SARIO
SLOVAK INVESTMENT AND
TRADE DEVELOPMENT AGENCY

GOOD
IDEA
SLOVAKIA

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Information & Communication Technology Sector in **SLOVAKIA**

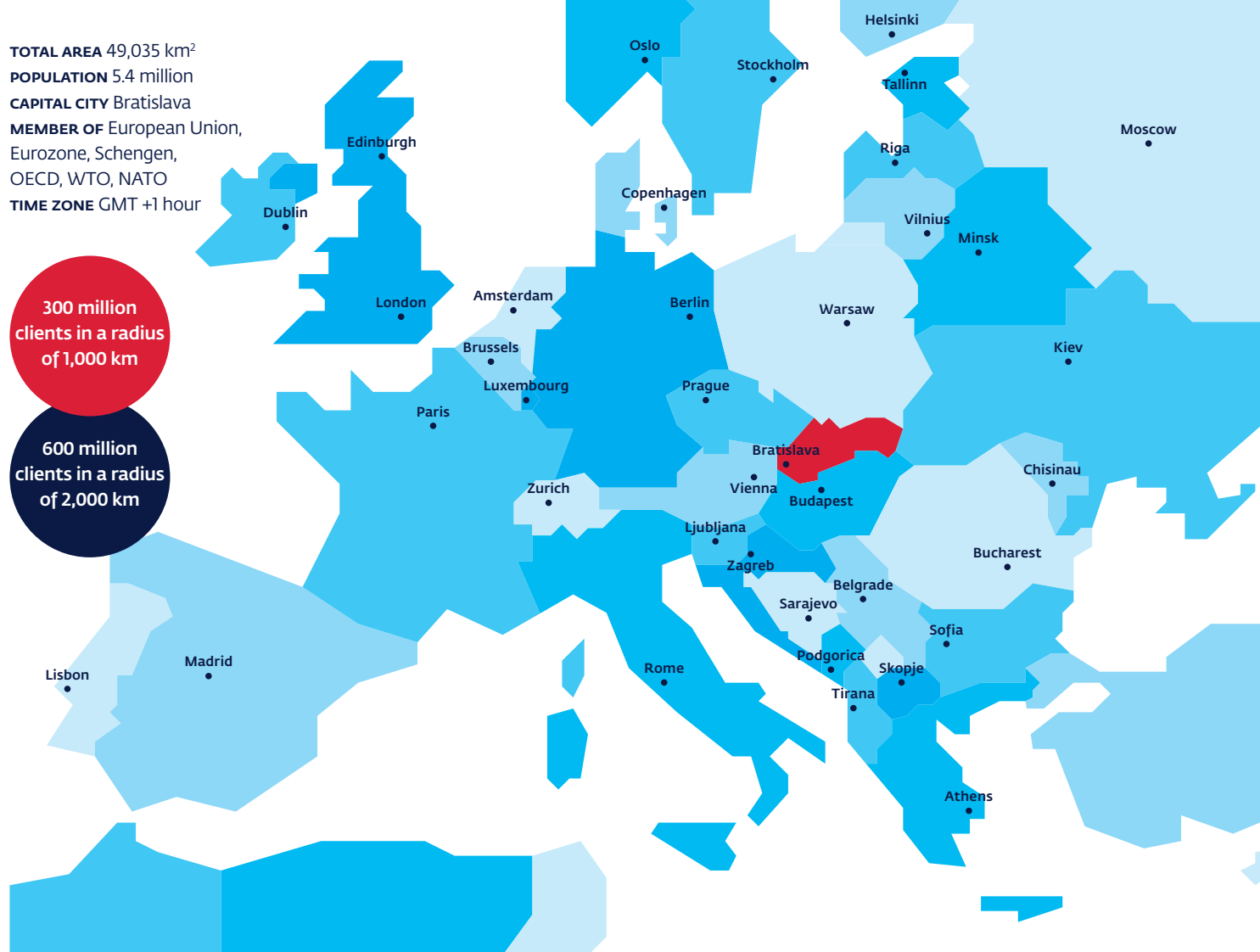# Information & Communication Technology Sector in Slovakia

The purpose of this publication is to introduce Slovakia's dynamically expanding Information & Communication Technology (ICT) sector — activities especially related to telecommunication, computer programming or internet information services and present why Slovakia is an outstanding destination for setting up ICT businesses.

TOTAL AREA 49,035 km^2
POPULATION 5.4 million
CAPITAL CITY Bratislava
MEMBER OF European Union, Eurozone, Schengen, OECD, WTO, NATO
TIME ZONE GMT +1 hour

300 million clients in a radius of 1,000 km

600 million clients in a radius of 2,000 km

Helsinki
Oslo
Stockholm
Tallinn
Moscow
Riga
Edinburgh
Copenhagen
Vilnius
Minsk
Dublin
Amsterdam
Berlin
Warsaw
London
Kiev
Brussels
Luxembourg
Prague
Paris
Bratislava
Chisinau
Zurich
Vienna
Budapest
Ljubljana
Bucharest
Zagreb
Belgrade
Sarajevo
Sofia
Podgorica
Skopje
Madrid
Rome
Tirana
Lisbon
Athens

ICT in Slovakia
at a Glance

The ICT sector plays an important role in the Slovak economy and has significant potential for the growth of the country's GDP. Due to a favorable combination of business advantages Slovakia has become an attractive destination for ICT investors.

4.6%

ICT's contribution to Slovakia's GDP
Significant footprint in the Slovak economy

2.9%

ICT share in the total employment
The sector creates more than 60 000 job opportunities

+47%

Growing employment in the ICT sector
The total number of employees in the sector grew by 47% between 2008 and 2017

50 THS. EUR

Value added per employee
The value added per employee of TOP 100 IT companies ranked by revenue reaches over 50 ths. EUR

3rd

Online security
Slovakia belongs to the top 3 countries with the lowest reported online security problems (13%)

Top Reasons to Establish an ICT Company in Slovakia

1 Adaptable, educated and cost-effective workforce

2 Highest labour productivity in the region

3 Well-developed ICT institutional network

4 High quality data & network coverage

5 Strategic geographical location and time zonation

6 Political & economic stability

7 Euro currency as one of the few in CEE

8 Special tax regime for intellectual property revenues (patent box)

9 Additional tax deduction for R&D expenses up to 100% (from 2018)

10 Attractive investment incentives for the ICT sector

Qualified Labour Force

The Slovak labour force is perceived by foreign investors as educated, motivated, adaptable to culturally different management styles with great multilingual competences and very positive attitude to work habits.

LANGUAGE COMPETENCES

80% of Slovaks speak at least one other language than their mother tongue. Multilingualism is praised also the among young generation. Students learn at least one foreign language already at primary school and pursue these studies at higher levels.
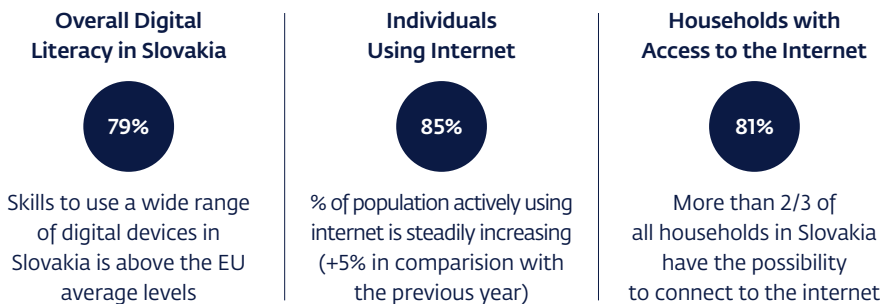
The Most Common Foreign Languages Taught at Slovak Secondary Schools
% of all students learning foreign languages

93%	42%	12%	4%
English	German	Russian	Spanish

Source: The Institute for Information & Prognosis in Education, 2017, SARIO calculations

ICT COMPETENCES

ICT technologies became an integrated part of the daily life in Slovakia. Their role continues to grow which is reflected by steadily raising adaptability of the Slovak population to ICT technologies.

Overall Digital Literacy in Slovakia	Individuals Using Internet	Households with Access to the Internet
79%	85%	81%
Skills to use a wide range of digital devices in Slovakia is above the EU average levels	% of population actively using internet is steadily increasing (+5% in comparision with the previous year)	More than 2/3 of all households in Slovakia have the possibility to connect to the internet

Source: Institute for Public Affairs, 2015, The Global Competitiveness Report 2016—2017, Eurostat, 2016

Education in Slovakia

Programs including ICT studies are becoming more and more popular & sought after by young generation. Companies can find qualified future employees at

7 ICT Faculties of 6 Slovak Universities

10,493

in study fields including ICT studies

2,989

in study fields including ICT studies

Source: Institute of Education Information & Prognosis of Slovakia for the Academic year 2016/2017 (students) and 2016 (graduates)

DUAL EDUCATION

As a pioneer in this field, since the academic year 2013/2014 T-Systems implements ICT dual education initiative where students receive 70% of practical education.

Average Gross Monthly Salary

Although salaries in the ICT sector are above the Slovak average, in comparison with the rest of the Western EU countries they remain significantly lower and still competitive in the CEE region.

Differences in salaries occur also on a regional level in Slovakia allowing the investors to explore regions outside the main hubs.

AVERAGE GROSS MONTHLY SALARY IN EUR (SELECTED POSITIONS)

AREA	POSITION	BRATISLAVA		KOŠICE		OTHER REGIONS	
		MIN	MAX	MIN	MAX	MIN	MAX
Technical Support	Technical Support Team Leader	2 000	2 000	1 700	2 000	1 700	2 000
	Technical Support Level 1	1 200	1 400	900	1 200	800	1 000
SW Development	SW Technical Lead	3 500	4 500	3 000	4 000	2 800	3 500
	Architect	3 000	3 500	2 800	3 400	2 800	3 200
	SW Engineer (C++, .Net, Java, Javascript), 1—3 years experience	1 400	2 200	1 300	2 000	1 300	1 800
	SW Engineer (C++, .Net, Java, Javascript), 3 and more years experience	2 200	3 000	2 000	2 800	1 800	2 500
IT Consulting	Business Analyst (more than 3 years of experience)	1 800	2 300	1 600	2 200	1 400	1 900
	BI Consultant	2 500	3 000	2 200	2 800	2 000	2 600
	ERP Consultant	2 500	3 200	2 200	2 800	2 000	2 500
	ERP Developer	1 600	2 700	1 500	2 500	1 200	2 200
Other	Network Engineer (3—5 years experience)	1 800	2 400	1 500	2 200	1 500	2 100
	Linux System Adiministrator	1 600	2 100	1 400	1 800	1 300	1 600
	Window Administrator	1 500	2 000	1 400	1 800	1 300	1 600

Source: Grafton Recruitment Slovakia, 2017

ICT Companies in Slovakia

the Information & Communication Technology sector has a solid position in the Slovak economy that is demonstrated by the presence of foreign owned companies as well as strong domestic companies.

TOP ICT EMPLOYERS — IT & Telecommunication Service (TS) Providers in Slovakia

COMPANY NAME	COUNTRY ORIGIN	FIELD	HQ	EMPLOYEES
T-Systems Slovakia	Germany	IT	Košice	3 801
Slovak Telekom	Germany	TS	Bratislava	3 317
Enterprise Services Slovakia	United States	IT	Bratislava	1 741
Asseco Central Europe	Slovakia	IT	Bratislava	1 616
Orange Slovensko	France	TS	Bratislava	1 113
Accenture	Ireland	IT	Bratislava	914
Soitron Group	Slovakia	IT	Bratislava	728
IBM Slovensko	United States	IT	Bratislava	702
O2 Slovakia	Czech Republic	TS	Bratislava	604
Eset	Slovakia	IT	Bratislava	583
Ness KE	Israel	IT	Košice	420
Uniqa Group Service Center Slovakia	Austria	IT	Nitra	416
Atos	France	IT	Bratislava	304
Tempest	Slovakia	IT	Bratislava	279
Gratex International	Germany	IT	Bratislava	278
PosAm	Germany	IT	Bratislava	260
Slovanet	Slovakia	TS	Bratislava	254
Datalan	Slovakia	IT	Bratislava	251

Source: Top Trend 2017

4 Slovak IT companies in Technology Fast 500 2016 EMEA

RANKING POSITIONS IN TOP 500 FASTEST GROWING COMPANIES IN THE EMEA REGION

49

JUMP Soft
Cloud based database, transaction & business intelligence solutions

124

Studio 727
Focus on filmaking, visual effects, 3D and digitalization

236

Aliter Technologies
Developer and consulting company in ICT and solutions integration

303

BSP Applications
Services, new technologies and tailor-made IT Solutions

Source: Deloitte, 2016

SYGIC
Developer of GPS navigation software for mobile devices and solutions for businesses. First ever GPS navigation app to work with Ford Motor Company.

Notable Slovak Patents

Did you know that a Slovak company stands behind numerous globally well-known products? Here are some examples of successful Slovak brands.

ESET
Protects users in 180 countries
Global leader in security software development including award winning NOD32® Antivirus

RESCO
One of the global leaders in developing cross-platform mobile software solutions
Resco Cloud solution is the ultimate tool for offline access to data, interactive maps for businesses & more

SOITRON
Soitron developed a system for intelligent police cars
Developer of IT solutions from integrated communication systems to mobile police units

PIXEL FEDERATION
Games by Pixel Federation are played on the most popular social media
Development of browser–based and mobile games

SLI.DO
Currently used on average at 600 events in U.S. per week
Application allows presenters directstreaming and participants to ask questions during public events

INNOVATRICS
Wide range of application — from attendance system to presidential elections
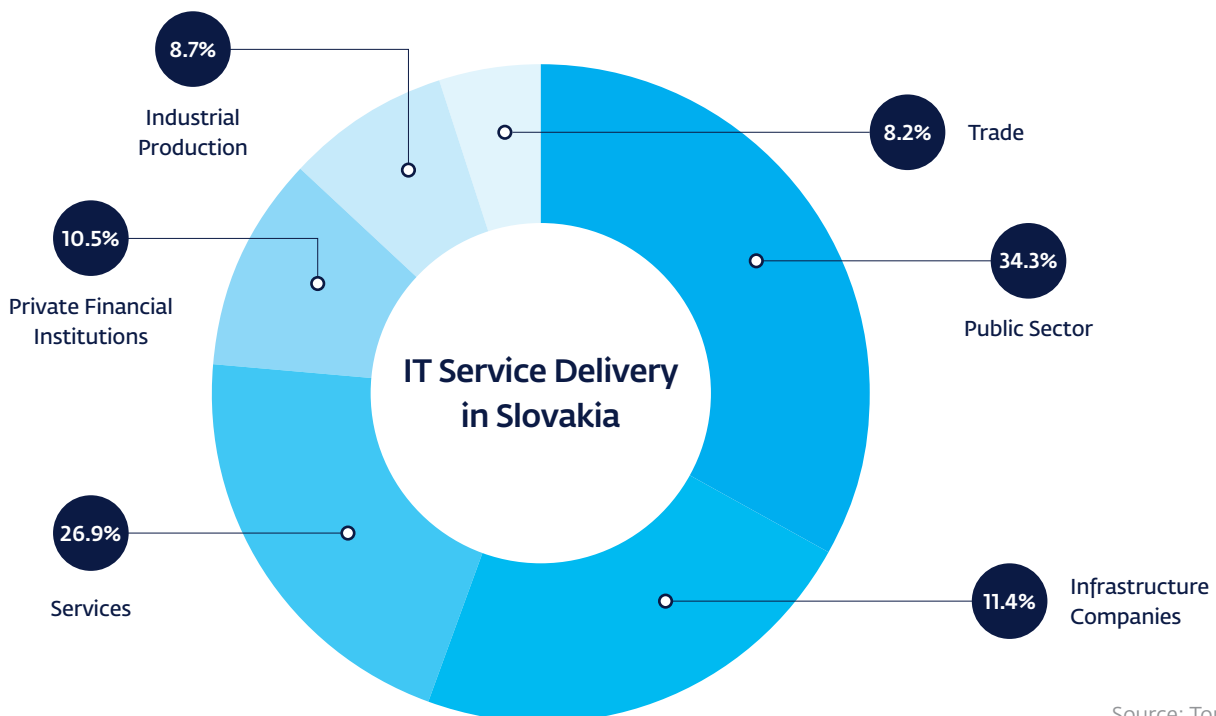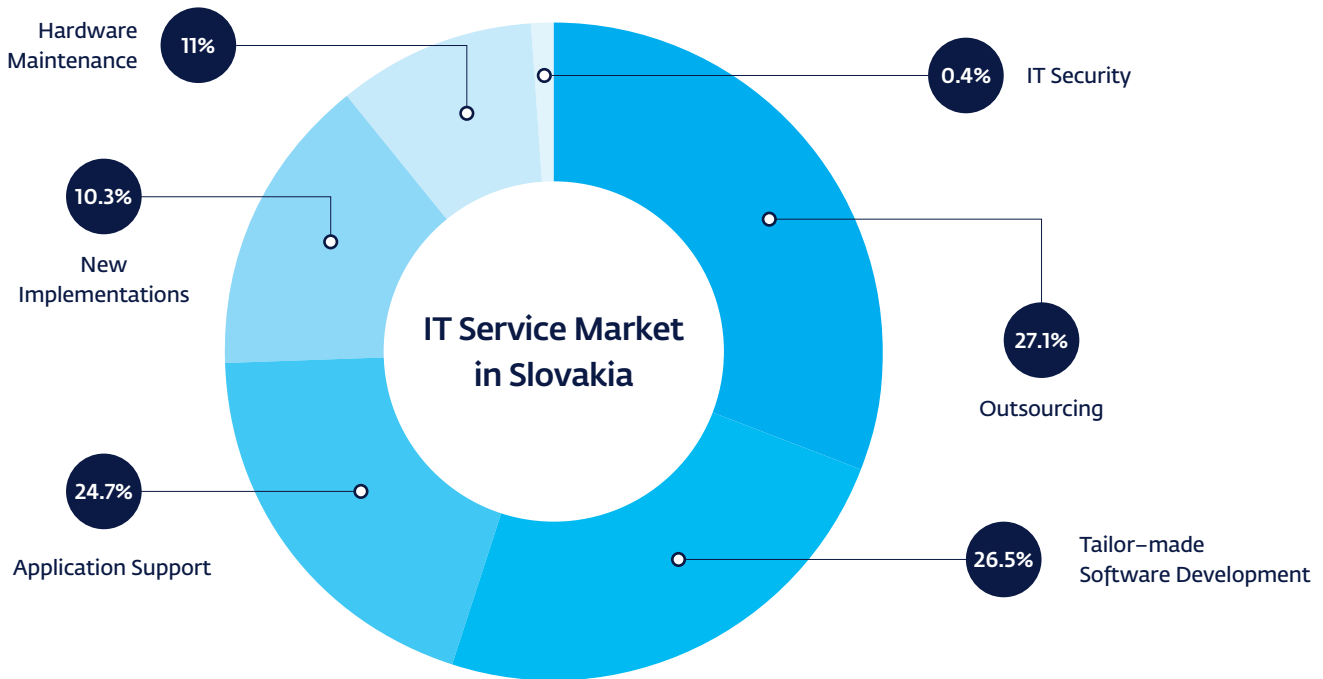Biometric Software for identity management based on fingerprint and face recognition technology

Inside the Slovak ICT Market

The majority of IT services in Slovakia are provided by outsourcing centers and software houses. From the prospective of IT customers, the largest share of the segment is represented by the public sector.

DIVERSIFICATION OF TELECOMMUNICATION SEGMENT
Traditional activities of telecommunication operators are gradually expanding beyond mere provision of telecommunication services. Builiding a diversified portfolio enriched by internet sales or IT services, such as data centers or sofware houses, is becoming an integrated part of their business.

IT Service Market in Slovakia

- 11% Hardware Maintenance
- 10.3% New Implementations
- 24.7% Application Support
- 0.4% IT Security
- 27.1% Outsourcing
- 26.5% Tailor–made Software Development

IT Service Delivery in Slovakia

- 8.7% Industrial Production
- 10.5% Private Financial Institutions
- 26.9% Services
- 8.2% Trade
- 34.3% Public Sector
- 11.4% Infrastructure Companies

Source: Top Trend, 2017

ICT Supporting Platforms

ZAICT

Košice
IT Valley

ITAS

Žilina

Prešov

Trenčín

Košice

Banská
Bystrica

Trnava

**Clusters &
Associations**

Nitra

Bratislava

IT ASOCIÁCIA SLOVENSKA

košice
IT VALLEY
association

ZAICT
IKT KLASTER

ITAS
- headquartered in Bratislava
- established in 1999
- Slovak association of 90 ICT companies representing about 80% of the Slovak IT market
- members employ more than 25 000 people Association of 90 companies

ITAS runs several projects including:
- Digital transformation — interlinking the ICT sector with other Slovak industries
- Support of educational initiatives at all levels — from academic programs to requalification
- IT Testing — verification of IT skills among population in Slovakia

KOŠICE IT VALLEY
- headquartered in Košice
- established in 2007
- Slovak association of 56 members and sympathizers, including the private, public and academic sector

Activities of Košice IT Valley are carried out in Eastern Slovakia:
- over the years focus on education stays as one of the priorities, but scope of the cluster itself has gone beyond
- innovations, research & development, support of collaboration within the cluster and support of investments become an integral part of the cluster

ZAICT
- headquartered in Žilina
- established in 2008
- Slovak association of 12 members including private, public and academic sector
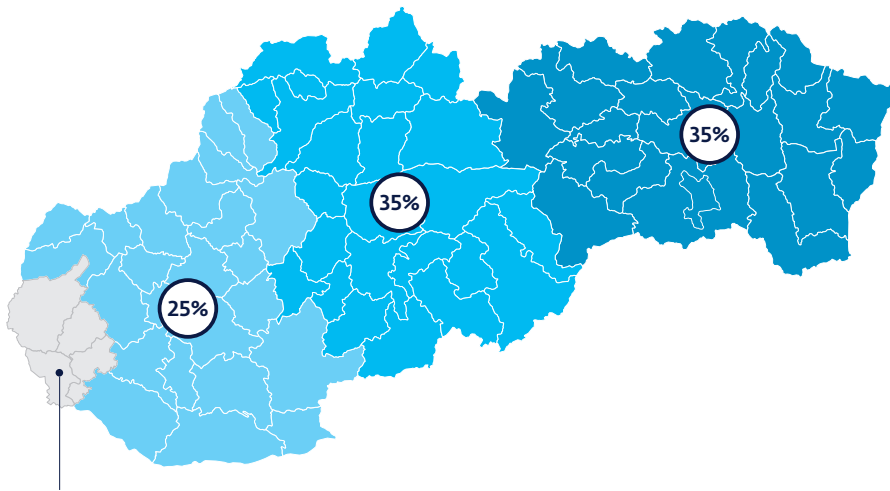
ZAICT activities that are mainly in the Žilina region at:
- interconnection of private sector and R&D institutions
- supporting lectures of ICT companies at secondary schools
- offering educational programs and organizing school camps for raising IT skills

Investment Incentives

The primary role of the investment incentives is to motivate investors to place their new projects in regions with higher unemployment and to attract projects with higher added value. The positive impact of a new investment shall be proved by job creation, improved chances for the graduates to get a job, as well as by creation of new entrepreneurial opportunities for local companies.

MAXIMUM REGIONAL INTENSITIES OF INVESTMENT AID IN SLOVAKIA

for SMEs additional 10 to 20 %

35%

35%

25%

Bratislava region excluded

INDUSTRY
Minimum investment amount, number of newly created jobs and share of new technology are subject to the unemployment rate in the selected district and forms of aid required.

If applying for income tax relief, the following criteria have to be met in regards to particular districts category:
- 6 mil. EUR and 60% share of new technology
- 3 mil. EUR and 50% share of new technology
- 1,5 mil. EUR and 40% share of new technology
- 0,2 mil. EUR and 30% share of new technology
- Expansion includes minimum increase in the production volume or turnover by at least 15%.

Other forms of aid are subject to different requirements.

TECHNOLOGY CENTERS
- Minimum investment of 200 ths. EUR on fixed assets in all regions
- Minimum of 20 newly created jobs
- Minimum 1,7 fold of average salary in the district paid to new employees

SHARED SERVICES CENTERS
- Minimum of 50 newly created jobs
- Min 1,5 fold of average salary in the district paid to new employees

*Conditions differ for projects from 'Priority areas'. Please contact us at invest@sario.sk for more information.

ELIGIBLE PROJECTS
The Act on Investment Aid divides the projects which may be supported into four categories:
- Industry
- Technology Centers
- Combined Projects of Industrial Production and Technology Center
- Shared Services Centers

ELIGIBLE COSTS
- Costs of land acquisition
- Costs of buildings acquisition & construction
- Costs of new technological equipment and machinery acquisition
- Intangible long-term assets — licences, patents, etc.
- Rent of new land/building

OR
- Wage costs of new employees for the period of 2 years

FORMS OF INVESTMENT INCENTIVES
- Tax relief
- Cash grant
- Contributions for the newly created jobs
- Rent/Sale of real estate for a discounted price

SARIO Profile

Slovak Investment and Trade Development Agency (SARIO) is a governmental investment and trade promotion agency of the Slovak Republic. The agency was established in 2001 and it operates under the Ministry of Economy of the SR.

INVESTMENT SERVICES

SERVICES FOR POTENTIAL INVESTORS

- Investment environment overview
- Assistance with investment projects implementation
- Starting a business consultancy
- Sector and regional analyses
- Investment incentives consultancy
- Site location and suitable real estate consultancy

SERVICES FOR ESTABLISHED INVESTORS

- Identification of local suppliers, service providers
- Assistance with expansion preparation and execution
- Relocation assistance, work/stay permits
- Support of innovation and R&D activities
- Social networking

FOREIGN TRADE SERVICES

IF YOU ARE LOOKING FOR

- Slovak supplier or subcontractor
- Information about Slovak export/trade environment
- Sourcing opportunities
- Forming a joint venture, production cooperation or other forms of partnership with a Slovak partner

SERVICES FOR EXPORTERS

- Information on foreign territories
- Customized search for foreign partners
- On-line database of business opportunities
- Export Training Centre
- Subcontracting assistance

INNOVATION SUPPORT

- Support activities for development and popularization of Slovak innovations and R&D environment
- Establishment of relations with domestic and foreign well–established innovative companies
- Interconnection of Slovak R&D capacities with industrial production and investors' needs in order to transfer leading innovative technology processes closer to production praxis
- Encouragement for foreign investors to bring investments with substantial R&D components to the SR
- Ecosystem analysis of local investment opportunities as well as domestic and foreign investors in order to support acquisitions and joint ventures projects
- Specific information from the field, in order to obtain capital and foreign markets penetration

494

number of SARIO investment projects from 2002 — 2016

19

number of SARIO investment projects in ICT sector 2002 — 2016

AIM Investment Awards Dubai 2017

1

CEE & TURKEY REGION
Best Investment Promotion Agency in 2016

ALL OUR SERVICES ARE FREE OF CHARGE!

SARIO IS YOUR ONE STOP SHOP FOR INVESTMENT & TRADE IN SLOVAKIA.
TALK TO US TODAY!

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