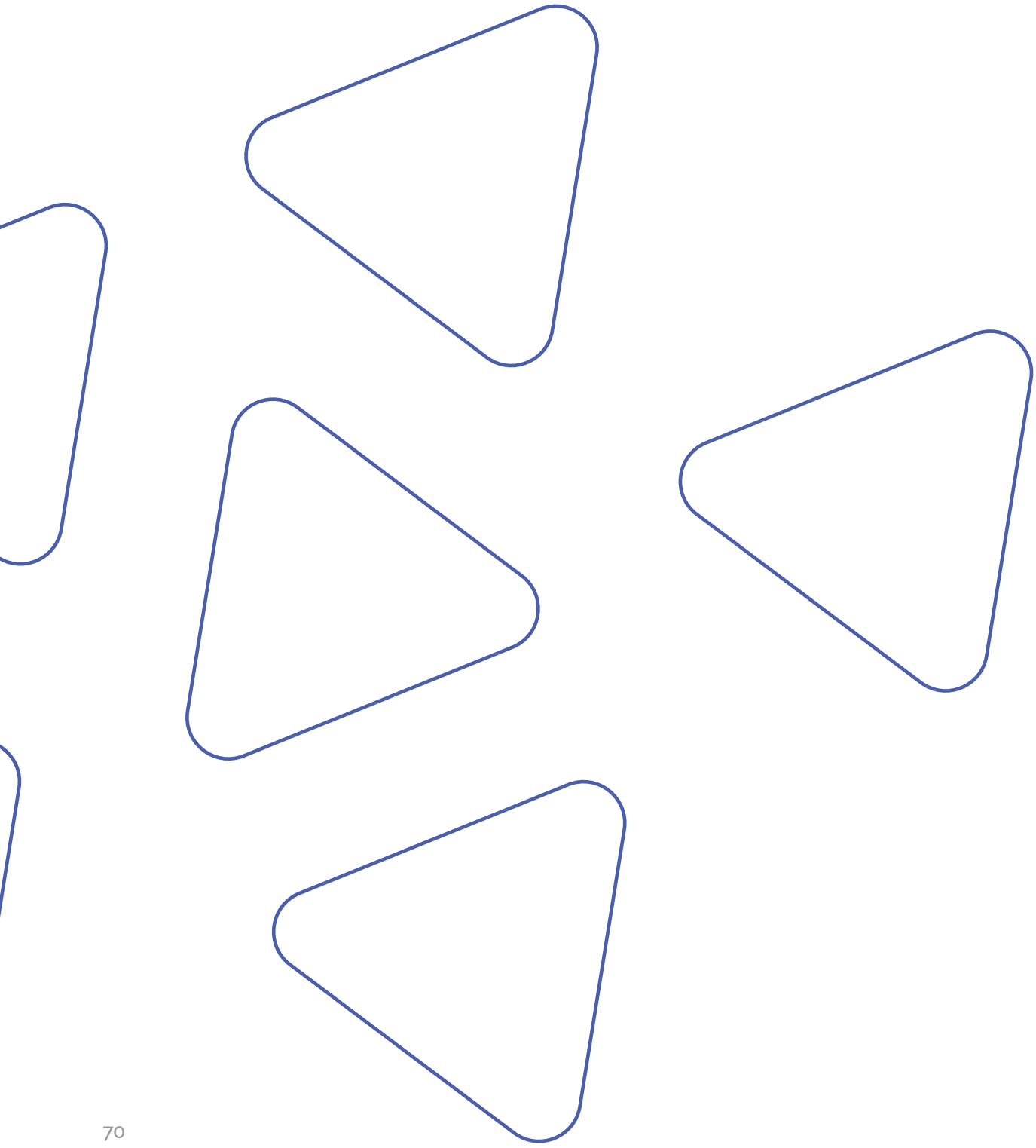
Corporate investments are taken from online and printed media, news integrators, company websites and annual reports. Events are gathered by desktop research and include events in Bulgaria and Europe that are relevant to sourcing.

Forecasts and key highlights

Conclusions based on the analysis in all other chapters and a survey with leading HR consultancies in Bulgaria.

List of companies

All identified companies are listed with their names as currently shown in the trade register. Companies are listed alphabetically and grouped by segment. AIBEST members are in bold in the beginning of each section



12. List of companies researched for the purpose of this report

ITO

Accedia AD
Accenture Bulgaria EOOD
Adastra Bulgaria EOOD
Atos Bulgaria Competency Center EOOD
Bulpros Consulting AD
Dynamic Solutions OOD
EPAM Systems Bulgaria EOOD
Experian Bulgaria EAD
HeleCloud Bulgaria EOOD
Lirex BS AD
Modis Bulgaria EOOD
ProxiAd Bulgaria EAD
Resolve Systems (Bulgaria) EOOD
Scale Focus AD
SoftServe Bulgaira EOOD
13BIK EOOD
21 Minds EOOD
AB Solutions EOOD
Abalta Technologies EOOD
Abbaty AD
Abilitics OOD
Acronis Bulgaria EOOD
Acsior EOOD
AdaSoft OOD
AdDev Tech EOOD
adesso Bulgaria EOOD
Agresia-Ilko Vuchkov ET
Amdocs Bulgaria EOOD
Amexis OOD
Antipodes EOOD
Anyoption Bulgaria Limited EAD
Astea Solutions AD
Astound Commerce Bulgaria EOOD
Ataccama Bulgaria EOOD
Atlantify OOD
Atom Dev EOOD
AtScale Bulgaria OOD
Automation Systems EOOD
Aviaso Bulgaria EOOD
Axway Bulgaria EOOD
Balkan Services OOD
BankSoft OOD
BDC Bulgaria OOD
Belvek OOD
BGO Software OOD
Bianor Services EOOD
BluBird BG
Blubito EOOD
Bora Solutions OOD
Bosch.IO EOOD
Boyarsoft EOOD
Bright Consulting AD
BSH OOD
Buchanan Technologies Europe EAD
Bulbera EOOD
Business Services and Technologies OOD
Catenate Bulgaria OOD
Celtis OOD
Centric Technologies OOD
Centroida EAD
Childish OOD
Cisco Systems Bulgaria EOOD
Clarity Solutions Bulgaria OOD
Clean Code Factory EOOD
CNSys AD
Cobuilder International EOOD
Code Nest OOD
Code Plus EOOD
Code Runners OOD
Codeo Bulgaria EOOD
Codexio OOD
Codific OOD
Codix Bulgaria EAD
Coherent Solutions EOOD
Concep Bulgaria EOOD
Crazy Web Studio EOOD
CST EOOD
D Consulting OOD
Data Solutions EOOD
DataArt Europe EOOD
Datastork Bulgaria OOD
Daticum AD
Dea Solutions EOOD
Delinx EOOD
Deskforce – Branch Bulgaria NEE
Develop Soft OOD
Devexperts Sofia EOOD
Devision OOD
DigiMark EOOD
Digital Lights EOOD
Dision EOOD
Do IT Wise Consulting EOOD
Documaster Bulgaria EOOD
Donatix OOD
Dot Net Bulgaria EOOD
Dreamix OOD
Droxic OOD
DSI OOD
Dynamic Zones EOOD
eFellows OOD

eLando AD
Empire Soft OOD
Endava EOOD
Energize Global Services EOOD
Enterprise Delivery Playground EOOD
Estafet EOOD
Euro Star - BG EOOD
EuroBG Software EOOD
European Software Design OOD
Eveda Consulting OOD
Evrista EOOD
Fadata EOOD
FFW Bulgaria EOOD
Fidweb OOD
Finatech Bulgaria EOOD
Flat Rock Technology EOOD
FlowMinds OOD
Forschung - Direkt OOD
Fourth Bulgaria EOOD
Frantishex EOOD
Futurist Labs OOD
GAN Software Services BG EOOD
GlobalizeIT OOD
GoDaddy Bulgaria EOOD
GoodSpring Technologies EOOD
Grafixoft Ltd.
GTT Bulgaria EAD (formerly Interoute Bulgaria EAD)
GVC Services (Bulgaria) EOOD
Hack Soft EOOD
Haemimont AD
Hashlink EOOD
HedgeServ (Bulgaria) EOOD
Hemmersbach Bulgaria EOOD
Hosting Solutions OOD
Hosting Well Done EOOD
Hostway Bulgaria EAD
HQWebS EOOD
HyperScience EOOD
IBA Bulgaria EOOD
IBM Bulgaria EOOD
IBS Bulgaria EOOD
ICON Worldwide EOOD
Immedis EOOD
Imperia Online EAD
IndigoVerge OOD
Infoleven EOOD
Infopulse Bulgaria EOOD
Infragistics Bulgaria EOOD
Ingima Bulgaria EOOD
Innexys Consulting AD
Innovasys OOD
Insys OOD
Inteleksys OOD
Intelligent Systems Bulgaria EOOD
Interconsult Bulgaria OOD
Intracol Technologies AD
Iphos OOD
IT Akademia AD
IT Dev Pro EOOD
IT Gix OOD
IT-Economics Bulgaria EOOD
IT-Firm EOOD
Itido Technologies OOD
JAN Services EOOD
Jongbel Media Solutions EOOD
JSD Systems OOD
Keagan Solutions EOOD
Kinguin Bulgaria EOOD
Kodar OOD
Komplex 2000 OOD
Kukui Cooperation - Bulgaria Branch
Kvaba OOD
Lab08 EOOD
Lead Consult OOD
Luxoft Bulgaria EOOD
M+W MediaNetworks EOOD
M2M Services Ltd.
MAP Marketing Research OOD
Master Plan EOOD
Matrix I.T. Global Services Bulgaria EAD
Mavenir Bulgaria EOOD
MDG EOOD
Melon AD
MENA Software EOOD
MentorMate Bulgaria EOOD
Micro Focus Bulgaria EOOD
Microinvest OOD
Microsoft Bulgaria EOOD
MINA EOOD
Mirchev Ideas EOOD
Mnemonica AD
Moon BG EOOD
Moorcode Sofia EOOD
Motion Software OOD
Motivian EOOD
MSG Global Solutions Bulgaria EOOD
msgNETCONOMY Bulgaria OOD
Musala Soft AD
MWD Technologies EOOD
Natek Bulgaria OOD
Nemetchek OOD
Netpoint Services OOD
Netrix Worldwide EOOD
Nevexis OOD
Nexsys 2009 EOOD
Nisoma OOD
No Limit Software OOD
Notesoft Group EOOD
Obecto EOOD
Object Systems International Bulgaria EOOD
Ocado Bulgaria EOOD
OneBit Software EOOD
Orak - Engineering EOOD
OrionOne EOOD
Oryx Bulgaria OOD
Outcons OOD
Outsource Consulting EOOD
OutsourceBG Services OOD
Oxible OOD
Pariplay Bulgaria EOOD
Pastel Studios OOD
Paysera Bulgaria OOD
pCloud EOOD
PDS Bulgaria EOOD
PLDA EOOD
Podix OOD
Predistic OOD
Programista EAD
Programmicat OOD
Progress Software EAD
PROS Bulgaria EOOD
PSIT Bulgaria OOD
PXP Services EOOD
Quality House EOOD
Quality Tech EOOD
Quanterall OOD

R&D Solutions OOD
Reach Marketing EOOD (formerly D.Ventures Bulgaria EOOD)
Reward Gateway (UK) OOD
Rexintegra EOOD
Rila Solutions EAD
RINF Engineering Research OOD
RS Consult BG EOOD
S&T Bulgaria EOOD
SAP Labs Bulgaria EOOD
Sata Services AD
Sciant AD
Seeburger Informatik EOOD
Seedot OOD
SEGA Black Sea EOOD
SellerCloud Europe EOOD
Sentia Services EOOD
Service Centrix OOD
SFB EOOD
Siemens EOOD
Sirma Business Consulting AD
Sirma Solutions AD
SkadIT OOD
Smart X Media EOOD
Smartcom-Bulgaria AD
SmartTech EOOD
Sofia Marine EOOD
Soft To Run OOD
SoftConsultGroup OOD
Software AG Development Center Bulgaria EOOD
Software Group BG AD
SoftwareOne Bulgaria OOD
Sofyma Web OOD
Soitron EOOD
Solitex IBS OOD
South Gate Tech EOOD
South Value EOOD
Spring Technologies EOOD
SQA Service OOD
ST6 OOD
Stam Soft OOD
StandByte EOOD
Stanga AD
Starcoders EOOD
Stars Interactive Services (Bulgaria) EOOD
Stemo OOD
Stivasoft OOD
Stone Computers AD
Strypes EOOD
Sugarshack Animation Bulgaria OOD
Sunny Soft OOD
Super Dev EOOD
SynchSource Inc. - Bulgaria Branch
Synergyc AD (formerly Dynamic Solutions Group АД)
Taller Technologies Bulgaria OOD
Taulia Bulgaria EOOD
Technest Software Solutions EOOD
Technofy EOOD
TechnoLogica EAD
Technomex EOOD
TechPods OOD
Tick42 AD
Tinqin AD
Treasury Intelligence Solutions Bulgaria EOOD
Tryond EOOD
Tryzens Bulgaria EOOD
TSD Services OOD
Tumba Solutions OOD
Uber Bulgaria EOOD
UHY International EAD
UNIQA Software - Service Bulgaria EOOD
Up2 Technology EOOD
Upnetix EAD
Varnasoft EOOD
Verint Systems Bulgaria EOOD
Viscomp EOOD
Visteon Electronics Bulgaria EOOD
VM5 OOD
VMWare Bulgaria EOOD
WAPI Bulgaria EOOD
We are you Sofia EOOD (formerly Virtual Affairs Bulgaria EOOD)
Web Technology OOD
Westernacher & Partner Consulting EOOD
WF Core EOOD
Xoomworks Bulgaria EOOD
Zingasoft OOD
Zuhlke Engineering EOOD

FAO

Coca-Cola Hellenic Business Services Organization EOOD
ANC EOOD
BPO Bulgaria EOOD
Cycle Credit Bulgaria EOOD
Fisko Group EOOD
Foris Europe EOOD
Safecharge Bulgaria EOOD
SB Co EAD
Tide Platform Ltd - Bulgaria Branch
TMF Services EOOD
Tungsten Network EOOD
VerdeTax EOOD

HRO

Processflows (UK) Limited - Branch Bulgaria
Access Consultancy OOD
Adecco Bulgaria EOOD
Advance Human Capital OOD
Agencia Kariera OOD
An - Mary 2 Sofia EOOD
Ara.bg EOOD
Aregul EOOD (formerly Lugera EOOD)
Arsis Global EOOD
Aryxe (Bulgaria) AD
Astrea Recruitment EOOD
Balkaninvest.eu EOOD
Bica Services EOOD
Boyman Consulting OOD
BrightPoint OOD
Bulcon Group OOD
Bulwork Company OOD
Creativo EOOD
Cross Source EOOD
CTeam OOD
DEKRA Arbeit Bulgaria EOOD
Develop U OOD
DiscoverIT Academy EOOD
Dr. Pendl & Dr. Piswanger Bulgaria EOOD
Easy Consult OOD

Epsilon CHK OOD
Forexjobs OOD
Gadol EOOD
Gamito EOOD
GI Group EOOD
H Vision EOOD
Hashtag HR EOOD
Hera Gold EOOD
Hi Way Jobs OOD
Hill International BG EOOD
Horizons Bulgaria OOD
HR Consulting Partners EOOD
HR Partners OOD
HR Services EOOD
HRS Bulgaria EOOD
HRS Group OOD
HRS Staffing Bulgaria EOOD
Human Capital Store EOOD
Human to Human EOOD
ICAP Employment Solutions Bulgaria EOOD
Intercontinental Recruiting EOOD
Jordan Sheppard International OOD
Lift HR Solutions OOD
Manpower Bulgaria OOD
Markovski Solutions EOOD
Minds AD
MSTel OOD
Nordic Recruitment & Consulting EOOD
OTTO Work Force Bulgaria EOOD
People OOD
PFG Bulgaria OOD
Questers Bulgaria EOOD
Radioactive International Recruitment EOOD
Recruit Pro EOOD
S Group Human Capital EOOD
Seedset OOD
Seiteq Services EOOD
Skill Force EOOD
Smarter OOD
Stanton Chase International Bulgaria OOD
Synectica Inter Recruitment OOD
Talent Hunter OOD
Techwork.BG OOD
Tigeronsite OOD
Top Skills Recruitment OOD
Toro GroupS OOD
Trenkwalder EOOD
UpSkill EOOD
Wyser EOOD

KPO

A Data Pro OOD
EXL Services Bulgaria EAD
Amplify Analytix EOOD
B Eye EOOD
BG Business Solutions EOOD
Colliers International EOOD
Cquest Research and Consulting EOOD
Drooms Bulgaria EAD
GfK Bulgaria, Market Research Institute EOOD
Indeavr OOD
Isobar Commerce EOOD
J&T Services OOD
Playbox Technology ME EOOD
Premier Research Germany Limited - representative office Bulgaria
Sibiz Bulgaria OOD
V Media EOOD
World Outsourcing Matrix EOOD

SSC

AIG Europe SA - Bulgaria Branch
Atos IT Solutions and Services EOOD
BIC Services Sofia EOOD
Cargill Bulgaria EOOD
Cargotec Bulgaria EOOD
Hewlett-Packard Global Delivery Bulgaria Center EOOD
Ingram Micro SSC EOOD
Paysafe Bulgaria EOOD
Sutherland Global Services Bulgaria EOOD
AES Europe Services EOOD
ATT Global Network Services Bulgaria EOOD
Coca-Cola European Partners Services Bulgaria EOOD
Coca-Cola Hellenic IT Services EOOD
DXC Technology Bulgaria EOOD
Enterprise Services Bulgaria EOOD
IBM Global Delivery Center Bulgaria EOOD
Kaufland Service EOOD
KPMG IT Service OOD
Louis Dreyfus Company Services Bulgaria EOOD
Sensata Technologies Bulgaria EOOD
Xerox Business Services Bulgaria EOOD

VBPO

60K EAD
Alorica Bulgaria EOOD
C3i Europe EOOD
Callpoint New Europe EAD (Telus International Europe)
Concentrix CVG International Bulgaria EOOD(formerly Convergys International Bulgaria EOOD)
Concentrix Services Bulgaria EOOD
Tek Experts EOOD
TTEC Eastern Europe EAD
Alba Center OOD
All Calls OOD
Alpha Tech Bulgaria OOD
AT Consulting 2018 EOOD
AT Global Solutions EOOD
Ava Mar EOOD
Axivas Bulgaria EOOD
BG Trade Center OOD
Blue Bear Technologies EOOD
Call Cell BG OOD
Call Centre BG OOD
Call Group EOOD
Calling EOOD
CMSG EOOD
Comstream OOD
CoreNet International EAD
Crossplatform Digital EOOD
CSMS EOOD
CT Europe OOD
Customer Care BG EOOD
DMG Consult OOD

DMS Health Group EOOD
Dortome BG EOOD
Dynamo Software Bulgaria EOOD
E & G Finances EOOD
Enterpryze Consulting EOOD
EOS Services EOOD
ES Bright Consultants OOD
Euro Connect EOOD
Euroccor AD
Europe and International BPO EOOD
Fantastic Services OOD
First Online Solutions AD
Fuel for Sales EOOD
Global Services Bulgaria AD
Gold 06 EOOD
Innotec International AD
Interhuman Capital EOOD
International Contact Services EOOD
International Errands EOOD
IP Telecom Bulgaria OOD
ISG Technology EOOD
Koalista Dynamic EOOD
Kommlink EOOD
Logikol Bulgaria AD
Marketing Pragmatic EOOD
Metrica OOD
Misshosting EOOD
MRKT-Trade EOOD
myPOS AD
Nesla 369 OOD
Odessos Global Services EOOD
Okyanus Group Bulgaria EOOD
Onboard AD
Opus Services OOD
Outdooraholics BG EOOD
PlaDo International OOD
Plus500BOS EOOD
Plutus EOOD
Polarica EOOD
Publix EOOD
Queste EOOD
Regiocom SE - Bulgaria Branch
Risk Hold EAD
ServiceSource International Bulgaria EOOD
SigmaPlan EOOD
SiteGround Hosting EOOD
SiTel Bulgaria EOOD
Smart Service Solutions EOOD
Sofia Logistics and Forwarding OOD
Tax Back International-Varna EOOD
Team Up Group EOOD
Teams Bulgaria Outsourcing EOOD
Telelink Business Services EAD
TN Global EOOD
UBX EOOD
United AMG OOD
VEK - AR EOOD
Vitrus BG OOD
Vivika EOOD
Vox On International EOOD
We Cool Company EOOD
WHG Services (Bulgaria) Limited EOOD
Yoummday Bulgaria EOOD
ZenTeli OOD
Zephyr Group EOOD

Other BPO

CXG OOD
HP Inc. Bulgaria EOOD
Pontica Solutions OOD
ABC Global EOOD
AFF Media OOD
Asian Absolute EOOD
Beehive Hospitality OOD
Benchmark Support EOOD
BG Marketing 2010 EOOD
BGCS Media EOOD
BI Smart Solutions OOD
Black Swan Holdings Bulgaria EOOD
Bravo Consult EOOD
Bright Marketing Research OOD
Bulanet EOOD
Bulgarian Online Research OOD
CBRE Corporate Outsourcing EOOD
CM Services OOD
Commetric EOOD
D10 Solutions Bulgaria EOOD
Dantek OOD
Data Management EOOD
Direct Services OOD
E-motiv BG OOD
Fair Point OOD
Genius Sports Services EOOD
Heat Design EOOD
ICover Services EOOD
iGaming Bulgaria EOOD
IGaming.com OOD
Inensia OOD
Infosource EOOD
IntelliWay Services AD
Internet Securities Bulgaria EOOD
Ipsos EOOD
IQVIA RDS Bulgaria EOOD
ISGBG EOOD
Linxguru EOOD
Local Fame OOD
LOGO Market Research and Consulting OOD
Mansion Technology and Operations Centre EOOD
Mapex AD
Mellon Bulgaria EAD
Mercure Group EOOD
OnProcess Technology Bulgaria EOOD
Orbica OOD
Osceola EOOD
Oxtotech EOOD
Pentagon Interactive EOOD
Playtech Bulgaria EOOD
Plutus BG EOOD
PPD Bulgaria EOOD
Price International EOOD
Quikfox OOD
Radioaktiv EOOD
Ramensofia EOOD
SBTech (Global) Limited - Bulgaria Branch
SC Global Marketing OOD
Size EOOD
SkyLine Marketing OOD
Smart Office Solutions EOOD
Square Consulting Bulgaria OOD
T&T Global EOOD
Team4s Europe OOD
Technementals Technologies (Bulgaria) EAD
TradeTech Bulgaria EOOD
TravelStoreMaker.com EOOD
VKA Solutions EOOD

List of abbreviations

BPO - Business process sourcing
CAGR - Compound annual growth rate
EU - European Union
EUR - Euro
FAO - Finance and accounting sourcing
FDI - Foreign direct investments
FTEs - Full-time employees
GDP - Gross domestic product
HRO - Human resource sourcing
IMF - International Monetary Fund
ITO - Information technology sourcing
KPO - Knowledge process sourcing
kWh - Kilowatt hour
NSI - National Statistical Institute
SEE - Southeast Europe
sq m - Square metre
SSC – Shared service centre
STEM - Science, Technology, Engineering, and Mathematics
UK - United Kingdom
USA - United States of America
VBPO – Voice-based business process sourcing
y/y – year-on-year

Sources

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www.brra.bg

AIBEST

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