

Since leading East-European countries have entered the European Community as new member states, their markets have offered increasing opportunities for local and international call center outsourcing providers. As a first mover in call center outsourcing business, Poland now slowly matures and is moving on to a bright future. Investing in East-European contact center facilities and telemarketing resources seems to become more and more attractive also for international companies. The good news is, that business options in the Eastern part of Europe are not restricted to Poland anymore.

READY FOR EXPANSION

Call Center Business in Eastern Europe

It was during the late 70ies, when only few small and middle-sized call centers started business in Poland, due to the lack of telephone lines which still rarely existed at that time. The real call center “boom” only started about 20 years later, in parallel to investments of Western-European companies founding subsidiaries for instance around the Capital of Warsaw. The first in-house call centers were built by mobile network providers at the outset of their operations, for instance by Plus GSM, Era GSM or Centertel (source: MasterPlan, Warsaw) in 1996. Being a call center market with a relatively young business industry, especially Poland is nowadays developing with “very dynamic speed and shows a highly competitive market position”, states call center expert Dr. Henriette Ullmann, Head of Business Development Poland, Bulgaria and Croatia at IBIK Consulting KG, Bad Homburg and acon Group GmbH/Germany. According to the media service agency Media i Marketing Polska, this trend will continue at least for the next two years. In total there are around 50+ call center outsourcing providers which currently actively

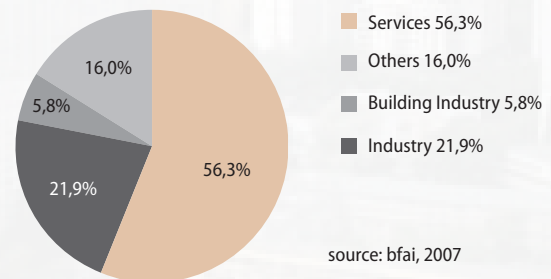
support the Polish market and handle clients projects. The range of services varies from inbound to outbound and telemarketing as well as help desk support or campaign management for certain industries.

CALL CENTER JOBS WILL DOUBLE WITHIN NEXT FIVE YEARS

These figures impressively emphasize the increasing economic importance of Poland in the call center sector: In the year 2000, around 360 call center providers existed in the Polish market. In 2004, the number of outsourcing specialists came already up to 770 and in 2006, more than a 1 000 call centers were providing 45 000 seats for in-house call centers and around 6 600 seats located in outsourcing centers. According to the Polish daily “Gazeta Prawna”, the value of outsourcing business, for example in Poland, reached 200 Million PLN (59,08 million EUR). In comparison: In 2006, the total nominal gross domestic product (GDP) of Poland was worth 269,8 billion EUR (source: bfai, Federal office of Foreign Trade, as of 2007). Experts believe that the

The city of Warsaw: An aerial photograph from the top of the Palace of Culture and Science.

GDP-SPREADING 2006



STATEMENT



Marian J. Kostecki, MasterPlan, and President of the Call Center Managers' Association (Poland)

"High social security rates and lack of specialization among the outsourcing call centers are two crucial factors inhibitory to their faster growth."

number of agents might double within the next five years, while more than approximately 50 000 people have already found a job in the vital telebusiness sector, also including telecommunication jobs from market leading telco companies which are economically connected to call centers almost automatically, according to the nature of their business. Datamonitor research calculates the call center market to have 1 400 active call center companies in Poland this year. However, the majority of call centers is bound within corporations, without offering their services to third parties. Datamonitor predicts that by the year 2012, the entire outsourcing business will represent an economic value of 371 million dollars (240 million EUR), with between five to eight new telemarketing companies starting business each year (source: Call Center Poland). At the same time, the market suffers from a high consolidating rate, as newcomers in call center business approach and leave the market with high speed. However, the service portfolio as well as the specialization in certain call center tasks becomes of increasing importance. It shows the strong eco-

» nomic force of Poland which is driven by its opening towards the European Community. As a consequence to that, the whole range of competition factors is right at hand, as international call center groups rush into the local market, using Poland as a beneficial call center platform for their business projects with international clients. They for instance prefer Near-shore solutions to locations based in India, Malaysia or other Asian countries abroad, where the language problem in customer support service jobs arises as well as the hurdle of different timezones. For instance, German call center providers have succeeded so far in starting business in Poland at competitive market rates, gaining benefit from the lower Polish wage systems in comparison to their domestic market. On the other hand, “high social security rates and lack of specialization among the outsourcing call centers are two crucial factors inhibitory to their faster growth”, mentions Dr. Marian Kostecki, Managing Director of MasterPlan, Warsaw and President of the national call center association CCMA in Poland: “If you are a potential client wishing to outsource call center services and you

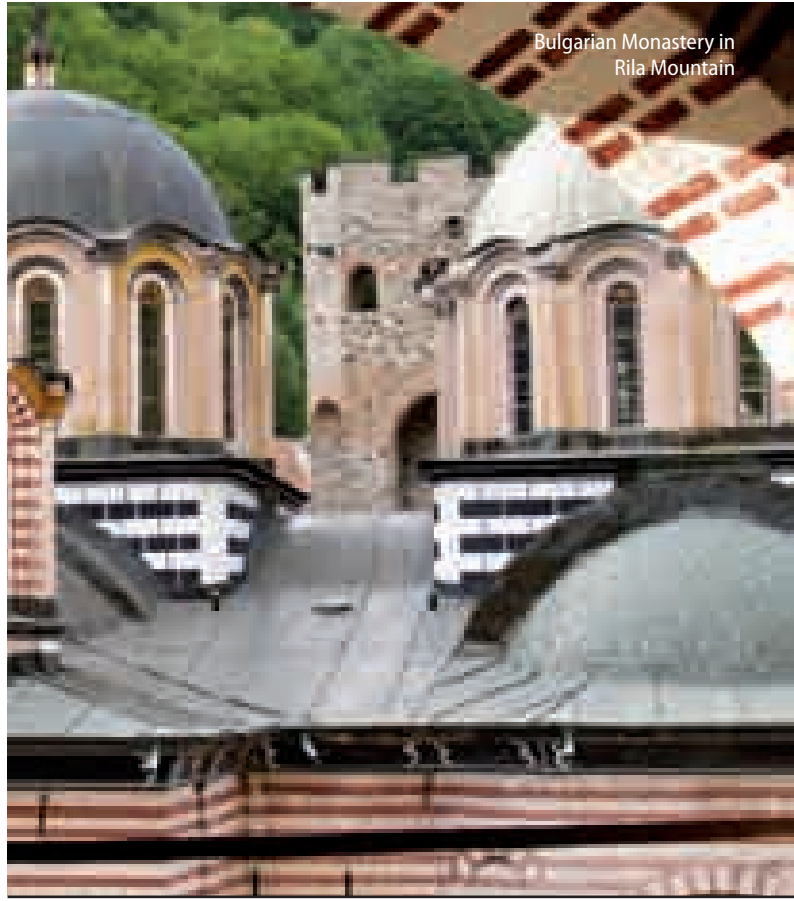
East-European workforce is attractive
for call center jobs because agents are well-
educated and show good command of
Western languages.

review company websites, you will not be able to get almost any hint on what is the competitive advantage of each outsourcing call center.” MasterPlan was founded in 1991 and is focussing on consulting and recruiting services as well as training in the call center industry. Due to Dr. Kostecki's position in the call center community – he opened up one of the first outsourcing centers in Poland in 1995 – he serves as a driving force for integration of call center/help desk and call center technology vendors' communities, while also liaising between Polish and international call center communities.

WEBINFO

Poland at a Glance

- For general information about trade and economy in East European countries see www.businesslocationcenter.de
- The Federal Office of Foreign Trade offers more detailed economic information about certain East European countries on www.bfai.de
- A sum-up of the current call center market situation as well as a selection of books about the Polish call center market can be found on the website of MasterPlan Consulting, Warsaw. Click on <http://masterplan.pl/eng/index.php>
- For more information about the Polish, Bulgarian or Croatian call center market contact Dr. Henriette Ullmann from IKIB Consulting KG via email: hu@ibik-consulting.com or visit: www.ibik-consulting.com
- The study “Speedometer: Measuring the rate of growth of call centers in Poland” was performed by MasterPlan under the auspices of the Call Center Manager's Association (www.ccma.pl). It provides basic economic facts about the call center industry in Poland. The pdf-download is available in the internet: <http://www.masterplan.pl/download/KosteckiCallCenterGrowthPoland2008-05v01ENGfinal.pdf>



Bulgarian Monastery in Rila Mountain

INCREASING WAGES VERSUS LOWER TELEMARKETING COSTS

Current salaries of call center agents in Poland can come up to 2 000 PLN (590,80 EUR). Jobs in this industry are very likely to be a professional stepping stone into marketing posts. At the same time, call center providers would be able to hire even higher qualified personnel than in their own country. Another advantage is the language capacity of Polish agents as well as the amount of highly educated and highly motivated academic workforce. Due to the lack of people available with standard qualification, this in fact tends to be a problem nowadays, because meanwhile, the majority of them is overeducated for call center jobs. The consequence to that are rising wages, which makes the market even more competitive, with respect to other East European start-up markets in the region, such as Romania, Bulgaria or Estonia. It is due to this situation, that poaching agents is a common practice in Poland. Dr. Kostecki states, that while back in the year 2000, almost half of all candidates opting for a job in the call center industry had a secondary-school education. In the year 2003, only about a quarter of all candidates did not continue their education. “During this period, the proportion of college graduates rose from 23 percent to 37 percent, while the number of students grew by ten percent”, the consultant adds. Kostecki believes that this trend will continue and lead to the fact that call center operators are overqualified. At the same time, the number of candidates responding to a call center vacancy goes

TOP PLAYERS

Top local Call Center Providers in the Polish Call Center Market

- Arteria (Warsaw, Gliwice)
- Arvato Services/Bertelsmann Group (Poznan´)
- AS Kontakt/Axel Springer Group (Warsaw)
- AZsoft (Krakow)
- Call Center Poland/Internet Group (Warsaw, Go´ra Kalwaria)
- ContactPoint/Internet Group
- Call Connect (formerly created by D+S Europe)/Internet Group (Warsaw)
- Communication One Consulting/Internet Group
- CC Conversa (Ostroleka)
- Contact Center/Telekomunikacja Polska (Warsaw, Rawa Mazowiecka)
- CTM Teleperformance/Teleperformance Group (Warsaw, Wroclaw, Siedlce)
- Dimar Polska (Warsaw, Łódź´)
- Dystrybucja Polska (Bydgoszcz)
- GoBig (Warsaw, Zlocieniec by Szczecin)
- Holicon (Poznan´)
- IPT (Wroclaw)
- Netex Group (only Romania, Ukraine)
- PCM (Warsaw, Lublin)
- Sitel (Warsaw)
- Stream (Szczecin)
- walter services (Warsaw, also Bucharest/Romania)
- Webtel/Internet Group

**Source: Non-representative, alphabetic rating by Kostecki/MasterPlan, Call Center Association (CCMA), Warsaw, Poland 2008 and Ullmann/IBIK Consulting KG, Bonn/Bad Homburg, Germany 2008. Location facts refer to current status of available information. All data provided is given without warranty.*

down, but “since the quality of candidates goes up, it is easy to find good candidates as it used to be”, says Kostecki.

Another big asset is the low-cost situation for telemarketing activities in Poland. Dr. Richard Brodtkorb, COO of walter services in Ettlingen/Germany, a holding which is active in Poland as well as in Bucharest/Romania, confirms, that “the young, East European outsourcing market even develops with a faster speed than in Western Europe. Therefore, channels such as calls, e-mail and short message services will grow powerfully.” In 2007, walter services has opened up operating business in Romania, managed through walter services S.R.L., their youngest international subsidiary. The German outsourcing provider also was the main sponsor and exhibiting company of the Call Center and Customer Care Expo trade fair and Conference which took place end of May in Bucharest. Unlike other, small-sized local providers, the company offers the full range multi-lingual call center service support for inbound, general helpdesk services, phone-banking and online banking. Also, outbound and back office services are currently provided. The company aims at using its locations in Warsaw and Bucharest as a vital platform not only for the mentioned markets but also for increasing call center service business in neighbouring countries. Dr. Brodtkorb states, that, while Near-shore services for the German market “are better off to be based in Poland, the Romanian market is currently driven from international orders, due to its role being a classical Near-shore market for English language services.”

FINANCE, TELCOS AND INSURANCE INDUSTRY PLAY A MAJOR ROLE IN THE MARKET

The main client’s industries for call center activities, whether it is from international providers or local specialists, are the finance and telecommunication industry as well as insurance services from companies using telephone sales as a direct distribution channel. Insurers such as the German Allianz group, French Axa, American Liberty direct, British Commercial Union, Italian Generali and others boosted the development of call centers. Also, banks or consumer finance institutions have the largest in-house call centers.

One of the interesting trends is that more and more call centers in Poland increasingly offer their services to Western European countries and Western clients. So does Call Center Poland, for instance with projects originated from the United States of America, Great Britain and Germany. Jan Zalecki, Managing Director of the outsourcing call center PCM (Polskie Centrum Marketingowe), stresses, that several points support this idea:

- at the Western borders of Poland, special outsourcing areas are built which are specialized in servicing West-European clients
- local universities such as the site of Wroclaw provide well-educated agent capacities with good command of Western languages
- costs for telemarketing activities are lower than in other Western countries
- currently there is a call center focus on cities such as Warsaw, Wroclaw, Szczecin, Poznan and Cracow for projects with Western clients.

BIG PLAYERS AHEAD

With approximately a thousand call center agents in seven locations, the Polish Internet group is one of the biggest providers of call center and customer relationship management services. The telco providers ContactPoint, Call Center Poland and Call Connect have been taken over by Internet group. Together they built a call center platform representing one of the biggest service companies for CRM and relationship management related call center business. They also offer consulting and telecommunication technology support. Call Center Poland specializes in finance, pharmacy and sales support projects as well as in CATI-based research

OUTSOURCER

Small and middle-sized Call Center Outsourcers in Poland

- Call Center Inter Galactica (Wroclaw)
- Central Europe BPO (Warsaw)
- Contact Direct (Wroclaw, Nysa, Kamienna Go´ra)
- Cotel (Wroclaw)
- Delta contact (Warsaw)
- Gallup Polska (Ruda ´Slaska)
- GuestTech (Warsaw)
- LionBridge (Warsaw)
- NPN Telemarketing (Warsaw)
- TIM Call Center
- Transcom Worldwide (Olsztyn, Gdansk)

**Source: Non-representative, alphabetic rating by Kostecki/MasterPlan, Call Center Association (CCMA), Warsaw, Poland 2008, Call Center International, Wiesbaden, Germany 2008 Location facts refer to current status of available information. All data provided is given without warranty.*

and business outsourcing, whereas ContactPoint is focussing on the telco market as well as on the power industry.

Further on, call center providers with a capacity of more than 100 call center seats are for example CTM Teleperformance, the German Axel Springer group, Sitel, Arvato Services (Bertelsmann group) or Arteria (for detailed selection of providers see on page 13).

Another example for the vital industrial and economic forces in Poland is ATM. The teleinformation technology provider plans to open up a new center of innovation in Warsaw. It will be around an area of three hectares size, with an investment of 400 million Zloty (118,2 million EUR) and will focus for example on the telecommunication sector, biotechnology and information technology. It is open to different types of companies in the sector of Research and Development (R&D).

According to Dr. Ullmann from IBIK Consulting KG, the Polish market is still very attractive for Western investors. But “market entries are not as easy as they used to be for investors about five years ago.” The high fluctuation of employees is another serious problem, as it is producing increasing costs and levels of wages for this sector. In addition, a precise framework of labour-law provisions and labour rights in the call center industry is not yet clearly defined – which is a constant risk for agents working in call centers. Currently, a legal foundation just comes into existence, says Dr. Ullmann.

Whoever is aware of the chances, risks and opportunities, will find Poland attractive and challenging for investments in future call center business. The development of this market has already had a positive impact on other East European markets, as the development in Bulgaria and Romania as well as in the Czech Republic, Slovenia or Baltic states such like Estonia show. A bright future seems to be in store for professional call centers.

Eva-Susanne Krahn ←

Special thanks to Dr. Henriette Ullmann, IBIK Consulting, Germany and Marian Kostecki, MasterPlan, Polen.



Tallinn is the Capital and largest city of Estonia.

STATEMENT



Dr. Richard Brodtkorb, COO of walter services. With about 100 employees in Bucharest and another 250 agents based in Warsaw, walter services offers the full range of call center services at two East-European call center sites.

“The fact that our clients can rely on usual quality standards and expand their business in other markets without any risks, is an advantage to them – and real one-stop-shopping.”

INFO

East meets West...

Eastcall.net is a specialized virtual VOIP call center service network and an operating branch of Wollmerstaedt.Communications in Dresden/Germany. The communication agency is a member of a network called ‘Center of Eastern Europe Communications’ (CEEC) which was founded in Dresden in 2004. The communication network of affiliated agencies from Eastern-European countries offers service support for telemarketing, business communication, direct marketing, virtual call center helpdesk services and sales support as well as for market research. It serves the communication or information needs of companies interested in business in Eastern-Europe and South-East-Europe. CEEC supports interested business clients from German-speaking countries and vice versa, for example requests from Romania, Estonia, Poland, the Czech Republic or Hungary. The scope of services ranges from dialogue marketing activities and distribution consulting up to internet support, phone marketing and sales promotions as well as to call center activities. Native speaker agent support is provided inside the member agencies from different East European countries. CEEC soon will also start helpdesk service support and other business services in cooperation with a member based in China. For more information see www.ceec.biz.