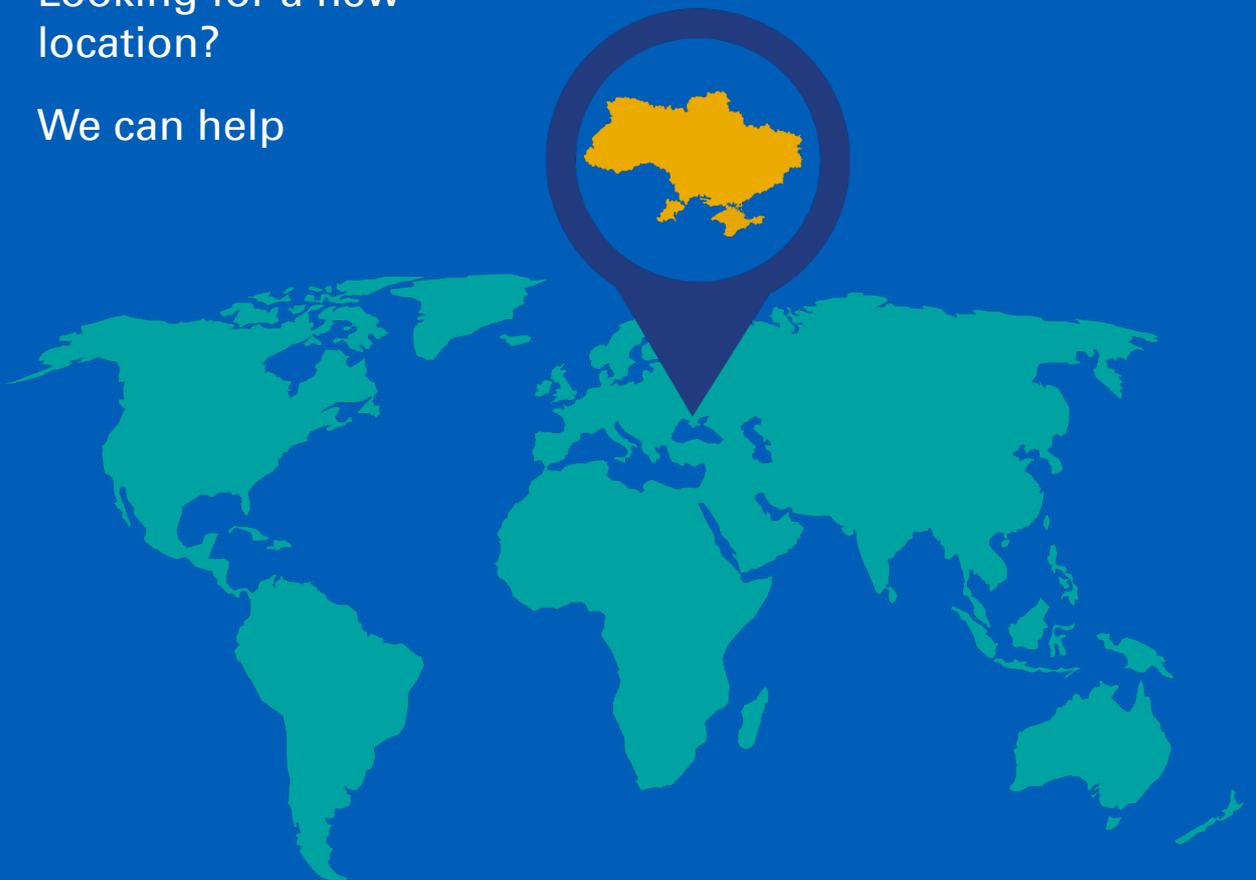




# Ukraine: your new Shared Service Center destination

Looking for a new  
location?

We can help



# Contents

	<b>Page</b>
<b>1. Introduction</b>	3
<b>Executive summary</b>	5
<b>2. Why Ukraine is attractive to investors</b>	6
<b>3. Major locations for SSC</b>	15
— Kyiv	16
— Lviv	22
— Ivano-Frankivsk	28
— Odesa	40
— Kharkiv	46
<b>4. Overview of legal matters of doing business in Ukraine</b>	52
<b>About KPMG</b>	54

# 1. Introduction

## 1.1 Does the right location matter for a successful shared services center (SSC)?

The main idea behind SSC is moving major business operations from individual unit to a centralized location, where services are provided at a lower cost at the same or better quality. Productivity improvements and process quality resulting from centralization and standardization create additional benefits and increase competitiveness. As the speed of globalization keeps the growing momentum and technological advancement enables the companies to set up SSC capable of servicing around the globe from one place, the SSC model is attracting more resources and attention. Obviously, cost management and availability of required talent is the key matter for companies, which consider setting up SSC in a particular location.

Right location is of utmost importance for the success of any SSC project. Clearly, investors mainly look for locations where human resources are less expensive and are also expected to be lower in the medium term. However, the major matter is the availability of a young and educated workforce, especially taking into account fierce competition for these resources as the most of companies tend to cluster in the same cities as a point of their SSC.

Therefore, management needs to evaluate thoroughly current situation regarding costs and labor force, prospects of their development for the near term and makes a decision with the regard to desired target location. It is also necessary to consider the change drivers having impact on the future shared services center and its operation such as data analytics, cloud computing and process automation.

## Ukraine: your new destination for BPO/SSC



The nation that invented the world's largest fixed wing aircraft, the An-225 (Mriya) and sends people to space for sure can handle share service operations.



# 1. Introduction

## 1.2 Goal of the report

Central and Eastern Europe enjoyed a dynamic growth and attracted a lot of attention with regard to setting SSC. Growing number of investors recognized the benefits of western type culture of doing business, proximity to their native HQ and consider this part of the world as an optimal location for SSC oriented primarily on the EMEA (Europe, Middle East and Africa) region (UTC+2).

Even though Ukraine is one of the largest country either in term of territory or people in the region and has a lot to offer for foreign investor looking to set up local SSC, it has been lagging behind the more matured markets like Poland or Czech Republic. However, given the growth in the costs structure and migration to more developed countries from Central European countries, Ukraine, on the other hand, can become your new destination for SSC that offers an excellent mix highly educated and young people at a fraction of the costs normally paid in other European and Central European countries. Ukraine is already known as a prime destination for IT sectors outsourcing as well as the place for many wire harness assembly plants for automotive industry. Moreover, despite all the political matters, many multinational companies have already a significant presence in Ukraine (including SSC) and benefits from the lower cost structure with the same high quality.

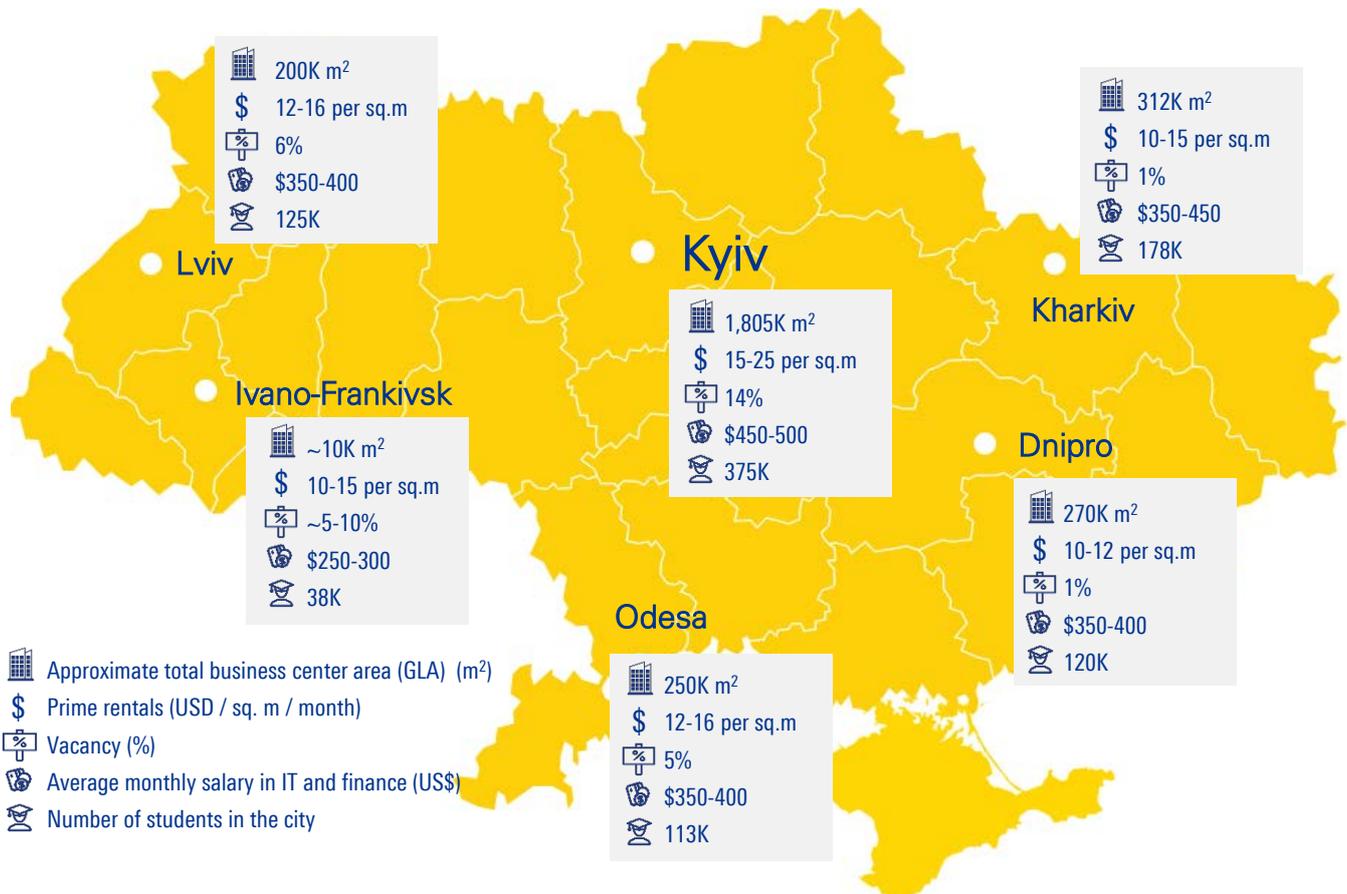
The goal of this report is to provide an overview of Ukraine as a potential location for SS or business process outsourcing (BPO) centers. We provide general information about Ukraine and its benefits for investors. We hope that it will assists an investor to consider the country as a key potential location for SSC/BPO. We provide the information that is essential for investors planning to set up a SSC in accounting or finance, internal audit, IT or R&D. However, for those already operating in Ukraine these data should be helpful to evaluate options for expansion of the operations. In addition, we cover main information on legal matter relating to doing business in Ukraine.

We urge any company interested in setting up a SSC/ BPO operation in Ukraine that requires any additional information to contact us. KPMG would be delighted to provide interest party with more detailed information. Our service offerings are presented in this report.

## The report specifically covers the following areas:

- Why Ukraine is attractive for investors
- Summary of economic data and forecasts
- Overview of major Ukrainian cities regarding feasibility of SSC establishing
- Overview of legal matters of doing business in Ukraine

# Executive summary



- Kyiv while being the most expensive city in Ukraine ranks as the cheapest city in Europe.
- Average salary is **USD 220 per month**, lowest in all Europe.
- **6.2%** of GDP spending on education, one of the best rate in OECD countries
- Ukraine ranks at **20<sup>th</sup>** for easiness of starting a business in 2017 based on Doing Business Data
- Thousands of Ukrainians already work in share service centers across Europe – why to pay more?

# 2. Why Ukraine is attractive to investors

## 2.1 Introduction – information about Ukraine

Ukraine is a country in Eastern Europe, bordered by seven states, namely Russia to the east and northeast, Belarus to the northwest, Poland and Slovakia to the west, Hungary, Romania, and Moldova to the southwest, and the Black Sea and Sea of Azov to the south and southeast, respectively. Ukraine has an area of 603,628 km<sup>2</sup> (233,062 sq m), making it the largest country entirely located within Europe.

Ukraine currently considers Euro-Atlantic integration its primary foreign policy objective. In January 2016, Ukraine joined the Deep and Comprehensive Free Trade Area with the EU, established by Ukraine–European Union Association Agreement. Ukraine has an open economy and it's been WTO member since 2008. Also, it has International Agreements for the Avoidance of Double Taxation with 63 countries of the world.

Ukraine is placed at the crossroads of important trade routes. Such location is especially favourable for business as it takes just 2 hours to fly to Ukraine from most European capitals. Besides, for the citizens of United States, European Union and few other developed countries citizens enjoy a visa-free regime. The country has a population of 42.5 million people and hence, huge labour market potential, especially of a highly educated one.

The largest cities are Kyiv, Lviv, Kharkiv, Dnipro and Odessa.

The A.T. Kearney Global Services Location Index, which tracks the dynamics of the offshoring activities in 55 countries across three major categories: financial attractiveness, people skills and availability, and business environment, indicates that Ukrainian currency depreciation led to a major gain in its compensation cost score, accompanied by the improvement in the competitiveness of its tax and regulatory costs. The increase in political risk is partly eliminated by the government's implementation of reforms that boosted the country's competitiveness. As a result, Ukraine has moved up 17 positions in the [Global Services Location Index](#).

Ease of doing business ranking of World Bank report Doing Business 2017 – 80 place (among 190 countries) noticing reformed across all Doing Business indicators. In particular, in recent years Ukraine has made significant progress in improving its investment policy framework and has introduced reforms aiming to ease the business climate and attract investors further.

Improvements have especially been reported to simplify establishment and licensing procedures, resulting in the rapid progression of the country in the ease of starting a business ranking, at the 20th position in 2017 from rank 70 in [2015](#). Ukraine has also introduced tax reforms in 2015 resulting in better tax transparency (OECD, 2016).



**Largest country entirely located in Europe**



**42.5 million of people**



**2nd highest jump in A.T. Kearney Global Services Location Index in 2016 by 17 positions**



**About 500 outsourcing companies and 100 global R&D centers in Ukraine**

# 2. Why Ukraine is attractive to investors

## 2.2 Human capital

The organization of higher education in Ukraine is built up on the same basis as in other OECD countries. Ukrainian universities are a part of Bologna Process since 2005.

Young Ukrainians are highly educated: more than **one-half have completed a higher education degree** or are studying at that level, and the percentage with elementary education only is a mere 1.7 per cent of those aged 15–29 in Ukraine, 96.4 per cent of the population aged 18–70 in 2015 had completed secondary education (including vocational training). The level consists of either **11 years of general studies (basic general education plus 2 years secondary school) or 9 years of general studies plus 2 years of study at a vocational training institution.**

The massive availability of young and highly qualified labor resources is the key advantage of Ukraine. Higher education is either state funded or private. Students that study at state expense receive a standard scholarship if their grades are good enough. However, for most students the government subsidy is not sufficient to cover the cost of living and students usually actively look for **job opportunities.**

The country spends on average 6.2% of its GDP (2014-2016) on education, which is higher than OECD average of 4.8% (in 2013), which makes tertiary education very affordable for young people. Ukraine has more than 1.6 million students attending more than 500 university level education institutions, and about 400 thousand graduates per year. In contrast to other countries in the region, Ukraine has many strong academic centers located in a number of cities. The biggest ones are Kharkiv, Kyiv, Lviv, with each one of them having a student community of over 100 thousand. It puts Ukraine as the 4th largest country per number of post-secondary graduates in Europe, while being ranked seventh in population. Ukraine also offers an affordable cost of higher education to as many as almost 64 thousand foreign students from more than 148 countries.

The most popular faculties in Ukraine are related to social sciences (incl. economics and law) 39% and technical sciences 20%.

Ukrainian students are profoundly bi-lingual (Ukrainian/Russian) and also have good knowledge of foreign languages. Over half of them speak **English (mandatory study in school at the age of 7), German, French and Polish.** Furthermore, philology faculties of leading Ukrainian universities provide students with an opportunity to major in all European languages. Multinational companies operating in Ukraine are usually very satisfied with their Ukrainian employees and an increasing number of Ukrainians are promoted within corporations and posted on key management positions in other countries.



6.2% of GDP spending on education compared to OECD average of 4.8%



About 400 thousand graduates each year



cities with >100K student pool. Students from over 140 countries

# 2. Why Ukraine is attractive to investors

## 2.3 Labor costs

The economic situation in the world implies that labor costs play an increasingly important role for investors. Ukraine's employment costs are among the lowest in all of Europe. The average monthly salary in 2016 was about [USD 220](#) although salaries in IT and finance jobs are expected to pay about 2 times higher salaries. Since January 2017 the minimum wage is [USD 125](#). Social charges amount only to 22% and are paid by employers.



Average salary is USD 220 per month, lowest in all Europe

Social charges are 22% on the gross salary and paid by an employer

	2014	2015	2016
Average monthly salary (USD)	250	190	220
Annual changes in unit labor costs (%)	-24	-24	+16
Labor costs per hour (USD)	1,56	1,18	1,38

Because of the tensions in the east of Ukraine and as a result economic recession, it is an "employer market". Given more than 75% devaluation of local currency, salaries if denominated foreign currencies plummeted in 2014-2015 and recovered gradually during 2016. Although the financial elements of remuneration are still decisive, most young people are also interested in career development opportunities within international companies, brand of the company, and additional incentives offered by companies like: medical package or financing of sports and recreational activities.

# 2. Why Ukraine is attractive to investors

## 2.4 Economy

Due to the conflict in certain regions of Donetsk and Luhansk the economy contracted by 9.8% in 2015. The situation in the east has de-escalated and since second half of 2015 the bold reforms of 2014–1 H2015 have begun to stabilize confidence and produce tangible results.

The economy recovered by 2.3% in 2016 and Ukrainian economic growth is continuing at a robust pace, boosted by 4.8% GDP growth in October-December 2016. Over 2014-2016 National Bank of Ukraine (NBU) adopted the flexible exchange rate, tight monetary policies together with fiscal austerity measures of the Government of Ukraine led to the reductions of structural imbalances. The current account deficit fell sharply, from over 9 percent of GDP in 2013 to 3.6 percent of GDP in 2016. Structural reforms in energy sector, which among other steps included the increase the energy prices to market levels, and strong spending controls reduced the overall fiscal deficit from 10 percent of GDP in 2014 to 2.3 percent of GDP in 2016 ([IMF](#)).



2.3% of GDP growth in 2016



one digit inflation rates expected in 2017-2018

Table 1 Key economic data for Ukraine (Source: Ukrstat, NBU, IMF)

	2012	2013	2014	2015	2016	2017 est.	2018 est.
Real GDP growth (%)	0.2	0	-6.5	-9.8	2.3%	2.0%	3.2%
Population (mn)	45.6	45.6	45.2	42.9	42.8	42.7	42.7
Inflation rate (%)	-0.2	0.5	24.9	43.3	12.4%	9%	6%
Unemployment rate (%)	7.6%	7.3%	9.3	9.1	9.3	9.0	8.7
Exchange rate UAH/EUR (average)	10.53	10.98	19.23	26.05	27.97	28	29

Since the National Bank of Ukraine abandoned the peg of the UAH to the USD (at USD 1: UAH 8) in February 2014, the currency has depreciated rapidly. One year later, it hit a record low of 1:30 against the USD in February 2015 as the NBU ceased foreign exchange (FX) interventions as its FX reserves had fallen dramatically. However, UAH/USD exchange rate fluctuated within the corridor of UAH/USD 26-28 for most of 2016.



Structural reforms on relaxing investment climate on the way

## 2. Why Ukraine is attractive to investors

The sharp depreciation of local currency has fed through to consumer price inflation, which has surged from 24.9% at end-2014 to a peak of 43.3% for 2015. During 2014-2015 National Bank of Ukraine (NBU) and Ukrainian government took a number of measures to curb the inflation via its monetary and fiscal tools, which were successful. NBU expects inflation rate to be single digit number in 2017 (9% +/-2%) and thereafter (6% +/-2%) ([NBU](#)).

Since May 2014, Ukraine has received financial support from the International Monetary Fund, the EU and other bilateral and multilateral partners, which has helped to finance public expenses. In March 2015, the government reached an agreement on a new, four-year USD17.5bn IMF Extended Fund Facility (EFF) program, bringing the total commitment of the Fund and other resources from the international community to about USD 32 bn. Moreover, in November 2015 Ukraine achieved a debt restructuring of around USD15bn with 13 private creditors.

As for the 2017, NBU anticipate that the exchange rate will fluctuates only slightly with the rate of UAH/USD 28 by the end of the year, assuming that the IMF maintains its program in Ukraine.

**Sharp decline in exchange rate in 2014-2015 led to the significant drop in costs of doing business in Ukraine, especially salaries among the highly qualified work force in Ukraine compared to other countries in the CE region. This has led to propelled growth in export-oriented industries in particular agriculture, IT, manufacturing boosted by foreign and local investments. Over the last 2 years many international companies opened new manufacturing plants or expanded their business in Ukraine.**

It is also worthwhile to mention that the Ukrainian Government is playing an active role in counteracting the effects of the economic crisis. During 2014-2016 it adopted many so called "anti-crisis" reform laws aimed at ensuring economic growth (incl. simplification of tax accounting, and repealing bureaucratic regulation) as well as stabilizing the banking sector.



Successful cooperation with IMF on Extended Fund Facility



75% devaluation of local currency led to significant drop in salary for well educated and intellegent young people



Attractive for FDI in educated labor intensive industries, IT/BPO outsourcing, etc.

# 2. Why Ukraine is attractive to investors

## 2.5 FDI and key investors in Ukraine

Since the gaining the independence in 1991, Ukraine has attracted numerous international investors. During the last 3 years some of the world's largest companies have invested in Ukraine, including **Sumitomo Corporation, Bunge, Cargill, Electrolux, Leoni, Kromberg and Schubert, Bader, Pepsi-Cola, Coca-Cola**, etc.

According to estimates from Ukrstat, the value of foreign direct investment (FDI) in Ukraine reached the level of more than USD 37 billions as at end of [2016](#). Although the actual figures show that as a result of the conflict in the east of Ukraine the total FDI inflow has decreased significantly in 2014-2015, **Ukraine still remain an attractive business location in the world due to its proximity to EU market and availability of low cost highly qualified labor force.**

According to a survey prepared by A.T. Kearney for [2016](#) (positioned Ukraine as the world's 26th most attractive location for IT/BPO stating that "following years of uncertainty, managed to improve its profile by 17 spots on last year. The country has moved up 17 positions in the GSLI (**second highest upward move in the ranking**), as currency depreciation let to a major gain in its compensation cost score, accompanied by improvement in the competitiveness of its tax and regulatory costs. The increase in political risk is partly offset by the government's implementation of reforms that boosted the country's competitiveness. The Ukrainian IT industry comprises more than 500 outsourcing companies and 100 global R&D centers, and it employs more than 50,000 engineers".

Source: [Ministry of Finance](#)

Table 3 Foreign direct investments inflow to Ukraine (billion USD)

	2011	2012	2013	2014	2015	2016
Amount of FDI inflow	7,2	8,4	4,5	0,41	2,9	3,2

Ukraine offers a balanced system of relatively higher risk compared to those observed in the West but with the significantly higher return. Companies investing in Ukraine benefit from the current policy of the Ukrainian Government, which promotes foreign investors, particularly in the manufacturing industry (including high-tech), transportation, communications, banking and environmental protection. In recent years, many Western corporation invested into production facilities and R&D centers. Future inflow of FDI will depend largely on the development of conflict in east of Ukraine, privatization of state owned companies and further changes in the legislation.



more than  
USD 37 billions of FDI  
as at 31 December 2016



High return with  
relatively moderate risk



FDI supportive  
state/local governments  
and agencies

# 2. Why Ukraine is attractive to investors

## 2.6 Infrastructure

Ukraine, located in the center of Europe, has convenient air, railway, road and sea connections with other countries on the continent. The Ukrainian civil aviation system consists of the Kiev Boryspil Airport in Kyiv (by far the largest and most important in Ukraine servicing more than 8 million passengers in 2016). Boryspil airport is well-located at the intersection of numerous routes connecting Asia with Europe and America. Over 40 national and international carriers operate scheduled passenger and cargo flights to over 80 destinations worldwide. Ukraine also has a number of smaller regional airports providing domestic, as well as European connections.

Transport by air is developing quickly with a visa-free programme for US, Canada, EU nationals and citizens of a number of other Western nations the nation's aviation sector is handling a significantly increased number of travelers. After 2 years of decline Ukrainian aviation sector posted a growth of 20.8% in 2016 compared to 2015. The 2017 anticipated visa free regime for Ukrainian nationalities with EU is expected to prompt the further increase in the number of direct flights and number of passenger. Ukrainian government takes necessary steps to support investment in transport infrastructure, and in particular airports. In addition to other airlines, in March 2017 Ryanair announced the opening of 11 new flights to UK, Germany, Poland, Hungary and Sweden from Kyiv and Lviv.

By far railway is the most common and favorite mode of transportation among Ukrainians. Ukrainian's national railway network ensures fast and safe transport of passengers and goods between all major Ukrainian cities, as well as to both Western and Russia. Ukraine has a developed railway network, its total working mileage amounts to over 22 000 kilometers. Two third of Ukrainian railway lines are heavy worked, equipped with modern management facilities, dispatcher's centralization and automatic block system.

Ukrainian railway directly borders and cooperates with railways of its neighbor countries and ensures the work with 40 international railway cross-walks, and also serves 18 Ukrainian seaports of the Black Sea and Sea of Azov basin.



Accessible outreach to major European and US cities



20% growth of passenger traffic in 2016



4th the largest railway system in Europe

## 2. Why Ukraine is attractive to investors

Ukraine also continues to develop container transport with main container terminals located in the south of Ukraine, mainly Odesa, Yuzhne, Kherson and Mykolaiv.

Ukraine's biggest bottleneck results from poor motorway infrastructure. Although the country has predominant motorways connecting major cities as well as beltways allowing cars and trucks to smoothly transit across the country, the quality of road require significant improvement. The Government has given motorway infrastructure development top priority, and there are many construction projects under way (many of them are financed by international institutions). In addition, hosting of the EURO 2012 provided a boost for Ukraine to speed up developments in this area.

Office space is easily available in all larger towns and cities in Ukraine. In recent years despite the conflict in the east of Ukraine, the country has seen a real boom on the construction market, with a great number of residential housing, retail property and office building projects being developed. Because of the significant growth in the supply, the real estate market provides reasonable choice of property at the affordable price, which is significantly lower of those in the other locations. On the office space market as a result of individual negotiations between office developers and tenants the asking price can be further lowered by another 10-25%, i.e. taking into account the rented floor space, rental duration period, city district. Therefore, in terms of real estate prices this may actually be the best moment for investors to establish activity in Ukraine.

In terms of telecommunications infrastructure development, Ukraine has the modern digital infrastructure that meets the requirements of all types of investors. Despite the conflict in the east, over 2013-2016 Ukraine moved up by 17 places in the ranking of the [smart phone penetration rate](#) and approached the level of 27% (2013: 14.4%). There are currently 3 major mobile network operators on the Ukrainian market.



**Main motorways are repaired, local roads needs significant improvements**



**Offices are available for setting up BPO/SSC**

# 2. Why Ukraine is attractive to investors

## 2.7 Current political situation

Following political and social unrest in March 2014 various events in Crimea led to the accession of the Republic of Crimea to the Russian Federation, which was not recognized by Ukraine and many other countries. This event resulted in a significant deterioration of the relationship between Ukraine and the Russian Federation. Following the instability in Crimea, regional tensions have spread to the Eastern regions of Ukraine, primarily certain parts of Donetsk and Lugansk regions. In May 2014, protests in those regions escalated into military clashes and armed conflict between Russia backed supporters of the self-declared republics of certain part of the Donetsk and Lugansk regions and the Ukrainian forces, which continued throughout the date of this report. As a result of this conflict, parts of the Donetsk and Lugansk regions (less than 5% of total country area) remains under control of the self-proclaimed republics, and Ukrainian authorities are not currently able to fully enforce Ukrainian laws on this territory.

However, in September 2014 and later in February 2015 at a summit in Minsk the leaders of Ukraine, Russia, France, and Germany agreed to a package of measures to alleviate the ongoing situation in certain parts of Donetsk and Luhansk regions. The talks that led to the deal, overseen by the Organization for Security and Co-operation in Europe (OSCE). Minsk Agreement did significantly reduce fighting in the conflict zone for many months, minor skirmishes continued. However, the situation in Kyiv and other areas outside Donetsk and Luhansk regions is generally calm as reported by [Foreign and Commonwealth Office](#) (UK). Cities covered in this report are located few hundreds or even thousands kilometers away from those territories and are not affected to large extent.



Cities covered in this report are safe



More than 250 km away from affected region

# 3. Major locations for SSC



This section presents attractive locations for Shared Services Centers and BPO operation in Ukraine. The cities included in the case studies were: Kyiv, Lviv, Ivano-Frankivsk, Odesa, Dnipro, Kharkiv. We have selected these cities because availability of well-qualified people in each of one of them. For each location we have presented an overview of the particular city as well as the key issues for setting up an SSC in the location, including the main investors locating their activity in the city, the city's infrastructure, availability and prices of real estate, labor market characteristics, education potential and examples of tourist attractions. The information presented in the "Major locations for SSC" section is based on publicly available data published by the selected city's authorities on official city websites, the State Statistics Service of Ukraine (Ukrstat), as well as materials provided by regional investor information agencies in the analyzed cities. The overview of real estate market in Kyiv, Lviv, Odesa, Dnipro and Kharkiv was kindly provided by Cushman & Wakefield, whilst data for real estate market in Ivano-Frankivsk was obtained from the public sources and interviews with local real estate agencies.

# Kyiv



Population

2,900,000



Area

839 km<sup>2</sup>



Main investors

Auchan, Coca-cola, Bayer, Carlgill, Carlsberg, Citigroup, Google, Mars Ukraine, Procter & Gamble, Raiffeisen Bank, Shell Ukraine, Vodafone

## General information

Kyiv is the capital and largest city of Ukraine, located in the north central part of the country on the Dnipro River. Kyiv is an important industrial, scientific, educational, and cultural centre of Eastern Europe. It is home to many high-tech industries, higher education institutions and world-famous historical landmarks.

Kyiv is one of the biggest cities in Europe. It is a bustling capital of independent Ukraine, its administrative, economic, scientific, cultural and educational center. This scenic city is located on the shores of the Dnipro River.

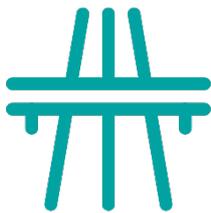
Kyiv is a city of invaluable historical and cultural monuments, a city of great events and outstanding people. The art and architecture of Kyiv are considered world treasures. Many famous artists, poets and writers estimated the unique beauty of this city. The most renowned landmarks include: Cathedral of St. Sophia with outstanding mosaics and frescoes dating back to the 11th century; Kyivo-Percherska Lavra featuring several monasteries and cathedrals; Golden Gate of Kyiv, which date back to 1037; Ukrainian Baroque Church of St. Andrew; the magnificent 19th-century Cathedral of St. Vladimir; and many other attractions. Kyiv is often referred to as "the mother of all cities" by Russians and Ukrainians. It is one of the oldest towns in Europe. In the historical center of Kyiv you can feel the spirit of the past everywhere.

Being the largest city of Ukraine, Kyiv is a leading industrial and commercial center of the country. The city's economy is today dominated by the service industry and many of the largest Ukrainian and international companies have chosen to locate their headquarters in Kyiv. The development of Ukrainian economy gave impulse to business activity of the city. There are a lot of new office centers, banks, trade exhibition centers and other commercial enterprises.

For sure your stay in Kyiv will become one of your most memorable experiences.

## Infrastructure

Kyiv is keen to become one of the leading regional business centers of Europe by developing its transport and communications links. Kyiv's airports and train stations serve both domestic and international traffic. The city is already well connected with the cities inside Ukraine as well as foreign countries. Being one of the biggest cities in Europe, it has all infrastructure items usually found in the city of the same or larger size. Undoubtedly, the level of infrastructure is one of the best in the country. Kyiv infrastructure allows to host many international trade exhibitions, seminars and conferences, making Kyiv competing on the international conference and expo markets. In 2017 (2005) for the 2<sup>nd</sup> time in the modern history Kyiv is a host city for Eurovision, pan European song contest, which attract a lot of tourists with peak load on the infrastructure.



### Roads

International roads: E40 from Calais in France via Belgium, Germany, Wroclaw, Cracow to the Ukraine, Russia and Kazakhstan and M06 Kyiv – Budapest



### Subway

The Kyiv Metro is a metro system that is the mainstay of Kyiv's public transport. It now has three lines with a total length of 67.65 kilometers and 52 stations. The system carries 1.439 million passengers daily.



### Railways

Direct railway connections to all major Ukrainian cities and many international destinations, including Warsaw, Bucharest, Budapest, Bratislava, Kishinev, Minsk, Moscow, Prague, St. Petersburg,



### Airports

**Borispol International Airport** (12 km from the city); no. of flights in 2016: 75,280; no. of passengers in 2016: 8,650,000; 3rd best airport in "[Best Airports in Eastern Europe](#)" ranking; regular flights to 12 domestic and over 83 international destinations (including Amsterdam, London, New York, Beijing and Bangkok) **Kyiv International Airport** (Zhuliany) (8km from the city no. of flights in 2016: 18,268, no. of passengers in 2016: 1,127,500, regular flights to 4 domestic and over 18 international destinations (including Copenhagen, Hamburg, Warsaw).

## Real estate

As the capital of Ukraine, Kyiv obviously dominates the Ukrainian real estate market. Its economic profile, which is heavily dominated by service industries, creates fundamentals for a sustainable long-term development of the office property sector in the city.

According to Cushman & Wakefield, as of Q1 2017, the total office stock in Kyiv amounted to around 1.8 million sq m (GLA) or 617 sq m per 1,000 inhabitants. As of early 2017 only 48,000 sq m of new office space was under construction in Kyiv and scheduled for completion by the year-end.

Some of the office property developers are ready to resume development of their projects based on “built-to-suit” arrangements signed with major corporate (international) tenants.

Following the economic recovery in 2016 and Q1 2017 the demand for office space strengthened, as tenants continue to take advantage of the current market situation and available opportunities to secure (move to) the better quality office space at competitive terms.

In 2016-Q1 2017, the office property demand in Kyiv is mainly driven by the fast-growing IT companies, as well as companies operating in FMCG and pharmaceutical sectors.

As of April 2017, prime office rents in Kyiv varies in the range of USD 15-25 per sq m per month (net of VAT and OPEX), whilst office space in the classes B and C commands the achievable monthly rents of USD 6-16 per sq m and USD 4-8 per sq m, respectively. Despite the decreasing vacancy, landlords on the office property market in Kyiv still offer incentive packages, which typically include rent-free periods, fixed exchange rate pegging for up to six months and/or some fit-out contributions in relation to class A and class B office space.

The dynamics of prime office rents and vacancy in Kyiv in the medium term remains sensitive to economic and political environment in Ukraine, as well as new delivery dynamics and the competition strategies in relation to sizeable business centres. Nevertheless, an increased availability of office space and a lack of a unified pricing strategy, undertaken by landlords operating on the market in Kyiv, still provide opportunities for occupiers to optimise their longer-term occupational conditions in the sector.



Total office stock (GLA), sq.m.

1,805K m<sup>2</sup>



Prime rents (USD / sq.m / month)

15-25



Vacancy rate

14%

Source: Cushman & Wakefield

## Labor market

Unquestionably, Kyiv labor market is the most dynamic in all over Ukraine. Due to concentration of local and international corporations here, there are better opportunities for graduates and professionals to find the job than on average in Ukraine. Therefore, young talent from all over Ukraine move to the city in search for new jobs. The city has one of the lowest registered unemployment rate in the country. Given that state pays limited or no aid to temporary unemployed person, the number of registered unemployment is quite low.

Despite all that the gross average salary across industries is about USD 320 per month with job in finance and IT sectors paying about USD 450-500 per month. With economic growth the salaries are expected to grow moderately as in some industries supply of labor overweigh the demand. The problem of employment is also exacerbated by the lack of work experience for young talent, which keep the salaries relatively low for entry positions.



# Kyiv

## Education

Being the biggest city in Ukraine, Kyiv is the largest university and research center, offering a tremendous and highly-skilled workforce. As mentioned above, young people in search of better opportunities move to Kyiv for studying in local Universities. Various universities and science academies are located there including famous Kyiv-Mohyla Academy, which is one of the oldest university in Europe.



Number of tertiary education institutions

97



Number of students (est.)

375,000



Shevchenko Kyiv National University

25,000

### Main universities (students)



Kyiv National Trade and Economics University

40,000



Igor Sikorsky Kyiv Polytechnic Institute

30,000

### Selected faculties (approximate number of students at main universities)



Social & Economic Sciences

27,000



IT & Engineering

18,000



### Main languages

English, German, Russian, French, Italian, Spanish, Chinese, Arabic and other

# Kyiv

## Tourist attractions

Kyiv is often called “the mother” of Slavic cities. It is more than 15 centuries old and during this time Kyiv has made a long way from an ancient settlement of nomadic tribes to one of the largest cities in the world. Kyiv is integrally connected to Slavic culture development. Its monuments, architectural ensembles and cathedrals charm with their beauty, harmony and historical meaningfulness. The Ukrainian capital's attractions are covered with the spirit of old glorious times, a city that boasts a unique UNESCO world heritage site with splendid Golden domed churches.

Kyiv has plenty of things to see, and as you would expect with any city of 3 million people, it has plenty of fun activities to enjoy as well. Religious architecture and busy pedestrian neighborhoods are likely to get most of your attention and comprise the majority of your photos, though plenty of museums will offer some art history lessons as well, while the leafy green parks and tree-lined boulevards will offer surprisingly shady comfort for a city of this size.

Kyiv is distinguished for its rich cultural life. Theater lovers will find many theatres offering various theatrical programs. Most performances are held in Ukrainian or Russian. The recently renovated Kyiv Opera House presents very good opera as well as a broad repertoire of ballets. Ivan Franko Theater is a center of Ukrainian drama, comedy, and musicals. A lot of various exhibitions are carried out in the city's numerous museums and art galleries.

The city is also a convenient shopping destination. The shopping scene in Kyiv has changed dramatically in recent years and now many of the world's leading fashion chains, brands and designers can be either already found here or expected to enter the market. Several large shopping malls have been built in the recent years and are open seven days a week. Kyiv's exceptional position on the investment map results from the size of its local market, convenient location in a heart of Ukraine, as well as good travel connections with all important cities and regions.



Theatres

31



Museums

110



Cinemas

56



Population

L'viv

**750,000**

L'viv region

**2,500,000**

## General information

L'viv is the biggest city of Western Ukraine. The king Daniel of Galicia established it in 13th century. The city has traditionally been one of the leading centers of the cultural, political and artistic life, a subject of interest of its neighbors. L'viv is located in approximately 70 kilometers from Polish border and not far from Carpathian Mountains. After dissolution of Soviet Union main sectors of economy of the city were machinery construction and metalwork. Nowadays, these sectors have lost their positions to tourism, IT, manufacturing assembly and food processing industries.

The historic city center is on the UNESCO World Heritage List. Lviv celebrated its 750th anniversary in September 2006.

The city positions itself as a business center between Warsaw and Kyiv leveraging on its geographical location. Local authorities strives to develop tourism, as well as hubs for IT and shared services centers. These industries are expected to account the larger part of city's GDP by 2025. In 2009 KPMG ranked the city as top 30 with the biggest potential for the development of IT industry. As of 2016, there are as many as 192 IT companies operating in the city. IT companies located in Lviv cultivate and enhance the level of outsourcing culture among young people. In 2011 one the leading company in the world set up a SSC, which serves European subsidiaries of the Group, and as at end of 2016 employ more than 1,300 people. In 2016, one big multinational followed the lead and established a SSC providing services in finance, HR and procurement covering 8 countries of operations.



Area

**182 km<sup>2</sup>**

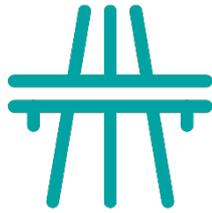


Main investors

Fujikura, Nestle, CTP,  
Bader, Danish Textile,  
Klingspor, Leoni, Mondy,  
Carlsberg

## Infrastructure

L'viv is a very important transport hub, offering a well-developed network of international and national roads as well as railway and airline connections. As the city is located only 70 km away from EU border (Poland), it is very convenient for business travelers as well as tourists.



### Roads

International roads:  
E40 from France via Belgium, Germany, Poland, Ukraine, Russia and Kazakhstan; E372 from Poland to Ukraine.



### Railways

Direct railway connections to all major Ukrainian cities and many international destinations, including Warsaw, Berlin, Minsk, Moscow)



### Airports

**Lviv Danylo Halytskyi International Airport** (located at outskirts of the city), no. of flights in 2016: 7,700; no. of passengers in 2016: 738,000; regular flights to 2 domestic and 30 international destinations (including Warsaw, Istanbul, Munich, etc.). Starting from fall 2017 Ryanair is going to serve 7 new destinations including Berlin, London, Eindhoven, etc.

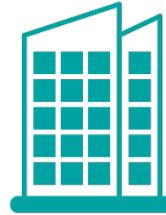
## Real estate

According to Cushman & Wakefield, as of Q1 2017 the total office stock in Lviv amounted to around 200K sq m (GLA) or 265 sq m per 1,000 inhabitants. Out of the total office stock in the city, almost 73% of space available within seven office properties of cumulative area around 143,300 sq m (GBA) could be defined as modern office centres.

During the past several years overall dynamics of demand for offices in Lviv has improved significantly. This is being largely attributable to comparatively positive reputation of the city and lower risk perception of Western Ukraine compared to the eastern and southern parts of the country. The most significant demand for office space in Lviv originates from the companies operating in ICT sector (particularly, large outsource software development companies), as well as the BPO segment.

In contrast to relatively lower developers' activity in other major regional cities of Ukraine, there are several modern office projects of cumulative area approximately 140,000 sq m scheduled for delivery in Lviv in the medium term. The Innovation District 'IT Park' and the Innovation Park 'LvivTech.City' are the major office development projects announced for the phased commissioning on the office property market in Lviv until 2021.

As of April 2017, prime office rents in Lviv varies in the range of USD 12-16 per sq m per month (net of VAT, OPEX and utility payments),



Total office stock (GLA), sq.m.

200K m<sup>2</sup>



Prime rents (USD / sq m / month)

12-16



Vacancy rate

6%

Source: Cushman & Wakefield

## Labor market

Being the biggest labor market in Western Ukraine Lviv labor market is the quite segregated in terms of industries. Due to concentration of IT, finance and tourism related companies here, better opportunities exists for graduates in these majors. The city is quite popular among young talent as a place to live and work in. The city has also low registered unemployment rate. Given that state pays limited or no aid to temporary unemployed person, the number of registered unemployment is also quite low.

Similar to Kyiv labor market, the gross average salary across industries is about USD 200 per month with job in finance and IT sectors paying about USD 350-400 per month. Recent investments made by international corporation into R&D and assembly plants for automotive industries have increased the level of salary expectations given fierce competition from Polish companies. Due to proximity to polish border young people also have good command of Polish and seek employment in Poland. Many young graduates actually work in international shared services centers across Europe and if paid well locally, would be willing to reallocate back to Ukraine. Therefore, it is expected that with economic growth the salaries are expected to grow faster than on average in Ukraine.



Registered unemployed persons (Lviv region)

18,000



Registered unemployment rate

8%



Average monthly gross wages and salaries in enterprise sector

USD 180-210

## Education

Lviv is Western Ukraine's largest academic center comparable with Kyiv and Kharkiv, offering its students 42 universities and attracts people mostly from Western Ukraine. The largest of universities in Lviv are Ivan Franko National University of L'viv (founded in 1661 and has more than 20,000 students) and Lviv Polytechnic National University (founded in 1844 and has more than 30,000 students).



Number of tertiary education institutions

42



Number of students (est.)

124,804



Lviv Polytechnic National University

30,000

### Main universities (students)



Ivan Franko National University of Lviv

20,000



Lviv Trade and Economics University

10,000

### Selected faculties (approximate number of students at main universities)



Social & Economic Sciences

17,000



IT & Engineering

11,000



Languages

English, German, Russian, French, Italian, Spanish, Romanian, Arabic

## Tourist attractions

Due to comprehensive cultural and historic heritage, Lviv is an extremely attractive tourist area of Ukraine. It is a city of magnificent architectural landmarks: impressive temples and ancient squares, cozy narrow streets, museums and galleries housing artistic masterpieces of different historical epochs. Lviv tourism infrastructure is considered to be one of the most developed in Ukraine and Lviv is the Ukraine's major tourist destinations compared to Cracow and Prague. For the past 2 years the tourist stream to the city increased by 40 %, and now it is more than a million people per year.

The most popular tourist attractions include the Old Town, the Market Square where the City Hall is situated, as well as the Black House, Armenian Cathedral, the complex of the Dormition Church, which is the main Orthodox church in the city; the St. Peter and Paul Church of the Jesuit Order (one of the largest churches in L'viv). Other popular places include L'viv Theatre of Opera and Ballet, the Potocki Palace, the Bernardine Church, and the Masoch Cafe in the centre of L'viv. The Old Town has a vast network of historical cellars forming a stage for the city's night life that includes pubs, restaurants, concerts, exhibitions, theatrical performances, etc.



Theatres

8



Museums

40



Cinemas

8



Hotel rooms

Over  
8,000



Cafes and restaurants

Over  
700

# Ivano-Frankivsk (IF)



## Population

Ivano-Frankivsk

**240,000**

Ivano-Frankivsk region

**2,500,000**

## General information

Ivano-Frankivsk is a historic city located in western Ukraine and serves as administrative centre of Ivano-Frankivsk region. The city is located in the western part of Ukraine in 150-300 kilometers from borders of Poland, Romania, Hungary, Slovakia.

Built in the mid 17th century as a private fortress of the Polish Potocki family, with the partition of Poland in 1772 Stanislav passed to the Habsburg Empire, after which it became the property of the State authorities of the Austrian Empire. It was during that time that the fortress was transformed into one of the most prominent cities at the foothills of the Carpathian Mountains.

Main sectors of economy of the city nowadays are food industry, textile industry, machinery and tourism.



## Area

**83 km<sup>2</sup>**



## Main investors

Electrolux, Tyco Electronics,  
Delfi Tarkett, Danosha,  
MPV-Ukraine

# Ivano-Frankivsk

## Infrastructure

Ivano-Frankivsk oblast' is located in western part of Ukraine and has good transportation location. It is connected by a broad network of roads and railways with many regions of Ukraine and neighbor countries of Europe.



### Roads

International roads:  
E40 from France via Belgium, Germany, Poland, Ukraine, Russia and Kazakhstan; E50 from France to Russia; E85 from Baltic sea to Black sea



### Railways

Direct railway connections to all major Ukrainian cities and transit to international destinations



### Airports

**Ivano-Frankivsk International Airport** (located at outskirts of the city), no. of flights in 2016: 7,700; no. of passengers in 2016: 35,000; regular flights to Kyiv and over 2-3 international destinations (including Istanbul, Alicante, etc.).

# Ivano-Frankivsk

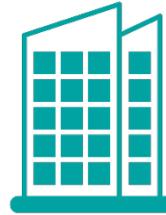
## Real estate

According to local real estate agencies, as of Q1 2017 the total office stock in Ivano-Frankivsk amounts to about 10K sq m (GLA), which is scattered around few relatively small modern type office centers.

Many office property developers are ready to resume development of their projects based on "built-to-suit" arrangements signed with major corporate (international) tenants. In contrast to relatively lower developers' activity in other major regional cities of Ukraine, there are projects of the modern office in the pipeline scheduled for delivery in Ivano-Frankivsk in the medium term, as the city enjoys real housing boom being in [top 3 city](#) with new housing property constructed per head in Ukraine in 2016-Q1 2017.

During the past several years overall dynamics of demand for offices in Ivano-Frankivsk has improved significantly. Similar to Lviv, this is being largely attributable to comparatively positive reputation of the city and lower risk perception of Western Ukraine compared to the eastern and southern parts of the country. The most significant demand for office space in Ivano-Frankivsk originates from the medium regional companies operating in FMMG sector and IT outsourcing.

As of April 2017, office rents rates in Ivano-Frankivsk varies in the range of USD 8-12 per sq m per month (net of VAT, OPEX and utility payments).



Total office stock (GLA), sq.m.

~10K m<sup>2</sup>



Prime rents (USD / sq m / month)\*

8-12



Vacancy rate

5-10%

Source: local real estate agencies

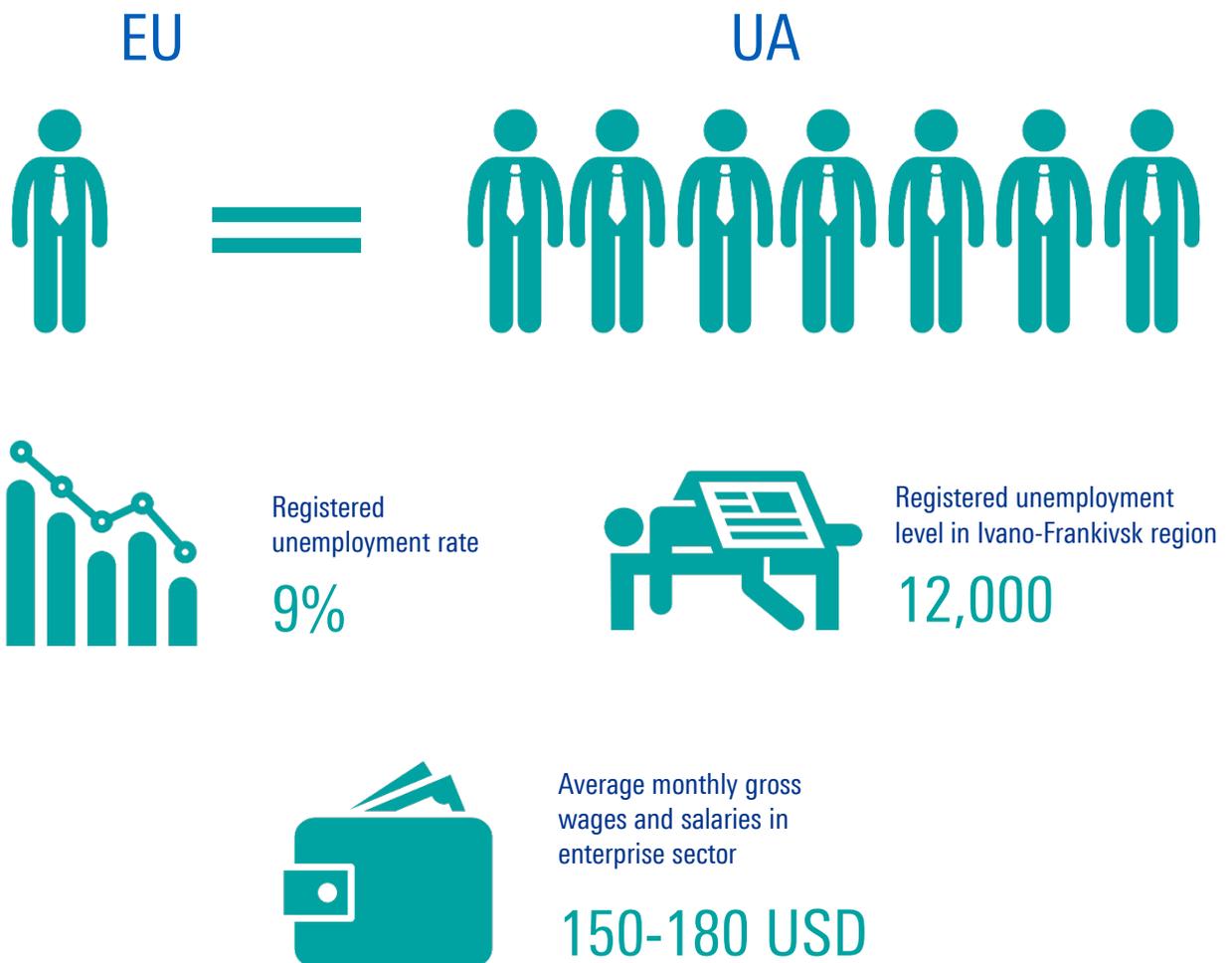
# Ivano-Frankivsk

## Labor market

Being the local labor market in Ukraine IF shares the peculiarities of other cities of its size. Local labor market provides quite limited choices of potential employment for new graduates. Therefore, there is relatively small chance to find well paid job. The local authorities fosters IT, manufacturing and tourism related companies. Although the city has a few large industrial companies, people are usually engaged in small and medium business. The city has also higher than other cities in the report registered unemployment rate. Given that state pays limited or no aid to temporary unemployed person, the number of registered unemployment is likely to be underestimated.

Low salary expectation from the young and educated people lures international companies to invest in the regions, especially in R&D and assembly plants for automotive industries. Proximity of Polish and other Central European labor markets increased a competition for fresh graduates. Similar to Lviv, many young graduates actually work in international shared services centers across Europe and, if paid well locally, would be willing to reallocate back to Ukraine or stay.

Despite all that the gross average salary across industries is about USD 175 per month with job in finance and IT sectors paying about USD 240 per month.



# Ivano-Frankivsk

## Education

Institutions of higher education are not very old comparing to other regions of Ukraine. Vasyl Stefanyk Precarpathian National University was founded in 1940 and is one of the oldest in the region. Most of the students major in economics, math, linguistic and other natural science studies.

Ivano-Frankivsk National Technical University of Oil and Gas prepares significant amount of technical specialists to satisfy employer's needs. There are a number of other social sciences educational institutions in the city.



Number of tertiary education institutions

16



Number of students (est.)

38,118



The Vasyl Stefanyk Precarpathian National University

15,500

Main universities (students)



Ivano-Frankivsk National Technical University of Oil and Gas

10,000



Ivano-Frankivsk National Medical University

7,000

Selected faculties (approximate number of students at main universities)



Social & Economic Sciences

9,300



Languages

English, German, Russian, French, Arabic, Hindi



IT & Engineering

6,300

# Ivano-Frankivsk

## Tourist attractions

Tourist can easily find entertainment for themselves in Ivano-Frankivsk. Ivano-Frankivsk is famous for its festivals and other entertainment activities that take place during Christmas time and in April-June period. The city is famous for hosting an annual international BlackSmith Festival with guests from more than 23 countries.

Ivano-Frankivsk is also a gateway to Bukovel, the biggest ski resort of Ukraine, which is located 100 km away. Bukovel Resort is considered one of the fastest growing mountain resorts in the world and is Ukraine's first European class mountain [resort](#).



Theatres

4



Museums

26



Cinemas (multiplex)

3



BUKOVEL SKI RESORT

# Dnipro



Population

980,000



Area

405 km<sup>2</sup>

## General information

Dnipro is Ukraine's fourth largest city, with about one million inhabitants. It is 391 kilometres southeast of the capital Kiev on the Dnipro River, in the south-central part of Ukraine.

Dnipro is a dynamic and lively city. The city is surprising green along the wide and slow-moving Dnipro river and has remarkable embankments, long boulevards and spacious parks. Also Dnipro has probably the most dynamic Jewish community in Ukraine, which has access to a modern infrastructure. Golden Rose central synagogue, which was reconstructed in recent years, is the most prominent synagogue in the country and, undoubtedly considered the heart of the Dnipro Jewish community.

The city is also the major center of high-technology industries, education, machine-building, metallurgy and trade. The city is not only famous for its commercial industry, but also its green hills and deep history.

Dnipro has been the major center of the steel industry from the beginning of the 20th century until the present. It has also dominated in the machine building and aero-space building industry since the 1950s.



Main investors

ATB, Interpipe, Fozzy Group, Evraz, Bunge



# Dnipro

## Real estate

According to Cushman & Wakefield, as of Q1 2017, the total office stock in Dnipro amounted to around 268,000 sq m (GBA) or 271 sq m per 1,000 inhabitants. Out of the total office stock in the city, only four office properties totaling to approximately 39,000 sq m (GBA) could be defined as professional office centres.

During the last couple of years there was no new tentative office supply registered on the property market in Dnipro, and no office projects are scheduled for speculative delivery in the city in the short to medium term. Nevertheless, some of the office property developers are ready to resume development of their projects based on "built-to-suit" arrangements signed with major corporate (international) tenants.

Similar to all other major regional cities of Ukraine, office property demand in Dnipro is mainly driven by the IT companies, as well as the companies operating in FMCG and pharmaceutical sectors.

As of April 2017, prime office rents in Dnipro varies in the range of USD 10-12 per sq m per month (net of VAT, OPEX and utility payments), however current availability of good quality office space in the city is quite limited.



Total office stock (GBA), sq.m

270K m<sup>2</sup>



Prime rents (USD / sq m / month)

10-12



Vacancy rate

1%

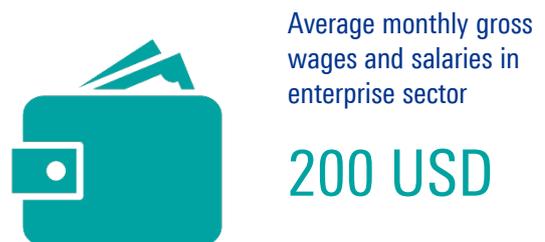
Source: Cushman & Wakefield

# Dnipro

## Labor market

Being the major labor market in southeastern Ukraine, Dnipro labor market is dynamic and growing. Many companies had reallocated offices from east part of Ukraine due to tensions with Russia. Dnipro is one the largest industry developed city in Ukraine and people usually work at major plants and factories. Given the steady supply of graduates with technical majors local industrial companies find it relatively easy to fill in the positions for entry levels. At same time the city focuses on the transformation from industry to service economy. City authorities consider the development IT and SSC as one of its core strategy. The city has lower than Ukraine's average registered unemployment rate. Given that state pays limited or no aid to temporary unemployed person, the number of registered unemployment is likely to be underestimated.

Despite above said salary expectations remain quite low due to availability of large number of young and educated people in the region. Therefore, the gross average salary across industries is about USD 200 per month with job in finance and IT sectors paying about USD 350-400 per month.



# Dnipro

## Education

Institutions of higher education have a history of more than 100 years. Their foundation was driven by the economy and industry development of 19<sup>th</sup> century focusing on mining and metallurgy. Dnipro tertiary educational centers were also a base for aerospace corporations located there. In recent years more and more students major in economics and other natural science studies as universities focus on the labor market needs.



Number of tertiary education institutions

53



Number of students (est.)

119,888



National Mining University of Ukraine

12,000

### Main universities (students)



Oles Honchar Dnipropetrovsk National University

15,000



National metallurgical academy of Ukraine

20,000

### Selected faculties (approximate number of students at main universities)



Social & Economic Sciences

13,500



IT & Engineering

9,000



Languages

English, German, Russian, French, Spanish

# Dnipro

## Tourist attractions

The compact "old town" does not exist in Dnipropetrovsk anymore. Many historic buildings and churches were destroyed in the Second World War and in Stalin's communist times in the 1930s. However, the city still remains some street-blocks in the center with old architectural heritage, which have been untouched for 150 years. An evening walk through those parts of the city and river embankments is very pleasurable.

One very unique feature of city is certainly Dnipro river, which divides the city into two parts and is very wide here. It is a very popular sporting attraction where people can go yachting, canoeing and kayaking.

Also Dnipro has one of the largest and dynamic Jewish community in Ukraine, which enjoy modern and dynamic infrastructure. The cultural life of the Jewish community of Dnipro boosted by rich philanthropists includes festivals, art exhibitions, famous guest performances, religious holidays celebrations, etc.



Theatres

4



Museums

26



Cinemas (multiplex)

12

# Odesa



Population

1,016,500



Area

236.9 km<sup>2</sup>



Main investors

Adecco, Marriott,  
Naftogas, Socar, Bunge,  
Cargill

## General information

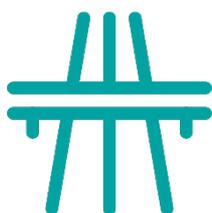
Odesa is the third largest Ukrainian city after Kyiv and Kharkiv, hosts a number of major seaports around and is a transportation hub located on the northwestern shore of Black Sea. Odesa's oil and chemical processing facilities are connected to Russian and European networks by strategic pipelines. The city is located at the Black Sea coast, and is one of the most popular resorts in Ukraine.

Odesa is also an administrative center of the Odessa region and a multiethnic cultural center. Odesa is sometimes called the "pearl of the Black Sea," the "South Capital" (under the Russian Empire and Soviet Union). During the 19th century, it was the fourth largest city of Imperial Russia, after Moscow, Saint Petersburg and Warsaw, Its historical architecture has a style more Mediterranean than Russian, having been heavily influenced by French and Italian styles. Some buildings have a mixture of different styles, including Art Nouveau, Renaissance and Classicist. During the Soviet period it was the most important trade port in the Soviet Union and a Soviet naval base.

# Odesa

## Infrastructure

Odesa is the main sea gates to Ukraine and the largest city in the south of Ukraine. It is unquestionable leader in terms of export and transit facilities. The city infrastructure includes the biggest seaport in Ukraine, is the host to a large number of logistics, shipping and transportation companies. Several major European roads pass through the city. The city's location on the coast of the Black Sea has also helped to create a booming tourist industry in Odesa.



### Roads

E-58 – Vienna - Uzhhorod - Kishinev (Moldova) - Kuchurgan - Odessa - Melitopol - Novoazovsk (to Taganrog, Russia) - Rostov-on-Don (Russia)  
E-87 – Odessa - Reni (to Bucharest, Romania) - Constanta (Romania) - Izmir (Turkey) - Antalya (Turkey)  
E-95 – St Petersburg - Kyiv - Odessa - Samsun (Turkey) - Merzifon (Turkey)



### Railways

Railway connections to all major Polish cities and a large number of European ones like Baku, Kishinev, Minsk, Moscow, Saint Petersburg.



### Airports

**Odessa International Airport** (7 km from the city center), no. of flights in 2016: 18,792; no. of passengers in 2016: 1,033,560; regular flights to Kyiv and 11 international destinations



### Port

The Port of Odessa is one of the largest sea ports in Ukraine. Its annual capacity is about 21 million tones of dry bulk and 25 million tones of liquid bulk. It is connected with more than 600 ports of 100 countries in the world. According to the common classification characteristics, the port is considered to belong to the class of the largest ports, has the international category and active balance of freight turnover. It is a multifunctional type of a trading port. The containerization of the port is being actively developed. The annual capacity of container terminals is about 900 thousand TEU. Passenger complex caters for 4 million tourists a year

# Odesa

## Real estate

According to Cushman & Wakefield, as of Q1 2017, the total office stock in Odesa amounted to around 250,000 sq m (GBA) or 246 sq m per 1,000 inhabitants. Out of the total office stock in the city, only six office properties totaling to approximately 82,000 sq m could be considered professional office centres, with half of this area represented by the business centre 'Morskoy'.

In 2015, new office supply in Odesa amounted to around 19,000 sq m. During the last couple of years, due to the increased risk perception of the city among investors and office tenants, there was no new office supply registered on the property market in Odesa and the medium-term speculative office development pipeline in the city remains low.

Similar to all other major regional cities of Ukraine, office property demand in Odesa has mainly been driven by the IT companies, as well as the companies operating in FMCG, pharmaceutical and agricultural sectors.

As of April 2017, prime office rents in Odesa varies in the range of USD 12-16 per sq m per month (including OPEX, but net of VAT and utility payments), however current availability of good quality office space in the city is low.



Total speculative office stock (GBA)

250K m<sup>2</sup>



Prime rents (USD / sq m / month)

12-16



Vacancy rate

5%

Source: Cushman & Wakefield

## Labor market

Being the biggest labor market in Southern Ukraine Odesa labor market is the quite focused logistics, trade and shipping industries, which provides better opportunities for graduates majoring in economics, law and transport sciences. The city is quite popular among young talent for its work life balance peculiarities. It has also lower than state average registered unemployment rate. Given that state pays limited or no aid to temporary unemployed person, the number of registered unemployment is also quite low.

Despite the fact above said the gross average salary across industries is about USD 200 per month with job in finance and IT sectors paying about USD 350-400 per month. Recent investments made by international corporation into export oriented port and trade facilities have increased the level of salary expectations among the candidates. Therefore, it is expected that with economic growth the salaries are expected to grow faster than on average in Ukraine.



# Odesa

## Education

Odesa is a home to several universities and other institutions of higher education. The city's best-known and most prestigious university is the Odessa 'I.I. Mechnikov' National University. This university is the oldest in the city and was first founded in 1865 as the Imperial Novorossiysk University. Since then the university has developed to become one of modern Ukraine's leading research and teaching universities. In addition to all the state-run universities mentioned above, Odesa is also home to a large number of private educational institutes and academies which offer an abundance of different majors.



Number of tertiary education institutions

40



Number of students (est.)

113,000

### Main universities (students)



Odessa I.I. Mechnikov National University

14,500



Odessa National Polytechnic University

15,000



Odessa National Economics University

10,000

### Selected faculties (approximate number of students at main universities)



Social & Economic Sciences

11,000



Languages

English, German, Russian, French, Italian, Spanish, Chinese, Japanese



IT & Engineering

7,000

# Odesa

## Tourist attractions

Once part an integral part of the Ukraine's shipping industry, and during the Soviet era the most important USSR port, Odessa is today becoming a tourist destination for international cruise passengers and adventurers alike.

The city provides an enchanting look into Ukraine's history. It boasts some imposing and elegant architecture ranging from grand palaces to the Uspensky Cathedral. Odesa Opera House, designed by Viennese architects, Fellner & Helmer, in Vienna Baroque style was re-opened in 1887. The architecture of the luxurious audience hall follows the late French rococo style. Opera House ceiling is decorated with scenes from Shakespeare's plays.

Odesa, on the shores of the Black Sea, is also famous for its many therapeutic and balneological resorts. The city's famous Arkadia beach has long been a favorite place for relaxation, both for the city's inhabitants and its many visitors. The city provides an enormous opportunities for night life ranging from bars to night clubs all around year.



Theatres

4



Museums

26



Cinemas (multiplex)

15

# Kharkiv



Population

1,430,000



Area

350 km<sup>2</sup>

## General information

Kharkiv is located in northeast of Ukraine and the second largest city in the country. Kharkiv is also one of the country's main rail junctions and economic and cultural centers. Historically, proximity to the iron mines and the coal of the Donets Basin has provided the basis for engineering industries to leave a footprint on the map of Kharkiv. The city is the powerhouse of machine building and aerospace industries, including such companies as Turboatom, Kharkiv Aircraft Plant, Kharkiv Tractor Plant, etc. Kharkiv's industries also include food and tobacco processing, printing, and the manufacture of chemicals. During Soviet era Kharkiv was the 3<sup>rd</sup> largest industrial centers only lagging behind Moscow and St. Petersburg.

The city used to be a capital of Ukraine from 1919 to 1934 but was moved to Kyiv.

Kharkiv's landmarks include the cathedral of the Protectoress (1686), the cathedral of the Assumption (1771), and a bell tower that was built to celebrate Napoleon's defeat in 1812. The universities date from 1805, and there are numerous scientific research institutes.

During WW II the city was heavily destroyed and there are only a few old fashioned architectural heritage buildings. The city was rebuilt with large avenues and many apartment blocks. The main square of Kharkiv, Freedom Maidan, is the largest in Europe (more than 11 ha).



Main investors

BNP Paribas, Ciklum, Gameloft, Philip Morris international, SoftServe

# Kharkiv

## Infrastructure

Kharkiv is a very important transport hub of the eastern Ukraine, offering a well-developed network of international and national roads as well as railway and airline connections. A few international roads pass the city. The city has 2<sup>nd</sup> largest metro system in Ukraine after Kyiv. It is very convenient for business travelers as well as tourists.



### Roads

International roads E-40, E-50 from Kharkiv to Rostov on Don, E-105 from Kirkenes via St. Petersburg and Moscow.



### Subway

The Kharkiv Metro is the subway system that serves the city of Kharkiv. The metro consists of three lines which operate on 37.6 kilometers of route and serve 30 stations. The system transports more than 600K passengers daily.



### Railways

Railway connections to 6 major Ukrainian cities and many international destinations, including Astana, Baku, Minsk, Moscow, St. Petersburg, Warsaw



### Airports

**Kharkiv International Airport** (12 km from the city); no. of flights in 2016: 6,400; no. of passengers in 2016: 599,700; regular flights to 2 domestic and over 9 international destinations (including Minsk, Tel-Aviv, Istanbul and Warsaw)

# Kharkiv

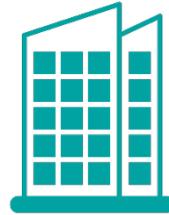
## Real estate

According to Cushman & Wakefield, as of Q1 2017, the total office stock in Kharkiv amounted to only around 312,000 sq m (GBA) or 216 sq m per 1,000 inhabitants. Out of this stock, only seven properties of total area approximately 62,000 sq m (GBA) could be qualified as relatively modern office space.

In Kharkiv a majority of existing office properties were delivered through renovation of former industrial. During the last couple of years, due to the increased risk perception of the city among investors and office occupiers, there was no new speculative office supply registered on the property market in Kharkiv, whilst the medium-term speculative office development pipeline in the city remains comparatively low. Nevertheless, there are some built-to-suit options available on the office property market in Kharkiv.

In Kharkiv office property demand has mainly been driven by the IT companies, as well as the companies operating in FMCG, pharmaceutical and agricultural sectors.

As of April 2017, prime office rents in Kharkiv varies in the range of USD 10-15 per sq m per month (including OPEX, but net of VAT and utility payments), however current availability of good quality office space in the city is very constrained. The secondary quality office space in the city is available for occupation at the grossed up rent in the range of USD 4-10 per sq m per month.



Total office stock (GBA)

312K m<sup>2</sup>



Prime rents (USD / sq m / month)

10-15



Market vacancy

1%

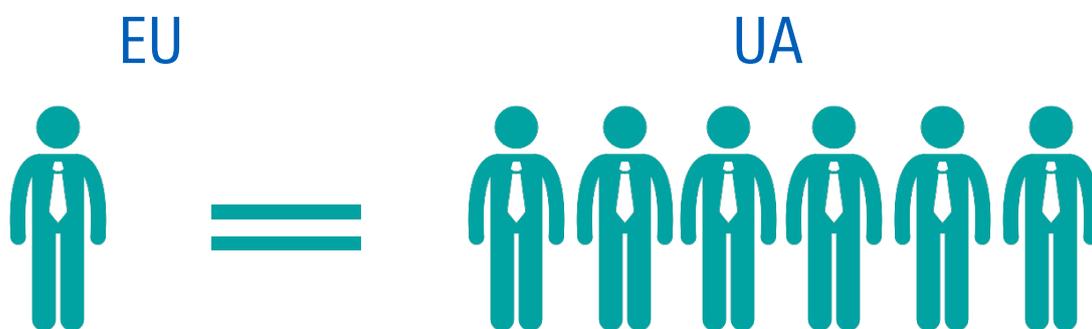
Source: Cushman & Wakefield

# Kharkiv

## Labor market

Being the major labor market in eastern Ukraine, Kharkiv labor market is similar to Dnipro's one. Many companies had reallocated offices from east part of Ukraine due to tensions with Russia. Kharkiv is one the largest industry developed city in Ukraine and people usually work at major plants and factories. Given the steady supply of graduates with technical majors local industrial companies find it relatively easy to fill in the positions for entry levels. At same time the city focuses on the transformation from industry to service economy. City authorities consider the development IT and SSC as one of its core strategy. The city is already positioned itself as an Ukrainian IT hub for IT-outsourcing companies. The city has lower than Ukraine's average registered unemployment rate. Given that state pays limited or no aid to temporary unemployed person, the number of registered unemployment is likely to be underestimated.

Despite above said salary expectations remain quite low due to availability of large number of young and educated people in the region. Therefore, the gross average salary across industries is about USD 250 per month with job in finance and IT sectors paying about USD 350-450 per month.



# Kharkiv

## Education

Kharkiv is considered student's capital of Ukraine. The first schools in the city were Imperial University (now University of Kharkiv), opened in 1805, and in 1885 founded Institute of Technology (now the National Technical University "Kharkiv Polytechnic Institute"). Many of them, such as HAI (Aviation), KPI (Polytechnic), Hadi (Road) is educational brands with a worldwide reputation, their acronym does not need decryption. Specializations vary from technical to the agricultural, from the military education to IT. A large number of foreign students in Kharkiv creates a bursting opportunity for multicultural exchanges and cooperation, the unique atmosphere of a student city.



Number of tertiary education institutions

69



Number of students (est.)

178,000



V. N. Karazin Kharkiv National University

16,000

### Main universities (students)



National Technical University "Kharkiv Polytechnic Institute"

22,000



National Aerospace University

8,000

### Selected faculties (approximate number of students at main universities)



Social & Economic Sciences

13,200



Languages

English, German, Russian, French, Korean, African and Middle East languages



IT & Engineering

8,600

# Kharkiv

## Tourist attractions

Kharkiv is a quaint and beautiful city which offers a multitude of attractions/sights to a prospective travelers. Everybody will find some interesting places to visit in Kharkiv for themselves.

The magnificent "Freedom square" lies in the center of the city. Interestingly, this is the 12th largest city-square in the world and largest in Europe. Some interesting sights in and around this area include the imposing "Derzhprom building", the "Shevchenko monument" and the war memorial to Polish martyrs.

The square is straddled by the expansive Shevchenko park, which owing to its greenery and numerous restaurants and clubs, makes for a wonderful recreational/social spot in the summers.

In addition, Gorkhy park and botanic garden along with a number of smaller parks/gardens, add to the scenic value of the city. There is a cable car riding from botanic garden to Gorkhy park, which is enjoyable and fairly inexpensive (2 EUR).

For history lovers, the city offers plenty of treats in the form of the Historical museum, National Art Museum and the Holocaust museum. The historical museum hosts a remarkable World War II section, which is famous for its breathtaking war-collection including a T-34 tank on permanent display.



Theatres

21



Museums

22



Cinemas (multiplex)

15

# 4. Overview of legal matters of doing business in Ukraine

Starting business in Ukraine is easy. There is a “one-stop shop” for corporate registration that could be performed by local councils, local state administrations and notaries, with state administrative fee for registration about 18 EUR.

A Limited Liability Company (LLC) can be registered within 2-3 business days (including registration with fiscal, statistics and social security authorities, as well as opening a bank account). There is no minimum share capital requirement for LLC. Founders of LLC should contribute 100% of the declared share capital within one year from the date of incorporation.

The main taxes and contributions are: Corporate Income Tax (18%), Value Added Tax (20 %), Personal Income Tax (19,5 % including temporary levied military tax) and Unified Social Security Contribution (22%). The last one is due from the employer and covers state healthcare support for employees as well.

Corporate Income Tax calculation is based on accounting standards with few differences. A company could choose IFRS or local standards as its accounting methods.

The transactions with non-resident related parties are deemed to be controlled from transfer pricing perspective if annual income of a taxpayer from any activities exceeds UAH 150 million for the reporting year.

The employers have fair grounds and respective possibilities to give a notice to significant amount of employees in case of complex reorganization of business or unforeseen exit from the Ukrainian market.

The length of a working week should not exceed 40 hours. Employees are entitled to an annual leave of at least 24 calendar days.

The minimum monthly salary is UAH 3,200 (about EUR 115).



One Stop shop to open the business in 2-3 days



Favourable tax rates for business



Transfer pricing policies similar to developed countries



Low minimum wage of USD 125

# 4. Overview of legal matters of doing business in Ukraine

## Termination of employment

The termination of employment could be initiated by the employer in following cases:

- redundancy;
- liquidation of the employer or reorganization of the employer's corporate structure;
- employee's incompatibility with the occupied position (e.g., due to insufficient qualifications or poor health conditions);
- systematic failure to perform employee's duties without a good reason provided that the employer has already applied disciplinary measures to the employee for such a failure;
- absence from work without any reasonable reason (including absence from work for more than 3 hours during a business day).

In the case of redundancy or a similar basis for termination of employment, the employer has to give at least two months' notice to the employee. Dismissing a member of a trade union requires preliminary consent of the respective trade union. There is no obligation to create a trade union within a company. There are no obligation of employees to be a member of anyone. Trade unions mostly function within heavy industries inherited from former "soviet" times. IT and other similar new sectors of economy doesn't have trade unions.

An employee is entitled to a severance payment of one average monthly salary when employment is terminated due to:

- the employee's refusal to move with the employer to a different area (in the case the business is relocated to a different town, city, and so on);
- the employee's refusal to continue employment in the case of significant changes in working conditions;
- reorganization, restructuring, liquidation or bankruptcy of the employer, or redundancy;
- failure of the employee to conform to the requirements for his position (due to lack of qualification or health condition); and
- return of the employee who occupied the position previously.

Therefore, in case of making decision to liquidate the SSC, it is sufficient to give a notice to employees two month beforehand and pay them one-month salary.



"Easy come- easy go"  
hiring- termination  
policies



Severance payment up  
to 3 months only

# About KPMG

## Services

### Audit and Assurance

- Financial Statement Audit
- Audit Data & Analytics
- KPMG's Global IFRS Institute
- Better Business Reporting
- Accounting Advisory Services

### Tax and Legal

- Transfer Pricing Services
- Tax Diagnostics
- Dispute Resolution & Controversy Services
- Tax Audits
- Deal Advisory, M&A Tax
- International Taxation
- Indirect Tax Compliance
- Tax and Accounting Advisory
- Accounting Outsourcing & Tax Compliance
- Global Mobility Services
- Legal Services

### Deal Advisory

- Transaction Services
- Corporate Finance
- Restructuring Services

### Risk consulting

- Accounting Advisory Services
- Forensic
- Internal Audit Risk & Compliances Services

### Management consulting

- Strategy consulting services
- Corporate strategy
- Business model transformation
- Organizational strategy
- Functional strategy
- Strategy & operations
- Operational consulting services
- Organizational operations
- Sales & Marketing
- Supply Chain
- Sourcing & Procurement
- Business process management
- Research & development
- Outsourcing

## Industries

- Automotive
- Banking
- Chemicals
- Banking and Capital Markets
- Energy
- Financial Services
- Food, Drink & Consumer Goods
- Government & Public Sector
- Healthcare
- Industrial Manufacturing
- Infrastructure
- Insurance
- Investment Management
- Life Sciences
- Media
- Mining
- Retail
- Technology
- Telecom
- Transport & Logistics
- Private Equity
- Real Estate
- Agriculture

# SSOA (Shared Service and Outsourcing Advisory) – KPMG services in setting up and running SSCs

## Who we are?

- KPMG Shared Services and Outsourcing Advisory (SSOA) practice is recognized as one of the world's leaders,
- KPMG helps clients transform business services to improve value, increase agility and create sustainable performance,
- We bring a specialized global team of more than 1,000 professionals who blend insight and operational talent to help our clients design, build and manage multifunctional business processes,
- We focus on strategies that clients can implement. We put the strategy within the context of practical execution.

## What we do?

- We help clients align a business services management model with an emphasis on common processes, technology and services on an enterprise delivery platform,
- SSC/Outsourcing represents a transformational journey in business services. While there are common design principles, there is no "one size fits all" model and each must be designed to align and enable company priorities,
- We provide services from strategy to implementation and everything in between based on the client's objectives.

## How we do it?

- We apply focused research, automating tools, proprietary data, clear business acumen and a mindset to get quickly to what matters in providing objective, actionable advice and practical answers to clients,
- We understand that provisioning business services is about continuous improvement and achieving specific business outcomes. Thus, our methodology is flexible and modular and covers all angles of the SSC/ Outsourcing life cycle including change management, IT, governance, risk and compliance,
- Our services offerings are holistic and end-to-end, comprising:
  - Research and data analytics,
  - Service delivery model strategy,
  - Solution design,
  - Solution implementation,
  - Monitoring and optimization,
  - Managed governance services,
  - Governance technology.

# KPMG services in setting up and running SSCs

Our SSOA team in Ukraine will provide support during the entire life cycle of the process related to setting up and running a shared services centre. We use proprietary methodologies, tools and experience that enable us to cope effectively with the challenges faced each of our individual clients.

## Exemplary services related to the implementation of SSC/BPO solutions

### Location study

The construction of a business case is a key element of establishing a Shared Services/BPO Centre. We can support you in building a comprehensive model that provides information necessary to setting up outsourced centres. This covers identification and modelling of both financial and non-financial business factors.

If the client considers process outsourcing as a target solution, then an additional component that may be required is an assessment of potential



Source: KPMG

# KPMG services in setting up and running SSCs

suppliers in Ukraine. During this stage, the strategy for location selection is setting the scene for the clients with regard to the options that could be available to them. This will provide an overview of the perceived differences between countries or cities and may also help to differentiate between various locations within each country.

The main stages of location study support are:

- Diagnostic phase,
- Countries identification,
- Score and rank countries,
- Optimal entry mode development,
- Identify and visit selected sites,
- Final assessment – score and rank sites.

## **Design and implementation of processes, procedures and information systems**

Business Process Improvement services enable companies to successfully design and optimise the processes outsourced to Shared Services/ BPO Centres. KPMG supports clients with:

- Designing the scope of services and processes to be included in the SSC/BPO,
- Detailed design of the outsourced processes,
- Definition of process measurement methods,
- Definition of service level requirements,
- Vendor selection and creation of technical and functional requirements,
- Finalising and implementing a vendor selection process,
- System implementation and quality management,
- Overall project management.

## **Opportunity analysis and business case**

Developing an operational and financial model are key elements for an effective review and evaluation of a proposed shared services centre. The detailed assessment can provide a guide for current service delivery decisions and a framework to manage the desired outcomes.

Develop the baseline scenario cover:

- Model structure,
- Demand model,
- Cost model,
- Operational model,
- Financial model.

# KPMG services in setting up and running SSCs

The business case shall include:

- Estimated cost savings,
- Estimated set-up costs,
- Estimated operating cost,
- Net Present Value (NPV), Internat Rate to Return (IRR) and payback period.

## Organization design

We can also support our clients in the development of the desired organization of their SSC/BPO. The design of principles forms the basis for the design of the centre. The organization design activities cover:

- Definition of the reporting structure of the SSC/BPO,
- Description of roles and responsibilities that are required,
- Definition of KPIs linking operational excellence of SSC/BPO with performance management and reward policies,
- Development of integrating mechanisms that will enable effective cooperation between the SSC/BPO and with its internal clients (work groups, cross-functional teams, etc.).

## Support of the migration process to SSC

Support during the implementation phase will include:

- Project Manager (supporting client's Project Manager), Project Manager will:
  - review project assumptions, plan a schedule, gather available resources and plot the scope of transition,
  - plan and coordinate the project activities,
  - secure the required resources and manage the various teams,
  - escalate issues and remove blockers,
  - ensure effective stakeholder management throughout the initiative
  - develop operating model and governance structures.
- SME - Subject matter experts providing best practice insights and input to approaches, tools and templates,
- Process Leads.

Process Leads will:

- review of current processes in locations,
- facilitate the information gathering and analysis in the process area,
- review processes, SSC operating model and improvement requirements,
- plan and prepare for shared services transition.

# KPMG services in setting up and running SSCs

## **HR Advisory (HR strategy and policies, recruitment strategy)**

Human resources are one of the critical assets to be considered during the implementation of the SSC/ BPO. Our dedicated HR advisory team can support clients in the selection of an appropriate location with consideration for the available personnel, qualifications, salary levels and academic institutions, which will enable the long-term availability of candidates. When the location is selected, KPMG supports the client in the development of HR policies and systems (performance management, reward, training and development, etc.), preparation of a recruitment strategy and plan, development of a people migration strategy (if required) and implementation of the planned solutions.

## **Change management**

During the establishment of an SSC/ BPO, change management activities ensure the effective transition of an organisation and its people from the current to the future state and successfully adopt the changes needed to achieve the desired business results. Our experienced advisers support clients in the development of their vision for change, with identification and analysis of stakeholders, definition of involvement strategies, identification of transformation risks and measurement of benefits. One of the key issues of change management is communications covering the definition of communication requirements, identification of the most effective channels within the organisation, and the planning and execution of communication.

## **Tax advisory services**

KPMG's corporate tax advisers are ready to help your business minimise risk and maximise benefits in the Ukrainian and international tax environment.

- We advise on all tax areas relevant for SSC/BPO operations (planning, day-to-day advisory, compliance and litigation), and in particular on:
  - International tax,
  - Corporate and personal taxation,
  - VAT,
  - Transfer Pricing.

# KPMG services in setting up and running SSCs

## *Legal advisory services including Labour Code*

Legal services are provided by the dedicated KPMG team. These services include the following:

a. Legal entity establishing – commencing activity of the SSC/BPO will obviously start with the selection of a suitable legal form for conducting the business activity, usually a company, and the implementation thereof. KPMG team assists clients in the company incorporation procedure (preparation of documents, representation before notary, assistance during the registration procedure), having broad experience in this scope. Furthermore, our legal practice supports clients by providing advice and representing them in any legal aspects connected with establishing a company and commencing business activity (i.e. obtaining respective consents, permits and licences).

b. Real estate procedures – after selecting an appropriate location, the SSC/ BPO will be obliged to obtain a title to real estate where the activity will be carried out. We are ready to assist clients in any actions leading to the acquisition of real estate, including preparation of documents, negotiations of agreements, representation before notary and assistance before the mortgage court (if required). Moreover, we support clients in construction process management (i.e. administrative procedure of obtaining building permits, preparation and negotiations of agreements with building contractors, etc.).

c. Labor law framework – our legal practice supports clients in creating the employment structure, which should begin with the preparation of all types of employment contracts (under labour and civil law, depending on the needs and requirements) and any employment-related documents (i.e. non-competition agreements, internal rules and codes).

d. Contractual support – operating the SSC/BPO involves constant entering into various legal relationships and concluding agreements. We assist clients in the preparation of contracts, legal assessment and negotiation thereof.

# KPMG is a recognized leader in the Shared Services and Outsourcing Advisory marketplace

## Services at the highest quality

Since 2009, KPMG has ranked on International Association of Outsourcing Professional's (IAOP) list of the World's Best Outsourcing Advisors.

In 2016, KPMG cited as 'Superstar' for Sustained Excellence and Tops All Individual Categories.

KPMG has received all-star ratings – as well as perfect scores in two of the most significant judging categories – for its shared services and outsourcing advisory capabilities.



KPMG has been also named as 'Advisory of the Year' (2016) for excellence in Pan-European outsourcing at the Global Sourcing Association's (formerly European Outsourcing Association) awards

**Global SSOA Centre of Excellence (CoE)** constantly works on shared service and outsourcing best practices identification and analysis. KPMG global experts improve out methodologies, adjusting it to changing trends, clients needs and expectations.



## More value and capability to support clients



In 2011, EquaTerra Inc. and its subsidiaries were acquired by KPMG, furthering KPMG's position as one of the world's foremost advisors on shared services and outsourcing. Together, we help clients transform business services to improve value, increase agility and create sustainable performance



## Industry thought leadership

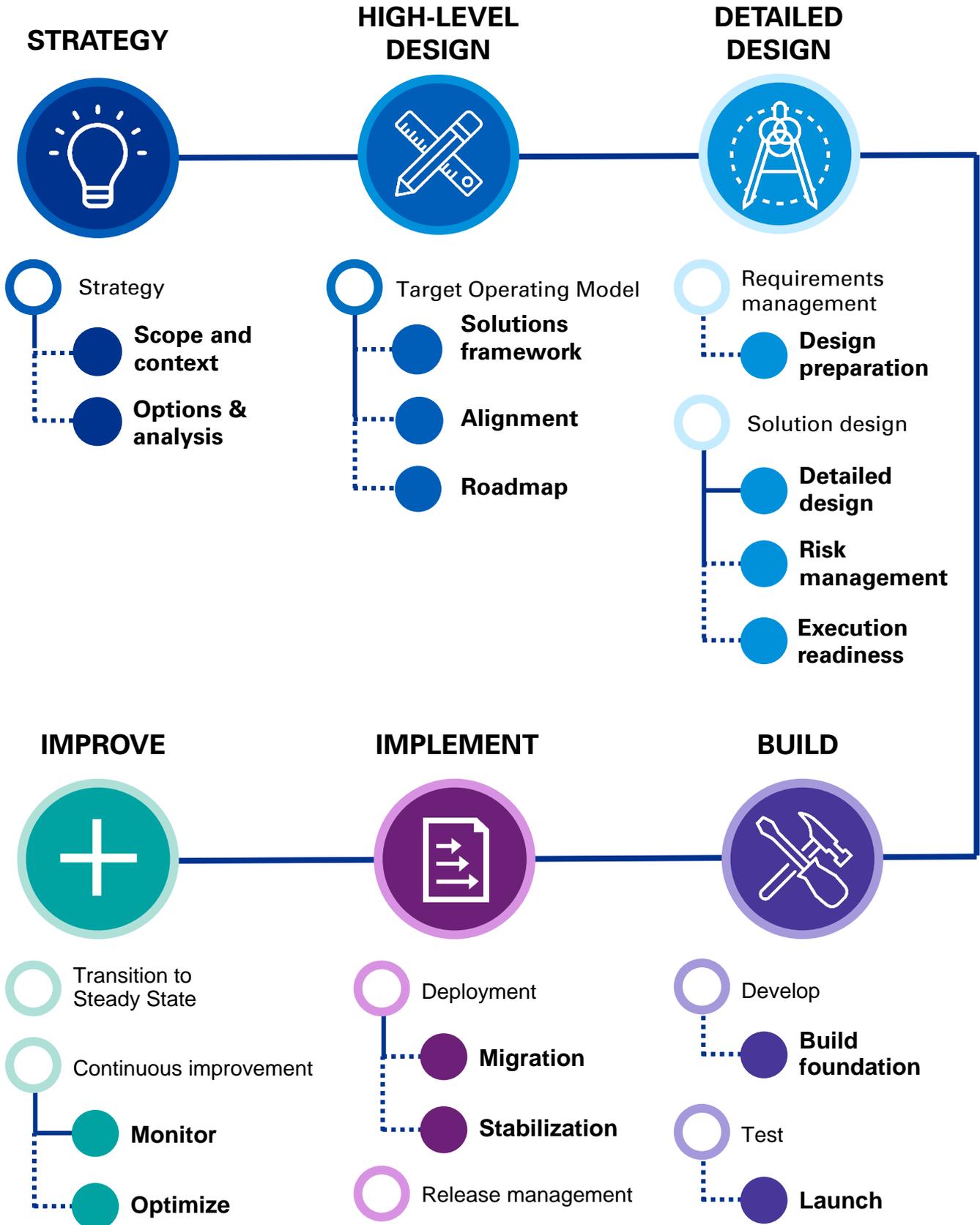
KPMG shares with clients experience and professional knowledge by numerous publications and reports.

- [Nordic Shared Services and Outsourcing: Pulse Survey](#)
- [Poland as the destination for Business Service Centers](#)
- [Business partnership of the intelligent finance function](#)
- [The state of the outsourcing, shared services and operations industry in 2017](#)



# The transformation journey by KPMG

The transformation journey towards operational excellence begins with strategy development and selection of centralization / outsourcing approach, through target operating model design, implementation, migration, and stabilization, to performance monitoring, optimization, and continuous improvement.



# Support at every phase of the Centre's growth

SSOA supports clients in challenging transformation journey, providing end to end services at every stage towards Operational Excellence, using proven Service Delivery Lifecycle methodology.

## STRATEGY



- SSC model solutions review
- Target Financial and Operating Model
- Location Study
- Risk and compliance assessment



## DESIGN



- Processes identification and analysis (As-is documentation: description, maps)
- Business Case (cost estimation, NPV, ROI)
- Service portfolio (Blueprint)
- Organization – SSC relationship framework (Service Level Agreement, KPI identification)

## IMPLEMENTATION

- Detailed migration plan and transition guide
- Processes migration (interim management)
- Infrastructure and technology design
- HR Build-up (recruitment support, knowledge transfers and trainings)



## MONITORING AND OPTIMIZATION



- Monitor and control mechanism (e.g. Service Performance Dashboards)
- Improvement Opportunity assessment
- Organizational Maturity assessment (Maturity Assessment, Healthcheck – 6P Assessment)
- Processes benchmarking (KPI Analysis)
- Process standardization and optimization



# How we do it

We have a proven methodology that covers all angles of the service delivery model life cycle including:



- Change Management
- IT
- Governance
- Risk & Compliance



Transition strategy



Location analysis



Governance organization design



Service delivery model guide



Target operating model framework



Process maturity assessment

We apply focused research, automation tools, proprietary data, clear business acumen, and a mindset to get quickly to what matters in providing objective, actionable and practical answers to clients.

# Authors



## Roman Koutsak

A highly skilled qualified Chartered Accountant (ACCA) with more than 13 years of professional experience working with multinationals. Extensive international experience gained through working in Ukraine and Singapore. Detailed business knowledge of finance in various industrial and consumer markets. Roman's expertise covers SSC implementation, finance and accounting procedures, designing and implementation of financial reporting models, cost accounting, optimization of the financial processes, benchmarking.



## Maksym Voytsekhovskyy

Currently Head of Tax and Legal Department in KPMG Lviv Office. Maksym has an 15-year experience in tax and legal consultancy for Ukrainian and international companies. Before joining KPMG Maksym worked as Deputy Director at Trans-Audit in Lviv, where he was responsible for managing the firm, working with tax authorities and advising on tax issues and financial accounting as well as legal matters. Maksym has got his profound experience in business development and tax consulting while working at Debit Credit, DK Consulting and Concern "Niko".



## Volodymyr Pavlishevskyy

Volodymyr is a member of Association of Chartered Certified Accountants. For more than 8 years within KPMG, he got extensive experience in development of accounting policies, analysis and provision of recommendations for improvement of design and implementation of financial reporting models, preparation of financial projections and valuations for various clients. Volodymyr's relevant experience serving companies in various markets and also includes assistance to clients in compilation of their financial statements in accordance with IFRS and other accounting standards. International experience gained in Ukraine, Azerbaijan and Denmark.

# Contact



**Konstantin Karpushin**

Partner  
Transfer Pricing Department, CIS  
Technology and Innovation  
KPMG in Ukraine

T: +380 44 490 5507

E: [kkarpushin@kpmg.ua](mailto:kkarpushin@kpmg.ua)



**Roman Koutsak**  
Director, Audit  
KPMG in Ukraine

T: +380 44 490 5507

E: [rkoutsak@kpmg.ua](mailto:rkoutsak@kpmg.ua)



**Maksym Voytsekhovsky**  
Senior Manager, Head of  
Tax and Legal in Western Ukraine  
KPMG in Ukraine

T: +380 44 490 5507

E: [mvoytsekhovsky@kpmg.ua](mailto:mvoytsekhovsky@kpmg.ua)



## **Kyiv**

Business Center "Senator"

32/2 Moskovska Street

T: +380 44 490 5507

F: +380 44 490 5508

E: [info@kpmg.ua](mailto:info@kpmg.ua)

## **Lviv**

Business City Technopark

72 Heroiiv UPA Street,

building No. 40

T: +380 32 229 5905

E: [lviv@kpmg.ua](mailto:lviv@kpmg.ua)

**[www.kpmg.ua](http://www.kpmg.ua)**

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2017 KPMG-Ukraine Ltd., a company incorporated under the Laws of Ukraine, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.