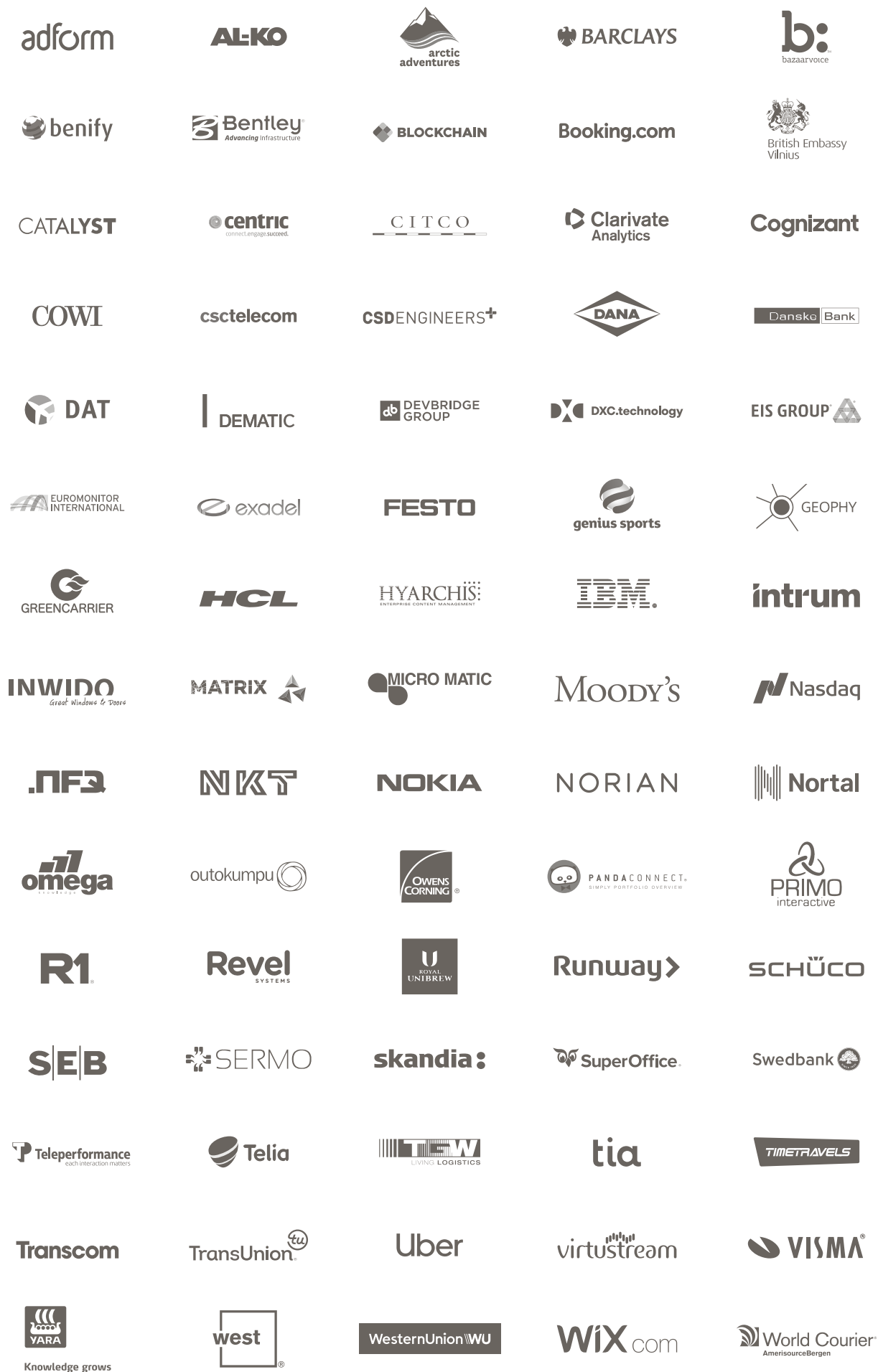


— 2019

Lithuania's business services report





Front cover photo: Swedbank office building in Vilnius

Overview of the GBS sector in Lithuania¹



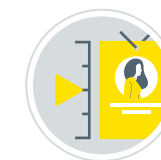
78

Number of investor companies with GBS centers



17,000

Number of employees in GBS centers



200

Average number of employees in a GBS center



13%

Growth in the GBS centers jobs



15%

Average attrition rate in GBS centers²



5%

Average number of foreigners in a GBS center

Lithuania's TOP 5 advantages, according to the GBS centers polled³:

1.

Availability of well-educated talent

2.

Competitive labor costs

3.

Well-developed IT and telecommunications infrastructure

4.

Availability of multilingual talent

5.

Stable political and economic environment

Source 1: Data date: Dec. 31st, 2018
Source 2: Not including Call centers with 24/7 operations
Source 3: Survey result

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Preface

Dear Ladies and Gentlemen,

It is our great pleasure to introduce what is already our 5th Lithuanian Business Services Report, in which we present and describe the Global Business Services industry in Lithuania.

2018 was a great year for our local sector, delivering 13% growth in terms of employment. That accounts for 2,000 new positions, and the good news did not stop there. Late 2018 and 2019 also brought several Fortune 500 companies to the Lithuanian GBS community.

As far as new investment in the GBS sector is concerned, 2018 saw increased presence of the UK and US, which complemented the continuous flow of investments from the Nordic region. Indeed, the Scandinavian market still retains a significant presence,

accounting for almost half of the entire market share. This is clearly reflected in the languages used in the GBS centers, with Swedish, Norwegian, Finnish and Danish ranking high after English.

Talent is the main value driver of the Lithuanian GBS sector, and with each of Lithuania's three main cities experiencing positive migration in 2018, this is set to continue. It is the diverse set of skills and competences that the Lithuanian talent pool is able to offer that has made the local sector a draw for multifunctional or niche GBS centers. We are increasingly seeing companies choose Lithuania for the establishment of Centers of Excellence, where they leverage Lithuanian talent to deliver RPA, R&D, cyber security, mobile app

development and many other value-added functions. This is a clear reflection of the depth of expertise we have to offer.

We believe that this report will give you a comprehensive overview of Lithuania's GBS industry and inspire you to choose Lithuania as the perfect location for forward-thinking business.



Laisvis Makulis
Head of Business Services Team



Survey data gathered from

75%
of all centers

95%
of the total labor force
in the industry

About the survey

The data was collected at the beginning of 2019 by Invest Lithuania.

59 companies employing over 16,200 professionals participated in the survey, which accounts for 75% of all GBS centers in the industry and 95% of its total labor force.

Industry overview

Chapter 1

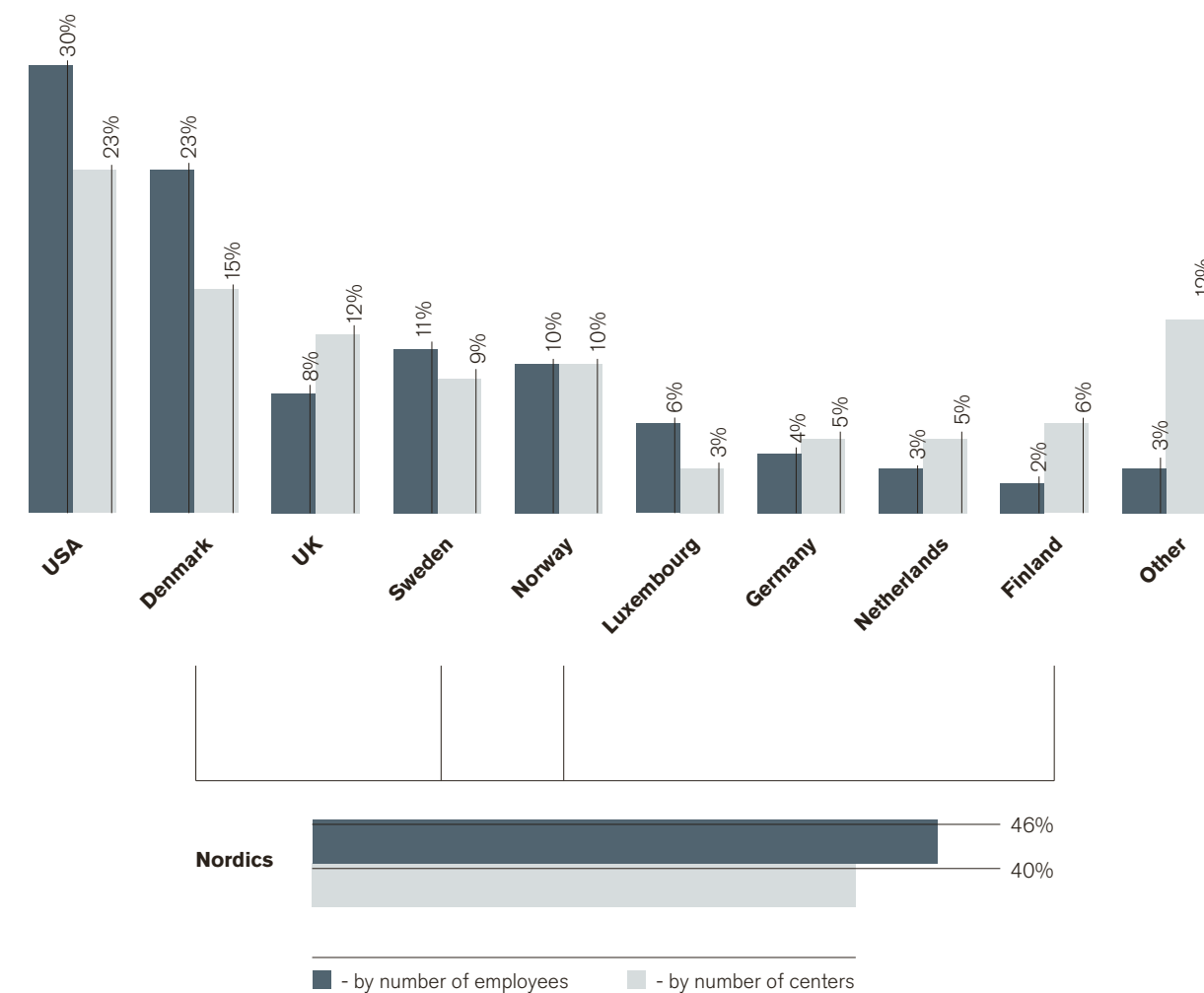
Invest Lithuania HQ - Green Hall 2 office
building in Vilnius.
Photo courtesy of Rego Group © Robert Tukaj

Sector overview – 1.

By HQ location

The Nordic region continues to be the predominant investor in the local GBS sector. Nordic companies account for 40% of all the GBS centers in Lithuania, employing 46% of the entire workforce. This is primarily attributable to the close geographical and cultural ties that are shared between Lithuania and

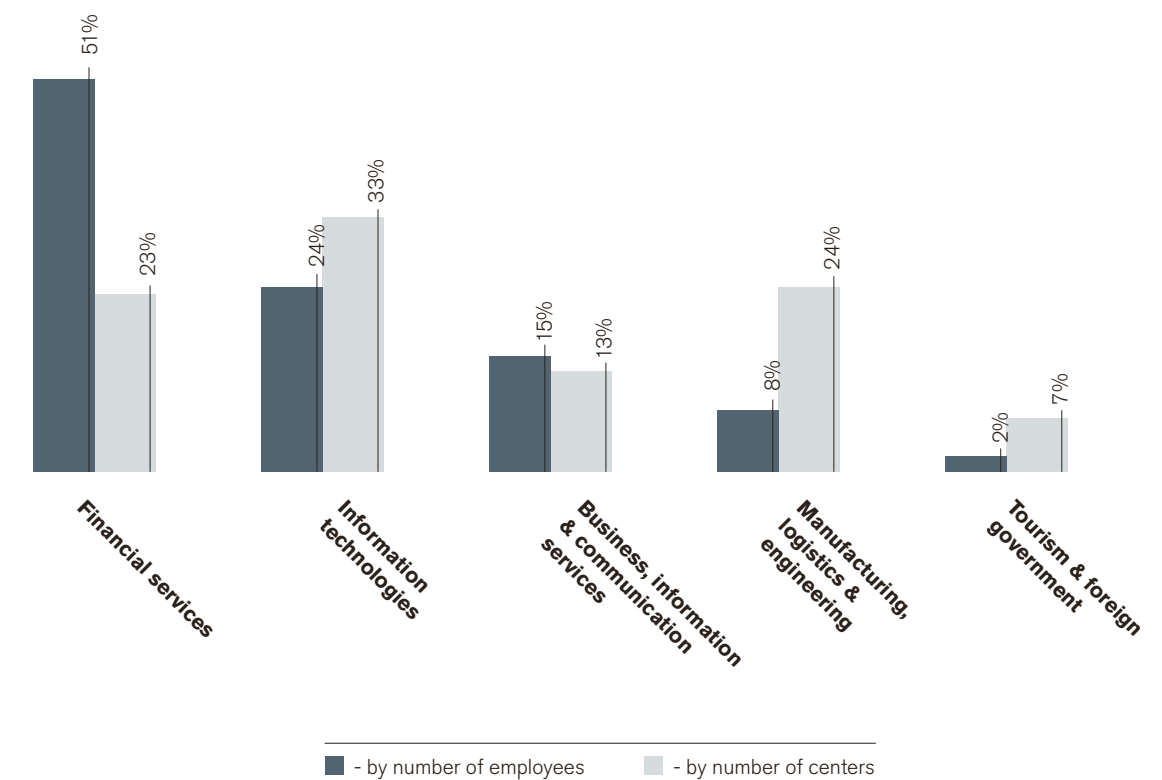
the Nordics, but also bolstered by the availability of Nordic Languages within the local market. The single leading investor, however, remains the US, which employs 30% of the industry.



By sector

Investors from the financial sector still make up the largest part of the Lithuanian GBS sector. Scandinavian banks, stock exchange, and money transfer companies employ more than half of the total sector workforce, and account for 23% of all GBS centers. Recent years have, however, seen rises in the number of centers

established by manufacturing, logistics and engineering companies. Although these centers tend to be smaller, they often deliver more specialized services, including engineering and R&D.



Sector growth – 2.

The Lithuanian GBS sector has been experiencing steady year on year growth since 2007. This stability has allowed the sector to mature and attract more complex functions and competences. At the end of 2018, the sector comprised 78 GBS centers, employing 17,000 people. Annual industry growth in terms of jobs created hit 13%.

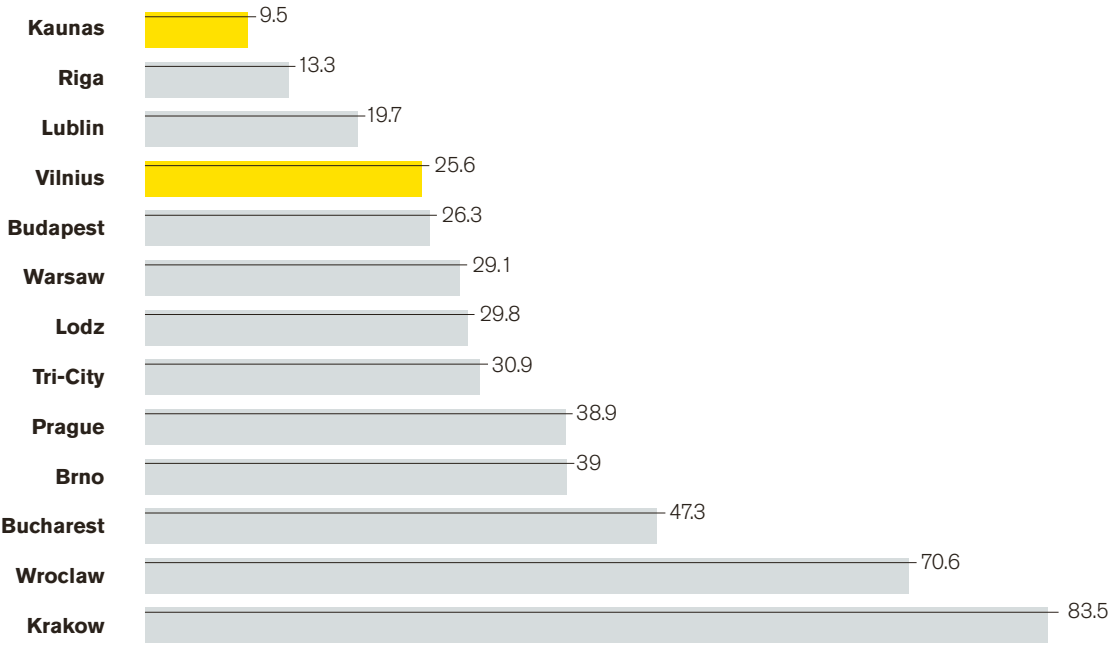
Vilnius retained its position as the most popular location for GBS, posting 12% growth in 2018 in terms of new jobs created. Kaunas, Lithuania's second most popular GBS location, also had a very successful year, with 21% growth. UK and US companies were responsible for the lion's share

of new investments in 2018 – 60% of all new GBS centers in 2018 were opened by British and American companies. 2018 also saw large new Lithuanian sector entrants like Moody's, Yara and Bazaarvoice entrust their Lithuanian GBS centers with top tier functions, including logistic operations management, data analytics, R&D, and cyber security.

Number of centers



People employed in Business Service Centers per 1,000 residents



Sources: Invest Lithuania, 2018 / National Statistics Departments / ABSL Business Services Sector in Poland Report, 2018 / Business Services Sector in Czech Republic, 2018 / ABSL Outsourcing Industry Report, 2018

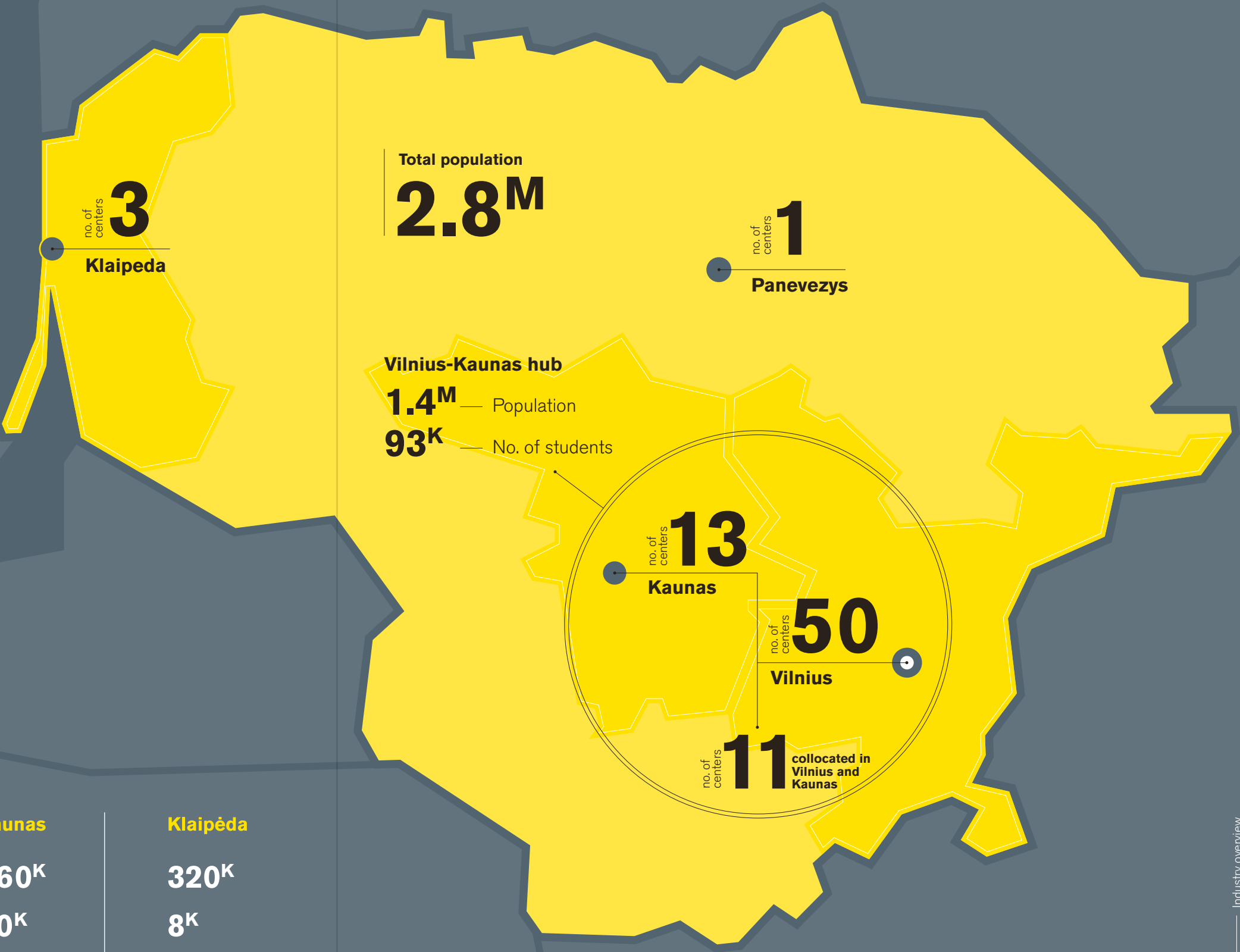
Saturation – 3.

Even though it experienced significant industry growth in 2018, the Lithuanian GBS sector remained the least saturated GBS location in CEE. This is seen as a significant lure for Western investors as it enables them to enter the market quickly and scale up operations easily without the threat of ballooning wage costs.

Location – 4.

In terms of investment location, the Lithuanian GBS landscape stayed largely unchanged in 2018. Vilnius remained the first choice for most investors, although Kaunas demonstrated steady growth. Interestingly, several companies chose to establish their centers in both cities, making use of the unified labor pool that the area provides. Meanwhile, Klaipeda – Lithuania’s vibrant port city – took its first steps to establishing itself on the GBS map.

The GBS workforce in Lithuania became more international in 2018, with 5% of total employees composed of foreign nationals. 2018 was a good year for the GBS talent pool in general; positive net migration was recorded in all three major Lithuanian cities.



	Vilnius	Kaunas	Klaipeda
County population ¹	807 ^K	560 ^K	320 ^K
No. of students ²	53 ^K	40 ^K	8 ^K
No. of universities and colleges ²	17	12	6

Source 1: Statistics Lithuania, 2019
Source 2: Ministry of education and science, 2018-2019

Vilnius – 5.



Vilnius – The best location for shared services and outsourcing for 5 years in the row (since 2014)

Source: Shared Services and Outsourcing Awards



Vilnius city center

GBS success stories: Vilnius

Functions: Customer Services (Banking, Markets, Financing, Private Wealth), HR, F&A, Legal, Procurement, Compliance, Risk, Wealth Management, RPA, RE, IT Development & Support

FTE: 3,200 (IT – 1,000)

Established: 2012

Languages: English, Danish, Norwegian, Swedish, Finnish

Danske Bank set up its GBS center in Vilnius in 2012. Since then the center has experienced continual growth and is the largest GBS center in the country. The Lithuanian team functions across a wide spectrum of competences, that enable all staff to support and develop the bank with improving focus on the customer. The center also delivers high value-added functions, such as development of the bank's mobile app MobilePay, or Nordic housing platform. Danske Bank's GBS center received numerous awards, such as Employer of the year 2017, 2018 in Lithuanian Business Leaders Awards; Best SSC in 2017, 2018 in the Baltics in CEE Shared Services and Outsourcing Awards, to name but a few.

Lithuania has been our best decision. We have been hiring, on average, two professionals per day since we opened in Lithuania. We simply get things done here faster, smarter.

Rosita Vasilkeviciute, SVP, Head of AML at Customer Service Delivery at Danske Bank

Danske Bank

1. Vilnius is the largest city in Lithuania and home to most of the country's talent pool, as well as the majority of its universities and colleges. Vilnius is a hub for finance and accounting, business administration, marketing, IT and life sciences talent.
2. Vilnius is a young city, with almost 60% of the population falling into the 20-59 age group. Vilnius is also home to Vilnius University – the oldest and largest university in the Baltic states.
3. Awarded best city for GBS in CEE for five years in a row since 2014, Vilnius has become the destination of choice for many top companies, including Danske Bank, Western Union, Nasdaq, Booking.com, Outokumpu, Telia and Moody's.

Functions: F&A, Digital operations, HR, Procurement, Customer operations, AML compliance, Marketing, Analytics, IT, RPA

FTE: 2,000

Established: 2010

Languages: 35 languages

Western Union established its Global Operations Center in Vilnius in 2010. Today with 2,000 employees, it is the second largest GBS center in Lithuania, as well as the largest Western Union site worldwide. The center provides 24/7 operations in 35 languages and performs a large variety of functions from F&A and procurement to IT and global marketing. In 2017, Western Union established its Center of Excellence for RPA and was immediately recognized for Top Robotics/RPA Implementation in CEE at the Shared Services Summit & Awards 2018.

In Lithuania, we have employees who we consider among the most talented throughout the corporation.

Jean-Claude Farah, Executive VP, Global Payments at Western Union

WesternUnion WU

Functions: Engineering, Software Development, QA Test, Infrastructure Operations, Application Development, Cyber Security, Big Data Analytics, Global Market & Customer Operations, FP&A, Corporate Functions

FTE: 320

Established: 2015

Languages: 6 languages

Nasdaq established its Global Technology and Business Services hub in Vilnius in 2015, and since then it has been one of the fastest growing Nasdaq's offices worldwide. Driven to establish operations in Lithuania by availability of great talent, advanced infrastructure and favourable investment environment, the company has an expanding team of skilled professionals running a range of business-critical operations supporting Nasdaq's clients in EMEA, Americas and Asia. Vilnius-based teams are involved in engineering, developing, testing and delivering state-of-the-art technology, which powers trading venues, clearing houses, central securities depositories and corporates around the world.

This place has a great talent pool. At first, we thought Lithuania was a center of low cost, but today Vilnius is a center of professionalism for us.

Adena Friedman, President and CEO of US Stock Exchange at Nasdaq

Nasdaq

Kaunas – 6.



Kaunas – The best emerging city for shared services and outsourcing in CEE in 2015

Source: Shared Services and Outsourcing Awards



Kaunas Old Town
Photo courtesy of Kaunas IN

GBS success stories: Kaunas

Functions: F&A, IT, HR

FTE: 780

Established: 2014

Languages: English

R1 (formerly-Intermedix), an American company providing data analytics and cloud-based technology services to health care professionals worldwide, established its operations in Kaunas in 2014 and is now the largest GBS center in the city. R1 saw Kaunas as an ideal location for its GBS center as Kaunas offers an unsaturated labor pool of educated young professionals with a variety of skillsets. The company also received strong support from Kaunas City Municipality and the Kaunas University of Technology. This supportive partnering from local institutions was a real incentive for R1 when it came to choosing Kaunas as the location for its GBS operations.

Our team has made many great achievements over the past few years, and they are a direct result of the hard work and efforts made by the whole team.

Lukas Jankauskas, SVP of Shared Services at R1

R1®

1. Kaunas is the second largest city in Lithuania and home to the leading technical university in the Baltic states – Kaunas University of Technology. Kaunas is a hub for qualified electrical and mechanical engineering, software development, IT and logistics talent. The city also attracts a number of international students.
2. Kaunas is the fourth largest city in the Baltic states, and well connected to Vilnius by road and rail. It also has an international airport, providing connectivity to over 20 different destinations worldwide.
3. Internationally acknowledged in 2015 as CEE's "Emerging city of the year", Kaunas holds great potential for growth. Kaunas is a regional hub for technology and engineering, with such names as FESTO, TGW and Dematic present in the market. In recent years it has become a major lure for manufacturing, with such giants as Continental and Hella having established manufacturing facilities within the Kaunas Free Economic Zone.

Functions: F&A, IT, Engineering, Analytics, Procurement, Sales

FTE: 470

Established: 2005

Languages: English, German, French, Spanish, Italian, Russian

The Festo GBS center opened its doors in 2005 and having enjoyed accelerated growth over the last four years, today boasts almost 500 employees. On May 2018 the company relocated to new office space following the announcement of a further expansion which will create more than 200 new jobs in the coming years. Festo's GBS center is proud to specialize in various activities, services encompassing support in Product and CAD Management, IT, Finance, Accounting, Controlling, Business Assistance, Procurement, Sales, Marketing, Supply Chain Operations and HR areas. Also, like many other GBS centers in Kaunas, Festo has a long-lasting cooperation with Kaunas University of Technology.

Our team in Lithuania makes a significant contribution to the success of the company. Its professionalism helps the company pursue its goals and constantly improve its main processes.

Pekka Parikka, General Manager at FESTO Lithuania

FESTO

Functions: Engineering, Analytics, Solutions Design

FTE: 90

Established: 2007

Languages: English

Dematic, which is part of the international KION group, opened its Engineering Services Center in Kaunas more than a decade ago. The center has since grown into a reputable engineering hub, employing highly qualified specialists across a number of fields: conceptual designers of materials handling solutions, computer modeling consultants, design and commissioning engineers of automatic control systems. In 2017 the company decided to add a further 40 highly qualified control engineering and computer simulation specialists to its Kaunas team in the next three years. Dematic also successfully cooperates with Kaunas University of Technology, with most of its young specialists coming from the university.

We very quickly identified Lithuania as a valuable source of educated engineers with a very positive work ethic and a motivation to succeed.

Michael Baul, Head of Engineering at Dematic Northern Europe

DEMATIC

Survey findings

Chapter 2



Monday Office coworking
space in Vilnius

Markets covered — 7.

Regions that are covered by GBS centers in Lithuania

From our 2018 results we can see that the local GBS sector is now mature enough to serve a truly global base. Europe continues to be the market most served by Lithuanian GBS centers, with primary focus falling on the Nordic region. The top 3 countries served by the local GBS sectors remain unchanged from 2017, although Germany increased its presence considerably, leaping from 7th to 4th place. Among the Asian countries served, China took the lead, while Japan's presence jumped from 4% to 12%.

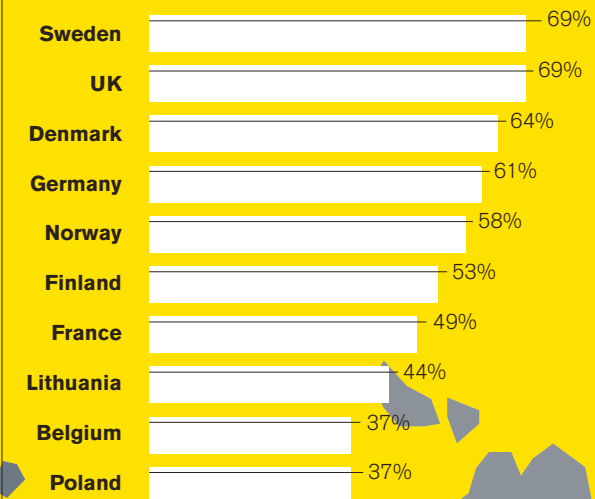
35% of centers serve 3 or more regions

42% of centers serve 10 or more countries

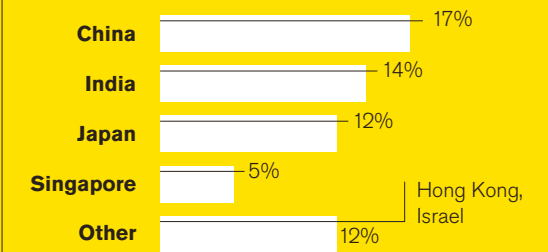
42%
North America

20%
South America

TOP10 European countries



TOP10 Asian countries



97%
Europe

Lithuania
GMT+2 / GMT+3 DST

32%
Asia

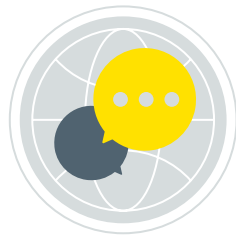
31%
Africa

22%
Australia / Oceania

Languages used – 8.

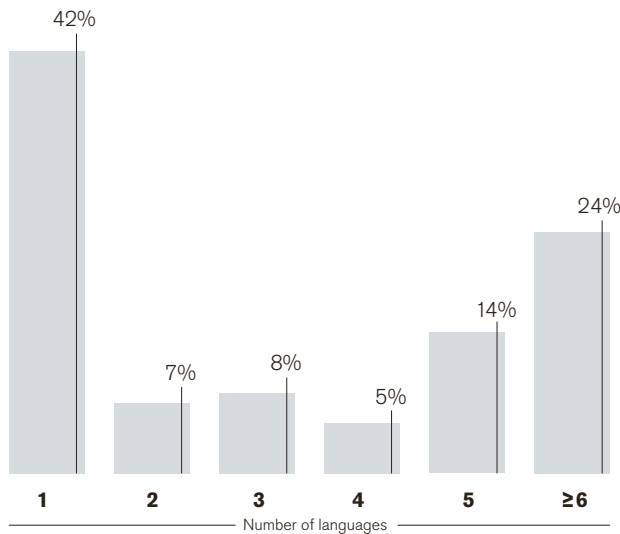
Multilingualism remains one of the defining characteristics of the Lithuanian GBS sector, with 58% of all centers in 2018 supplying services in 2 or more languages. Usage of Nordic languages continued its

steady rise, while English remained the language of choice throughout the entire sector. German, meanwhile, maintained its position close to the Nordic languages.

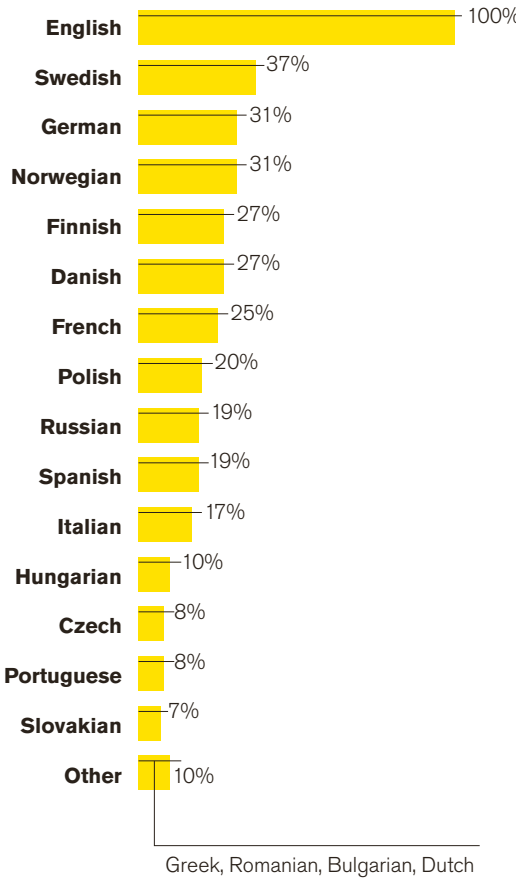


35
the largest number of languages used in a single center

Share of centers by number of languages spoken



Share of centers by languages used

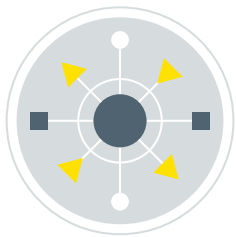
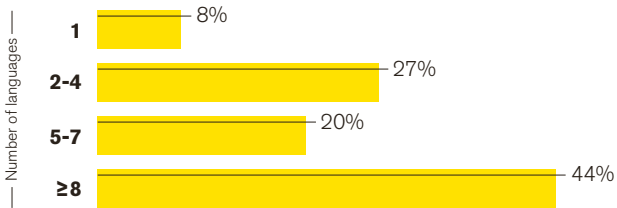


Functions performed – 9.

Multifunctionality has emerged as a key component and value driver within the Lithuanian GBS sector. The majority of GBS centers provide at least 2 functions, and we saw this trend for multifunctional centers increase in 2018. This expressed itself in a number of ways, with some established centers introducing new functions, while new centers embedded multifunctionality from their inception.

Notable also was the trend for more and more companies to choose Lithuania for high value-added functions, such as mechanical and electronic engineering, mobile app development, cyber security, audit, analytics and robotics. This is further evidence of the increasing scope and maturity of the sector.

Share of centers by number of functions performed

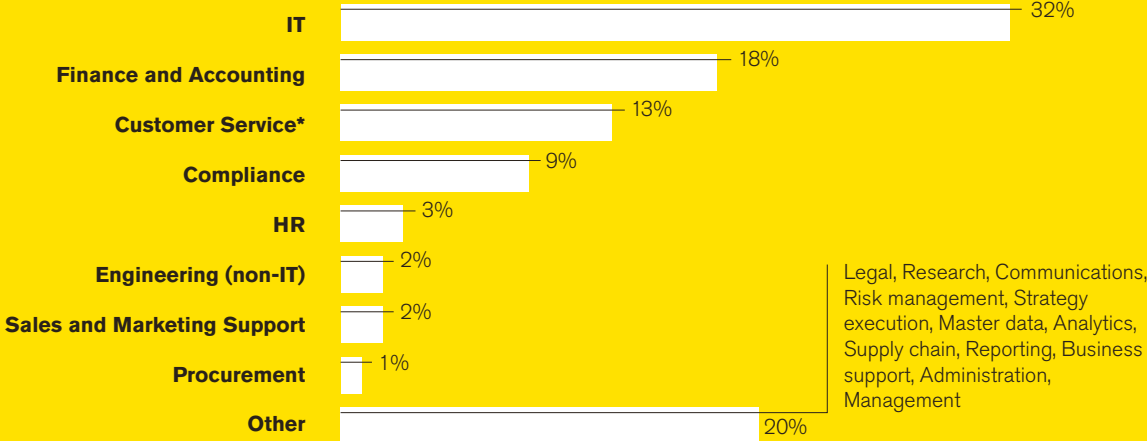


92%
of centers are multifunctional, performing 2 or more functions

Reflecting global trends, IT specialists dominate the GBS game in Lithuania, with 32% of the total industry composed of IT professionals. In 2018 we witnessed a sustained shift towards ICT and various other digital operations, with the share of IT employees growing from 29% to 32%. Finance and Accounting held its

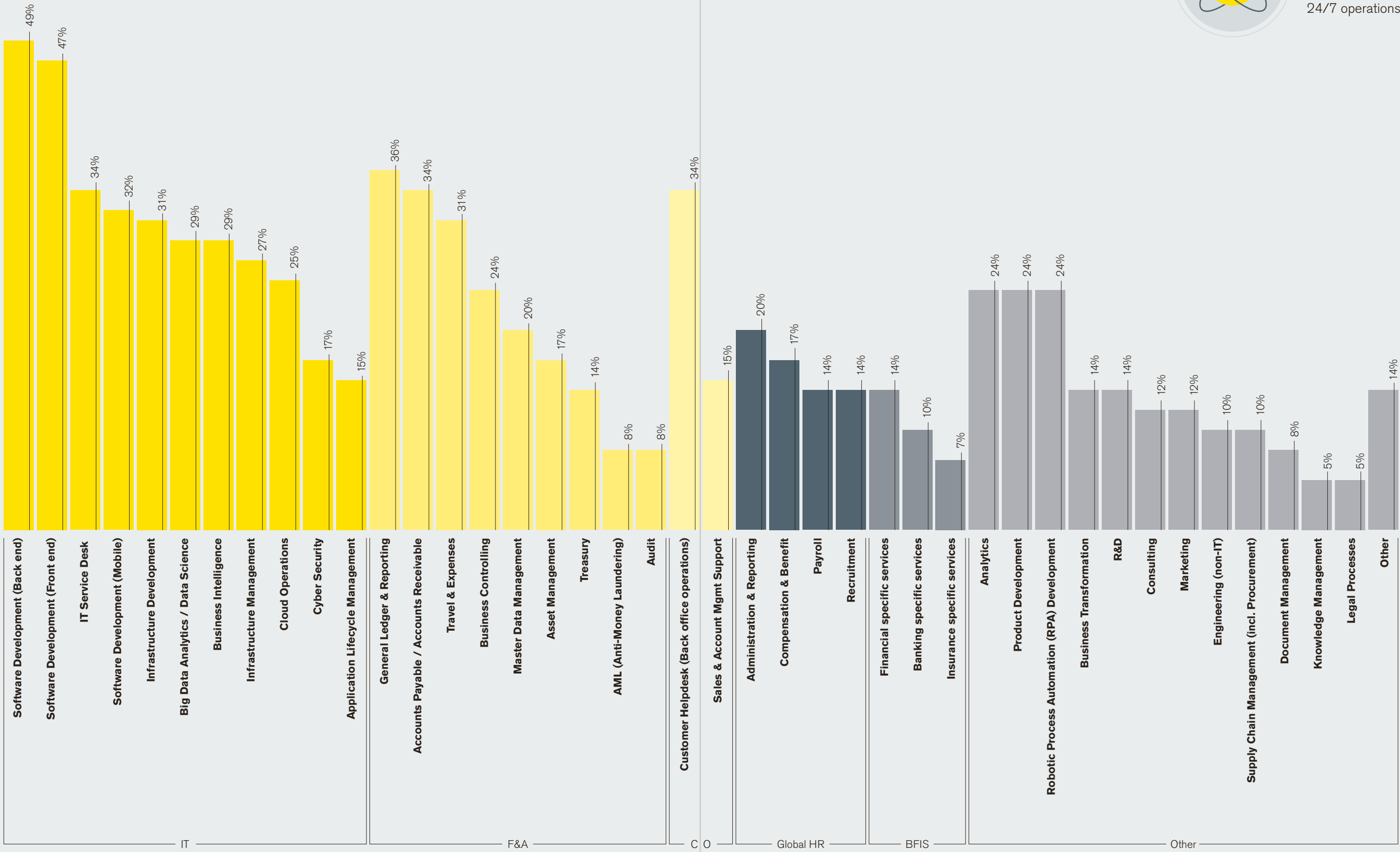
position as the 2nd most common sector served by Lithuanian GBS, while such high value-added functions as Analytics, Communication, Risk management, and Engineering continued to grow in importance within the overall mix of functions.

Share of employees by function performed



*Customer service cover not only call center functions but also the broader scope of overall customer operations.

Share of centers performing each of the following functions



24%
of centers provide
24/7 operations

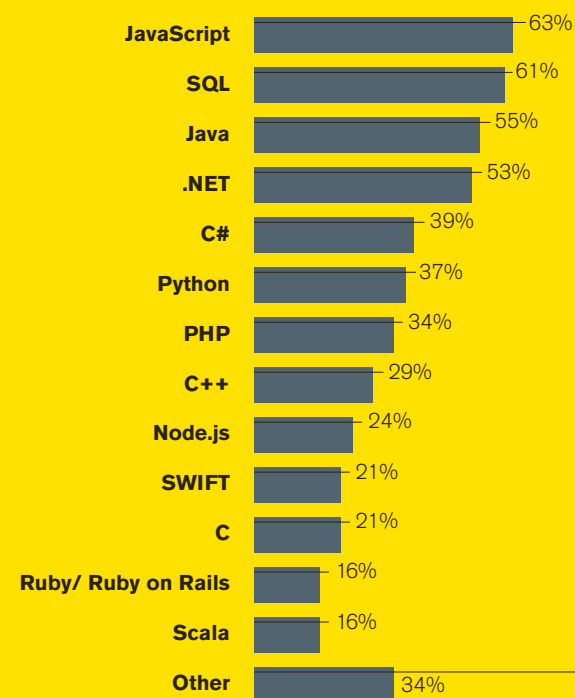
Programming languages – 10.

With IT leading the way in terms of the services provided by Lithuanian GBS centers, it is little wonder that the local talent pool has been adaptive and quick changing when it comes to the range of programming languages used. In 2017, the more traditional languages of SQL, Java and Java Script held sway, but 2018 saw an increasing diversification in this field. Smaller, more niche languages like Scala, Ruby, C and Swift became more common, while the amount of other programming languages used (including T.SQL and PowerShell) also increased from 26% to 34% between 2017 and 2018.

The local talent is indeed eager to stay ahead of the curve when it comes to the latest global trends in the IT industry. So much so, in fact, that as many as 2,500 junior IT specialists joined the labor pool in 2018 having first completed training in private coding academies.

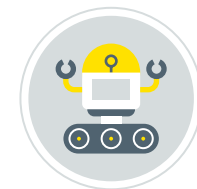


Share of centers by programming language used



Visual Basic, T-SQL, VB.Net, axapta, Classic ASP, Perl, Delphi, PowerShell, Chef, Microsoft stack, Angular JS, CSS, HTML, Objective C, Kotlin, Cobol

Robotic process automation – 11.



34%

GBS centers with implemented RPA solutions



85%

of GBS centers develop RPA in-house



200

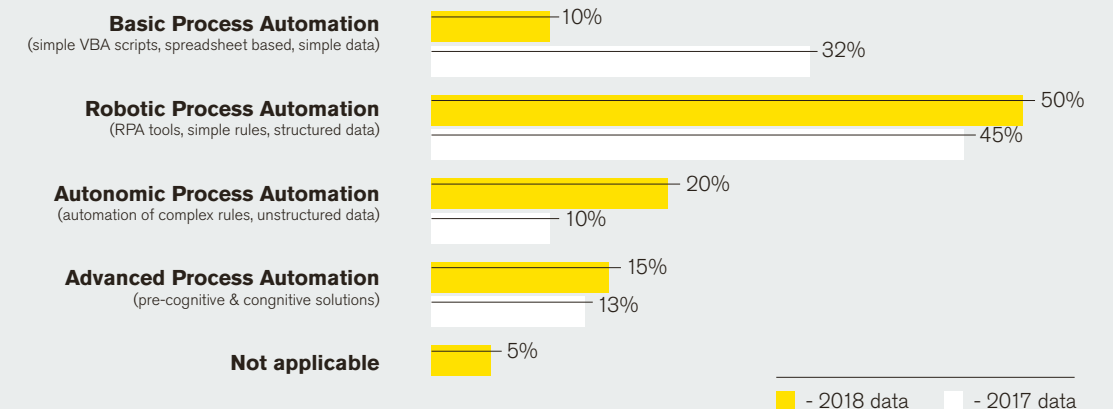
Most robots deployed in one center

RPA solutions are playing an increasingly important role in the global GBS sector, and the Lithuanian sector is no exception. In fact, a third of local centers currently employ RPA solutions, with 85% of centers developing their RPA solutions in house. Companies who began implementing RPA solutions only a few years ago have already begun to move to more advanced automations: the 2018 findings show that implementation in advanced RPA categories has risen 5-7 percentage points from 2017. As far as RPA software is concerned, the local GBS sector favors Blue Prism, with UiPath and Automation Anywhere coming 2nd and 3rd respectively.

Organizations today are facing multitudes of challenges in maturing automation, and are struggling to scale past a basic implementation. Using local talent in Lithuania, Cognizant is helping clients to achieve benefits that Intelligent Process Automation technologies are able to provide.

| Edwin Creighton, Head of Cognizant Lithuania

Share of centers by level of RPA



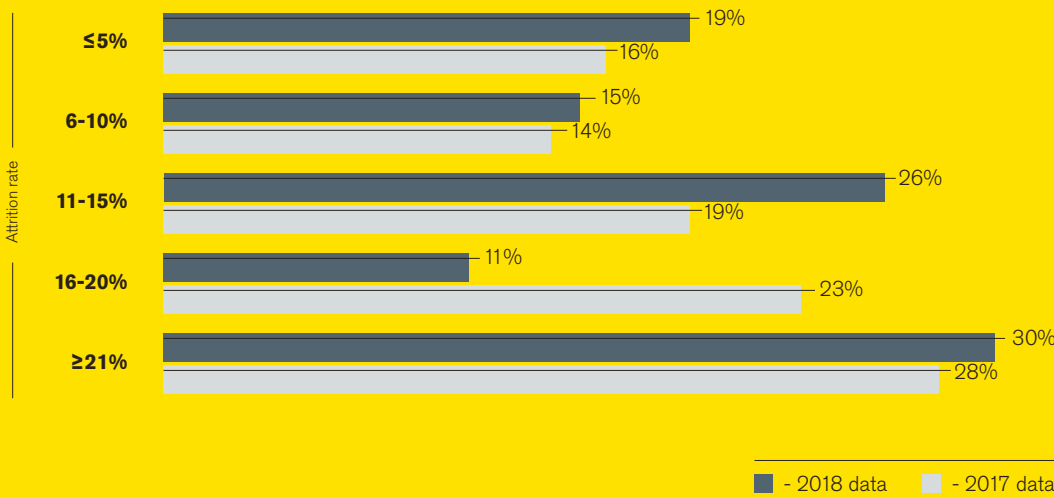
Attrition rate – 12.

With international companies maintaining their position as among the most desired employers in Lithuania, and with motivation to work for GBS centers high, attrition has remained relatively low in the Lithuanian GBS industry. In 2018, GBS centers in Lithuania continued to both successfully attract the best talents and retain them. In terms of attrition, a rate of 11-15% is most common in individual centers, although the overall sector average stood at 17%. Attrition was naturally higher in companies that attract students, such as customer contact centers. When it came to more senior positions or positions in Centers of Excellence, the attrition rate was, however, considerably lower.



61%
centers are run by Lithuanian managers and 39% by foreign managers

Share of centers by attrition rate

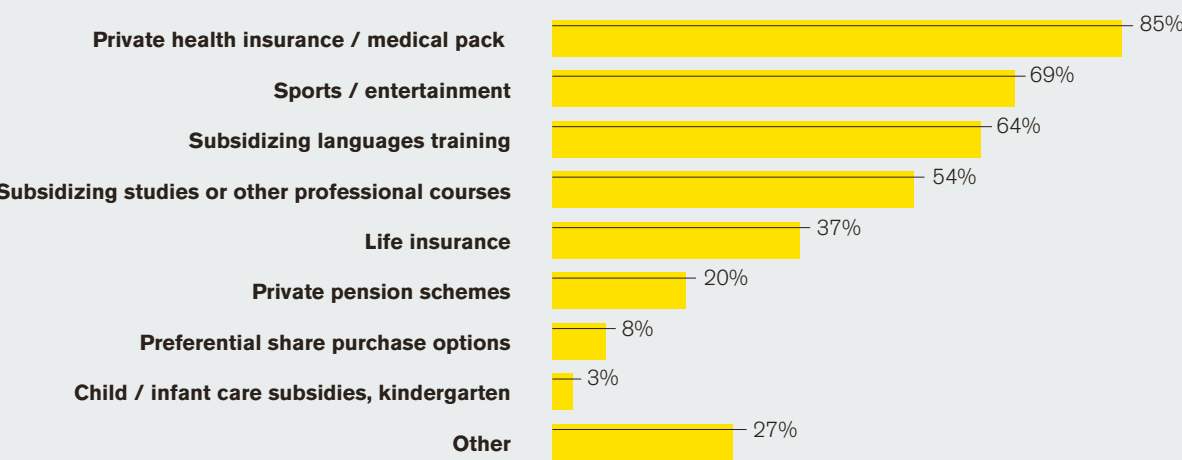


Benefits – 13.

Benefits packages are widely used across the Lithuanian GBS sector to attract and incentivize talent. Such benefits come in a variety of forms, with health insurance, sports and entertainment facilities, and subsidized training being the most common.



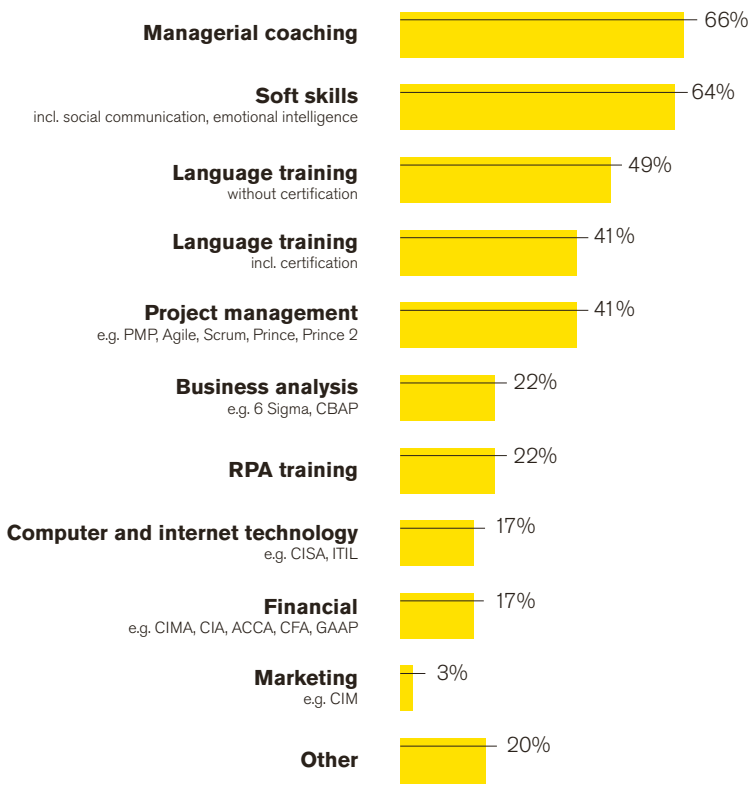
Share of centers by benefits provided



Training – 14.

The widespread provision of career and skills development lie at the heart of much of the local sector's success. Lithuania has one of the highest levels of tertiary education graduates in the EU, and its talent is on the constant lookout for opportunities to grow. This is why most GBS centers in Lithuania offer some form of training opportunities. Managerial coaching for Team Leads and Senior Managers is the most common form of training provided, with Soft skills training coming a close second. More niche skills support is also provided, with training in Lean, 6 Sigma and Web Security also ranking highly in the survey.

Share of centers by training provided



97%

of GBS centers provide training



90%

Employees with tertiary education

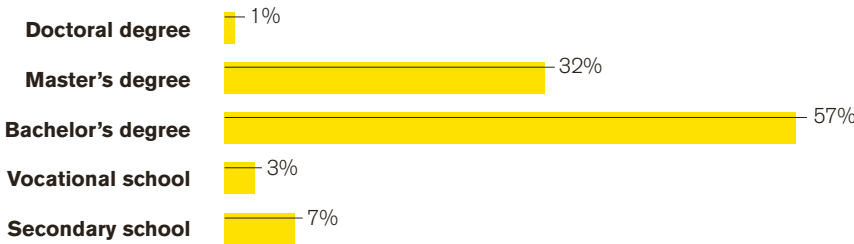


Head of Global Services & Operations at Telia
Mr. Marius Ivanauskas
was recognized as the best Business Centre Manager in the CEE in 2019 CEE Business Services Awards

Education level – 15.

In 2018, the number of employees in the GBS sector with tertiary education hit an astonishing 90%. This is clear evidence of how attractive the sector is to educated professionals. In fact, almost a third of the employees in the sector are qualified to the level of master's degree. This also showcases the depth of talent that the GBS sector is able to attract in Lithuania.

Share of employees by highest level of education



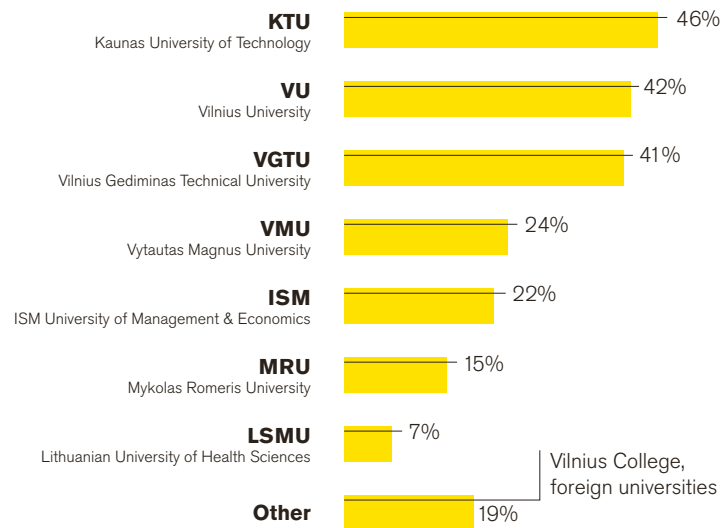
Cooperation with educational institutions – 16.

One of the defining characteristics of the Lithuanian GBS sector in recent years has been the level to which it has co-operated with local universities and colleges. This partnering has taken many forms: from granting scholarships to tailoring study programs to GBS industry needs, as well as developing industry associated research programs. In 2018 this trend remained pronounced, with 69% of centers entering into some form of collaboration with local education institutions. The net gain of such close co-operation is clearly evident, with the emergence of a talent pool that is increasingly being utilized to deliver more sophisticated and high-end functions.



69%
of GBS centers are working together with universities

Share of centers cooperating with universities



Vytautas Magnus University
Photo courtesy of Vytautas Magnus University

Kaunas University of Technology (KTU)

KTU, with almost 10,000 students enrolled every year, is the leading university for technology studies in the Baltic states. KTU is also among the most business-friendly universities in Lithuania, actively cooperating with many GBS centers in Kaunas, including Festo, R1 (formerly Intermedix), Dematic and others. Its most common forms of business collaboration include organizing seminars and lectures, providing scholarships and accepting interns, as well as establishing new study programs, labs and thesis partnerships. For instance, in 2015 Intermedix invested more than 100,000 EUR towards the establishment of the biggest specialized laboratory in Lithuania at the Faculty of Informatics, and in 2016 the Faculty of Electrical and Electronics invested over half a million EUR into the modern Fabrication Laboratory infrastructure, which initiated the first Fab Lab engineering workshop in Lithuania.



Vilnius Gediminas Technical University (VG TU)

VG TU is another leading technical university in Lithuania, with approx.10,000 students and well-established partnerships with Danske Bank, Cognizant, DXC Technologies and many others. VG TU's competences are focused on the fields of construction engineering, ICT, fintech, cybersecurity, smart city, urban mobility and engineering. Examples of successful partnerships include internship programs and work placements, tailored lectures, industrial PhD programs and student mentoring. VG TU is quick to react to the rapidly changing and developing market and continues to introduce programs that meet the needs of the latest trends in business. In 2018 it announced that a dedicated Fintech study program will be launched in the near future, and it is drafting plans for an advanced GBS focused program in Strategic Excellence.



Vilnius University (VU)

GBS industry cooperation with VU grew during the last year, giving business more access to the talent pool produced by the largest and oldest scientific institution in the Baltic region. VU has over 17,000 students and today a large variety of GBS centers enjoy fruitful partnerships with the university. SEB, Nasdaq and Cognizant are all actively engaged with VU in organizing lectures at the university, Danske Bank, Citco and Nasdaq use the university's student pool when recruiting future employees, while Devbridge provides internships, training courses and topics for theses.



Gender equality – 17.

With almost 50% of the GBS workforce composed of women, the Lithuanian GBS sector is characterized by its gender diversity. This reflects the country's position as 1st in the EU for women in the labor force. More importantly, the representation of women in senior roles is also proportionally high, with women accounting for 44% of senior management in the sector.



1st in the EU
50% of total labor force are women¹

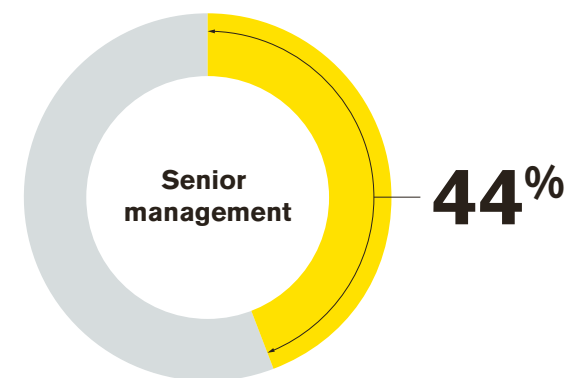
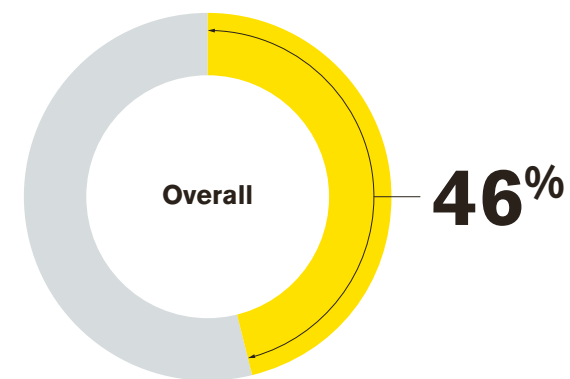


1st in the EU
for share of women working in the high tech sector²



4th in the EU
for equal gender participation in the labor market³

Headcount represented by women



Source 1: IMD World Talent Ranking, 2018
Source 2: Eurostat, 2016
Source 2: EIGE Gender Equality Index, 2017



A highly skilled, diverse and gender-balanced talent pool is a key success factor of the dynamic and flourishing GBS industry in Lithuania, which in particular stands out for the share of women in leadership positions.

Arminta Saladziene, Vice President of Securities Services and of Technology & Business Competence Center in Vilnius



I am delighted that women are increasingly confident in their ideas, and are bolder and more persistent in pursuing the realization of these ideas. Diversity and inclusion are widely discussed worldwide. This shows that we are open and ready to adopt a different mindset.

Rosita Vasilkeviciute, SVP, Head of AML at Customer Service Delivery at Danske Bank

Social responsibility – 18.

With young people becoming increasingly motivated to join companies with strong track records in social responsibility, it is no surprise that almost 40% of Lithuanian GBS centers conduct some form of corporate social responsibility (CSR) programs. Among the companies that conduct such programs, a broad

range of CSR initiatives and activities are organized. Most common are charitable, environmental and ecological initiatives, followed by social and educational activities for children, and animal care and welfare.



38%
of GBS centers conduct CSR activities

Danske Bank

Volunteering

With the aim of empowering employees to contribute to local communities, Danske Bank grants a total of 3 paid days for each employee in Lithuania for volunteering or personal development per year.

db DEVBRIDGE GROUP

Sourcery Academy

A free of charge initiative by Devbridge which allows students to improve their skills and prepare for a career in the IT industry. The Academy serves as Devbridge's long-term commitment to increase the number of students in Lithuania entering IT studies tenfold by 2027.

Additional information



Wages and wage growth – 19.

Within the period of the last four years, wage growth in IT and non-IT functions has stabilized. The wage growth in GBS sector in 2019 is expected to remain at the same level as in 2018. This plateauing of wage growth, coupled with the Lithuanian GBS sector's comparatively low level of saturation, provides strong incentive for companies looking to secure sustainable and scalable growth.

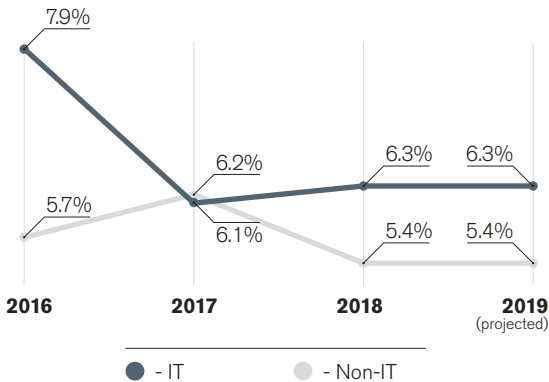
Tax Reforms implemented at the beginning of 2019 restructured the social security tax system, providing greater transparency for employers and employees. Reflecting these changes, the table below shows the total costs of average salaries, including all taxes.

Monthly salaries (total costs/ EUR) at GBS centers for employees who speak English

Area	Position	Salary range in Vilnius (total costs, EUR)			Salary range in Kaunas (total costs, EUR)		
		Min.	Avg.	Max.	Min.	Avg.	Max.
F&A: AP / AR / GL	Junior Accountant (0-2 years' experience)	903	1 068	1 300	780	985	1 122
	Accountant (2-5 years' experience)	1 367	1 576	1 851	1 189	1 434	1 612
	Senior Accountant (over 5 years' experience)	1 917	2 240	2 562	1 679	1 670	2 262
	Team Leader (team of 5-15 people)	2 440	2 463	2 553	2 128	2 412	2 696
Customer Operations	Junior Specialist (no experience)	873	1 036	1 200	817	978	1 139
	Specialist (over 1 year experience)	1 066	1 283	1 500	939	1 159	1 311
	Team Leader (team of 5-15 people)	1 984	2 307	2 629	1 862	2 118	2 373
Procurement / Order Management	Junior Specialist (0-2 years' experience)	903	1 068	1 234	780	918	1 055
	Specialist (2-5 years' experience)	1 368	1 642	1 917	1 189	1 434	1 612
	Senior Specialist (over 5 years' experience)	1 917	2 107	2 429	1 679	1 537	2 062
	Team Leader (team of 5-15 people)	2 507	2 954	3 401	2 328	2 812	3 162

Area	Position	Salary range in Vilnius (total costs, EUR)			Salary range in Kaunas (total costs, EUR)		
		Min.	Avg.	Max.	Min.	Avg.	Max.
HR Processes	Junior Specialist (0-2 years' experience)	1 066	1 202	1 337	914	1 051	1 189
	Specialist (2-5 years' experience)	1 404	1 608	1 879	1 189	1 460	1 731
	Senior Specialist (over 5 years' experience)	1 946	2 204	2 462	1 797	2 068	2 339
	Team Leader (team of 5-15 people)	2 462	3 098	3 801	2 339	2 879	3 485
IT	Junior Specialist (0-2 years' experience)	1 311	1 550	1 789	1 133	1 372	1 677
	Specialist (2-5 years' experience)	1 844	2 481	3 050	1 789	2 358	2 861
	Senior Specialist (over 5 years' experience)	3 145	3 825	4 304	3 012	3 558	4 171
	Team Leader (team of 5-15 people)	3 680	4 280	4 947	4 080	4 480	4 813
	Junior Developer (0-2 years' experience)	1 578	2 040	2 436	1 466	1 918	2 302
	Specialist Developer (2-5 years' experience)	2 505	3 302	4 033	2 137	2 824	3 444
	Senior Developer (over 5 years' experience)	4 089	4 756	5 489	3 956	4 622	5 222
	Team Leader (team of 5-15 people)	4 274	5 005	5 802	4 140	4 871	5 536
Engineering	Junior Engineering Support specialist (CAD, FEA, CFD, 0-2 years' experience)	1 800	1 989	2 111	1 703	1 892	2 081
	Engineering Support Specialist (CAD, FEA, CFD2, 2-5 years' experience)	2 279	2 565	2 784	2 090	2 309	2 528

Average wage growth



Source: Alliance for Recruitment, 2019 / Strategic Staffing solutions, 2019 / Amston Recruitment, 2019

Language premiums



10-15%
French, German,
Italian, Spanish

15-20%
Danish, Finnish,
Norwegian Swedish



The Vilnius office market keeps **rapidly expanding** with demand continuously meeting supply



Quadrum business center in Vilnius



Danske Bank Group Lithuania office in Vilnius
Photo courtesy of Newsec

Real estate: Vilnius – 20.

Vilnius offers numerous real estate options for foreign investors. At the end of 2018 the **stock of modern office premises in Vilnius totaled 635,200 m²**. 2018 delivered four new office complexes with a total leasable area of 39,700 m²: Asgaard Keys, Business Stadium West, Link and Sail no. 3. Located in the heart of the city, these developments marked the expansion of Vilnius' Central Business District (CBD). Moreover, with a predominant tendency to construct only A class premises which stretches into the foreseeable future, new businesses are guaranteed they will receive the best home for their operations.

With quality and convenience at a premium within all new office construction projects, it is little wonder that most new premises offer top tier infrastructure. On site facilities routinely include a choice of restaurants and cafes, comfort for cyclists, meeting rooms, sports facilities, and kindergartens, while co-working spaces are also common. Importance is also increasingly being placed on sustainable development and green buildings. Prices for A class offices have remained stable, and have not changed since 2017, while B class offices have actually experienced a decrease, dropping slightly from 12 EUR/m² in 2017 to 11 EUR/m² in 2018.

With a vacancy rate for class A office space that increased from 2.7% to 5% in 2018, and a **forecasted increase of 218,000 m² between 2019-2020**, the city's real estate market will continue to offer premises to fit all sizes and requirements.

Class A average

15.5 EUR/m²

Class B average

11 EUR/m²

Real estate: Kaunas – 21.

Kaunas is definitely a tenant's market, with an abundance of office space available for operations of all sizes and needs. At the end of 2018, the **stock of modern office premises in Kaunas reached 182,000 m²**. In total, eight new office projects were completed over 2018, which brought approx. 36,400 m² of new leasable area in just one year. What is more, plans for 2019 show that the market supply is not about to decrease – based on planned office stock pipeline, the **Kaunas market will experience a significant increase of another 68,000 m² during the upcoming year**.

And with this continuing development comes a dedication to providing high quality office space. New offices generally offer highly efficient layouts, modern design, a selection of large and small floor-plates and energy efficiency.

Pre-lease agreements are becoming more commonplace, with approximately one third of all 2019 stock already pre-leased. This tendency is expected to deliver stability to the vacancy rate well into the foreseeable future. **Vacancy rate currently stands at 11.9%**, nine percentage points higher than in 2017. In terms of price, even with an increase from last year, Class A property in Kaunas is still cheaper than in Vilnius, with an average of 13 EUR/m². Prices for Class B property, meanwhile, dropped from 10 EUR/m² in 2017 to 9 EUR/m² in 2018.

13 EUR/m²

9 EUR/m²

depending on specific demand and deal structure tenants can expect rent incentives including fit-out contributions, rent free periods, etc.



Kaunas will remain a **tenant's market** because of the record supply level, which will continue fueling fierce competition between landlords



River Hall Business Centre in Kaunas
Photo courtesy of Newsec



Kauno DOKAS Business Centre in Kaunas
Photo courtesy of Rego Group

Work in Lithuania – 22.



The Work in Lithuania program was set up in 2017 to help deliver the best talent to the growing number of international and domestic businesses operating in Lithuania. The program is dedicated to attracting both Lithuanian and foreign talent from abroad to Lithuania and facilitating relocation processes when needed. Currently the GBS sector is one of its main focuses.

Work in Lithuania's results for 2018 were stellar, with monthly platform visitors growing from 9,000 in 2017 to 18,600 in 2018, and the number of monthly applications growing from 207 to over 860.



120+

International companies active on Work in Lithuania platform



860+

Monthly applications on average



18,600

Monthly platform visitors on average



Top 5 positions by applications received

- Customer Support Specialist
- Customer Service Representative
- Junior Software Developer
- English Speaking Operations Specialist
- Money Laundering Reporting Officer

Top 10 countries by Work in Lithuania platform visitors



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