



Nearshoring to Bucharest: Say 'Salut'

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Besides multilingual services capabilities, Bucharesters inherit strong mathematical and analytical skills. This is what makes the city an adorable outsourcing location, not only to the companies that operate in the same time zone, but also to the ones several miles away.

Once called "Little Paris," Bucharest is the capital of Romania, and is known for its extravagant architectures and contemporary high life. With favorable business conditions and excellent transportation facilities, the city differentiates itself as one of the wealthiest Eastern European urban areas.

One of the biggest advantages of this city is its proximity to the world's second largest outsourcing services buyer base in Western Europe.

According to Central and Eastern European Outsourcing Association (CEEEOA)'s 2008 CEE Review report, there were 580 domestic and international IT outsourcing companies in Romania in 2008, with 12,000 IT employees working for the industry. These include companies such as Accenture BPO, Genpact, Ness Technologies, Luxoft, Perot System, TechTeam, Unisys, Wipro, and WNS, to name a few.

However, higher wage rate makes Bucharest an expensive choice: a techie in Romania earns between USD 28,510 and USD 57,450 per annum approximately, according to CEEEOA. And the industry feels that too much attention from established players who continue to consolidate presence in Bucharest may put a pressure on salary levels.

When the Michigan-headquartered IT-services company TechTeam needed a platform to expand its team quickly with top talent, it started Bucharest operations in 1998. Today, the company that provides technical design, software architecture, development and on-going maintenance for its customers' products has over 160 developers operating out of Bucharest.

"We were looking for a combination of attractive costs plus technical expertise set in a time zone as close as possible to European Standard Time. In time, TechTeam considered many other locations to expand on our existing Romanian capabilities (for example, India, the Ukraine, Bulgaria) – each of these being very competitive locations in their turn, but we could not find the right mix of technical abilities and pro-activeness, which is characteristic of our business," revealed the company's Business Development Manager Mihai-Daniel POPA. "Most of our customers are based in Switzerland, the U.K., Netherlands and other Western European locations, since time difference with these countries (1 to 2 hours) works to their advantage (and ours)."

Bucharest's multilingual outsourcing capabilities are already one of the popular ones among the buyers of outsourcing services. "Proficiency in English and French, but also German,



coupled with minimal cultural differences from Western Europe, make communication very smooth. What is characteristic of Bucharest, and Romania in general, is that its people have the East European frankness of telling whether something can be done or not, but at the same time manage to do that in a constructive way related to the client's bigger picture," said the spokesperson from TechTeam, which provides services in over 25 languages globally.

To promote the outsourcing services in the city and other Eastern European outsourcing service providers, many associations are being formed, and many have been working for the betterment of the industry for ages. Some of the known names in the sector are Central and Eastern European Outsourcing Association (CEEEOA), Human Resource Outsourcing Association Europe (HROAE), Information Technology and Communication Association of Romania, Romanian Association of Electronic and Software Industry, Employers Association of Software and Services Industry, and Ministry of Communication and Information Technology.

Bucharest's educational structure is inclined towards mathematics and physics. This is why the city has one of the strongest ICT educational institutions such as University of Bucharest and Politehnica University of Bucharest. There are other institutions as well that offer technical degrees. Academy of Economic Studies is one of those names.

According to the 2007 figures of The Information Technology and Communications Association of Romania, "Every year 5,000 graduates leave the universities for the ICT industry or education system. On per capita basis, Romania has more IT graduates than the U.S., Russia, India or China. These people have language skills as a result of a traditional good foreign languages education in universities." The city also lures talent from other countries, like the Republic of Moldova.

With two international airports (Henri Coanda International Airport (OTP) and Baneasa Airport), the city has direct flights between Bucharest and all the major European cities (average flight duration is 2.5 hours, maximum is 3.5 hours). Transportation network (metros, trams, buses, taxis, and fleet facilities) in the city is one of the largest in Romania. Interestingly, there are many international trains from Bucharest to other Western European cities including Athena, Belgrade, Istanbul, Kiev, Moscow, Prague, Sofia, and Vienna, and vice versa. At the same time, Bucharest is well connected with other Eastern European cities through the country's robust train network. It facilitates frequent and face-to-face meetings between nearshore outsourcing service providers and customers from Western Europe

Besides, NATO-grade geopolitical stability and EU-grade Intellectual Property protection make Bucharest one of the most attractive nearshore outsourcing cities in Eastern Europe.

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