BUSINESS SERVICES CENTRES IN HUNGARY
HUNGARY
SMART.
AMBITIONOUS.
COMPETITIVE.
ABOUT HUNGARY

MAIN FIGURES

- **Area**: 93,023 m²
- **Form of Government**: Parliamentary Republic
- **Time Zone**: GMT + 1 HOUR
- **Capital**: Budapest
- **Population**:
  - Total: 9,797,561 (2017, HCSO)
  - Budapest: 1,752,704 (2017, HCSO)
- **Other Major Cities**:
  - Debrecen (201,981)
  - Szeged (161,137)
  - Miskolc (157,177)
  - Pécs (144,675)
  - Győr (129,301)
- **Currency**: Forint (HUF)
- **GDP (PPS)**: EUR 192.855 million (2016, HCSO)
- **GDP Growth**: 4.0% (2017, HCSO)
- **Inflation**: 2.4% (2017, HCSO)
- **Risk of Natural Disasters**: Very Low
- **Climate**: Temperate (similar to the rest of the continental zone)
- **Membership in International Organisations**: EU, UN, OECD, WTO, NATO, IMF, EC

(SOURCE: HCSO = Hungarian Central Statistical Office)
Hungary is an open economy where particular emphasis is placed on encouraging foreign direct investment (FDI). Partnership with potential investors is a national priority; special attention is paid to the needs of companies already settled in Hungary, and to the further improvement of the business climate.

“We chose Budapest to open our first global Technology and Innovation centre because of the quality of talent – the core skill sets as well as the behaviours and mindsets that support our principles. 12 months on we have hired close to 300 people across 14 different functions that are already having impact within the broader BlackRock. We have attracted a diverse workforce including attracting Hungarians living abroad to come back home.”

Melanie Seymour
Managing Director and Head of BlackRock Budapest

Inward FDI stock amounted to 66% of the GDP (2014) the highest ratio in the region.

Source: wiiw FDI Database

Hungary
Czech Republic
Slovakia
Poland
Slovenia

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ABOUT HUNGARY
BUSINESS ENVIRONMENT

IN ORDER TO IMPROVE THE BUSINESS CLIMATE THE HUNGARIAN GOVERNMENT...

- has modified its taxation and incentive system related to R&D activities to make Hungary the innovation hub of CEE.
- is helping companies to function reliably by providing a clear agenda on economic development and FDI strategy.
- is committed to further reduce taxes on employment.
- has introduced a new incentive scheme supporting technology intensive investments.
- has created the most competitive CIT in the EU with 9% flat rate.
- has introduced its unique economic development plan based on Industry 4.0 requirements.
- offers companies a strategic partnership and provides them with fast access to the Government.
- further improved the practice-based dual education system built on industry needs.

INVESTMENTS IN FOCUS

Business Services Centres in Hungary
The dining scene in Budapest is livelier than ever, practically you can find the cuisines of every culture in the capital, from high-end Michelin-star restaurants to no-frill eateries, small bistros and must-try food trucks.

Budapest is a city full of surprises and wonders, with its lively centre, pretty parks, majestic river, tall church spires, and lavish spas. One of the most exciting cities in the world, Budapest is full of secrets, hidden spots to explore, and old favourites to revisit. This is the city where being bored is not an option.

Expatriates looking to stick with the curricula of their home countries can choose from a range of private international schools for their children. There are also many English, German or French public and private pre-schools for children aged from three to six. The school year starts in September and ends in June, and school buses are usually available at private schools. There are many opportunities to study in a foreign language at universities too.

Hungary’s diverse countryside offers a wide range of outdoor activities: 11,000 kilometres of hiking routes; more than 4,000 kilometres of cycle paths; 14 golf courses; 10 national parks; and many protected nature reserves for those in love with fresh air. The protected Puszta-region, the Great Plain, the romantic Danube Bend with its historic sites, and pretty baroque towns, such as Eger, attract visitors all over the year. Lake Balaton, the largest fresh water lake in Central Europe, is a perfect holiday resort.

Did you know that...
...the kindergarten and the elementary school division of the International School of Debrecen will start to operate in September 2019 and its upper school education starts running from September 2020?
Many companies have chosen to offshore, or rather nearshore, finance, accounting, human resources, customer service, and IT to Hungary because of the technological skills and business knowledge of the local workforce; the experiences of these firms are extraordinarily positive. The first regional service centres appeared in Hungary in the 1990s. To date, almost 110 companies have established BSC sites here, employing more than 46,000 people, mostly young professionals speaking multiple languages.

“Europe is a strategic region for many GE businesses, including several business headquarters and when we decided to create a shared service organization for GE, we chose Hungary for establishing a multi-functional center in the region. GE’s long history of doing business in Hungary and significant industrial presence were key reasons to choose this location. The Global Operations Center, inaugurated in February 2014, is one of the four world-class centres and the biggest in terms of number of people. The Center in Budapest, Hungary provides multi-functional captive shared services to GE businesses in over 30 countries throughout the region and also hosts teams with global responsibility. The availability of skilled workforce, developed infrastructure, central location and time-zone – all within the European Union were some of the key elements in favor of our choice.”

Bjorn Bergabo
General Manager,
GE Global Operations, Europe

HUNGARIAN WINNERS
AT THE MOST SIGNIFICANT REGIONAL SSC EVENT

Hungarian nominees have won in four categories at the Central Eastern European Shared Services and Outsourcing Awards gala event in Warsaw. Avis Budget Group, British Telecom (BT ROC), Harman’s Székesfehérvár centre and EPAM Systems were awarded this year at the most important regional event of the shared service sector.
Companies gradually build up and expand their operations with new, high value-added activities. The workforce comprises mainly of fresh graduates and speakers of foreign languages, and the sector has created hundreds of new jobs.

Companies establish BSCs in Hungary to serve their own subsidiaries or to provide outsourced services for other companies. Most Hungary-based regional BSCs are involved in finance, accounting, IT, customer service, HR and other back-office activities.

In addition to these, early positive experiences have led to the emergence of so-called centres of excellence in recent years. Besides conducting simple transactions, these centres carry out more complex activities with higher added value. Such functions include research and development, corporate finance, credit management and control.

**THE HUNGARIAN SERVICE AND OUTSOURCING ASSOCIATION (HOA)**

HOA was established by leading Hungarian and multinational companies in 2005 to promote and support activities in the business services sector. Based on its strategy, HOA has started in 2018 its 3 workgroups to support the represented sectors with dedicated task forces delegated by our members. The main focus is on Industry Branding (to promote and improve the awareness regarding the industry at all levels of the national economy and education), Education (to develop vocational training and a 3-level university curriculum specialized in business services), RPA/Automation (to provide Hungary with a leading role in the region regarding smart process automation solutions).

Norbert Fogarasi
General Manager
Morgan Stanley Budapest

“Morgan Stanley’s Budapest office has been an important technology, finance and business center for the Firm since its opening in 2006. Having opened our office in Hungary with just a few employees, today we take pride in the diversity and quality of our workforce. When Morgan Stanley moved to Hungary, above anything else the Firm was attracted by the highly skilled workforce and outstanding talent. The past 12 years have proven that we made a good decision bringing this center to Budapest. Morgan Stanley’s Budapest office is closely linked to the company’s global network through technology and as a financial & risk analysis center complemented by other important business services. We are committed to building on our strong foundation and are proud of the important role the Budapest office plays in Morgan Stanley’s global operations.”
BSCs in Hungary

Source: HIPA Database, February, 2018

- 1991: IBM
- 1992: Accenture
- 1993: HP/DXC Technology
- 1994: Sykes
- 1995: AVIS
- 1996: ExxonMobil
- 1997: Morgan Stanley
- 1998: KPMG
- 1999: Roche
- 2000: Unisys
- 2001: BP
- 2002: Unilever
- 2003: Ecolab
- 2004: Cognizant
- 2005: TetraPak
- 2006: Grundfos
- 2007: Unicef
- 2008: BlackRock
- 2009: adidas
- 2010: Siemens
- 2011: Exxion
- 2012: Mckinsey
- 2013: Nokia
- 2014: IBM
- 2015: Siemens
- 2016: Citigroup
- 2017: Diageo
- 2018: Accenture

* Source: HIPA Database, February, 2018
Hungarian universities appear in the QS World University Rankings® 2018 (which is one of the most widely read university comparisons listing the world’s top 959 universities).

**ACADEMIC YEAR**
**2016/2017**

**NO. OF INSTITUTIONS**
65

**total number of students**
287,018
of which **205,560**
are fulltime

**TERTIARY EDUCATION IN HUNGARY**

"Citi was among the first international companies to establish a Service Center in Hungary in 2005 and today ours is one of the largest Service Center employers in the country. Budapest is one of the key strategic sites for Citi to grow, where currently around 2,000 employees are providing services in various areas of Technology, Operations, Finance, and Risk & Control for Citi-entities in 54 countries in EMEA and 97 countries globally. The functions include a number of high value added jobs that require special skillsets, such as technology engineering, quantum mathematics, physics, other IT specialties, and the availability of highly skilled multilingual talent pool, in addition to the well-developed infrastructure and competitive cost environment were among the key factors contributing to Citi’s decision to bring these functions to Budapest."

Jane Ellis
Managing Director
Citi Service Center Budapest Site Head
“Building and running a successful and sustainably growing enterprise is facilitated by a variety of factors from a firm financial and legal environment through a growth-friendly tax system till the abundant supply of skilled workforce. You’ll find all of those factors in Hungary, but you’ll find something on top of those too. Ambition. The ambition of a young generation from Budapest to Debrecen and from Szeged to Pécs (locations of ITSH service centers) to know more and achieve more in their professional lives. Ambition can be a driver in every industry, but it is like oxygen for an industry that exists in permanent innovation: the ICT industry. Innovation is fueled by ambition. By the ambition of people, young and experienced professionals. This mentality is ubiquitous in the Hungarian STEM sector and – along with the unique geopolitical position of the country – can serve as the foundation of Hungary’s leading role in the economy of Central Europe.”
Regarding our talent pool, altogether 287,018 students were enrolled in 65 institutions of higher education in the 2016/2017 academic year. Business and Administration students are the largest single group, numbering 49,810, but Engineering and IT are also popular fields of education.

In the last 10 years, BT’s establishment in Hungary has become one of the biggest and most complex service centres in the country as well as among BT’s strategic headquarters. Our centre provides services in 20 distinct languages in the fields of partner management, finance, business administration for BT’s subsidiaries and high value add technology functions such as network and service design. The benefits of the Hungarian investment environment, great location and talented Hungarian workforce enabled us to have on-board more than 2000 colleagues in our offices nowadays.

Zoltan Szabo
BT (British Telecommunications),
Regional Operational Centre Hungary
According to BSC employers Hungarian graduates are motivated, loyal, and talented individuals with considerable problem solving skills. In the academic year 2016/2017, over 50,000 full-time students learnt 36 different foreign languages in universities or colleges. The most common languages taught at universities are English, German, French, Spanish, and Russian, but more rare or exotic languages such as Swedish, Norwegian, Finnish, Dutch, Japanese, Chinese, Portuguese and Arabic are also taught. All tertiary education degrees include at least one foreign language certificate and computer skills.

High level language skills are indispensable for successful BSCs and BPOs. Young Hungarians understand that in order to get ahead in today’s Europe, linguistic skills are essential. In the school year 2015/2016, 559,272 Hungarian primary school students and 495,701 secondary school students were learning foreign languages, mostly English and German. Hungary has approximately 200 bilingual primary and secondary educational institutions, where over 40,000 young Hungarians study mainly in English, German, French, Italian, Spanish, Russian and Chinese.

Since Hungary’s entry into the EU, there has been a growing number of native language speakers at our universities, and an increasing number of Hungarians study abroad. Since 1997, Hungary has been part of Erasmus, the EU’s largest and most successful mobility program. Hungary is also an active participant in the Life Long Learning program, which helps to provide international internships for students.

Languages spoken in the Hungarian BSCs

According to BSC employers Hungarian graduates are motivated, loyal, and talented individuals with considerable problem solving skills. In the academic year 2016/2017, over 50,000 full-time students learnt 36 different foreign languages in universities or colleges. The most common languages taught at universities are English, German, French, Spanish, and Russian, but more rare or exotic languages such as Swedish, Norwegian, Finnish, Dutch, Japanese, Chinese, Portuguese and Arabic are also taught. All tertiary education degrees include at least one foreign language certificate and computer skills.
You can make the most of the country’s strategic location: easy access to both Western and Eastern European countries from the heart of the continent.

Hungary is within two hours by air from most major European capitals, and provides a key link between Europe and the rapidly expanding markets of the East. The 6 hour time difference from New York and the 7 hour time difference from Tokyo enable BSCs to provide services to the East and West simultaneously.

“Since the opening of Eaton’s Business Service Centre (BSC) in Budapest in 2015, the team has grown to over 500 employees. This team now covers more than 20 different value add services such as customer technical support, HR and Finance, for the Europe, Middle East and Africa region. I believe that Hungary and in particular Budapest, has proved that it has the right talent and location for us to develop the scale needed for our business. I’m really proud of all of my entrepreneurial and diverse colleagues as together we are able to focus on making what matters work for all our internal and external customers and are building a BSC and function that is a best practice in our industry.”

Csaba Szende
Eaton EMEA BSC
Managing Director
In terms of offices, there is over 3.41 million sqm of modern office space in the Hungarian capital, making Budapest the second largest office market in CEE.

Until very recently, the city was dotted with construction sites; some 295,334 sqm office space was built in the last four years, while further 560,000 sqm of new supply is anticipated in Budapest by 2019. Consequently, compared to many Western European cities, the capital’s office stock is relatively new. In terms of quality, Budapest does not differ greatly from its Western European peers as most buildings were constructed to internationally accepted German and US standards.

Potential tenants have considerable opportunities, with 250,460sqm – 7.3% (2018 Q1) of the total office space – currently available. Cost-conscious solutions in newly built properties, as well as effective lay-outs and close-to-city locations are particularly popular with BSCs.

According to Cushman & Wakefield’s database, Hungary has one of the lowest rental prices in Category A (EUR 16/sqm/month) in the region.
YOU CAN COUNT ON THE QUALITY LABOUR FORCE ACROSS HUNGARY

“BP has been present in Hungary for over 15 years and we opened our shared service centre in Budapest in 2009. Since then, our centre has grown from strength to strength. It is a core part of BP’s business and employs more than 2,100 people now. Last year we expanded our operations to a second location – Szeged, where we are already employing around 300 people. Our people are key to our success – we aim to deliver service excellence and create value for BP’s entities in Europe and across the globe.

Our global business service centres carry out a variety of business activities for BP, including: financial reporting and accounting, procurement, tax, human resources, customer services and supporting commodity trading. With the expansion to Szeged, our operations in Hungary will become our largest service delivery location within BP.”

As for the emerging Tier-2 cities, after two decades of experience, Hungary is considered a mature and effective location for BSCs. Whilst the majority are located in Budapest, more and more companies are looking to larger towns with universities. Outside the capital, the most popular locations are: Debrecen, Miskolc, Nyíregyháza, Pécs, Szeged, Székesfehérvár.

Apart from abundant and skilled labour force, choosing a Tier-2 city could potentially mean more government incentives as well.
Before you make a decision, we offer you:

- Meetings with HR & real estate agencies, law firms and other consultants based on your needs.
- Tailor-made incentive offers and information packages on the business environment, labour market, tax regulations, etc.
- Location search & evaluation + site visits.
- Reference visits at companies that are already established in Hungary.
- Assistance with your incentive application.

After you have chosen Hungary, please contact us:

- We are open to your feedback and offer mediation between government and business based on your inputs.
- We support your further expansion and plans.

Address: 1055 Budapest, Honvéd utca 20.
Customer service: investment@hipa.hu
Telephone: +36 1 872 6520
Web: www.hipa.hu
As a member of the European Union, Hungary’s regulations on incentive opportunities are in accordance with the EU rules. One of Hungary’s competitive advantages over other countries in the region is the Government’s strong commitment to increase the competitiveness of SMEs and large enterprises in Hungary. Alongside the regulatory tools that contribute to the competitive business environment of local companies, Hungary offers wide-ranging incentives to facilitate foreign direct investments and reinvestments by local enterprises. Subsidies may be granted as regional aid or specific aid, such as R&D subsidies.

Regional grants are the most typical forms of incentives for greenfield / brownfield investments or reinvestments. The maximum amount of regional incentive is shown on the regional aid intensity map. The map above illustrates that regional aid available for investment for a large enterprise may be up to 50% of the eligible costs of the investment, depending on the region. For investments not exceeding EUR 50 million, the maximum intensity ratio can be increased by 10 percent for medium-sized and by 20 percent for small enterprises.

The maximum available aid intensity decreases if the investment is a large investment (exceeding EUR 50 million): 50% of the maximum aid intensity determined in the regional aid map is available for investment between EUR 50 and EUR 100 million, with 34% of the maximum aid intensity for investment over EUR 100 million.

For information on up-to-date and individual incentive packages please contact HIPA directly.

VIP CASH GRANT MAY BE AVAILABLE IN CASE OF CREATING 50 NEW JOBS

CASH SUBSIDIES for investments, training, job creation and R&D

TAX INCENTIVES reduction of corporate tax, social tax, or for encouraging R&D activities...

LOW-INTEREST LOANS

THESE INCENTIVES INCLUDE, BUT ARE NOT LIMITED TO

HIPA INCENTIVES OVERVIEW

GOVERNMENT INCENTIVES

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