

# Scotland

The Premier Shared Services  
and Outsourcing Location

# Scotland has the skill-sets to enable your Shared Services success

Foreign corporations entering Europe over the past decades have traditionally gone through a series of phases in building their infrastructure to serve individual country markets and the region as a whole.

Initial entry has often been through sales offices in the largest economies at first, followed by migration to full-service capabilities and development of more granular local presence in more and more of the European markets, ultimately leading to the establishment of a centralised pan-European Headquarters to manage the region.

Leading firms are now focused on capturing the efficiencies of centralising some of their non-core or back-office functions in a single shared service centre, often in a convenient but cost-efficient location within the region.

Today's Shared Service Centres are more than just a cost focused initiative around the company's transactional activities but are part of a broader strategy to strengthen a company's competitive advantage through the incorporation of value-add functions. Scotland in particular is recognised as an excellent location for such Value-add Shared Service Centres as reflected by the choice of many market leading companies to locate their Shared Service Centre in Scotland.

*"It is not just the private sector that seeks the services of a shared service centre. Over 80% of Scotland's public sector organisations spanning local authorities, health boards, government bodies and agencies have at least one shared service agreement in place.*

*With companies which command significant market presence including BAA, Shell, Morgan Stanley, Heineken, Diageo, and BNP Paribas choosing Scotland as the best location for shared services operations, we are continuing to develop a hub of excellence in Scotland, for this business critical function."*

Jim Mather  
Former Scottish  
Government Minister  
for Enterprise, Energy  
and Tourism



## Why the big names are heading here – and staying

For today's large companies and organisations, taking care of key administrative and financial functions under one roof is a necessity. Despite that, finding a quality shared service centre capability you trust can be a challenge. Fortunately, since welcoming manufacturing giant Eaton in 1997, Scotland's shared service reputation has grown, year on year.

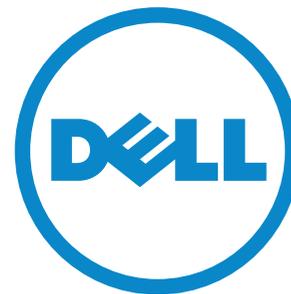
Scotland now boasts an impressive track record and equally impressive roster of clients who have established world-leading shared services operations here. They include BAA, Shell, IBM, Morgan Stanley, Iron Mountain, Sky and Diageo, all attracted by Scotland's reputation as a thriving pan-European service centre hub. A hub that today services a huge range of global markets – from Central and South America to the Asia Pacific region and beyond.

**The Eaton Corporation** was the first company to benefit from Scotland's potential in this sector. Based in Glasgow, Eaton's European Shared Services Centre provides internal financial and IT support to 19 countries in 14 different languages.

**IBM** set up a pan-European technical helpline centre in Greenock. The centre serves customers in 25 countries covering 23 languages and employs over 1,950 people at the Scottish site.

Glasgow's City Park is home to **Dell's** second largest business interest outside the US, offering customer sales and support.

# Morgan Stanley



**BNP PARIBAS**



# Scotland's Competitive Advantage

## Why should you choose Scotland for your Shared Services operation?

- Internationally recognised as a Shared Services Centre location
- Critical mass and expertise
- Low risk option
- World-class reference sites
- One of lowest tax rates in the European Union
- High quality of staff/lower cost
- Lower staff turnover
- High quality property/lower cost
- Lower overheads
- Extensive broadband telecommunications
- Excellent quality of life



## Key Facts

- Financial services is a major employer in Scotland, employing nearly 96,000 people directly and over 70,000 through support companies. More generally, financial and business services accounted for just under 359,000 employee jobs, or 15% of all employment in Scotland in 2008
- Proven track record in pan-European Shared Service Centres: market entry by Eaton Corporation in 1997. Today Shared Service Centres cover an extensive range of activities covering front and back office including: accounts payable; accounts receivable; general ledger; cash management; credit control; payroll, customer service, and HR
- Diversity of markets serviced - Europe, Central and South America, and Asia Pacific
- Ideal English language location for access to main European market
- Over 190,000 foreign nationals living in Scotland
- In 2007-08 there were more than 270,000 students in higher education institutions and further education colleges, one of the UK's highest student concentrations
- Business Administration and languages accounts for over 17,800 graduates annually
- Over 26,000 qualified and part qualified accountants

## Highly Educated and Talented Workforce

Within Scotland's central belt, the working population is approximately 2.6 million people. The quality of Scotland's workforce is internationally recognised. The people of Scotland make up one of the best trained, most reliable and cost-competitive labour forces in the world. With a world-renowned educational system and its high ratio of graduates per capita, Scotland surpasses most countries of comparable size in Europe. Labour market regulations in the UK, including working hours, are the most flexible in Europe, and staffing costs are highly competitive. Scottish salary costs, including indirect social wage costs such as employer national insurance are among the lowest in Europe.

*Source: General Register Office (Scotland), 2008 Mid Year Estimates*

### Leading Educational Institutions

Scotland is reputed internationally for its education system and high quality university graduates. With the highest concentration of universities in Europe – four of which routinely feature in global league tables – it's no surprise Scotland produces thousands of business graduates every single year. A ready supply of talent, raring to go. Across the central belt alone, there are more than 270,000 students in higher education institutions and further education colleges, one of the UK's highest student concentrations. Many of Scotland's academic institutions are internationally renowned for their research and teaching excellence, with many institutions providing bespoke contact centre training.

### Key Facts

- There are 19 Higher Education Institutions in Scotland, including 14 universities, and Scotland also has 43 colleges of further and higher education
- There were a total of 489,610 student enrolments recorded on courses in Scotland's further education colleges for 2007-2008, of which 47,770 were for higher education courses
- In 2007/08, over 83,335 students successfully completed a higher education course in Scotland. This was mostly due to a rise of 1,415 in the number of taught postgraduate qualifications obtained. The greatest increase came from qualifiers in business and social studies subjects from 31,720 in 2006-07 to 32,455 in 2007-08 (38.9% of qualifiers)
- The number of qualifications obtained by international students increased by over 10% from 2006-07 to over 15,000 in 2007-08.
- Scotland's skills profile has been improving faster than the rest of the UK; 18% of working age population now has a degree equivalent qualification or above.

### Typical Shared Service Centre Salary Rates

JOB TITLE	SALARY RANGE
<b>FINANCE ROLES</b>	
Clerical Level (entry/junior level)	£15 - £16.5k
Ledger Professional/Specialist	£16 - £19k
Credit Control	£18 - £22k
General Ledger	£18 - £23k
Fixed Assets	£23 - £28k
Payroll Specialists (Process only)	£16 - £18k
Payroll Specialists	£18 - £23k
Data Input Assistant	£12 - £14k
Payroll Assistant	£14 - £16k
Payroll Team Leader	£20 - £25k
Payroll Process/Department Manager	£25 - £45k
Ledger Team Leader (depending on remit and team size)	£25 - £35k
Reporting Analyst	£25 - £40k
Business Support Analyst	£30 - £45k
Management Accountant	£30 - £45k
Reporting Team Leader	£35 - £50k
Reporting Accountant	£35 - £50k
Financial Reporting Manager	£45 - £60k
Director Level	£80 - £100k

*(Source: Search Consultancy April 2011)*

## Skilled Linguists

Scottish Development International recently commissioned research on language capability in Scotland through Oxford Intelligence. The key findings are detailed below:

### Scotland's Strengths

- A pool of 109,000 fluent language speakers: 18,000 of whom speak 2+ languages fluently.
- A highly-skilled resource; best in the UK with 74% of fluent language speakers in Scotland educated to degree level or above, compared with 57% across the UK as a whole. Only 19% currently use their languages in their job. However, 65,000 fluent language speakers would be interested in a job where they can use their languages.

Source: Oxford Intelligence, 2008



### Number of fluent linguists in selected languages

Western European Languages	No. Fluent Speakers
French	32,000
German	22,000
Spanish	10,000
Italian	10,000
Dutch	5,000
Greek	2,000
Portuguese	1,000

Eastern European Languages	No. Fluent Speakers
Polish	9,000
Russian	6,000
Czech/Slovak	2,000
Hungarian	1,000

Asian Languages	No. Fluent Speakers
Urdu	8,000
Hindi	5,000
Punjabi	4,000
Mandarin	3,000
Cantonese	3,000
Malay	3,000
Bengali	2,000
Japanese	1,000
Gujarat	1,000

## Qualified workforce

Scotland has over 26,000 accountants full and part qualified whose qualifications cover a range of disciplines including: management accounting, chartered accounting and applied accounting. Nearly 1,000 accountants graduate annually with either this or ACCA and CIMA qualification in Scotland.

Body	Qualified	Part-Qualified	TOTAL
ICAS	8,581	1,350	9,931
CIMA	2,630	3,070	5,700
ACCA	3,500	4,000	7,500
ICAEW	1,424	93	1,517
ICAI	90	0	90
CIPFA	1,204	264	1,468
<b>TOTALS</b>	<b>17,429</b>	<b>8,777</b>	<b>26,206</b>

Source: Professional Bodies, July 2010

For further information on the awarding bodies and websites, see below.

### ICAS

Institute of Chartered Accountants in Scotland  
[www.icas.org](http://www.icas.org)

### CIMA

The Chartered Institute of Management Accountants  
[www.cimaglobal.com](http://www.cimaglobal.com)

### ACCA

The Association of Chartered Certified Accountants  
[www.accaglobal.com](http://www.accaglobal.com)

### ICAEW

Institute of Chartered Accountants in England & Wales  
[www.icaew.co.uk](http://www.icaew.co.uk)

### ICAI

Institute of Chartered Accountants in Ireland  
[www.icaei.ie](http://www.icaei.ie)

### CIPFA

The Chartered Institute of Public Finance & Accountancy  
[www.cipfa.org.uk](http://www.cipfa.org.uk)

## Leading Infrastructure

Scotland's world class infrastructure and its ability to support growth, is a key attraction for many companies with shared service centres operations. Scotland has a modern and comprehensive transport network encompassing advanced road, rail, sea and air links. The five main airports serve almost 100 UK and 180 worldwide destinations.

Within minutes of large population centres in Edinburgh and Glasgow, investments have been made to make world-class space available at a fraction of the costs of similar space in other capitals throughout Europe. We are also home to two of Europe's airport hubs: Edinburgh and Glasgow.

So, no matter where your headquarters or other locations are its easy to stay in touch with, or visit, your Scottish operation.



# Scottish Development International – Your Partner

Scottish Development International (SDI) works with both Scottish-based and overseas companies and organisations. Its objective is to benefit the Scottish economy both by encouraging inward investment into Scotland and by helping Scottish-based companies to develop international business opportunities.

SDI provides a wide range of support services, including advice, access to specialist expertise, selective business mentoring and development, market information, financial assistance, business location information, investor aftercare and specific services covering each phase of international trade activity.

## Regional Selective Assistance (RSA)

Regional Selective Assistance (RSA) is a national grant scheme, aimed at encouraging investment and job creation in the areas of Scotland designated for regional aid under European Community (EC) law (the Assisted Areas). Grants are awarded on a contribution of capital expenditure for the project and/or, the number of new jobs created by the project. Many service related projects tend to receive grant based on the number of jobs created and the salaries of those jobs. Shared service centre companies are eligible for grant assistance.

## Job Creation Assistance

Most projects require a substantial amount of capital investment. However for projects involving relatively low levels of capital expenditure but which involve the creation of new jobs, RSA can make a meaningful contribution to project

funding. For this type of project, we would calculate limits on potential grant by applying the appropriate aid intensity limit (based on the assisted area status) to the first two years' salary costs of the projected jobs. This will generally mean that we can offer more grant for highly paid jobs.

## Grant Limits

Grant limits vary across the Assisted Areas - a map can be found at [www.rsascotland.gov.uk](http://www.rsascotland.gov.uk). However, for Tier 2 areas in Scotland the grant limit is 15%. Tier 1 areas, which include Highlands and Islands would be 30%.

## Multiple Grants

RSA is not limited to a single grant, it can be awarded several times provided the qualifying criteria are satisfied.

## Training and Employment Grants

In addition to RSA, Scotland also offers incentives to companies to help fund training and retraining of employees. Assistance is negotiated on a case-by-case basis and is dependent on the type and nature of the training required. We will be delighted to work with clients in determining their location needs.

## Continued Support

Also once established in Scotland, Scottish Development International continues to offer close support. A Senior Executive will be available to assist in the settling in process. In partnership with other organisations in Scotland, we shall ensure that our client continues to prosper and grow in Scotland, receiving ongoing assistance and advice.

## Case Studies

Morgan Stanley is one of the world's largest financial services companies with over 60,000 employees worldwide operating from 600 offices in more than 33 countries.

In early 2000, the European Institutional Securities Services Division (ISS) underwent a review of its operations and a decision was taken to transfer certain functions from Canary Wharf to alternative sites outside of London. Competition was between Dublin, other UK centres and Scotland. In the summer of 2001 Glasgow was chosen as the location for the ISS shared service facility.

Scotland's stable workforce and good work-life balance were key factors in the location choice. Since then the workforce has grown by about 100 a year and currently Morgan Stanley's office in Glasgow is the second largest in Europe. The primary focus in Glasgow is on Operations and Finance functions which support Morgan Stanley Sales and Trading activities as well as IT functions.

The company presently employs more than 1,000 people at the Glasgow operation due to continuing success.

### Morgan Stanley

Shell Finance Operations, formerly TASC0, established its shared service centre in Glasgow in 1998. The company's staff grew to 300 in the first few years of locating to Glasgow and currently employs nearly 500 people with the announcement in August last year of a further expansion with the creation of 150 new accountancy jobs. The centre covers 12 European countries handling finance and accounting for Shell's European companies. 15% of the workforce is multi-lingual in languages such as French, German, Spanish, Italian, Norwegian, Swedish and Finnish.

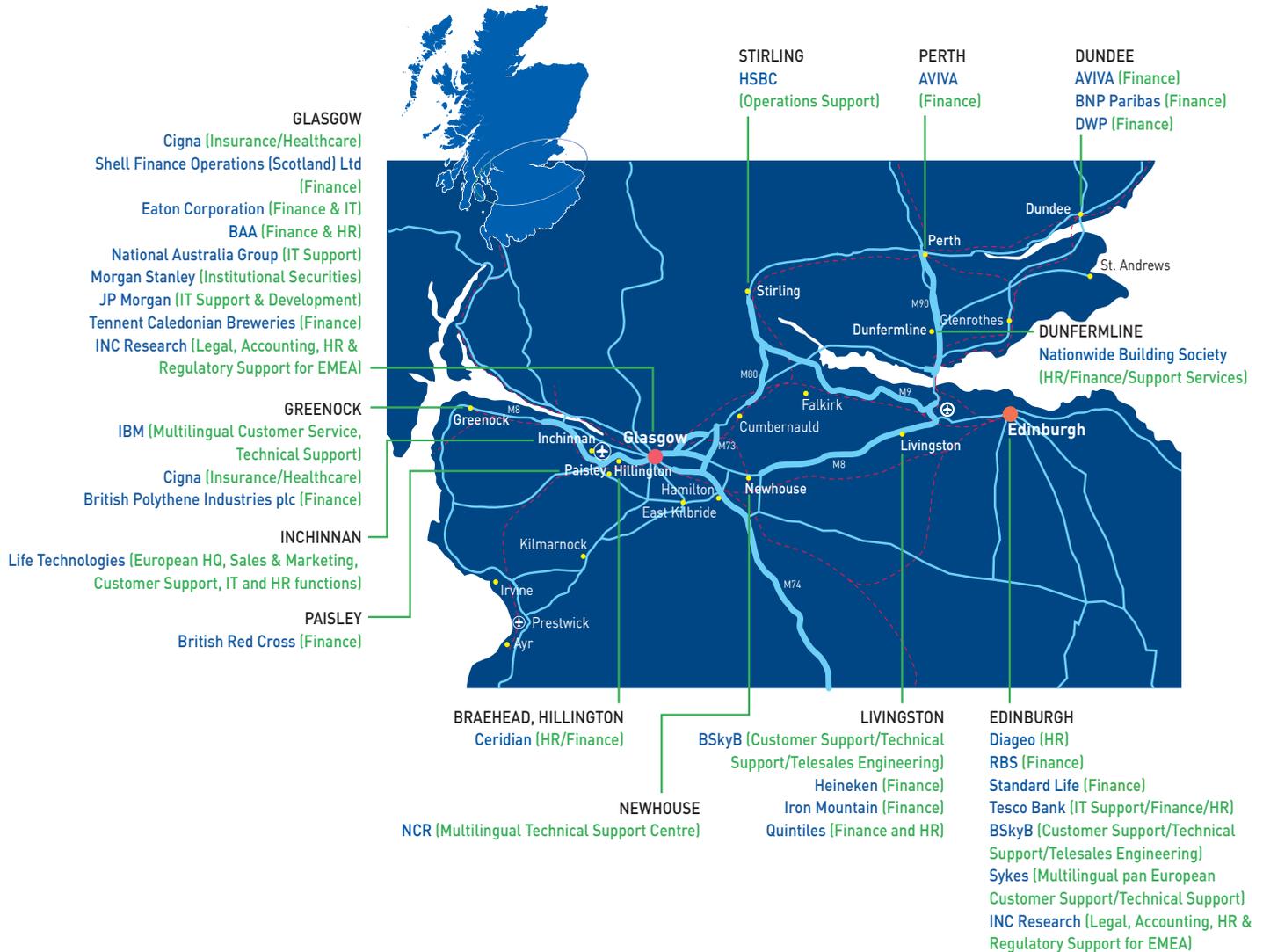


Tesco is Scotland's largest private sector employer, employing over 26,000 staff across a number of operations including retail, banking, distribution, corporate and customer service functions. In addition to Tesco's 134 stores in Scotland and its customer support centre in Dundee, Tesco established Tesco Bank in June 2009. Tesco Bank is set to employ over 1,800 people in Scotland by 2012, in areas such as IT, finance, marketing, HR and customer service to support the roll out of the company's financial products; all of which are managed from its head office in Edinburgh.



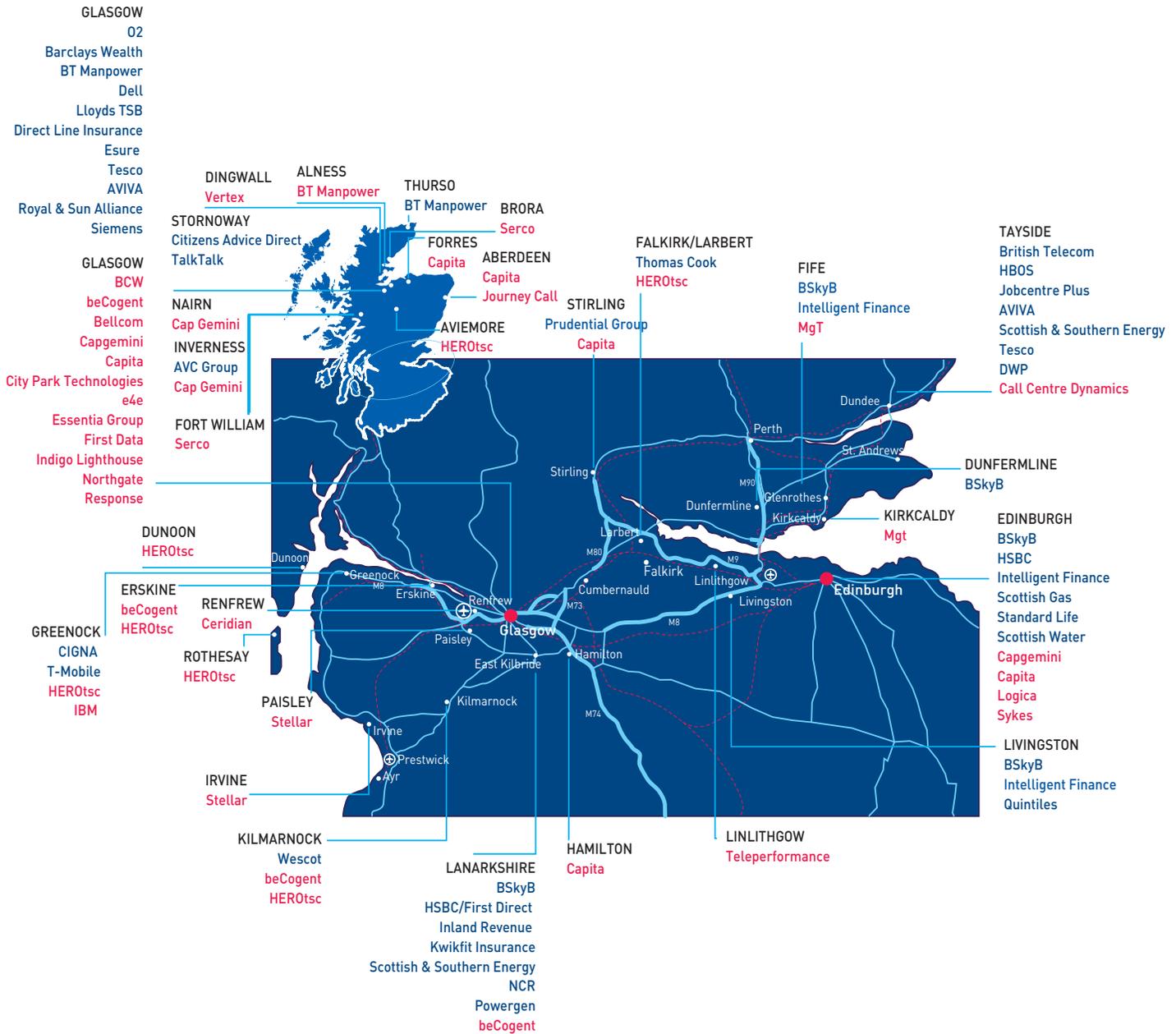
# Critical Mass

Below is a cross section of our **Shared Service** community demonstrating the breadth of companies operating within Scotland.



# Critical Mass

Below is a cross section of our **Business Process Operations** demonstrating the breadth of companies operating within Scotland.



Companies in red are Outsourcing Companies



To find out more about how your business can benefit from the affordable quality on offer in Scotland, please contact:

#### Glasgow

Contact: Mark McMullen  
Email: [mark.mcmullen@scotent.co.uk](mailto:mark.mcmullen@scotent.co.uk)  
Tel: 00 44 141 228 2899  
Atlantic Quay  
150 Broomielaw  
Glasgow G2 8LU  
Scotland

#### Highlands & Islands

Contact: Joyce MacLennan  
Email: [joyce.maclennan@hient.co.uk](mailto:joyce.maclennan@hient.co.uk)  
Tel: 00 44 1463 244309  
Cowan House  
Highlander Way  
Inverness IV2 7GF  
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#### London

Contact: Erik Jewell  
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Tel: 020 7213 0093  
72 Cannon Street  
London EC4N 6AE

[www.sdi.co.uk](http://www.sdi.co.uk)  
[www.hie.co.uk](http://www.hie.co.uk)

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DEVELOPMENT INTERNATIONAL