

IT & BPO DESTINATION **PLOVDIV** 2016 ↩



invest.plovdiv.bg

Welcome to
Plovdiv





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Outsourcing
Destination
Bulgaria

IT & Outsourcing

september
2016

BUSINESS
FORUM



Eng. Ivan Totev
Mayor of Plovdiv

As a mayor of Plovdiv and as an engineer, for me it is a pleasure to present this IT and outsourcing catalog representing Plovdiv, Bulgaria as one of the fastest developing IT and outsourcing destination. Being a graduate of Technical University (branch Plovdiv) and a mayor of second largest city in Bulgaria, I fully understand how important the IT sector is for the further growth of every modern city. I am willing to encourage and support the endeavors of start-up companies and of those that are already in the market. In the catalog you will find useful information about the business climate, legal regulations, labour market, costs of employment, office spaces, some of the major IT and outsourcing companies in the city (successful stories) and etc. I hope the catalog will facilitate making key decisions for your business, if you are aiming to invest in this interesting city and region. Plovdiv has a profound history, diverse multilingual environment, combined with the possibilities of the modern city. Plovdiv is a city open to development and supports initiatives.

Welcome to Plovdiv!

Executive Summary:

IT&BPO Potential in Plovdiv

Plovdiv is the second most important city in Bulgaria, according to its demographics. The city attracts workforce from a region that is populated by about 1.3 million people living in the city itself or in commutable distance. A highly developed educational system of nation-wide renowned high schools and universities serves as a good sourcing pool for over 40 IT&BPO companies that have already settled in Plovdiv. Moreover, the education system is getting more adaptive and open to cooperation with business, introducing joint courses, internships and industry-oriented programs. The fairly recent process of emerging favorable ecosystem for IT&BPO has been recognized by the local authorities as a major development path for the city.

Great possibilities for staff sourcing

The demand for highly qualified labor in the outsourcing sector sets the base for tight collaboration between educational institutions and outsourcing companies. High schools in Plovdiv have traditions in offering a high-quality education. Among the best schools operating in the city are: Mathematics High School, Foreign Languages High School (with emphasis on English and German), French Language High School, National High School of Commerce. Most employees in companies requiring high-level language skills or highly developed analytical and mathematical skills have graduated in one of the above high schools. There are over 40,000 students attending the 9 universities in the city. Plovdiv University and Technical University of Sofia (Plovdiv branch) both have traditions in the preparation of good mathematicians and programmers. The Academy of Music, Dance and Fine Arts in Plovdiv is a source of professionals working with images and design. As a general practice, companies select their staff in early stages of higher education.

Advantages compared to Sofia and other big cities

Compared to the capital, as in other outsourcing destination countries, the second biggest city offers a number of advantages. Most importantly, Sofia concentrates most of the higher-end jobs in the state administration, finance, and B2B services, which is a factor for a tight competition in the labor demand. In contrast, Plovdiv labor market is not characterized by such strong competition for talents, as well as for the middle-skillset employees. Moreover, Plovdiv seems to be appraised as a city of higher quality of life than Sofia (due to less traffic and urban stress, possibilities to reach work place by bicycle, good public transportation, etc.). Employees in Plovdiv enjoy the city and its opportunities for wellbeing, sports, culture and arts. Those are factors - together with the famous “local patriotism” - for a much more loyal employees. Compared to the big cities on the sea coast, employers in Plovdiv in the mid-skillset segment face no fierce competition for employees from the tourism industry. Last but not least, Plovdiv is just a bit more than an hour drive from the Sofia International Airport.

Emerging IT&BPO ecosystem

IT&BPO is still an “emerging” industry in Plovdiv. The potential of the city has become to materialize since fairly recently. Dynamics in those industries in the past few years went hand in hand with the birth of the first co-working hubs, business clusters and specialized events. The municipality of Plovdiv has recognized its role as a first stop for new investors, providing valuable assistance especially in the relations with universities. Currently, one of the key priorities for the city is development and promotion of an IT&BPO business-friendly ecosystem.

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1

BULGARIA & PLOVDIV

Brief Intro

Bulgaria went through deep political and economic change since 1989. The legacy of totalitarian regime with an inefficient centrally planned economy required bold institutional and structural reforms. A new constitution was adopted in 1991, while several governments struggled with creating an entirely new legislation to clear the path for privatization, private enterprise, foreign trade and investment, commercial banking. At the same time, efforts were directed to establish guarantees for the protection of basic human rights, freedom of the press, independent judiciary, etc.



In 1997 a broad consensus over the cornerstones of economic policy was achieved and it continues to dominate reforms at present. These include, among others, the following:

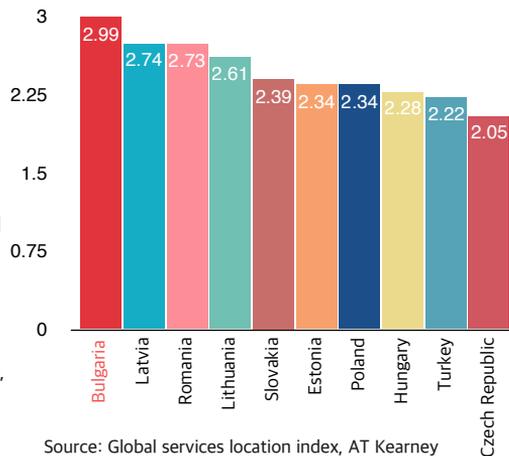
- ➔ Establishment of a currency board - a fixed exchange rate regime under which the Central Bank cannot finance the government or the commercial banks. Bulgaria will keep the fixed rate until the adoption of the Euro which is part of its EU accession agreement.
- ➔ Prudential banking sector regulation which provides strong incentives for banks to do business with caution and to avoid risk taking. As a result, the financial system is stable, with diverse ownership, with not a single bank troubled after the 2008 financial crisis.
- ➔ All governments ever since maintained a conservative fiscal policy, with low deficits or even surpluses. The public debt went down from over 100% of GDP to about 29% at present.
- ➔ Bulgaria maintained a long-term strategy for gradual reduction of tax rates on labour and business income to spur saving, investment and entrepreneurship. The country now has the lowest corporate and personal income tax rates in the EU.

As a parliamentary republic with a functioning market economy, Bulgaria joined NATO in 2004 and the EU in 2007. The laws and regulations in almost all spheres of life were harmonized with EU legislation.

Bulgaria is a quite open economy, with its trade in goods exceeding its GDP. It now has deep trade links with the EU markets. Exports are diversified, and include the fast growing auto parts, machinery and pharmaceutical sectors. Business services exports also expanded substantially during the last decade.

Bulgaria is among the most attractive outsourcing destinations not only in Europe, but also in the world. Between 2005 and 2009 Bulgaria was the best place for outsourcing in Europe according to the Global Services Location Index. In 2005 Bulgaria was 15th in the world, in 2007 - 9th and in 2009 - 13th. In 2011, Bulgaria ranked 5th in Europe and 17th in the world. During the past 9 years Bulgaria has been the number one outsourcing destination in Southeast Europe.

Ranking by financial attractiveness* as BPO destination in Europe



*Higher score means more attractive, i.e. potentially higher savings, the score ranges from 0 to 4

Source: Global services location index, AT Kearney

Bulgaria is also the most financially attractive outsourcing destination in Europe, well ahead of its competitors in the BPO/SSC sector in Central and Eastern Europe. BPO companies which choose Bulgaria as outsourcing destination realize the highest savings and incur the lowest operating costs in the entire EU. The AT Kearney financial attractiveness index for Bulgaria have risen even further recently from 2.82 to 2.99.



Hackafe Plovdiv is an open society of IT professionals in Plovdiv. It has its own office in the city center, known as "Plovdiv Lab", as a convenient place for meetings, lectures, courses and project work. In Hackafe meet programmers, web designers, system administrators, and other professionals keen on modern technology and Internet. The community and place provide opportunities for creating and maintaining useful contacts with colleagues, sharing knowledge and innovations, as well as informal learning. Since late 2013 Hackafe acts as a registered non-profit public benefit organization. It is funded by its members and private companies and offers opportunities for participation and partnership with companies and organizations in the industry to develop the IT community and job opportunities in Plovdiv. Hackafe also offers the "shared office" (co-working space) for IT freelancers and small companies.

2

BUSINESS CLIMATE

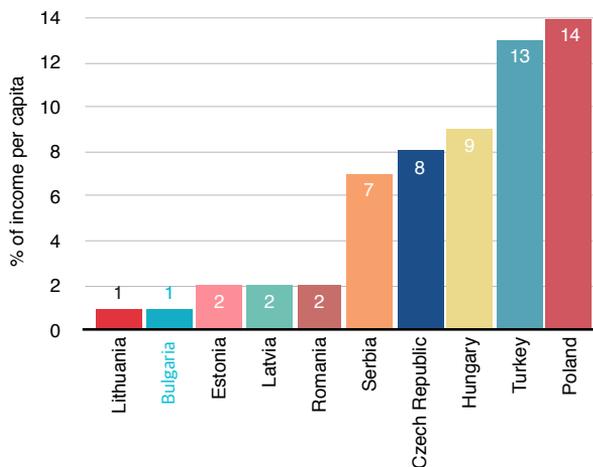
Doing business in Plovdiv / Bulgaria

Starting a new business is easier and less costly in Bulgaria compared to other countries in Europe and the developed world. Starting a business in Bulgaria requires only 4 procedures as opposed to 5 in OECD countries. In recent years Bulgaria cut the costs associated with new business registration and now the cost of starting a new business is just 1% of income per capita as opposed to 7% in other parts of Europe and 4% in OECD members.

There are four procedures required to start a business in Bulgaria:

- ➔ Execute the minutes of the constituent meeting of the shareholders in the LLC; obtain a notary certified statement of consent and signature specimen of the manager, and a certified copy of the articles of incorporation of the LLC. These actions require only 30 minutes and cost BGN 5 (€2.6).
- ➔ Deposit paid-up capital in a bank, which requires 1-2 days and costs BGN 10-30 (€5-15).
- ➔ Register with the Commercial Register at the Registry Agency, which requires 4 days and costs BGN 80-110 (€41-56).
- ➔ Register for VAT, which requires 1 day for filing, 12 days for final registration, free of charge.

Cost of starting a new business



Source: World Bank, Doing Business Report

Business start-up procedures in Bulgaria have been streamlined, and enforcement of commercial regulations is consistent. Enforcing contracts is less costly in Bulgaria compared to other countries in EU and Central Asia.

The ease of enforcing commercial contracts is measured through the evolution of a payment dispute and tracking the time, cost, and number of procedures involved from the moment a plaintiff files the lawsuit until actual payment. Enforcing a contract is only slightly more time consuming in Bulgaria compared to advanced economies. There are a total of 38 procedures which need to be followed.

In recent years Bulgaria has improved its insolvency procedures and has shortened the distance from the best performers in the world. Closing a business in Bulgaria costs less compared to many other countries in Europe and Asia. The average cost of bankruptcy procedures is only 9% of the estate in Bulgaria as opposed to 13% in Europe and Central Asia.

Bulgaria offers good protection of physical and intellectual property rights compared to other countries in Central and Eastern Europe, developing Asia and Northern Africa. Bulgaria's legal and political environment has improved compared to 2010 and currently Bulgaria provides better protection of physical property rights compared to 2011. Since 2010 there has been a steady improvement of intellectual property rights (including patents) protection, which is valuable particularly for companies involved in software development or BPO. Bulgaria provides more adequate intellectual property protection than Russia, and as good as in Poland.



Self Awareness (selfawareness.org.uk) is a unique system for psychometric diagnostics that helps individuals gain a powerful understanding of their workplace strengths, their approach to taking new tasks, mastering new challenges and acquiring new skills. Self Awareness services are focused on supporting individuals, employers and employability practitioners in assessment, articulation and development of soft skills in order to improve the employability and job prospects.

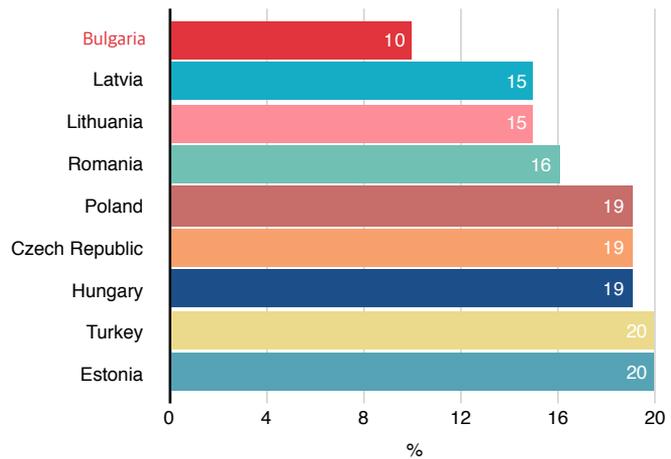
Based on a well-established psychometric model for evaluation of workplace behavior and learning style, the Self Awareness diagnostics is validated by the University of Cambridge. Aspects such as qualities, values to organization, workplace strengths, motivators and communication preferences are used to generate powerful, personalized and role-contextualized reports that could be used in a wide variety of situations to create an environment for success, including:

- staff management training and development
- career planning
- coaching and mentoring
- employability, recruitment, career development and redundancy support
- support for entrepreneurship and enterprise

Tax rates

Bulgaria has one of the lowest corporate and personal income tax rates in Europe (10%). Bulgaria maintains lower corporate taxes compared to other IT & BPO destinations, where the tax on profits varies from 15 to 20%. The definition of “taxable profit” is reasonable, as genuine business expenses are tax deductible. Corporate income from production activities in high unemployment regions is tax exempt. Costs of fixed intangible assets created through research and development are also deductible. In addition, Bulgaria applies EU customs legislation and has signed double tax treaties with 68 countries.

Corporate income tax rates in selected countries



Source: KPMG

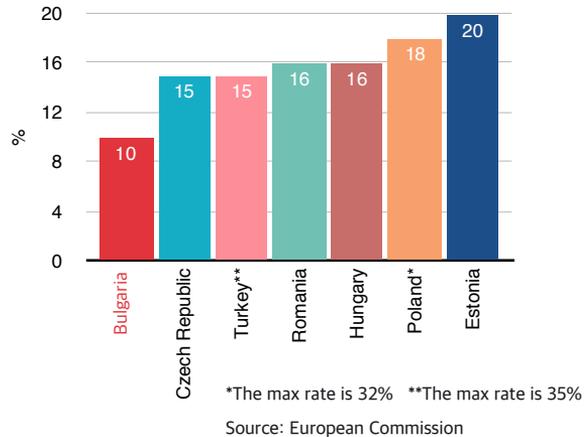
BULPROS

Bulpros is a fast-growing European IT Services company established in Sofia, Bulgaria, which already operates on the global market. On this basis, Bulpros offers corporate and business customers integrated solutions for the networked future of business and society. With offices in over 4 countries and global delivery capability, Bulpros provides support to companies in all industries. Our exceptional team combine industry expertise with ICT innovations to add significant value to its customers' core business.

Bulpros provides the whole spectrum of IT lifecycle services - software development in all core technologies, design and development of web and mobile solutions and applications, Infrastructure services and Cloud. Bulpros' service to existing customers encompasses all aspects of customer service - from technical consultancy to systems integration and infrastructure (IT and telecommunications). Bulpros' Legal Process Outsourcing business line combines processes, technology and fully trained lawyers to deliver support services which truly benefit law firms. Our Company holds all important industry certificates and is partnering with leading vendors such as Microsoft (Gold Application Development competency and Windows Azure Circle Partner), Cisco, VMware, Red Hat, IBM etc. BULPROS is a co-founder of the Bulgarian Outsourcing Association. BULPROS developed 3 own products - a Cloud Platform, Staffico and Jaborbate.

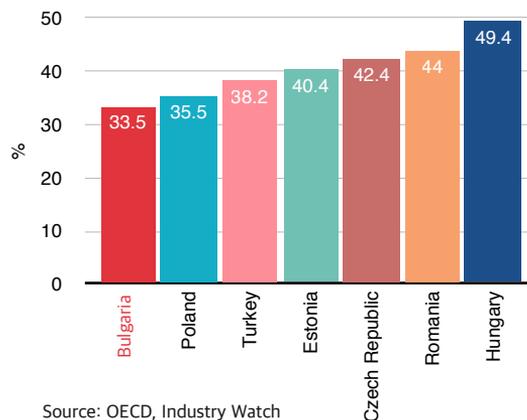
Bulgaria maintains one of the most favorable personal income tax systems in Europe. Personal income is subject to 10% flat tax rate. Individual income tax rates in Bulgaria are the lowest in the EU. Income tax rates are noticeably higher in other CEE countries. For example, in Romania personal income is taxed at 16%, while Central European countries such as Poland, Hungary and Czech Republic apply tax rates which vary from 15 to 18%.

Personal income tax rates in selected countries



In Bulgaria both the employer and the employee pay social insurance contributions. Employer's social contributions are 17%, while employee's contributions amount to 12.9%. In 2015 the maximum monthly social security base is BGN 2600 (€1327) and the minimum wage is BGN 380 (€194). In addition, there are minimum insurance thresholds which vary according to the profession and the economic sector. Personal income taxes and social insurance contributions constitute on average 33.5% of total labor costs. The labor tax burden in Bulgaria is smaller compared to other countries specializing in IT & BPO such as Poland, Turkey, Estonia, Czech Republic, Romania and Hungary.

Taxes and social insurance contribution as % of labor costs



Macroeconomic & political risks

The Bulgarian economy has been operating under a currency board arrangement since 1997. The Bulgarian lev is pegged to the euro at a fixed exchange rate of 1.95583 leva per euro. The currency board regime has effectively eliminated the exchange rate risk for many companies trading with the Eurozone. Bulgaria is well integrated into the European economy, as the Euro area is the major export market for Bulgarian producers. The macroeconomic stability and predictability has attracted many foreign investors. As a result, foreign direct investments since 1998 have reached €42 billion in total.

FREEDOM of repatriating profits

Bulgaria has favorable legislation regarding repatriation of profits. Dividends distributed by Bulgarian companies to entities resident in EU Member States and the EEA are not subject to withholding tax. Dividends and liquidation quotas if distributed to individuals and non-EU/EEA companies are subject to 5% withholding tax.

The regulatory environment has improved in recent years in Bulgaria. According to the World Bank Bulgaria offers relatively strong investor protection, which is one of the reasons for the significant inflows of foreign capital during the past 15 years. Bulgaria has favorable regulatory framework compared with other countries in the EU. Bulgaria maintains the same level of investor protection as Poland and Romania according to the last installment of the Doing Business Report.

Bulgaria offers investors a predictable regulatory and tax environment. Unlike many other European states, the Bulgarian government has refrained from raising taxes on business, which has had positive impact on the business environment. Compared to most European countries, Bulgaria's labor laws are more flexible and business friendly, striking the right balance between defending the interests of employees and employers.



BIZ LABS

Biz Labs (www.bizlabs.eu) is a business incubator, co-working and community space based in Plovdiv.

Their company main office is named "The Printery". It gathers individuals who have two common traits - productivity and creativity. They are open for tenants aiming for innovation through collaboration. Thus, there you will find experts in variety of industries including IT, Marketing, Design, HR and other various professionals.

One of the main goals of Biz Labs as an entity is to constantly share knowledge through their regular community events. They are a host for variety of lectures, workshops and seminars related to leadership, business, design, technology and personal growth.

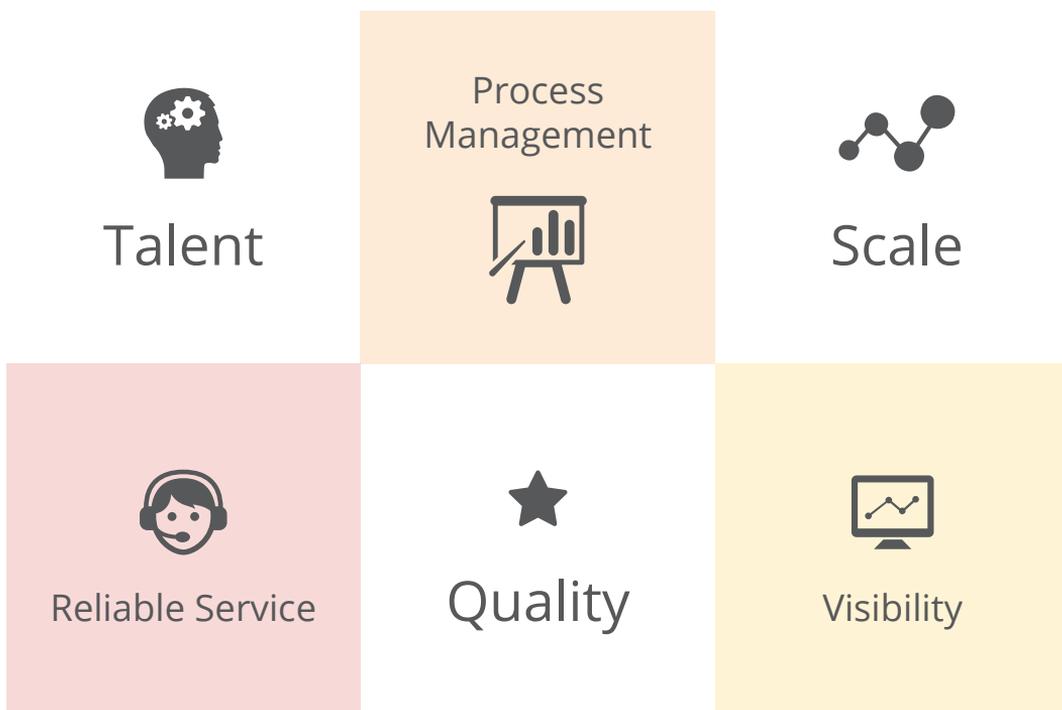
Biz Labs is an entrepreneurial hub aiming for a sustainable business ecosystem, that provides perfect conditions for growing a business. Being there people and businesses have access to a diverse network of experts, mentorship and resources.

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3

HUMAN RESOURCES

Workforce size & availability

Plovdiv is the second in demographic significance labor market in Bulgaria. The population living in the city of Plovdiv and in the closest settlements (up to 30 min by car in one direction) is over half a million people. Another 763,000 people live in commutable distance to the city center (up to 1 hour by car in one direction). That makes the total population in wider Plovdiv region 1.28 million. The city is accessible for less than 1.5 hours by approximately 3 million people that includes also the population of the capital city Sofia.

Population living in Plovdiv city in working age (women aged 16-59, men aged 16-62) totals 220,000. The people aged below working age (according to the social laws under 16) in Plovdiv are some 50,000. There are some 70,000 passed working age.

Population aged 20-34 in wider Plovdiv region



Source: NSI

A particularly interesting group is the population aged 20-34. Those are young people who have just finished high school, college or university and have none or some experience in IT & BPO and are very suitable for the sector's positions.

According to data from the official National Statistics Institute (NSI), that age group totals about 90,000 in Plovdiv municipality, about 116,000 in wider Plovdiv (city plus suburbs), and some 261,000 in Plovdiv region (including towns in commutable distance from downtown Plovdiv and major industrial and business zones).

Education overview

There are 39 260 students enrolled in universities and colleges and 8351 pupils in vocational high schools. Those were spread amongst 7 universities, 2 colleges and 34 vocational high schools.



2825

Vocational high school graduates



2767

General high school graduates



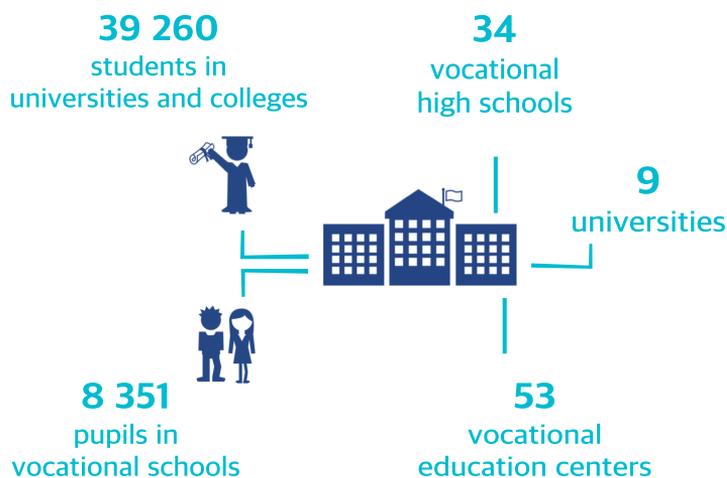
8657

University and College graduates

According to a recent survey in Plovdiv population aged 19-35 have the following education level:

- ➔ **47 855** people have secondary education and have finished vocational or general high schools;
- ➔ **27 879** people have college or university degree;
- ➔ **13 811** people have primary or lower education.

Source: Pragmatica, NSI



Source: NSI

OFFICE PARK PLOVDIV

www.officeparkplovdiv.com

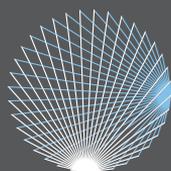
Category Offices
Design Atelier Serafimov Architects

GBA 19 352 sq.m
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
INVESTMENT
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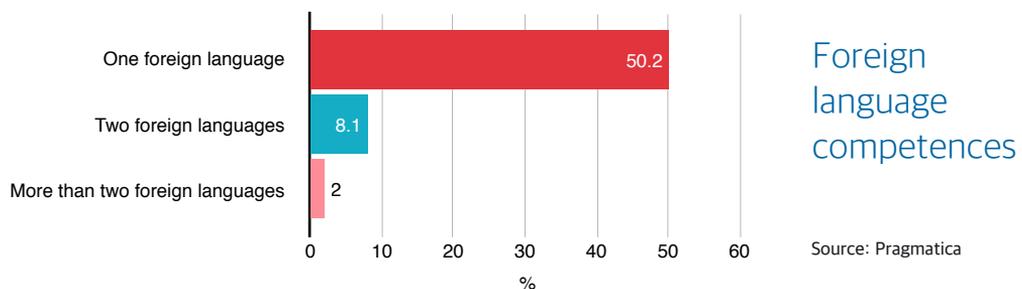
OFFICE PARK
PLOVDIV

With its well-developed educational infrastructure, Plovdiv serves as a regional education center for specialization in classes and degrees, which are of top priority for the outsourcing firms. Foreign languages like English, German and French are very intensively studied. Some of the degrees offered by universities in Plovdiv are:

Technical University - Sofia, Plovdiv branch	Computer Systems and Technologies; Automation, Information and Control Systems; Graphic Design and Printing
Plovdiv University	Software Technology and Design; Mathematics and Informatics; Applied Mathematics
Academy of Music, Dance & Fine Arts in Plovdiv	Graphic design and photography; Multimedia and virtual reality

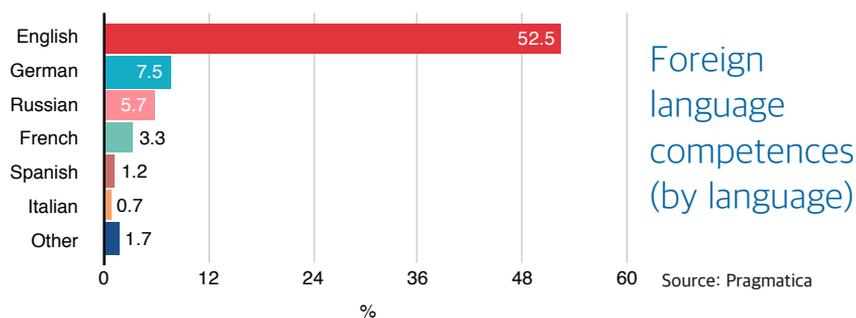
People aged 19-35 who speak one or more foreign languages are about 45,500 in Plovdiv, of which:

- ➔ 38,000 people speak only one language;
- ➔ Some 6,000 people speak two foreign languages;
- ➔ About 1500 people speak more than two foreign languages.



The most popular language among them is undeniably English – about half of the participants are competent in it. In terms of reading and speaking, individuals determine their level of proficiency as very good. With an above average score people assess their knowledge in terms of writing in English. People who use German (7.5 %) and Russian (5.7%) are similar in proportion and the level of proficiency in both languages is generally high. Much less popular among the target group are French, Spanish and Italian – the proportion of people who speak one of these languages is between 1-3 %. Generally, the level of language proficiency corresponds with a better understanding of dialects and usage of proper accent. That being said, there is no data that supports the fact that there is trouble with dialects or strength of accent of the served language among the people from Plovdiv.

Representatives of the target group, who speak foreign languages, for the most part self-assess themselves with a high degree of knowledge of the relevant languages, which in most cases is due to the fact that they have studied in specialized language schools. Taking into consideration the fact that the foreign language was taught as one of the subjects in the high school curriculum, it is not surprising that a significant proportion of people do not hold a certificate explicitly stating their knowledge of the foreign language - the lowest is the share in those who speak German, and highest in those who are fluent in Russian.



Being the second largest city in Bulgaria and the biggest city in the South-Central Region, Plovdiv plays a very important role as a regional education hub. The high demand for highly qualified labor in the outsourcing sector sets the base for tight collaboration between educational institutions and outsourcing companies. For the successful positioning of a firm in this sector it is important that it is successful in the sourcing of personnel. In this regard, sources of personnel for companies are often directly high schools. For the realization of this in Plovdiv helps the presence of secondary schools, which have traditions in offering a very high level of education. Among the elite schools operating in the city are: Mathematics High School, Foreign-languages high school (with emphasis on English and German), French Language school, National High School of Commerce. Many employees in companies requiring high-level language skills or highly developed analytical and mathematical skills have graduated in these schools.

Regional education hub similar to the cooperation with high schools is the partnership between outsourcing firms and universities represented in the city. Traditions in the preparation of good mathematicians and programmers have Plovdiv University and Technical University - Sofia, Plovdiv branch. As a plus for many professionals working with images and design are skills in art and thus, another example for cooperation between representatives from the industry and universities is the Academy of Music, Dance and Fine Arts in Plovdiv. A good practice is the application of workflow elements in the educational program. Many of the firms operating here select their staff in early stages of higher education. It has proven that this type of partnership is extremely beneficial for the training of personnel with adequate and modern skills.

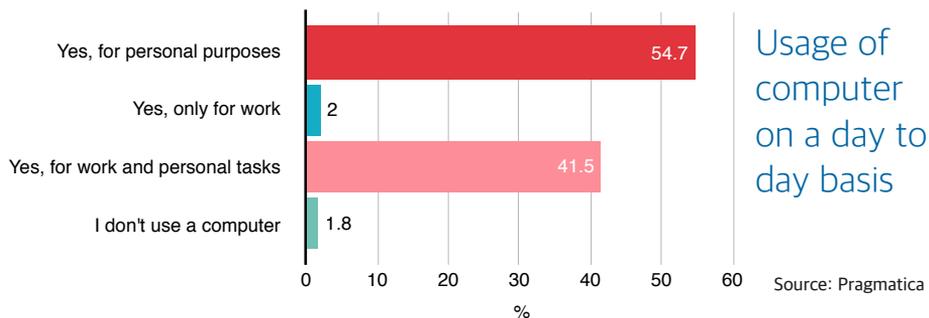
Technical skills & training

In the 19-35 age segment, those who use computers, are about 75,000, of which:

- ➔ About 20,500 people assess their level of computer literacy as high and very high;
- ➔ About 45,500 people assess their level of computer literacy as a medium;
- ➔ Around 9,000 people assess their level of computer literacy as low and very low.

The majority of these people are proficient in mostly non-specialized programs (Word, Excel, Power Point and Internet Browsers) and the level of knowledge of basic computer programs is very good. Specific programs however such as Adobe InDesign, Adobe after effects, Adobe Dreamweaver, Adobe illustrator, AutoCAD are mastered to a much lesser extent.

The usage of computers is characterized as very frequent and this trend is much more strongly expressed in relation to the use of a computer in people's homes than in the workplace.



Studies indicate, that 1 in every 10 people is a skilled programmer.

Among the members of the target group, who are fluent in computer programming, the largest proportion is of those who are familiar with languages such as C / C + +, Java, Microsoft.net and Access. Their level of knowledge is generally good. The knowledge of individuals about computer programming languages is most often a result of attending different courses on the topic. However, the majority of people say they do not have a special certificate for proficiency in specific computer programs or languages. In this connection, it is possible that the attended courses in programming have been organized within the school / university, which people have visited and therefore are not reflected in a special certificate of computer literacy.

The experience of people with programming is relatively limited – an average of four years. Computer programming languages are used mainly as a hobby by individuals. Among those who hold proficiency in computer programs, the most widely distributed is the certificate of general computer literacy.

All people aged between 19 and 35 years in Plovdiv in one way or another are using the internet. People spend actively on average about 3 hours per day on the Internet. Most often to access the Internet are used a laptop or desktop computer. Still, the use of smartphones, mobile phones (other than smartphones) and tablets to access the Internet by members of the target group is quite limited.

Having in mind the traditions of the Mathematics and Informatics Faculty of Plovdiv University and the presence of Technical University – Sofia, Plovdiv branch in Plovdiv there is a good base for professional training in IT. Today Plovdiv is an established and reputable center for research and training of specialists in the field of mathematics, informatics and information technology. Graduates acquire solid knowledge and skills to achieve effective professional and social realization. High quality training is a result of collaboration between universities and businesses already operating in the outsourcing sector, as well as the fast pace of development of the sector in the region. Some firms provide their own professionals to be lecturers for some specific classes. That way the competences level gradually increases and the firms improve their human resources sourcing pool.

Taking into consideration the language and computer competences of the selected target group, further examination of the selection (19 - 35 years old) shows that

more than 55% of the people have high proficiency in one or more foreign language combined with middle to high computer skills proficiency.

This compliments the high potential for development in the field of outsourcing services.

The demand for staff has increased not only in the high-end segment of the industry. There is a high demand for low-end employees also. Generally, the outsourcing firms have created in-house courses for the training for necessary specialists. A widely accepted practice is the creation of in-house schools and training academies. Often these courses are available even remotely. In applying this practice some staff partially meeting the requirements is being employed and subsequently trained by the experts of the company until it reaches proper operating level.



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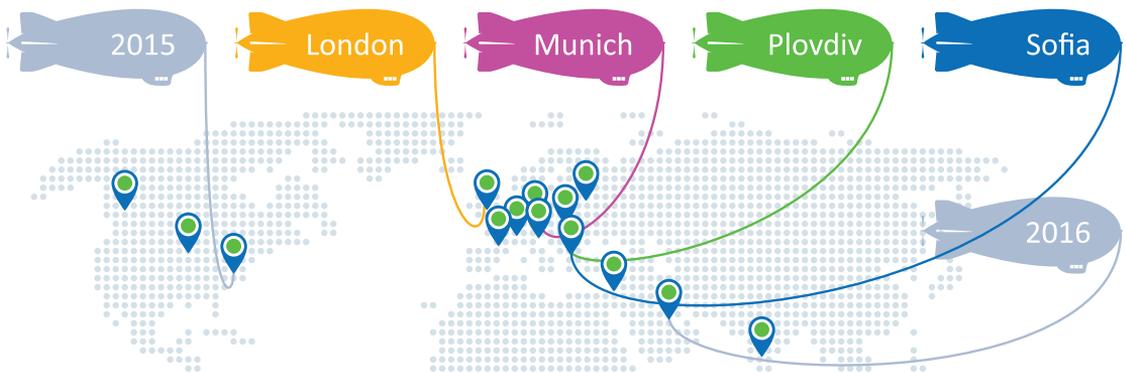


200+ Professionals



4 Offices

Sofia, Plovdiv, London, Munich and more to come



70+ Clients in **14** Countries

Lasting relations across the world



8+ Technological Partnerships

IBM, TIBCO, Microsoft, Oracle, VMware, Citrix, Cisco, Appian



Process Certifications

ISO:9001 Quality Management System
ISO:27001 Security Management System
ISO:20000-1 IT Service Management System

Labor costs

Hiring labor for the outsourcing sector such as programmers, call center support or graphic designers is on average more expensive than employing a worker in the production industries, because they typically require more specialized skills and knowledge, such as different foreign language, programming language or software proficiency.

Information technology and business services have been among the most dynamic sectors in recent years, providing new job opportunities and creating economic value. The local IT sector has been one of the very few sectors which experienced steady growth after the onset of the crisis in 2008. Business process outsourcing is another rapidly developing service sector taking advantage of the availability of young and well educated labor force.

Bulgaria in general is very competitive on a global scale and has been ranked among the most attractive outsourcing destinations in Europe and the World according to the Global Services Location Index compiled by A.T. Kearney. IT and professional services together are responsible for 3% of the production in the region.

According to the official statistics on a national level in the third quarter of 2013, the average wage in the "Creating and disseminating information and creative communication" is around EUR 970 before taxes. This corresponds to about EUR 760 net monthly salary. In any situation it is the sector with the highest paid employees, considerably more than the traditionally prestigious finance and energy. Especially interesting are the position data "professionals" and "analysts" who probably overlap with the broad definition of "ordinary programmers" with different qualifications, skills and experience.

IT company	Entry & Junior level	Experienced 2 years
Desktop Software Developers	250-450	900-1400
Mobile Apps Developers	250-450	900-1400
Web developers (coders)	250-400	900-1400
Web content publishers & CMS administrators	200-350	600-900
Graphic designers - pre-press	200-350	600-750
Graphic designers - creative	200-400	700-1250
Systems administrators	250-350	700-1000
Administrative Personnel	200-300	400-500

Values are in euro, after taxes, per month

Source: Industry Watch

Average salaries of about EUR 910 (net) may be misleading when concerning recruiting and expectations for fast filling a vacant position for a programmer even with medium level of advancement. But the shortage of staff with the necessary competencies encourages employers to hire and/or include in their training "beginners staff" whose pay as junior programmers are below the indicated average.

The relatively high levels of "administrative staff ", which we define as staff with average skills are notable. This means that an employee of a medium profile in the IT sector takes about 30% more compared with the same type of position in other industries.

Call center company	Junior level	Experienced 2 years
Customer support operators	200-300	450-550
Telemarketing specialists	300	450-550
Administrative personnel	400	500-700

Values are in euro, after taxes, per month

Source: Industry watch

Cultural differences

The people in the region and in the whole country for that matter are at pace with the current technology trends. That being said, the attitude towards technology is welcoming and often represents a personal interest in employees. Furthermore, anecdotal evidence shows that there is a lot less turnover of employees in the Plovdiv region compared to the capital Sofia. This helps for a tighter and more cohesive team to form in every company with greater number of personnel. This makes way for better interpersonal relations to form, which adds to a better workplace environment.

An empirical study in Bulgarian organizations highlights the relations between the type of organizational culture and management style. The study distinguished three types of organizational culture. The prevailing management style in Bulgarian organizations is associated with cultural practices that characterize a market-oriented type of organizational culture. Core values in it are competitiveness, productivity, achieving of higher profits and risk-taking. Managers and leaders in organizations with market -oriented type cultures are persistent leaders, inventors, competitors. The main task of the leader is to motivate and inspire employees to do a good job and achieve a higher level of competitive performance. Plovdiv is the second in significance for the outsourcing sector city in Bulgaria. The favorable business ecosystem that is present here has attracted several big names from the industry. There are some rudiments of formation of a concentrated industry segment in the region. A more particular case is the concentration of German lingual business. Quite a few of the companies that outsource their processes in Plovdiv are of German or Austrian origin.

4

INFRASTRUCTURE & CONNECTIVITY

Telecommunication infrastructure & services

According to research by Cisco, **Bulgaria ranks fifth in the world and third in Europe for Internet connection speed.** Most of the Eastern European countries have shown a tendency for high quality in comparison to the countries that have more developed economies.

Fiber-optic cable connecting and ADSL connections are the most popular choices for Bulgarians when it comes to Internet access. The prices of ADSL and fiber-optic cable connections differ slightly, starting at approximately 6.5-8 euros for a 12-15Mbps connection and not exceeding 30-35 euros for a 100Mbps connection. The prices for internet vary around Bulgaria depending on the subscription (business or individual), speed and location.

Bulgaria still has a limited data center infrastructure developed. Currently there are 16 colocation data centers in Sofia and until recently there were none in Plovdiv. In September 2012 EVN found a data center in Plovdiv but there are still none available for commercial use.

Travel & commuting

Trakia Motorway - A1, which passes through the region, is part of Pan European Transport Corridor VIII and of the international road E 80 - Belgrade-Sofia-Plovdiv-Istanbul. First class roads intersect the whole region. The nearest port - Burgas Port, located 280 km away from the region, is easily reachable through highway, first class roads or railway. The second nearest port is the Thessaloniki Port in Greece, 330 km away from the region. The Bulgarian capital's airport - Sofia Airport is at a 140 km distance from the region.

Plovdiv has an extensive and inexpensive public transport system and very developed infrastructure which link all the parts of the city together, as well as the region with cities and towns all over the country and many European countries. When opening a branch here, for a foreign company it is essential that the company-parent takes part in choosing the office location. For the selection process key importance carry the infrastructure that surrounds the future offices, the ability to easily travel to the location and its proximity to bars and restaurants and other establishments that would constitute conveniences for office workers.



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Accelerating success.

Plovdiv has an abundance of affordable accommodation possibilities. There are hotel rooms ranging from economy class to luxurious. Currently the city has 101 accommodation facilities with a total of over 3500 beds. There are 46 conference halls with a total capacity of 6442 places.

Public infrastructure and key utilities will continue to benefit from substantial EU funding. New investments are expected to improve inner-city public and railroad transport. Plovdiv benefits from its unique place in the middle of Southern Bulgaria - with 62% of the population and 75% of the GDP located there. Apart from its own international airport, Plovdiv is within one hour to Sofia, and two hours to Burgas, both operating active airports.

Companies located in Plovdiv

60K	Orak Engineering
Actsoft	Programista
Aii Data Pro	PROXIAD
Angelsoft	Questers Group
ASIC Depot	Reward Gateway
BankSoft Ltd.	SBND Technologies
Bisoft	ScaleFocus
Brosix	SelMatic Ltd.
Bulkomp Engineering Ltd.	SIBIZ
Bulpros	SIS Technology AD
CNsys	SiteGround
ConsultCommerce Ltd.	Sofica Group
DeskGod	Speedflow Communications
ETN Host	StangaOne1
FastComet	Stemo
GISmo BG Ltd.	Telus International
ICYGEN	Unicons
Kodar	Unify
m+w Media Networks	Vertinity Ltd.
New Era Ideas	Viscomp
Novarto Ltd.	Wisdom.BG
OptiCentre	etc.

5

ACCESS TO OFFICE SPACE

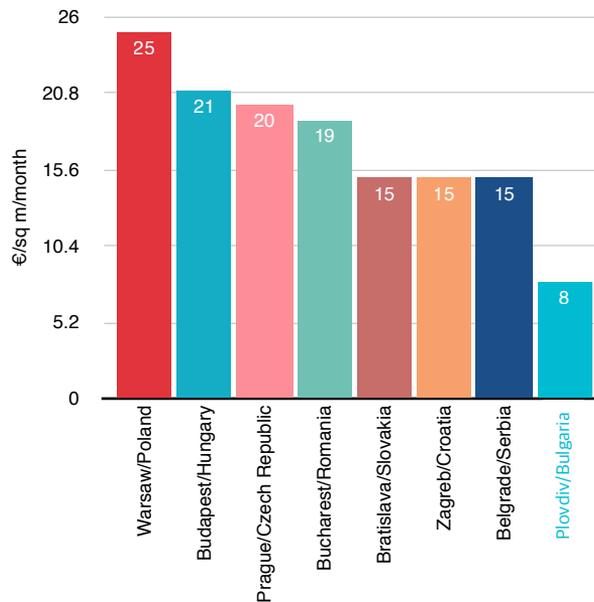
Real estate & rents

Having expanded significantly since 2007, the office market in Plovdiv offers a growing selection of available business space, which can readily meet the needs of the IT & BPO sector. The new supply of modern office space can be modified to suit the specific requirements of each company. There are office buildings located both in the city center and the periphery. Obtaining business space in Plovdiv remains very affordable.

Renting office space costs on average €7 per sq. m. for premium business properties currently available in Plovdiv. There is also substantial supply of office space at very competitive rents which vary from €2 to €5 per sq. m. monthly. Renting an office in Plovdiv is 30-50% cheaper than renting similar office space in the capital city of Sofia.

Maintaining an office in Plovdiv is more affordable compared to many other locations in Central and Eastern Europe. Premium office rents in other CEE countries are 2-3 times higher than rents in Plovdiv. For example, rents in Bucharest (Romania) are €19 per sq. m. per month, while renting an office in Prague (Czech Republic) and Budapest (Hungary) would cost €20-21 per sq. m. per month.

Rents of prime office space in selected locations in Central and Eastern Europe



Source: Cushman & Wakefield, Industry Watch

Types of available offices by class

There is abundant supply of office class B and class C and growing supply of modern office space of class A in Plovdiv. Class A office buildings are typically high-end buildings competing for premier office users available at above-average rents for the area. Rents of class A office space usually vary from €7-8.5 per sq. m.

Class B office buildings compete for a wider range of potential tenants and are offered at average rates. Generally, buildings of this class are characterized with good location, optimal functionality and adequate maintenance. Class B office space in Plovdiv is typically offered at €3-5.5 per sq. m. per month.

Class C buildings are sought by tenants requiring functional space at below-average rents. Buildings of this type are usually older buildings which, nevertheless, offer good opportunities for companies which do not have very high requirements. Apartments used for office purposes generally fall into this category. Asking rents for Class C office space vary around €2 per sq. m. per month.

Class A

Rents from
€7-8.5 per
sq. m. per
month

Class B

Rents from
€3-5.5 per
sq. m. per
month

Class C

Rents
around €2
per sq. m.
per month



In the past 5 years, ETN Host Ltd, has grown from a small local hosting provider into a well-known company, providing innovative and custom solutions in hosting, supporting and configuring dedicated servers and web projects. We aim at the working business – attracting corporate clients from Bulgaria, England, Germany, Holland and the United States. In 2015 the newest project of ETN Host was presented - The Business Mail service. With which we are placed alongside the high-end suppliers of secured and managed e-mail solutions to the industry and to the corporate clients. We strive to deliver flexibility, quality and most importantly - results. Our strong points are in the communication with our clients, understanding their goals and paving the road to them in the way of their hosting dependencies and needs. We can provide professional consulting services, cms and crm support, BPO - processes management. We have the know-how to be a valued partner in the vast area of the web based projects. Let Envision the Web together.

There are ample opportunities to use a residential building as an office location in Plovdiv. There are premises in residential buildings, including apartments, which have been converted to suit business needs and are used as office space. Such offices are typically rented for about €2 per sq. m. per month.

According to the Building Owners and Managers Association (BOMA) Class A office buildings have the “most prestigious buildings competing for premier office users with rents above average for the area.” Class A facilities also have “high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.”

Main features of **Class A** office space

First-class design of a new building

Prime and easily accessible location

Underground parking lot providing enough parking space for the building

Floor-to-ceiling height responding to the regulatory requirements for this type of buildings but not less than 2.70 meters

Flexibility of internal design (i.e. open space options)

Raised floors and suspended ceilings

24-hour security and access control

Heating, ventilation and air conditioning system according to the EU standards

Dual power supply with automatic switch

Modern window panes, high-quality window frames, sun-protection glass

Class A energy efficiency, which is the highest efficiency class according to EU Energy efficiency standards

Professional property management

Building Management System

6

QUALITY OF LIFE

Sports & recreation

Among a number of sports and fitness facilities located in the city, Plovdiv hosts one of the biggest sport centers in Bulgaria with the biggest artificial water channel, indoors swimming pools, soccer fields and tennis courts. The three highest hills in the city are protected as park areas, perfectly suitable for hikes, jogging and bike ride. In the very centre of the city there is also a big garden, where roller skating and biking is allowed.

Plovdiv is located in a close proximity to two of the major ski resorts in Bulgaria - Borovetz and Pamporovo - about an hour and a half drive from each. The city is connected by highway to the Black Sea coast - to some of the most developed seaside resorts one may reach in about 2.5 hours by car. Also a few hours drive away is located the North shore of the Greek Sea. One of the best spa resorts Hissar is located just about 40 minutes away from Plovdiv.

History & tourism

Thracians founded Plovdiv during the Neolithic period in the 2nd millennium BC. Picturesquely situated in the Thracian lowlands, 100 miles east of Sofia, and built on seven hills, Plovdiv is the oldest continuously inhabited city in Europe and 6th oldest in the world. Today Plovdiv is still one of the most livable cities in Bulgaria. In 342 BC, Philip II of Macedon (father of Alexander the Great) led a great military expedition north against the Scythians, conquering the Thracian fortified settlement Eumolpia to give it his name, Philippopolis (modern Plovdiv).

This ancient city has astonishing historical and cultural heritage and an amazing Old Town, applying for UNESCO List of World Cultural Heritage. It was built in the 18th and 19th centuries as the center of the Bulgarian National Revival architecture.



Along steep cobblestone lanes, behind stone walls and iron-studded heavy oak gates, one glimpses at verdure and flowers, surrounding the typical Plovdiv symmetrical houses with their painted facades, oriels and jetties and grid windows. Important sights are also the 2nd century Roman forum, stadium, and the fabulous amphitheater built during the time of Emperor Trajan (98-117). Other landmarks of this area is the charming Ethnographical Museum, a beautifully painted church (1832 - 1836), a 15th century mosque - one of the oldest in Europe.



Arts & city events

There are over 60 art galleries located in Plovdiv, housing valuable pieces of modern Bulgarian paintings. The city is a cultural centre in Bulgaria, developing a number of events and industries around the arts and culture. Major city events include The Night of Museums and Galleries held annually, The Plovdiv Jazz Fest (part of the annual Fall Art Saloon Series), The Verdi Nights Opera Festival (taking place on the famous Roman amphitheater), One Design Week / One Dance Week / One Architecture Week - a bundle of festivals that just moved their venues from Sofia to Plovdiv. Besides, there are over 30 pubs and 25 stages for live performances. Plovdiv will be European capital of culture in 2019. Concentration of unique pubs, art and craft studios one may find is the unique Kapana district. That downtown area is known for its rich night life, and has emerged as a spontaneous hub for new art endeavors. The municipality of Plovdiv has prioritized Kapana as a creative-industry district.



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