

KPMG Advisory Spółka z ograniczoną odpowiedzialnością sp.k.
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Analysis of attractiveness of the City
of Opole as a location for SSC/BPO

Opole City Hall

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1. Introduction

1.1 Goal of the report

The goal of this report is to examine Opole as a potential location for shared services centers (SSC) or business process outsourcing centers (BPO). With this end in view, KPMG provides basic information about Poland and about the city of Opole, showing its attractiveness for investors, which will enable an initial assessment of the city as a potential location for sourcing centers.

The report specifically covers the following areas:

- a) Why Poland is currently attracting investors (economic data, educated human capital, legal aspects of conducting business in Poland)
- b) Characteristics of Opole as a potential SSC/BPO location:
 - Key economic and political data
 - Availability and cost of educated human capital
 - Infrastructure
 - Standard of living
 - Grants and incentives available to investors
 - Risk factors

The report focuses on information that is necessary for investors planning to set up a shared services center in the area of accounting or finance, HR, IT or R&D. We provide comprehensive information on various aspects associated with doing business in Poland, paying special attention to the specific situation of Opole.

1.2 Right location as a key success factor for a sourcing center (SSC or BPO)

The concept of sourcing addresses one of the key business questions: how to obtain better services at a lower cost and manageable risk. The recent economic slowdown has resulted in increasing interest in setting up shared services centers and business process outsourcing centers capable of servicing dispersed operational units of a company or a group. Clearly, cost reduction is the key driver for many companies that are currently analyzing opportunities for setting up sourcing centers. However, process quality and productivity improvements resulting from centralization and standardization are additional benefits. In today's world investors are also extremely concerned with risk and therefore they take into account the need of balancing the risk inherent for the operation of a centralized function.

Location is of fundamental importance for the success of any sourcing project. Understandably, investors primarily search for locations where labor is less expensive. However, the statistical success factor is the

availability of a highly-qualified workforce, especially considering increasing competition for these resources, which is inevitable since the majority of companies planning to off-shore focus on the same group of locations. Therefore, considering the current situation and developments in the next years, the strategic decision where to locate a new service center requires an increasingly comprehensive understanding of the target location, its talent potential and competition for resources, as well as the economic, political and social environment. It is also necessary to make allowance for predictions regarding the change drivers having impact on the future shared services center and its operation.

2. Poland as an attractive location for SSC and BPO

2.1 General information about the country

Country area	312,685 sq km
Population	38.1 million
Capital	Warsaw
Official language	Polish
Time zone	GMT +1
Currency	Polish Zloty (PLN) = 100 groszy (gr.)
Climate	Mostly temperate with four distinct seasons, with min. and max. temperatures ranging from -20 to 35°C

Poland is situated in the very heart of Europe. Having access to the Baltic Sea, Poland links in a natural way Northern and Southern Europe, as well as Western Europe (Germany borders Poland to the west) with Russia, the Ukraine, and Belarus. It is by far the largest country in the Central & Eastern Europe (CEE) region and with size and population comparable to Spain it belongs to the group of largest countries in the European Union (EU).

After the Second World War, Poland and other countries in the CEE were incorporated into the Soviet Union zone of interest. However, the erosion of the communist system began in Poland. The Solidarity movement and Lech Walesa, having strong support from Pope John Paul II, initiated the wave of changes that affected the entire Central & Eastern Europe, leading to the collapse of the Berlin Wall. The first free elections in the communist bloc were held in Poland in June 1989, and since then the country has dramatically transformed its political and social system, becoming one of the most dynamic economies in Europe in recent years.

Poland joined NATO in March 1999 and today is considered one of the most active members of the organization, taking part in many stabilization missions. Finally, in May 2004 Poland became a full member of the European Union with all implications for the political, legal and economic system. From the investors' point of view this means that Poland has to follow up the EU directives, which actually significantly reduces investor risk.

Today, Poland is a parliamentary democracy headed by the President elected in general elections and the Prime Minister, who is elected by the Parliament and leads the Government. The country belongs to key international organizations like WTO and OECD, which confirms its strong position in the world political and economic system.

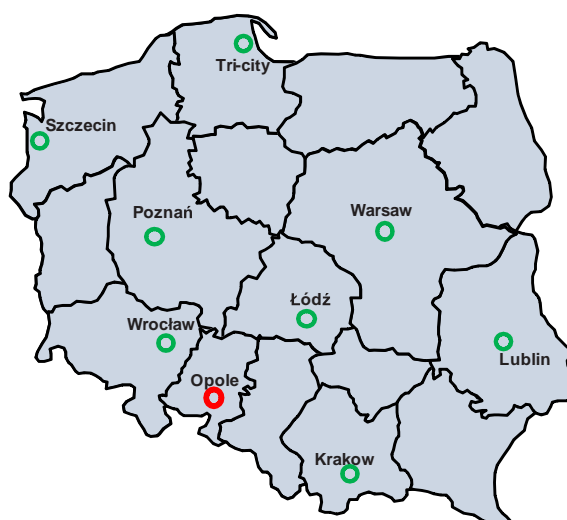
Poland is a quite homogenous country with national minorities representing less than 5% of the total population and the vast majority of inhabitants declaring themselves as members of the Roman Catholic Church (the country adopted Christianity in 996!) It is a country free from terrorism and not exposed to ethnic and religious conflicts inherent to many other regions.

In January 2012 Poland plans to join the Euro Zone. So far, the country has been successful in meeting the majority of Maastricht criteria enabling it to adopt the Euro currency.

Major Polish cities

City	Area (sq km)	Population
Warsaw	517,2	1 714 446
Krakow	326,8	755 000
Tri-city (Gdańsk, Gdynia, Sopot)	418	742 910
Łódź	293,3	742 387
Wrocław	293	632 146
Poznań	261,9	554 221
Szczecin	300,8	406 307
Lublin	147,5	349 440
Opole	96,2	125 992

Source: Polish Central Statistical Office (2009)



Opole

- Opole is the capital of the Opolskie Voivodship which borders on Czech Republic, and is also located close to the German border and Slovakia.
- Opole is one of the oldest cities in Poland. It was granted and chartered before 1217. It is a former capital of Duchy of Opole and Racibórz (duchies of Silesia ruled by the Piast dynasty) and a former capital of Upper Silesia. Opole has been the capital of Opolskie Voivodship since 1950.
- The city is an important administrative, commercial, scientific and cultural centre of the region Opole Silesia.

2.2 Economic issues

Economic growth, inflation, unemployment rate

Poland is one of the fastest growing economies in Europe. According to European Commission data Poland's gross domestic product (GDP) grew by 2,7% in 2009 (according to the Polish Central Statistical Office: 1,8%) and remains well above the European Union average (1,0%). The current GDP per capita in Poland is 61% of the UE average. In 2009, Polish GDP per capita amounted to 35,222 PLN (11,288 \$) and its estimation for 2010 amounts to 36,806 PLN (12,575.5 \$) (according to International Monetary Fund data).

Poland's population of 38.1 million people makes the country the 33th largest market in the world and the 6th largest in the EU.

	2007	2008	2009	2010 (estimation)	2011 (forecast)
Real GDP growth (%)	6.7 [S]	5.1 [S]	1.8 [S]	3.2 [N]	4.3 [N]
Population (mn)	38.1 [S]	38.1 [S]	38.1 [S]	38.1 [S]	38.1 [S]
Inflation rate (%)	2.5 [S]	4.2 [S]	3.5 [S]	2.5 [N]	2.7 [N]
Unemployment rate (%)	11.2 [S]	9.5 [S]	11.9 [S]	12.3 [N]	10.8 [N]

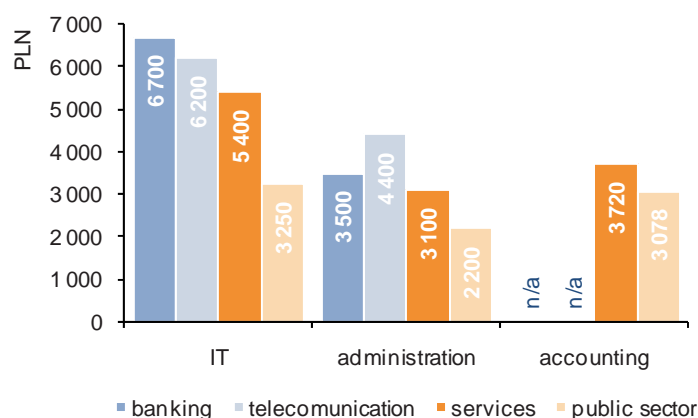
Source: S – Central Statistical Office, N – National Bank of Poland. Presented forecasts were prepared in 2010; actual data at the 2010 year-end may be different due to specific market conditions

- Progressive economic growth is additionally strengthened by EU structural funds – Poland is likely to rank first out of all EU countries in the total amount of contributions granted in the period of 2007-2013.
- In this decade, the Polish currency had been steadily gaining strength against both the US Dollar and the Euro, mainly due to large-scale direct investments and increasing efficiency of the economy. This trend continued until mid-2008. However, since then the exchange rate of the Polish Zloty has fallen considerably against both currencies.

	2005	2006	2007	2008	2009	2010 (estimation)	2011 (forecast)
Exchange rate PLN/EUR (av.)	4.03 [N]	3.90 [N]	3.78 [N]	3.52 [N]	4.33 [N]	4.00 [N]	3,80 [G]
Exchange rate PLN/USD (av.)	3.23 [N]	3.10 [N]	2.77 [N]	2.41 [N]	3.12 [N]	3.03 [N]	2,60 [G]

Source: N – National Bank of Poland, G – The Gdansk Institute for Market Economics. Presented forecasts were prepared in 2010; actual data at the 2010 year-end may be different due to specific market conditions

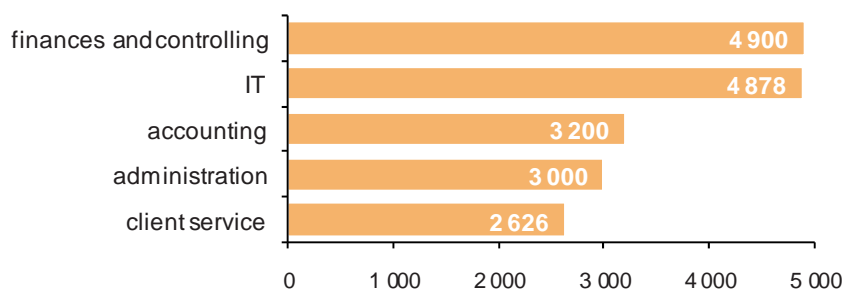
Salaries in IT, Administration and Accounting departments in different branches (2009)



Source: Sedlak & Sedlak, KPMG

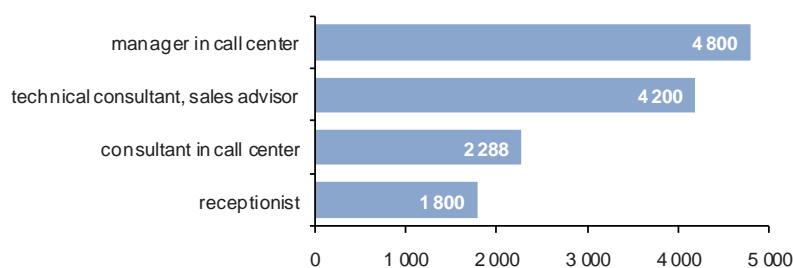
Employees in IT departments are one of the best paid professional groups on the Polish market. However, their salaries differ significantly depending on the branch. Taking into account the main professional groups employed in SSC and BPO centers, the highest salaries are offered to IT professionals in such branches as banking and telecommunication. Their salaries in 2009 amounted approximately to 6 700 PLN and 6 200 PLN. Respectively, the least paid IT professionals are those employed in public sector – their earnings come to 3 250 PLN, which is less than a half of the earnings in banking sector.

Salaries in specific branches (2009)



Source: Sedlak & Sedlak

Salaries in client service departments (2009)



Source: Sedlak & Sedlak

Taking into consideration branches typical for SSC and BPO centers, the highest average salaries are present in finances and controlling, as well as in IT. On the contrary, the lowest paid are positions in client service, such as consultant in call center and receptionist.

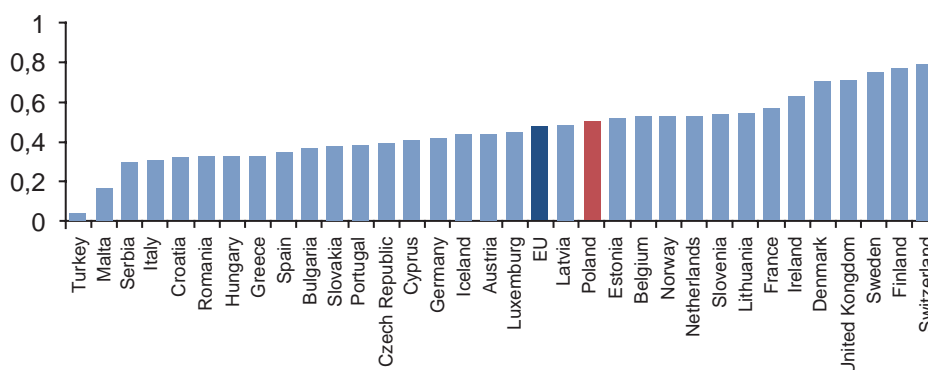
There is a significant disproportion in salaries in different country regions i.e. the average wages of IT professionals in Mazovia are more than twice as high as those in Podkarpackie Voivodeship.

2.3 Educated Human Capital

The massive availability of young and highly-qualified labor resources is the key advantage of Poland. The country has almost two million students attending university level education institutions (i.e. half of the population between 19 and 24 years of age), and over 400 thousand graduates per year, with these figures steadily increasing. That gives it the first rank in the CEE region. In contrast to other countries in the region, Poland has many strong academic centers located in a number of cities. The largest ones are: Warsaw followed by Krakow, Poznań and Wrocław. However, other cities like Łódź, Gdańsk and Lublin also have a student community of over 100 thousand.

According to a comparative analysis of innovation performance in Europe commissioned by the EC, Poland ranks well above the EU average and tops many of its neighboring countries in terms of the quality of human resources. The criteria used to assess the countries' innovation performance in this area included: the number of graduates of tertiary education institutions per 1,000 population aged 20-29, number of doctorate graduates per 1,000 population aged 25-34, percentage of the population with tertiary education among those aged 25-64, participation in life-long learning among those aged 25-64 and youth education attainment level.

Innovation performance in Poland in comparison to other European countries (dimension Human Resources)



Source: European Innovation Scoreboard 2009

Good quality of the Polish educational system and availability of talents are reflected by many specific achievements of Polish scientists like the discovery of the first extra-solar planetary system or the creation of the technology used in blue laser production. For many years now Polish students have been winning the most prestigious international finance and IT competitions, including the Europe Merrill Lynch Investment Challenge, Microsoft Imagine Cup, ACM International Collegiate Programming Contest sponsored by IBM and Google Code Jam.

In recent years, Poland's tertiary education institutions like Warsaw University, the Jagiellonian University in Krakow, Warsaw School of Economics and the Business School of the Warsaw University of Technology have been recognized among the best in Europe and the world by prestigious international rankings. Furthermore, many business schools have established close cooperation with recognized institutions from Europe and the US, like the London Business School, HEC School of Management Paris, RSM Erasmus University, the University of Illinois or University of Minnesota.

Number of students and graduates

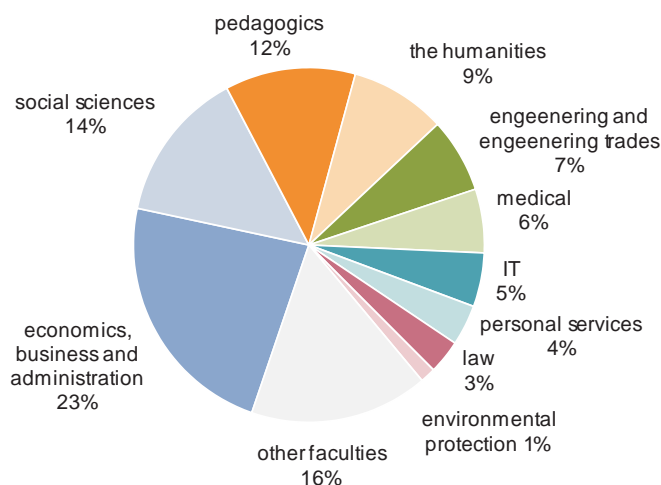
	Students	Graduates
2007/2008	1 937 000 (13700 – foreigners)	421 000
2008/2009	1 928 000 (15 900 – foreigners)	n/a

Source: Polish Central Statistical Office

According to the Polish Ministry of Science and Higher Education (MNiSW), in Poland exist 458 tertiary education institutions – universities, and high schools, the majority of them (326) are private. They offer over 200 faculties, also unique faculties and macrofaculties.

The most popular faculties in Poland are connected with social sciences: economics and also technical sciences.

The popularity of faculties in Poland



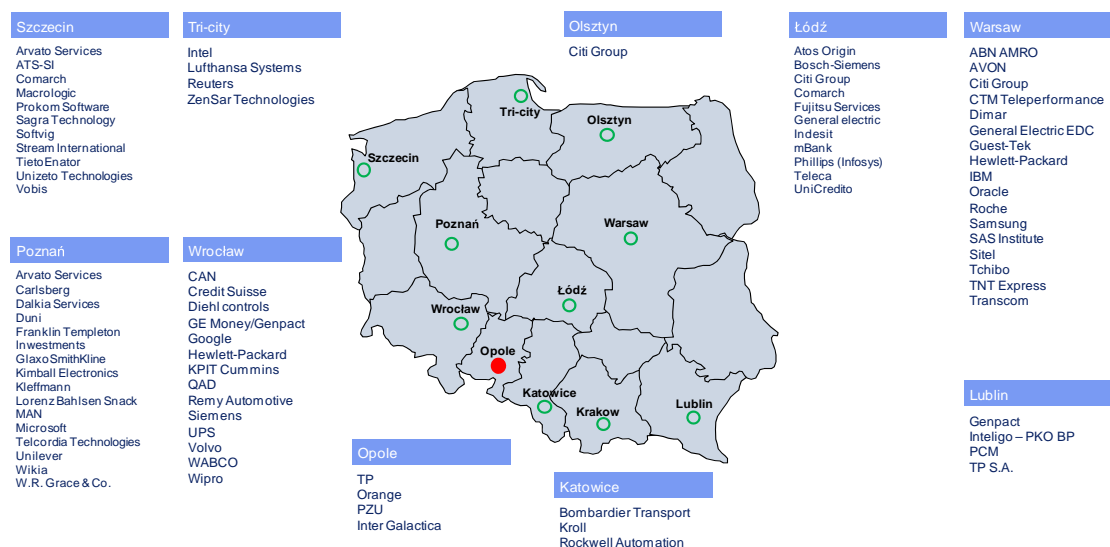
Source: Ministry of Science and Higher Education

Polish students have also good knowledge of foreign languages. Over half of them speak fluent English and the vast majority of the rest have a basic understanding of the language. The second most commonly studied language is German followed by Russian, French and Spanish. Furthermore, philology faculties of leading Polish universities provide students with an opportunity to major in all European languages, as well as others like Chinese or Japanese.

Multinational companies operating in Poland are usually very satisfied with their Polish employees and an increasing number of Poles are promoted within corporations and posted on key management positions in other countries.

2.4 BPO/SSC market in Poland

Poland attracts international investors. The chart below presents SSC and BPO already located in Poland:



Source: KPMG

2.5 Investment Incentives

Poland is recognized and appreciated by international companies as a good location for shared services centers, The key factors emphasized by the companies which already established their investments in Poland are:

- Convenient location
- Economic and political stability
- Relatively low labor costs
- Highly qualified human resources
- Development of the modern office space market

According to the Polish Information and Foreign Investment Agency (PAIIZ), the 300 largest service centers currently employ approximately 45,000 people. This number is expected to grow to approximately 70,000 within next two years.



Source: KPMG

Poland and European Union offer several investment incentives related with investing in Poland. During the investment phase we can distinguish several different investment incentives:

- Cash grants from UE structural funds;
- Cash grants from the Polish Government;
- Tax exemption in Special Economic Zones;
- Other grants and incentives

Investment incentives

■ EU Cash Grants

Companies may apply for support to create new or develop existing shared services of BPO centers, where at least 100 new employees will be hired (Innovative Economy Operating Program). Eligible costs within the framework of investment activities are usually all investment-related cost, such as:

- The cost of tangible and intangible assets
- Two years' salary costs for new employees

For SSC the maximum refund amounts to 30% of eligible costs, however for R&D Centers depending on the location, the maximum cash grant for large enterprises amounts to 50% (70% for small and medium enterprises).

■ Multi-Annual Support Program (MASP)

The Multi-Annual Support Program is designed to help large investment, which are crucial to the Polish economy. Total value of grants is build upon the value of the investment and/or cost of creating new workplaces. For instance, in order to obtain grants by both reasons, a shared services center investor must create 250 workplaces (employment grant condition) and bear eligible costs in the value of at least PLN 160 million (investment grant condition). Further information on MASP and Government Grants can be found in section Government Funds.

■ **Local Authorities' Support**

Because of increasing interest in foreign investment in Poland, local authorities are aware that such prospects are of great opportunity for particular region and its inhabitants. Local authorities' support may vary depending on individual negotiations with the investor and may cover support in the scope of finding office space and staff training. Further information can be found in sections „Real Estate Tax Exemption” and „Investor's support”.

■ **Special Economic Zone (SEZ)**

The main benefit of investing in the Special Economic Zone is the possibility of obtaining corporate tax exemption. The level of tax exemption depends on the investment location and company size. Although the precondition for obtaining income tax exemption is a permit to operate in an SEZ where the investor declares, an investor may request that SEZ status is granted to an area indicated by him (after meeting certain criteria), which allows him to apply for an SEZ permit and use the income tax exemption in this area. Further information can be found in sections „Special Economic Zones” and „Income Tax Exemption”.

In the Business Operation Phase there are cash grants and tax incentives for various areas of business operation activities:

- Staff training
- Product development and R&D activities

■ **Staff Training**

Training grants are available for companies operating in Poland within the Human Capital Operating Program. There are two types of training projects available for financial support:

- General training – training that will provide an employee with knowledge not only useful for a specific position, but also potentially useful for another position at different companies in the future. Such trainings may include training in the operation of an accounting program or text editor, sales techniques or time management training.
- Specialized training – training that is useful for an employee at the specific position.

The maximum level of aid varies from 60% to 80% of eligible costs for general trainings and 25% to 45% of eligible costs for specialized training. In both cases the maximum value of the support amounts to EUR 2 million and the project duration cannot exceed two years.

■ Product Development and R&D Activities

An investor may obtain financial support for projects in the scope of:

- Development of R&D activities through investments (support range 30%-70%)
- R&D activities related to technical, technological or organizational undertakings and putting them into practice, for instance through the purchase of production lines (support range 25%-70%)
- Creation and implementation of industrial design related solutions (support range 25%-70%)
- Investments in purchasing and implementing new technologies (support range 30%-70%)

Example:

Accounting system training costs will amount to EUR 750,000, German language training – EUR 500,000. The maximum support is presented below:

Accounting system training 25% x EUR 750,000 = EUR 187,500

German language training 60% x EUR 500,000 = EUR 300,000

Total Support

EUR 487,500

2.6 Special Economic Zones

SEZ background

A special economic zone (SEZ) is a separate, uninhabited part of the country's territory where business activity may be conducted under preferential conditions defined in the Act on Special Economic Zones of 20 October 1994 (Journal of Laws of 2007, no. 42, item 274, Journal of Laws of 2008, no. 118, item 746).

Special economic zones were created, in particular to:

- Accelerate the economic development of regions
- Manage post-industrial property and infrastructure
- Create new jobs
- Attract foreign investors to Poland.

Currently, SEZ operation in Poland is regulated by the following legal acts:

- The Act of 20 October 1994 on Special Economic Zones, which sets out the principles and procedures for establishing special economic zone; its latest amendment increased the total area dedicated to these zones to 20,000 hectares;
- The 14 Council of Ministers regulations for each of the zones containing, inter alia, zone boundary descriptions and stipulating each zone's operating period;
- The Council of Ministers regulation of 10 December 2008 on state aid granted to investors operating on the basis of a permit to pursue an economic activity in special economic zones, which lays down requirements for operating in a SEZ, such as the kinds of activity for which permits are granted, conditions for granting state aid to investors, and conditions for eligibility of expenditure;
- The Council of Ministers regulation of 10 December 2008 laying down detailed criteria for including land into a special economic zone that is under ownership or in perpetual usufruct of entities other than special economic zone management authorities, the State Treasury, a local government unit and an association of communes.

In an SEZ the entrepreneur can obtain the following privileges:

- tax exemption (CIT or PIT)
- a site fully prepared for development by the investor at a competitive price
- free assistance in dealing with formalities in connection with the investment
- exemption from property tax (on the territory of certain communes)

Exemption from income tax granted in the SEZ is regarded as publicly funded regional aid, which serves to speed up the development of the most poorly developed EU regions; by supporting new investments and creating new workplaces linked to these new investments.

Income Tax Exemption

The basic benefit of investing in a special economic zone is the possibility of obtaining a tax allowance consisting in a corporate income tax exemption. The maximum income tax exemption is related to the value of state aid available to an individual investor for a particular investment project. This value depends on the investment location, the size of the enterprise and the amount of investment expenditure (expenditure for purchase of tangible assets, (two years' labor costs). The value is as follows:

- For large enterprises – from 30% to 50% of eligible costs
- For mid-sized enterprises* - from 40% to 60% of eligible costs
- For small enterprises** - from 50% to 70% of eligible costs

The state aid levels indicated in the maps above may be increased by:

- 10% for mid-sized enterprises
- 20% for small enterprises
- aid for large investment projects (with eligible costs of more than EUR 50 million) is calculated based on the following formula:

$$I = R \times (50 \text{ mln EUR} + 0,5 \times B + 0,34 \times C)$$

[where:

I – represents the maximum aid value for a large investment project

R – represents the aid intensity for the area where the investment is located

B – represents the sum of costs eligible for aid exceeding the amount equivalent to EUR 50 million, not more than the equivalent of EUR 100 million
C – represents the sum of costs eligible for aid exceeding the equivalent of EUR 100 million]

Example:

The maximum tax exemption for a large enterprise starting a new investment, for example in Opolskie Voivodeship, with EUR 10 million of eligible costs, will be calculated in the following manner:

$$10 \text{ mln EUR} \times 50\% (\text{max. intensity of aid in Opolskie Voivodeship}) = 5 \text{ mln EUR}$$

Availability of tax exemption in SEZ

After receiving SEZ permit the tax exemption is available starting from:

- the month in which the first investment expenditure was incurred for greenfield-type investments;
the month following the month in which the investment was completed for development of an existing facility.

In addition, the exemption is available when:

- conditions set out in the zone permit are fulfilled, i.e. a defined amount of investment expenditure is incurred within a specified time, a defined number of new jobs are created within a specified time, the investment is finished within a specified time limit;

- the investor does not carry over the ownership of any assets related with investment expenditure – for a period of five years from the date of their entry into the tangible and intangible assets register in the meaning of the income tax provisions, or, in the case of small- and medium-sized enterprises, for a period of three years;
- the investor pursues the economic activity related to the investment for a period of at least five years, or, in the case of small- and medium-sized enterprises, for at least three years;
- the investor maintains newly created jobs for a period of at least five years or, in the case of small- and medium-sized enterprises, three years (where aid for new job creation is granted).

The eligible costs of a new investment is the expenditure incurred after obtaining the permit and related to the investment (or two years' labor costs, where this amount is higher than the investment expenditure) minus value added tax and excise tax, where deductible pursuant to other provisions, intended for:

- purchase of land, or the right of perpetual usufruct of land;
- purchase or production of tangible assets;
- development or modernization of existing assets;
- purchase of intangible assets in connection with obtaining patents, operational licenses, or patented know-how type licenses, as well as unpatented know-how intended to be used in the investment.

Tangible assets purchased by enterprises other than small- or medium-sized entities should be new. Replacement investments are not eligible costs.

2.7 Government grants

On June 2005, the Cabinet issued the Scheme for the Promotion of Investments, which increased level of financial support for entities creating new jobs. The main objective of this program is to boost domestic economy and innovation through advanced technological investments and creation of productive and highly developed jobs. According to the Scheme, financial aid for investment projects realized in the Special Economic Zones cannot exceed 15% of qualified costs, and 30% in case of projects realized beyond Special Economic Zones.

Support can be exclusively supplied to the following sectors:

- Professional Services (IT, BPO, SSC)
- Automotive
- Electronic
- Aviation
- Biotechnology
- Research and Development.

In order to be eligible for government grants, investor must meet one of the following conditions:

- Investment in prioritized sectors of at least PLN 40 mln and must create at least 250 new jobs;
- „Significant” new production investment of at least PLN 1 mln, which will create at least 500 new jobs;
- Realization of new investment in modern services sector, which will create 250 new jobs;
- Investment in R&D sector of at least PLN 3 mln, which will create at least 35 new jobs (aid will be granted only if new jobs will be created for employees with higher education).

Sector	New jobs	Eligible costs of the new investment	Amount of aid
Aid intended to cover the costs of job creation			
Automotive, electronics, aviation, biotechnology	250	PLN 40 mln	From PLN 3 200 to PLN 18 700
Professional services	250	-	
R&D	35	PLN 3 mln	
Significant investment in other	500	PLN 1 mln	
Sector	New jobs	Eligible costs of the new investment	Amount of aid
Aid intended to cover eligible costs of the new investment			
Automotive, electronics, aviation, biotechnology	50	PLN 160 mln	1-10% of eligible costs
Significant investment in other	500	PLN 1 mln	

Source: KPMG

According to the Scheme, aid is provided exclusively for investment projects whose completion in Poland is required in order to receive a financial grant from the State budget. Each project is subject to an individual evaluation by the Team on the basis of detailed criteria specified in the Scheme.

3. Opole as a potential location for SSC and BPO centers

3.1 General information about the City of Opole

Opole is a city in south-western Poland, on the Odra River. It is the capital of the Opolskie Voivodeship, which borders on the Czech Republic. With the population amounting to 125 992 inhabitants (July 2010) it is now the 24th largest city in Poland. Opole is one of the oldest cities in Poland. It was granted and chartered before 1217. It is a former capital of Duchy of Opole and Racibórz (duchies of Silesia ruled by the Piast dynasty) and a former capital of Upper Silesia. Opole has been the capital of Opolskie Voivodship since 1950.

Originally, Opole was the main town of Opolanie – one of the Slavic tribes living on the Odra river, which explains the origin of the city's name. Fast development of the city was caused by establishing the seat of re-gency in Opole at the beginning of the 19th century. The first railway connection Opole – Wrocław was opened in 1843, which was followed by development of the first cement plant (1859), water tower (1896) and power station (1908).

According to the resolutions of the Potsdam Conference, after the Second World War, in 1945, Opole was transferred from Germany to Poland. Today, Opole prides itself as a region with one of the best knowledge of German language in Poland.

The city is an important administrative, commercial, scientific and cultural centre of the region Opole Silesia.

The City of Opole	
Population	125 992
Area	96,2 km ²

Source: Polish Central Statistical Office, 2010

the Opolskie Voivodship	
Population	1 031 000
Area	9 412,5 km ²

Source: Polish Central Statistical Office, 2010

3.2 Human Capital

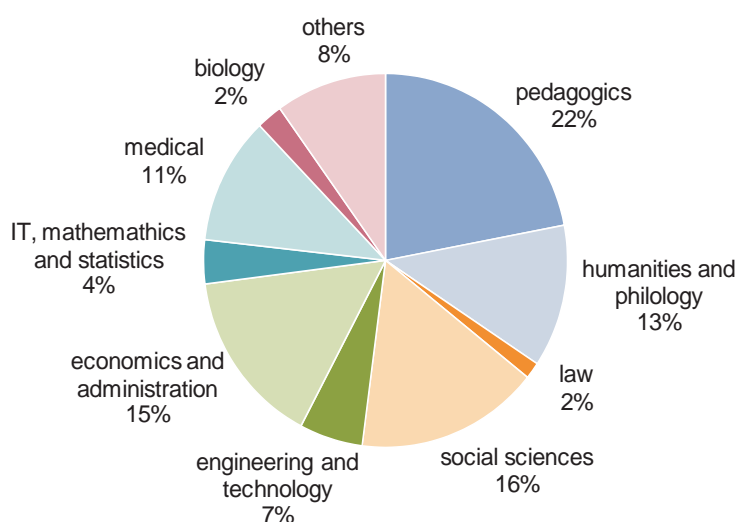
Tertiary education

Opole Region – with the city of Opole as its dominating educational center – offers a wide variety of education opportunities. There are 7 tertiary educational institutions (listed in the table below) and 2 non-local faculties (Wrocław School of Banking Non-local Faculty of Economics¹ and The Bogdan Jański Academy Non-local Faculty in Opole²) in the Opolskie Voivodeship.

Name of the tertiary educational institution	Students (2008/2009)	Graduates (2008/2009)
Opole University	15 900	4 600
Opole University of Technology	11 400	2 200
School of Management and Administration in Opole	5 600	1 400
State Medical Vocational School in Opole	800	300
Foreign Languages College for Teachers in Opole	700	300
Wrocław School of Banking Non-local Faculty of Economics	150	50
The Bogdan Jański Academy Non-local Faculty in Opole	200	70
SUBTOTAL	34 750	8 920
School of Humanities and Economics in Brzeg	420	50
State Technical Vocational School in Nysa	5 200	870
TOTAL	40 370	9 840

Source: Opolskie Centre for Economy Development, rector offices

Graduates according to fields of education (Opole region, 2009)



Source: KMPG, Central Statistical Office in Opole

¹ Wrocław School of Banking Non-local Faculty of Economics exists in Opole since 2007 providing young people with a possibility to study economics, administration and management.

² The Bogdan Jański Academy Non-local Faculty in Opole offers a possibility to study land management and social studies.

The most popular faculties are connected with pedagogy, as well as social sciences; 13 % of students specialize in humanities and philology. Popular are also business and administration faculties. 4% graduates are now computer sciences professionals.

The preliminary expected number of graduates in 2010 (Source: Opolskie Centre for Economy Development) are as follows:

- Philology – 214 (German studies – 137; Slavic studies – 24; Russian studies – 53)
- Business Russian language – 114
- Computer sciences, Electronics and telecommunications – 658

Comparison of Opole to other big cities in South Poland

		Opole	Wrocław	Kraków
Number of tertiary education institutions		5 (7 in the region)	43	24
Number of students (est.)		40 370	141 600	200 000
Finance & Economics	Students /graduates at main universities (est.)	7 000 / 1 500	24 500 / 4 800	25 000 / 5 500
IT		1 700 / 300	3 400 / 600	6 800 / 700
Science & Engineering		9 500 / 1 900	29 100 / 4 500	4 500 / 3 000

Source: KPMG

Four research facilities complement the research potential of the Opole Voivodeship:

- Institute of Mineral Building Materials;
- „Blachownia” Institute of Heavy Organic Synthesis in Kędzierzyn;
- Polish Academy of Sciences – Institute for Environmental Technologies with the Silesian Institute as a leading centre, and
- Opole High-Tech Park (Opolski Park Technologiczny).

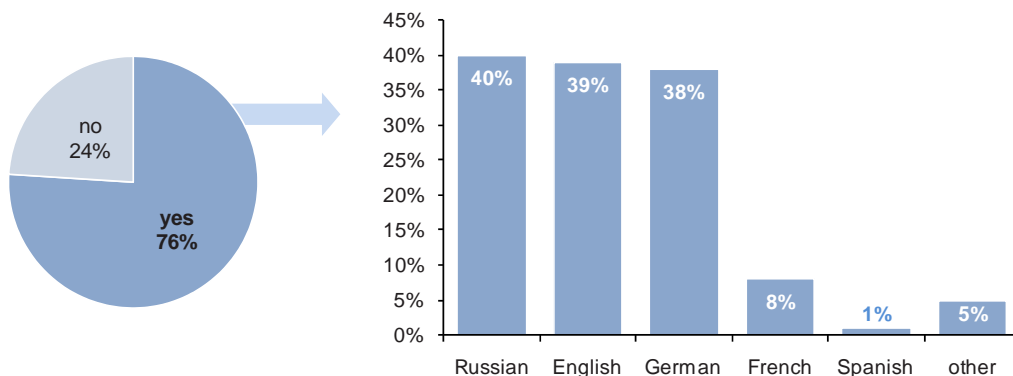
Foreign languages potential

76% of the population of the Opolskie Voivodeship declares knowledge of at least one foreign language. Nearly 40% of those people speak Russian, English or German. It is worth mentioning that 30% of the population continues to learn foreign language – mostly English (75%) and German (14%).

Similarly, almost ¾ of citizens of the City of Opole declare that they speak foreign languages. The most popular foreign languages are Russian and English (over 40% of foreign language speakers speaks one of those languages). Moreover, every fourth Russian or English speakers knows the language fluently or on an advanced level. German is third popular foreign language in Opole – almost 30% of Opole citizens declare that they speak that language.

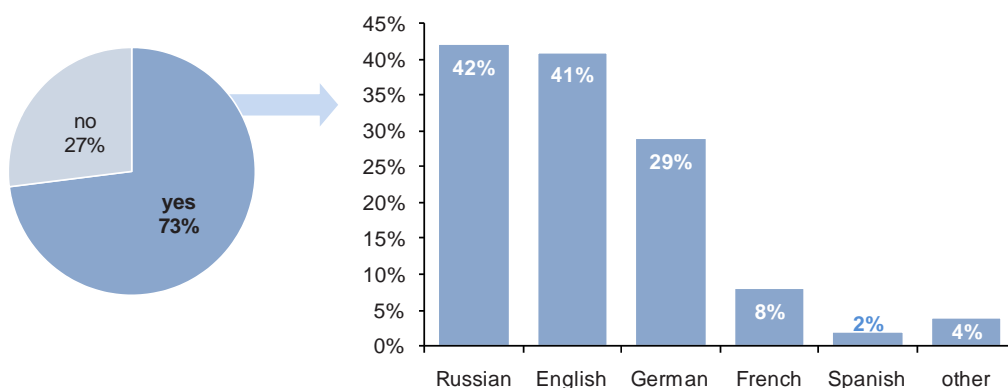
Every fourth citizen of the City of Opole continues learning foreign language.

People in the Opolskie Voivodship speaking foreign languages (2010)



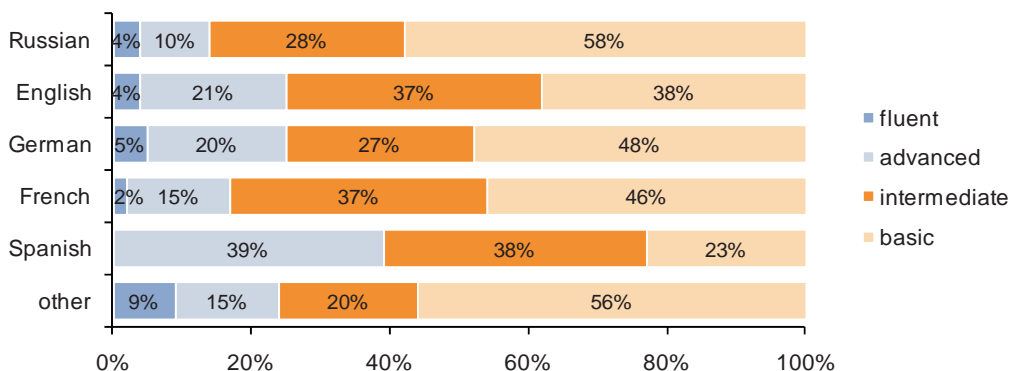
Source: Opolskie Centre for Economy Development

People in the City of Opole speaking foreign languages (2010)



Source: Opolskie Centre for Economy Development

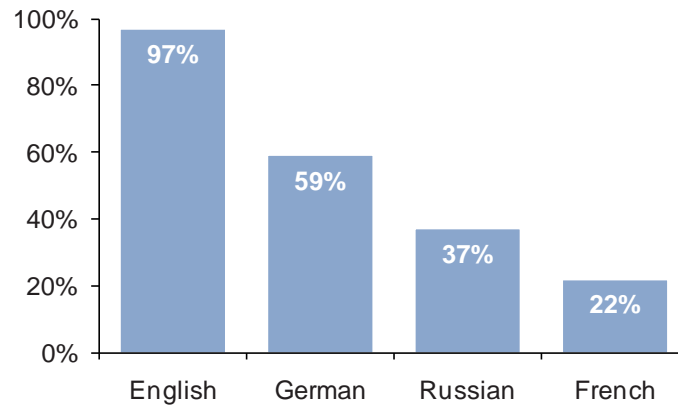
Level of foreign language skills (Opole, 2010)



Source: Opolskie Centre for Economy Development

Young people declare the best knowledge of foreign languages – almost all young citizens of Opole speak English and nearly 60% speaks German.

Young people in the region of Opole speaking foreign languages (2010)



Source: www.paiz.gov.pl

Education:

Faculties of philology in tertiary schools in the Opolskie Voivodeship educate over 1,4 thousand students – both stationary and extramural:

- Faculty of Philology at the Opole University: English, German, French, Russian, Ukrainian, Belorussian
- State higher Vocational School in Nysa: German, English
- Teachers College of Foreign Language: German, English, Russian

The main foreign language taught in schools is English, that is why the majority of young people in Opole speaks English. More than a half of young people speaks German, and every third speaks Russian.

From German investors' point of view, this is a region with a significant number of bilingual (German and Polish) native speakers³, Opole region provides an extensive German language education. German is taught in:

- 47 kindergardens,
- 183 primary schools,
- 63 secondary schools – 8 of the run bilingual classes or provide an extended German language program.

³ According to the Ministry of the Internal Affairs and Administration

(<http://www2.mswia.gov.pl/portal.php?serwis=pl&dzial=61&id=37#niemcy>, access date: 09. November 2010). Many German Upper Silesians and Poles of German ancestry live in the Opole region, in the city itself, making up less than 3% of the population.

Labor market:

There are over 2,5 thousand unemployed with tertiary education level in the Opolskie Voivodeship (July 2010).

Over 2,2 thousand unemployed in the City of Opole declare knowledge of English language, and over 1 thousand declare knowledge of German, which makes approximately more than a half and a quarter of all unemployed registered in Opole.

Unemployed declaring knowledge of the lead foreign languages (July 2010)

	English	German
The City of Opole	2246	1057
The Opolskie Voivodship	3900	2702

Source: Opolskie Centre for Economy Development, Central Statistical Office, Opole District Office of Employment

3.3 Labor Market

Availability of other workforce

Apart from student graduates, Opole has a vast availability of diversified workforce due to deep restructurings in the region, several employees remain without steady source of income, which considerably lowers their remuneration expectations.

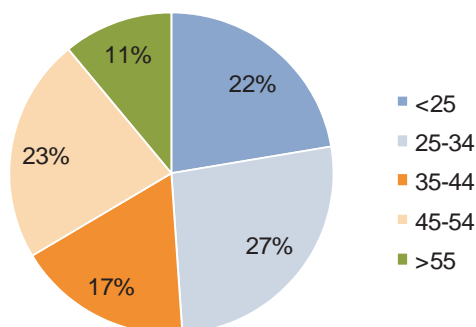
- The average employment in enterprise sector in the Opolskie Voivodeship in June 2010 amounts to 100,2 thousands.
- Unemployment rate in the City of Opole in July 2010 was 6,1% which was lower by half than the unemployment rate in the entire region
- The major group of unemployed registered in the Labor Relations Board in Opole are younger than 35 years. Young people are also the biggest age group in the Opolskie Voivodeship.

Unemployed in the Opole region (October 2010)

	Number of unemployed	Unemployment rate
The City of Opole	4 463	6,2%
The Opolskie Voivodship	45 400	12,1%

Source: Opolskie Centre for Economy Development, Central Statistical Office

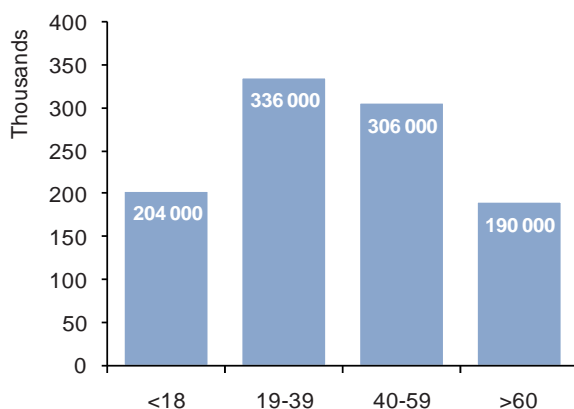
Young people in the region of Opole speaking foreign languages (2010)



Source: Central Statistical Office in Opole

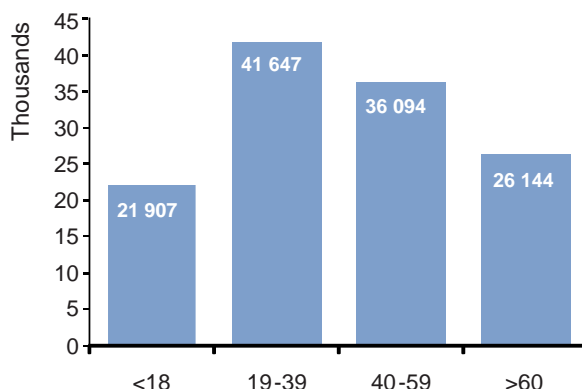
Nearly a half of unemployed in the Opolskie Voivodship are people younger than 34 years old.

Age structure of the Opolskie Voivodship population



Source: Central Statistical Office in Opole, 2009

Age structure of the City of Opole population



Source: Central Statistical Office in Opole, 2009

Young people aged 19-39 years old make up 35% of Opole population. This proportion is higher than for example in Wrocław, where every fourth citizen is this age.

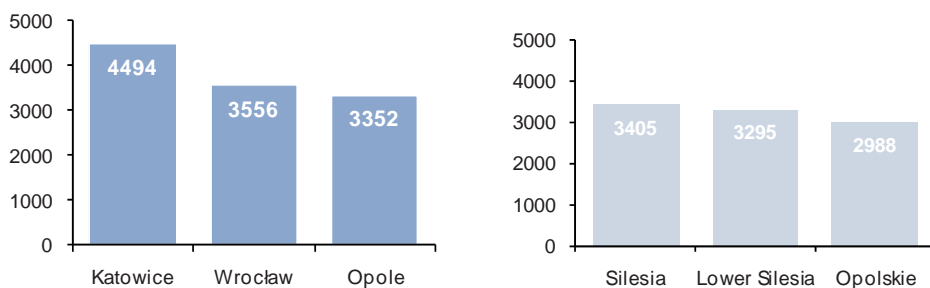
Salaries

The average gross salary in enterprise sector in the City of Opole in September 2010 amounted to 3 133,56 PLN⁴ (783 EUR [EUR = 4 PLN])

gross salary in the region of south-western Poland. The average wages in Opole are approximately 1 100 PLN lower than in Katowice, and 200 PLN lower than in Wrocław. In comparison to other regions, the average salaries in typical SSC and BPO branches are also significantly lower in Opole, i.e.:

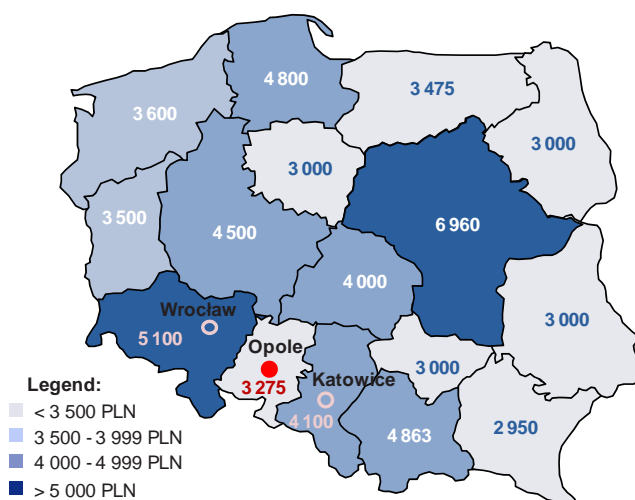
- IT professionals in Lower Silesia earn almost 2000 PLN more than employees in Opolskie Voivodeship. Salaries in Silesia are almost 1000 PLN higher (see: chart "Salaries in IT (2009)" below).
- In the Opolskie Voivodeship the average salary in administration and support departments is significantly lower (April 2010: -38,2%) than the general average monthly salary in the same region.

Comparison of average salaries (PLN) in Opole and neighbouring cities and regions (2009)



Source: Central Statistical Office

Salaries in IT (2009)



Source: Sedlak & Sedlak

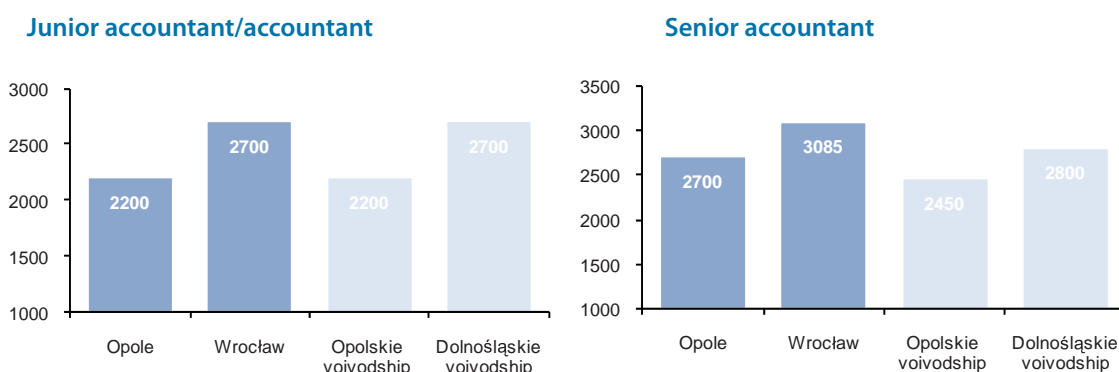
[the Opolskie Voivodeship: 3 275 PLN = 819 EUR (EUR = 4 PLN)]

⁴ Opole Central Statistical Office

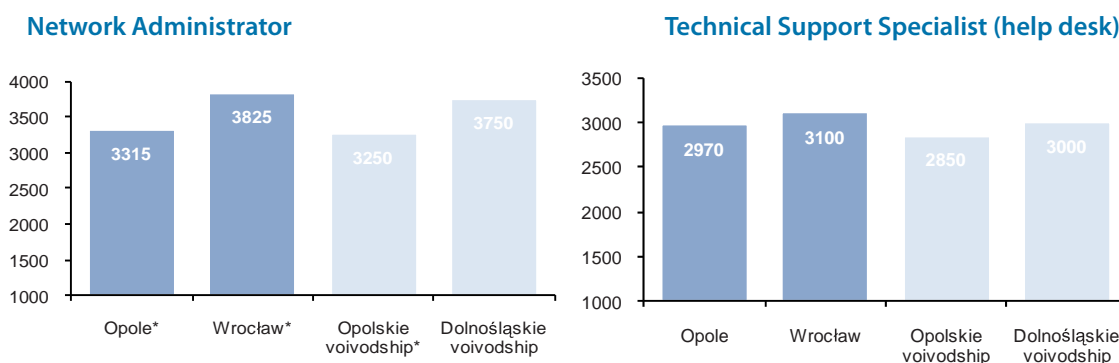
Salaries in most typical SSC and BPO positions, such as accountant, call center consultant or network administrator, are noticeable lower in Opole than in Katowice or Wrocław. This means that workforce in Opole is less expensive than in other big cities in South-West Poland. Sample differences in salaries are shown on charts presented below:

Comparison of average salaries (sample positions, PLN) in Opole and Wrocław, and in both regions (2009)

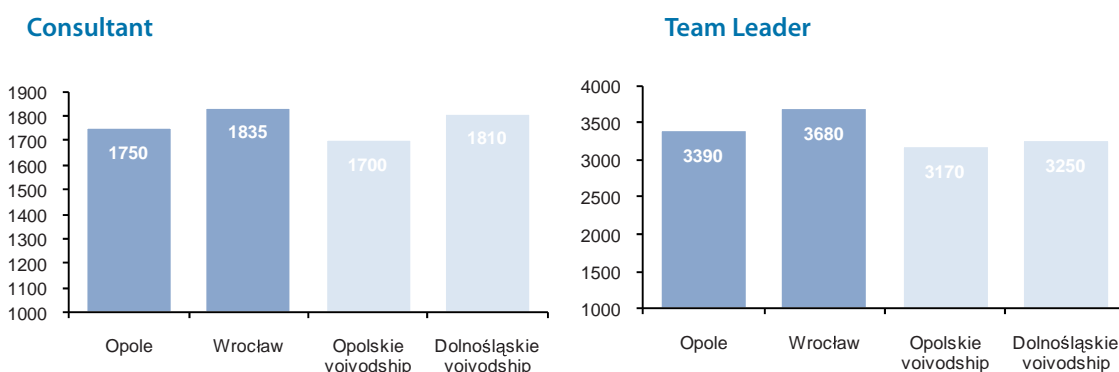
a) Finance and accounting



b) IT

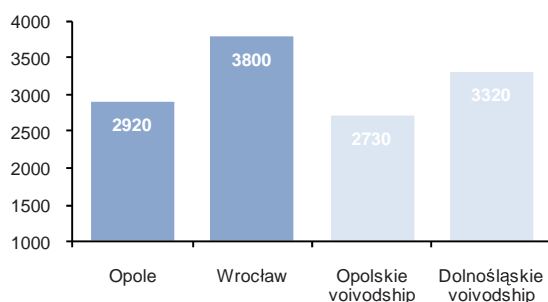


c) Call center

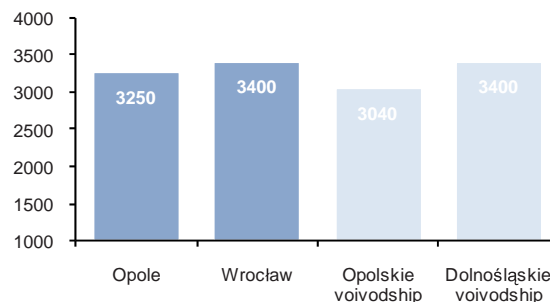


d) HR

Specialist in HR/Payroll



Recruitment Specialist



Source: Sedlak & Sedlak, Central Statistical Office, KPMG

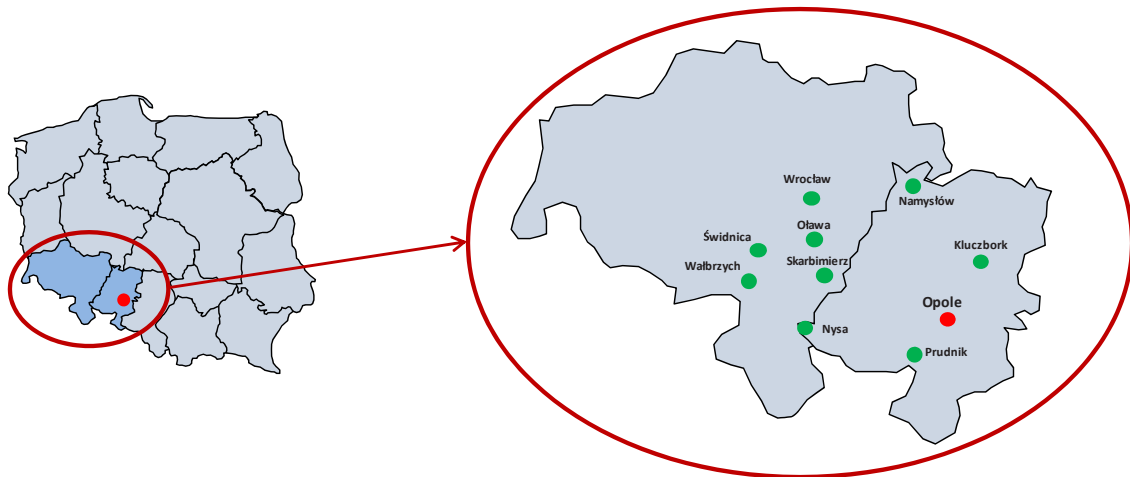
 Major employers⁵

Over 1000 employees	
The city of Opole	Komenda Wojewódzka w Opolu (police) Konsalnet-Inowopol Sp. z o.o. (security services) Odnowa Sp. z o.o. (various) Tabor Szynowy Opole S.A. (rail) University of Opole Wojewódzkie Centrum Medyczne (medical centre) Zakład Techniczno-Budowlany „POLBAU” Sp. z o.o. (construction industry)
Opole district	„COROPLAST” Sp. z o.o. (electric engines) PGE Elektrownia Opole S.A. (power plant)
250-999 employees	
The city of Opole	<ul style="list-style-type: none"> • „GWARANT” Agencja Ochrony S.A. (security agency) • „HART” Sp. z o.o. (automotive) • „SPOŁEM” w Opolu (services) • Cementownia „ODRA” S.A. (cement mill) • Energetyka Ciepła Opolszczyzny S.A. (energy industry) • Izba Celna w Opolu (Customs) • KONCEPTBAU Sp. z o.o. (construction industry) • Miejski Zakład Komunikacyjny Sp. z o.o. (transport) • MONIER Sp. z o.o. (construction industry – roof tile production) • NUTRICIA Zakłady Produkcyjne Sp. z o.o. (food industry, production) • ODRA Sp. z o.o. (furniture) • Opole University of Technology • Opolskie Centrum Onkologii (medical care) • Opolskie Przedsiębiorstwo Komunikacji Samochodowej S.A. (transport) • ORLEN Centrum Serwisowe Sp. z o.o. (service centre) • ORLEN Centrum Serwisowe Sp. z o.o. (service centre) • OZAS-ESAB Sp. z o.o. (heavy industry) • Prywatne Biuro Podróży „SINDBAD” (travel agency) • Przedsiębiorstwo Modernizacji Urządzeń Energetycznych „REMAK” S.A. (energy appliances) • Samodzielny Specjalistyczny Zespół Opieki Zdrowotnej nad Matką i Dzieckiem w Opolu (medical care) • Szpital Wojewódzki w Opolu (medical care) • Urząd Marszałkowski Województwa Opolskiego (Marshal Council of the Opolskie Voivodship) • Urząd Miasta Opola (Town Council) • Urząd Wojewódzki Opole (Voivodship Office) • Wodociągi i Kanalizacja Sp. z o.o. (waterworks and sewage system) • Wojewódzki Specjalistyczny Zespół Neuropsychiatryczny im. Św. Jadwigi (medical care) • ZOTT Polska Sp. z o.o. (food industry, production)
Opole district	Huta Małapanew Sp. z o.o. (steel industry) WARTA GLASS JEDLICE S.A. (glassworks)

⁵ Source: Opole District Office of Employment

3.4 Opole as a part of the Wałbrzych Special Economic Zone

Part of the City of Opole is located in the Wałbrzych Special Economic Zone. The Wałbrzych Special Economic Zone is established until 31st of December 2020 and in total encompass space of about 1,667.20 ha and is composed of 40 Subzones.



The Wałbrzych Special Economic Zone INVEST-PARK will continue to operate until 31 December 2020. It is one of the largest industrial zones in Poland, covering areas located in South-West Poland. It is characterized by an attractive geographical location, close to the German and Czech borders. The areas offered to investors looking to launch economic activity in the Wałbrzych Special Economic Zone INVEST-PARK are undeveloped greenfield-type sites. The zone's strengths are its good connections within the sub-zones and with Poland's and Europe's major industrial centers. The sub-zones have a well-developed technical infrastructure network and offer easy access to qualified labor. As of 31 December 2007, 65.75% of the zone's area was occupied (943.21 hectares). Leading industries: automotive, household equipment

Wałbrzych SEZ in numbers:

- Capital invested - PLN 11,53 billion
- Employment – 29,125
- Subzones – 40
- Number of valid permissions – 155
- Area – 1,667.2 ha

Largest investors in Wałbrzych SEZ:

- Toyota Motor
- Electrolux
- Whirlpool
- IBM
- Colgate
- Cadbury

The Opole Subzone covers the area of about 61.7 hectares and is entirely an undeveloped area, which creates easy conditions for building development. There are opportunities to expand this subzone to new land plots, following the investor's demand.

Current investors in Opole Subzone:

- Stegu Sp. z o.o. (production of non-metallic manufacture)
- Art-Odlew S.C.

Largest investors in other SEZ Subzones within Opolskie Voivodeship:

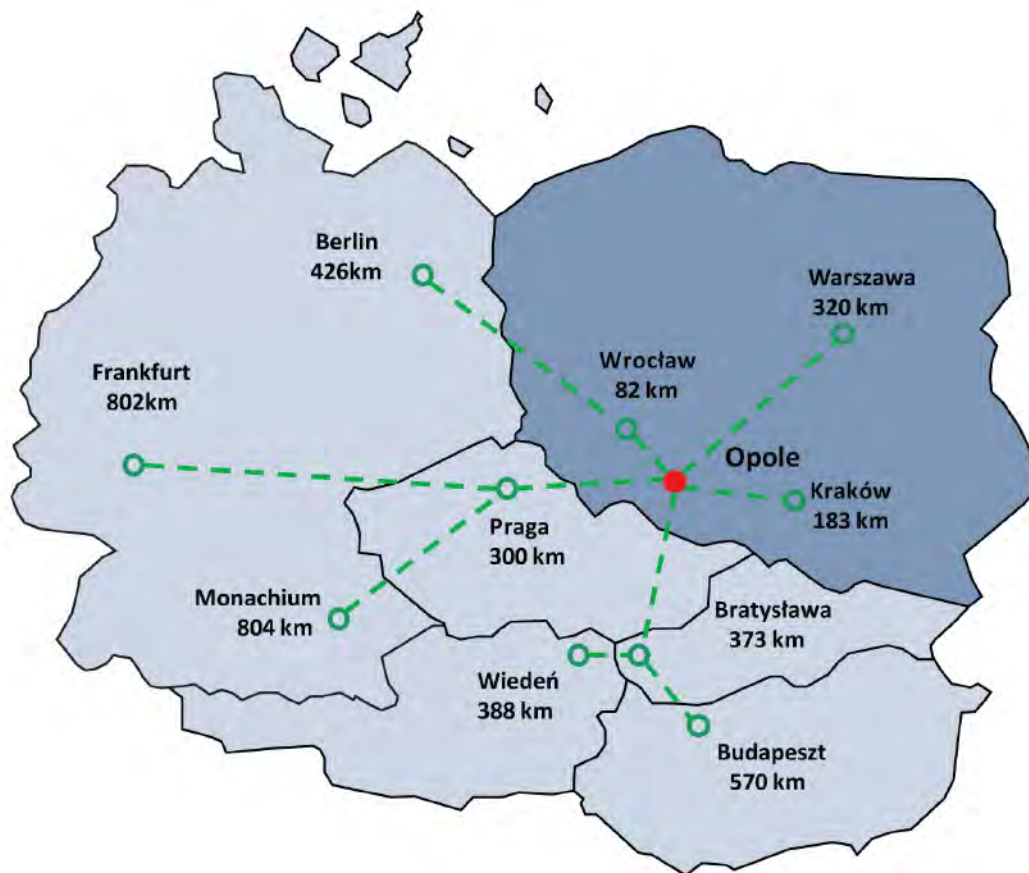
- Marcegaglia Poland Sp. z o.o. (Kluczbork)
- Inpol-Krak Tubes Service Center (Kluczbork)
- Advantech Sp. z o.o. (Nysa)
- Alsecco (Nysa)
- Cadbury (Skarbimierz)

3.5 Infrastructure

Rail and roads

Opole has a very well developed rail transport, which serves every major city in Poland (as shown on the map below). Most of these destinations have direct connections and offer economy or upgraded business class.

In addition, Opole has a direct connection to Berlin and indirect connections to cities such as: Munich, Frankfurt, Vienna, Bratislava, Prague or Budapest.



Opole is surrounded by three main regional roads, with connection to international road no. E67 and E75, as well as, highway A4.

- Regional road no.94 (connection to A4 – Krakow, Katowice, Dresden, Wrocław, Legnica; E40 – connection to Germany and rest of the Western Europe);
- Regional road no.45 (connection to Kędzierzyn-Koźle, Ostrava and main road no.1 (Brno, Ostrava));
- Regional road no.46 (connection to Częstochowa, Piotrków Trybunalski, Warsaw; E67 – connection to Eastern Europe).

Major foreign cities surrounding Opole and estimated time of journey by car:

- Berlin – 426km (4h 19min)
- Munich – 804 km (7h 30min)
- Frankfurt – 802km (7h 25min)
- Prague – 300km (4h 30 min)
- Budapest – 570km (6h 40 min)
- Vienna – 388km (5h 30 min)
- Bratislava – 373 (4h 53min)

Airports

■ Wrocław

Kopernik Airport offers international flights to many major cities in Europe such as: Munich, Frankfurt, Dortmund, London, Paris, Rome, Milan, Brussels, and Eindhoven. On average, Kopernik Airport serves 1,2 mln passengers annually.

New investment plans involve building third terminal, which will increase current capacity to 3,2 mln passengers in 2011.

Kopernik Airport is located approximately 100 km from the centre of Opole.

■ Katowice

Pyrzowice Airport offers international flights to most of the major cities in Europe such as: Frankfurt, Dortmund, Munich, London, Torino, Barcelona, Stockholm, Brussels, Eindhoven.

Pyrzowice airport serves 2,3 mln passengers annually.

Pyrzowice Airport is located approximately 110 km from the centre of Opole.

■ Warsaw

Chopin Airport offers international flights to every major city in Europe and general worldwide.

Chopin Airport serves 9.5 mln passengers annually.

Chopin Airport is located approximately 300 km from the centre of Opole.

The map below shows the location of mentioned airports:



Telecommunication Infrastructure

Telecommunication infrastructure in Opole offers a wide variety of services to the business and individual clients. Recently, telecom sector in Poland has experienced major increase in supply of services, which results in very competitive and more favorable offers for clients, both business and individual.

The availability of telecom infrastructure in Opole are as follows:

- Broadband internet connection;
- Virtual Private Network (VPN);
- Hosting package;
- Separated voice connections from internet connections.

Available additional services:

- Voice mail;
- Blockade for outbound connections (such as: mobile phones, international calls);
- Access to own phone account through dedicated application (microPBX);
- Connections transfer;
- Individual Wi-Fi and Firewall configuration in office;
- Detailed receipt;
- Availability of world's largest internet operators, such as: TeliaSonera, Teleglobe, Tsystems;
- Guaranteed high quality service parameters – SLA;
- Wide variety of services for safety purposes.

3.6 Investor's support

Special Economic Zone in Opole and its surroundings offers so-called „greenfield opportunities“. Investment in real estate and employment of certain number of personnel entitle investor to tax break up to 50% (10% more than in Wrocław or Katowice). In addition, district office of labor in Opole may support investor with professional trainings and additional equipment. Employees and employers may obtain training support through participation in various specialized, language, computer and customer relationship grants, which are paid out of the EU Human Capital Operational Program.

Some of the above mentioned trainings and project may be realized by:

- Labor market institutions; training institutions,
- Government administration units,
- Entrepreneurs
- Business institutions,
- Non-governmental institutions,
- Educational institutions.

Moreover, there is a possibility of cooperation with University of Opole, University of Technology and other Universities which are willing to create a network with other investors in which both parties could benefit.

Support offered by Opole District Office of Employment

Support offered by Opole District Office of Employment concerns public incentives to offer positions to currently unemployed. This support includes among others: job placement, one-off health insurance premium reimbursement and workplace equipment reimbursement.

Investor's support from the City of Opole:

■ **Support de minimis**

Within the framework of Opole Investor's Support Program investors may obtain support de minimis in form of partial or full real estate tax exemption. This tax exemption may be granted to an investor for 3 years. The height of the tax exemption may amount up to 200 thousands EUR within three fiscal years, or 100 thousands EUR in transport sector (including the year in which the support was given). The support cannot exceed the investment value.

Tax exemption concerns:

- 1) newly constructed buildings or their parts assigned for the business, under condition they will be used for this business purpose;
- 2) newly acquired land and buildings assigned for the business, under condition they will be used for this business purpose;
- 3) land, buildings and other sites when a tax payer starts to use them for the business purposes and they are the tax payer's property, however not used for the business previously, under condition that the tax-payer will bear capital costs connected with launching or developing the business, which will be worth at least quintuple of annual real estate tax.

■ **Regional support**

a) Resolution No. XLVIII/517/09 of the Council of the City of Opole (23. April 2009) on the adoption of a regional aid program to support new investments in innovative activities

The resolution provides investors with a possibility of getting regional support in the form of full or partial real estate tax exemption for companies investing in innovative activities in the city of Opole. Entrepreneurs have the opportunity to obtain up to 50% real estate tax exemption. For small business the height of the real estate tax exemption was increased up to 70% and for medium-size enterprises – up to 60%. These costs include among the others: purchase price of land or taking it on lease; purchase price or cost of fixed assets such as buildings, and equipment associated with running a business, purchase price of intangible assets and rights related to acquisition of technologies (obtaining a patent, license or acquiring unpatented know-how). Investors may benefit from the support program under specific conditions specified in the regulation of the Council of Ministers (5 August 2008).

The purpose of this resolution is to support investors in making new investments in innovative activities, i.e. in activities that consist of implementing new technology⁶ in order to produce new or significantly improved products or services.

b) Resolution No. XLVIII/516/09 of the Council of the City of Opole (23. April 2009) on the adoption of a regional aid program to support new investments in the tourism sector

The resolution provides investors with regional support in the form of full or partial real estate tax exemption for investors engaged in the city of Opole in the period of validity of the resolution (until 31. December 2013). The support program concerns new real estate investments (for example building a hotel or adapting already existing facility for a hotel).

The purpose of the resolution is to expand and upgrade accommodation infrastructure in Opole that could be used during Euro 2012 in Poland. Real estate tax exemption is possible under the terms and conditions specified in the regulation of the Council of Ministers (5. August 2008).

■ Investor service system in the City of Opole

Since 1997 in the City of Opole works an investor service system. The purpose of this system is to attract new investors and to offer them individual service. The system consists of an interdepartmental work group for widening investment offer and position for investor support in the Department of Economics and City Promotion. The team offers professional help in proper preparation of the offer and ensures investors a complex service (for example: collecting permits, completing applications, translating documents) at every stage of the investment process.

Individual investor support is offered to every investor who plans in the municipality of Opole an investment that will result in creating at least 30 new job positions, or which value exceeds 5 million EUR.

If an investor does not meet the indicated criteria, he can still be supported by the investor service system, under condition that his investment in the municipality of Opole is connected with the modern technologies (particularly electronics, biotechnology, IT, telecommunications), or the execution of the investment may be of particular importance for the development of the city, such as creation of jobs.

Investors present in the City of Opole and in the Opolskie Voivodship

The largest foreign investors in Opole:

- Ahlers A.G. (Germany)
- BP International B.V. (UK)
- BSN Gervais Danone (France)
- MGPA Europe Fund III (France)
- CBR Baltic BV (The Netherlands)
- CTC Clatronic Sp. z o.o. (Germany)
- Smithfield Group (USA)
- GEA (Germany)
- Heerema Fabrication Group (The Netherlands)
- IGI Management (Ireland)
- Kludi Armaturen Sp. z o.o. (Austria)
- Monier (France)
- Metro Group AG (Germany)
- Miebach Projekt GmbH (Germany)
- Norgips (Norway)
- Provident Financial Plc. (UK)
- Remondis International GmbH (Germany)
- Rossmann Ost Europe BV (The Netherlands)
- Tower Automotive Polska Sp. z o. o. (Stany Zjednoczone)
- TU Compensa S.A. (Austria)
- Zott GmbH&Co KG (Germany)

The largest foreign investors in Opolskie Voivodeship (excl. Opole):

- Betafence NV (Kotlarnia)
- Bilfinger and Berger Bau AG (Krapkowice)
- BorsodChem Rt. (Kędzierzyn-Koźle)
- Brenntag CEE GmbH (Kędzierzyn-Koźle)
- Cadbury (Skarbimierz k. Brzegu)
- Cantoni Group (Brzeg)
- CBR Baltic BV (Chorula)
- CeWe Color (Kędzierzyn-Koźle)
- Chaufourneries de Hergenrath (Tarnów Opolski)
- CPIG (Chicago Poland Investment Group) LLC (Namysłów)
- Diehl Ako Stiftung GmbH & Co (Namysłów)
- Jockey Plastik Wipperfurth GmbH (Kędzierzyn-Koźle)
- Kronospan Holdings Ltd. (Wilamowice Nyskie)
- KTR Kupplungstechnik GmbH (Ozimek)
- Lesaffre Group (Wołczyn)
- Lorenz Snack – World (Nysa)
- Marcegaglia (Kluczbork, Praszka)
- Mc Bride plc (Strzelce Opolskie)
- Norgpis (Brzezie)
- ORAS OY (Olesno)
- Prodair Corporation (Kędzierzyn-Koźle)
- Saint-Gobain (Namysłów)
- Schoeller (Namysłów)
- Smithfield Foods (Grodków)
- Tedrive (Praszka)

3.7 Availability of Accommodation

Opole has a relatively large pool of accommodation facilities, which include several hotels. These hotels are mainly located in the center of Opole, with a few ones (less prestigious) located in the suburbs.

Investors who would like to use accommodation in Opole for short-stays should consider the following 3-stars hotels, offering accommodation for approximately EUR 35-65 per night.

In addition, Opole offers high-standard apartments for its guests which are offered in four different arrangements, prices vary between approximately EUR 50 - 75 per night. Guest of „Bilik Apartments” have at their own disposal free wireless connection, LCD TV with DVD player and fully equipped kitchen.

Foreign employees and guest can also rent an apartment in Opole:

- Studio Apartment (approximately EUR 650 per month)
- 2 bedroom flat (approximately EUR 350-500 per month)
- House (approximately EUR 850-1000 per month)

Additionally, there is a possibility of buying an apartment in Opole. The price usually ranges between EUR 1000-1200 per sq.m.

Opole not only offers cheaper accommodation such as hotels or apartments for rent, but also cheaper accommodation for long-stays, when compared with Wrocław (EUR 1600-1800 per sq.m.) or Poznań (EUR 1300-1500 per sq.m.).

3.8 Availability of Public and Private Medical Care in Opole

In Poland exists the National Health Care program. It is very well developed in Opole due to many medical centers located in Opole, such as:

- Voivodship Medical Center,
- Voivodship Hospital,
- Oncology Centre,
- Specialist Health Care Centre for Mother and Child,
- Voivodship Specialist Neuropsychiatry Centre.

There is also a wide variety of possibilities for Private Medical Care. Three from the biggest and most recognizable private medical centers in Poland are present in Opole and offer medical packages to their clients:

- LUX MED Group – a leading medical corporation on the Polish market cooperating with many regional offices and providing comprehensive medical care;
- Medicover Group – an international medical company that offers a comprehensive range of health care services;
- Damian Medical Centre – Polish private medical company which main shareholder is Medicover Group.

Medical department cooperating with medical care companies mentioned above offer to their clients high-quality and urgent treatment.

3.9 Standard of living

Availability of Entertainment

In the past Opole Region was dominated by three cultures: Polish, Czech and German. Currently, Opole is famous for the National Festival of Polish Songs, which is organized annually ever since 1963. That is the reason why Opole is commonly called The Capital of Polish Music. Opole is also the host city for many other cyclical cultural events such as:

January	Carnival Concert in the Concert Hall
February	Carnival ball
March	“Inter Opole” Festival Easter Faire National Independent Film Festival „Opolskie Lamy” (Ogólnopolski Festiwal Filmów Niezależnych „Opolskie Lamy”)
April	Opole Theater Confrontations „Polish Classics” (Opolskie Konfrontacje Teatralne „Klasyka Polska”) Days of Opole International Dogs Exposition
May	Karaoke Festival “Singing Opole” Student Cultural Spring – Piastonia National Medical Services Faire International Tourism, Sport and Rest Faire
June	National Festival of Polish Songs Film Festival for Children “Zero boredom” Science Festival of Opole
July	Opole Run Sunday Promenade Concerts

August	Folk Festival in the Museum of the Opolskie Countryside Sunday Promenade concerts
September	Franciscan Faire National Automotive Faire
October	The International Percussion Festival National Puppet Theater Festival (biennale) Autumn Fair of Folk Art Apiarian Faire
November	Xaverianum Days – Days of the academic culture Literary Autumn in Opole World Press Photo
December	New Year's Eve party at the city hall

Opole offers a relatively wide variety of cultural facilities, such as theaters, cinemas, museums, community centers etc... There is also a zoological garden, an amphitheater, and many historic churches, towers and tenements.

HotSpot in the City Centre

The City of Opole provides its inhabitants with Wi-Max signal among the town hall, at the market.

The HotSpot offers:

- wireless Internet access for all users (pages containing prohibited content are blocked, as well as p2p networks);
- data transmission up to 512 kb/s.

The one-time connection length (one session) is limited to 45 minutes.

Cost of living

Opole is one of the cities with the lowest salaries in the country. The average earnings in private sector in Opole in 2009 amounted to 2 893,55 PLN, which puts them behind the majority of the voivodship capitals.

It is worth noting that low wages do not go hand in hand with low cost of living, in particular rental and other accommodation costs.

Prices of services and products, both FMCG (fast moving consumer goods, such as food) and durable goods, on average – stand in Opole at a very similar level as in other cities. In other words, there is no balance between wages and the cost of living. The only significant exception are the housing prices, which are much lower than, for example, in Wrocław and Katowice.

[Sample prices of products and services are shown as comparison between Polish Voivodships in Appendix]

4. Risks

When planning investment in Opole, investors should take into consideration two main risks:

■ Flood risk

Because of its geographical location (at the Odra River which divides the city in two unequal parts), the city is open to floods and inundation. Opole suffered while the national flood in 1997. Possible flood in the future would be a risk factor for potential investment in infrastructure.

However, it is worth mentioning, that a number of flood preventing solutions were implemented in Opole region after 1997, and therefore, the flood risk has been significantly reduced. Moreover, undergoing construction of Racibórz storage reservoir shall eliminate several environmental risks, including exposure to flood.

■ Migration

The Opolskie Voivodeship has one of the highest migration rates in Poland. Migration of high educated human capital to larger cities (Wrocław, Poznań, Warsaw) and abroad (mainly to Germany) is caused by lack of work places in the region, and significantly lower salaries in comparison to other Polish regions and cities.

5. Conclusion

Opole appears as a new and interesting player in the market for locations of Shared Service Centers and more broadly – Business Process Outsourcing. The City authorities prepared a comprehensive value proposition for potential investors. Several points could be raised to advantage of Opole – among others are:

- Location, location, location... Opole is situated close to German and Czech borders, in between two major international airports and is surrounded by a dense network of international highways. In practice, investors can enjoy lower costs of doing business in a location that is reachable in daily commute.
- Opole appears as one of the most interesting areas for German and German speaking investors in the Central and Eastern Europe – due to a large percentage of population that declares native or fluent knowledge of German language and still has substantially lower compensation expectations than in other parts of the region.
- Proximity of larger SSC/BPO regions, such as Wrocław or Kraków, and thus ability to source experienced employees who were educated in Opole and moved or commute to larger BPO centers for work. These employees could probably accept employment in Opole with lower compensation in exchange for eliminating the commute and having an ability to work closer to their homes.
- Lower salary expectations in Opole go hand in hand with certain reduced costs of living, such as rental expenses.
- Wrocław and Cracow show certain signs of “overheating” in the SSC/BPO job market and Opole still has substantial potential to serve incoming investors.
- Local authorities put together an interesting incentives package that combined with the EU, Polish governmental support and ability to establish operations in the Wałbrzych Special Economic Zone, drastically improves financial attractiveness of SSC/BPO investment in Opole.
- Empirical studies show that available human capital in Opole declares above average knowledge of foreign languages, a substantial and always important location criterion for any international SSC/BPO location study.
- Above all, Opole offers somewhat “more quiet” standard of living. On one hand citizens enjoy access to above standard healthcare and cultural amenities but still are separated from the hassle of living in large metropolis.

Investors making location decisions for their SSC/BPO operations in the CEE region should consider Opole as one of the viable choices – our experience proves that this is an interesting alternative.

