



LOCATION ANALYSIS AND RANKING



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01. Synopsis of Findings – Top-3 Countries

The three leading countries are placed at a relatively attractive position for setting up enterprises, on strength of conducive business environment, a supportive human capital base, strong technology ecosystem, sound regulatory structures and a robust economy.

01 Lithuania

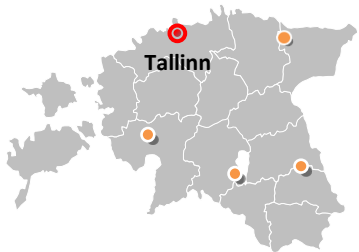


Aggregate Weighted Score

6.51

- With a significant technology focus and a favourable regulatory environment, Lithuania scores high for investment prospects.
- The country's relative position in startups, together with the long-term trend in nominal wage growth, helps it to pole position.

02 Estonia



Aggregate Weighted Score

6.38

- Estonia is close to the top rank position, on the strength of technology status and the education / human capital progress.
- The country's business-friendly policies and regulatory framework have propelled it to become one of the most attractive business destinations among developing countries in Europe.

03 Poland



Aggregate Weighted Score

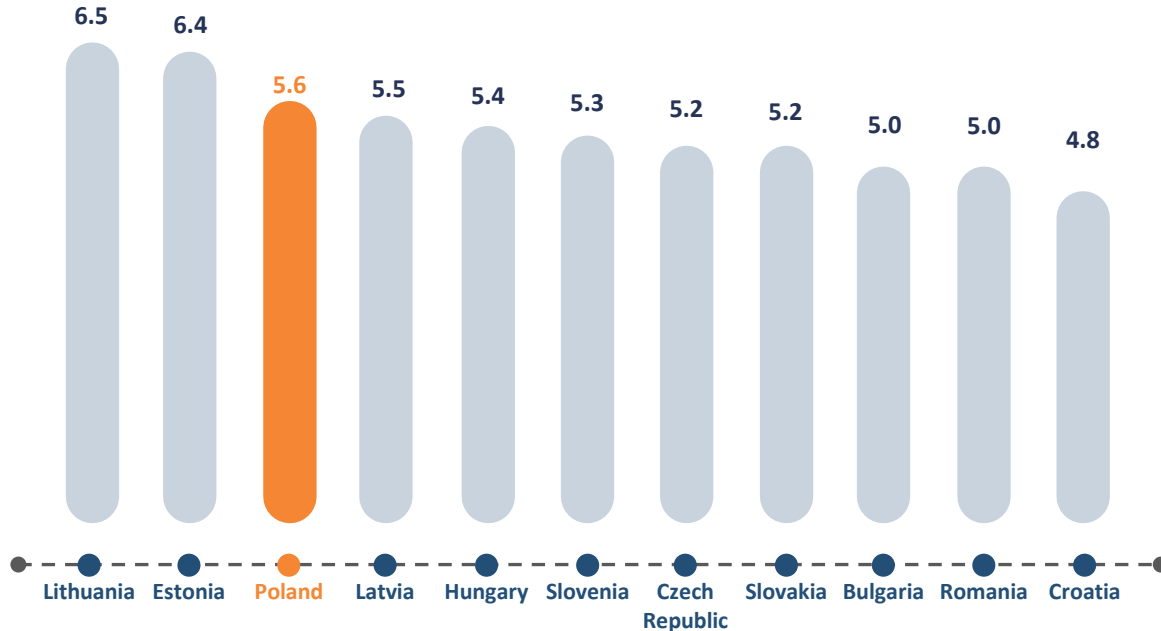
5.57

- Poland has had a strong resilient macroeconomy that weathered the impact of pandemic far better than other European countries.
- The country has long been a favoured offshoring destination on account of a large pool skilled resources and supportive business environment.

01. Synopsis of Findings – Top-3 Countries

The third ranking country Poland is among the major European economies known for its industrial and manufacturing base.

Poland



- Poland has a major manufacturing base in the European Union, and attracts a significant share of FDI in this regard. This is especially so for southern Poland that has occupied a leading position.
- With a relatively lower share of the services sector in the economy, the country was also relatively unaffected by the pandemic outbreak.

Synopsis

Population	37,950,802
GDP (Current US\$) (In Billion)	594.165
GDP Per Capita (Current US\$)	15,656
Forecast Annual Average GDP Growth	3.94%
Forecast Annual Average Inflation	3.18%
Ease of Doing Business Rank	40
Corruption Perceptions Index Rank	45
World Competitiveness Rank	47
Mercer Cost of Living Survey Rank	164
Foreign Direct Investment Opportunities Ranking	18
Education System Ranking	30

01. Methodology

The parameters were selected and drawn from leading and credible data repositories such as World Bank, as well as from established global studies and rankings undertaken in recent years.

01 #One

A set of 11 countries was chosen based on prior discussion on preferred countries/region of business location. The data was compiled for categories of business environment, education, technology, taxation, and macroeconomy.



02 #Two

Category-wise, each data parameter was ranked for the set of 11 countries. The ranked values were derived such that higher values denote a better/stronger position. The values act as the relative scores of the country.

04 #Four

Under each category, parameter aggregates were calculated, using weightages assigned. For instance, under Business Environment, the 13 parameters have different weights in accordance with their relative importance, based on which an aggregate was calculated.

03 #Three

The ranked parameter values were normalized to a score of 10 – implying all values were derived for a base of 10. As a result, there were country-wise scores for each parameter on a scale of 0-10.

05 #Five

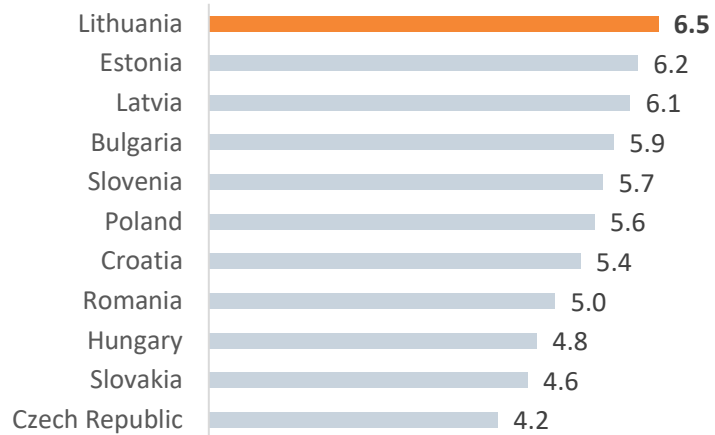
Using weights assigned to each of the five categories, an aggregate weighted score was calculated for each country.

Top Ranked Countries

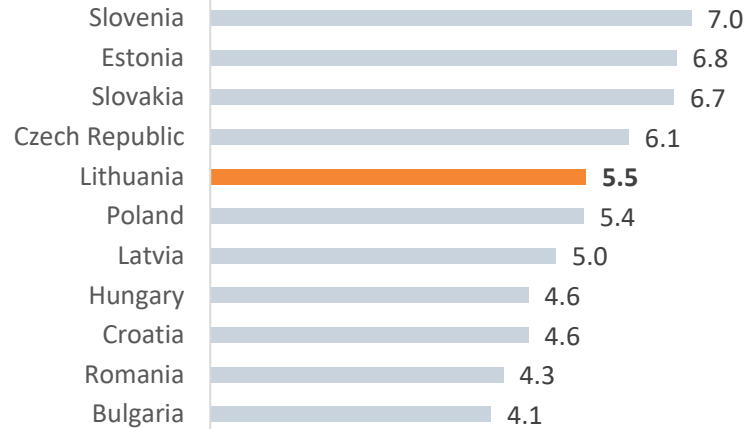
01. Key Findings and Results - Lithuania

Top ranked Lithuania lags by a far margin in Education/Human Capital, but more than compensates it in other categories.

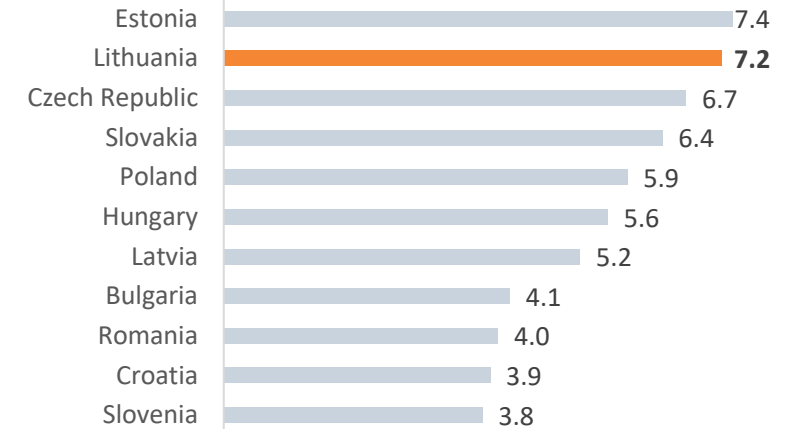
Business Environment



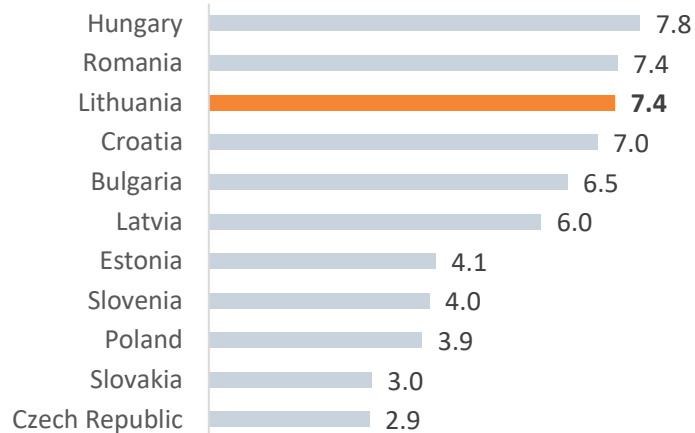
Education / Human Capital



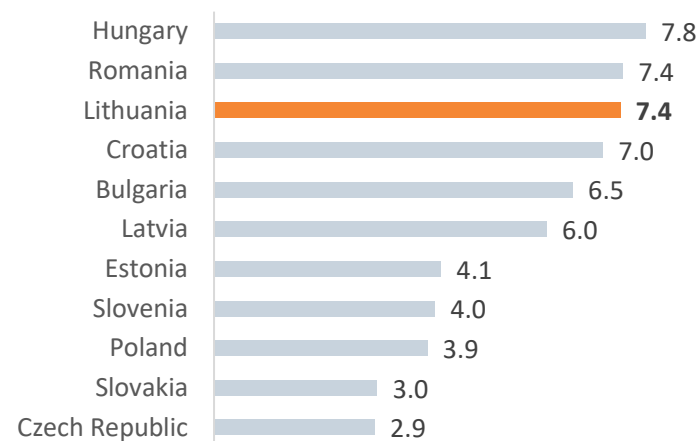
Technology Development



Regulation / Taxation



Macroeconomy



- The results confirm similar other studies. EY European Attractiveness Study Baltics 2021 reported that over 70% of surveyed executives planned to set up or expand operations in Lithuania by 2022.
- The country's favourable business environment helped attract new entrants in Fintech sector. As per IMF, by end-2020, there were over 230 companies in this sector.

02. Estonia – Country Overview



ESTONIA



Estonia in Europe



Major Cities in Estonia

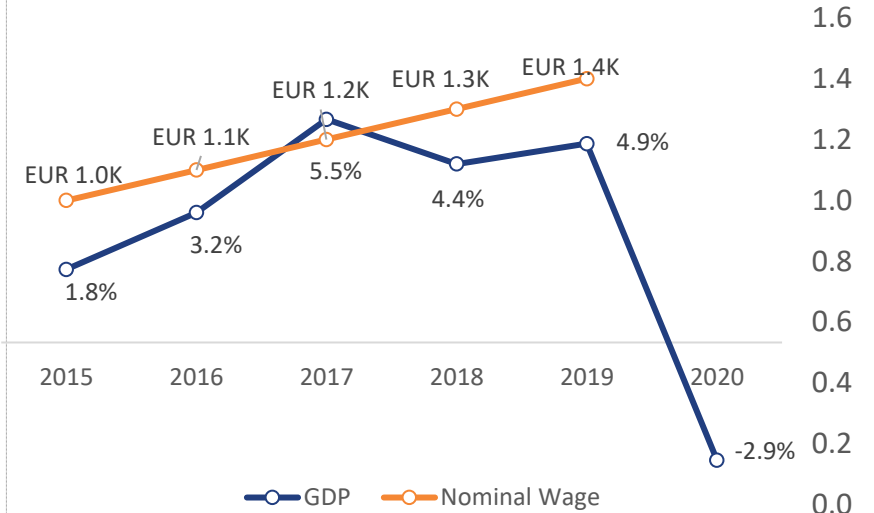
- Capital
- Major cities

Source: World Bank, IMF, Central Statistical Office of Slovenia

Synopsis

Population	1,331,057
GDP (Current US\$) (In Billion)	31.03
GDP Per Capita (Current US\$)	23,212
Forecast Annual Average GDP Growth	4.60%
Forecast Annual Average Inflation	3.02%
Ease of Doing Business Rank	18
Corruption Perceptions Index Rank	17
World Competitiveness Rank	26
Mercer Cost of Living Survey Rank	146
Foreign Direct Investment Opportunities Ranking	64
Education System Ranking	31

GDP Growth (%) and Nominal Wage Growth (EUR)



Major Technology Companies in Estonia



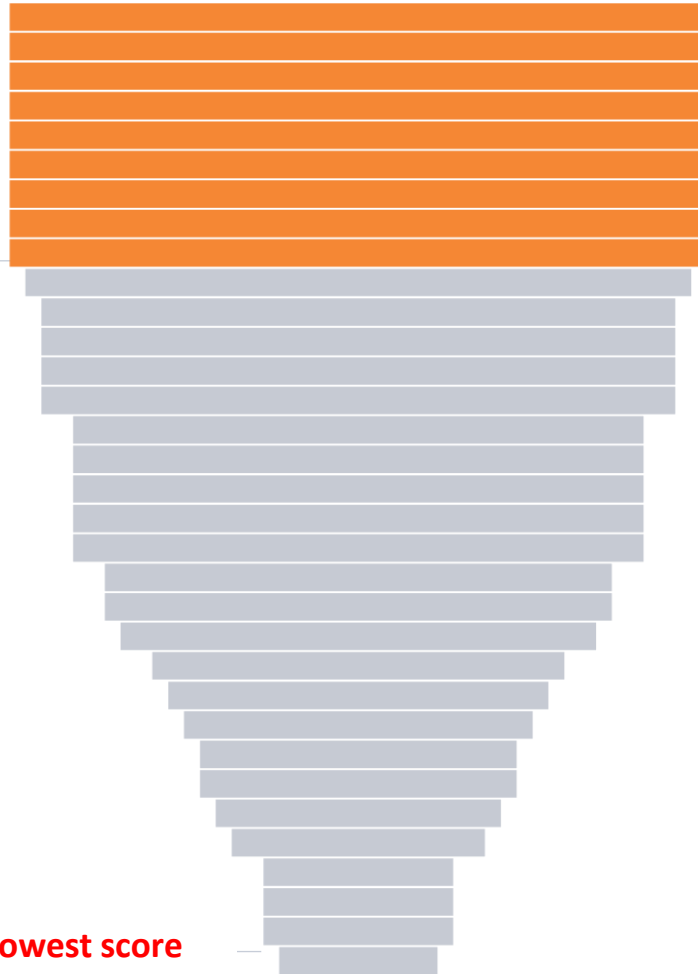


Estonia's Parameter Ranking Score Distribution



Time required to set up business unit
 Relative Score of Starting a Business
 Global Startup Ranking
 Global Knowledge Index - ICT
 Secure Internet Servers per million people
 Network Readiness Index
 Share of high-tech exports

Parameters of highest score



Parameters of lowest score

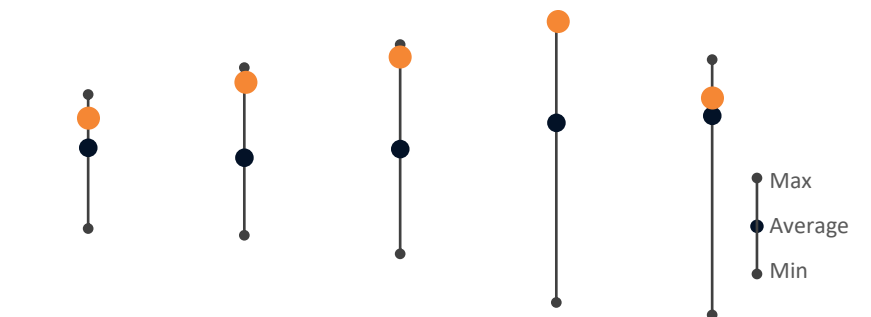
Time taken in the procedures
 Patent applications by residents
 Global Innovation – Infrastructure Index
 Total Tax and Contribution rate (% profit)



Estonia's high scores in business environment makes it come closer to the top rank. It is only for factors such as labour costs and taxation where it ranks lower in the peer set.

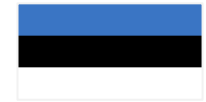
Relative Position in Category Scores

● Estonia's position



Business Environment Education / Human Capital Technology Development Regulatory / Taxation Macroeconomy

- Macroeconomic category is the only one where Estonia's weighted average score is closer to average. All other scores are skewed towards the maximum levels.



Estonia is known for the inception of successful enterprises such as Skype, TransferWise, Pipedrive, Cloutex, Click & Grow, Grabcad, Erply, Fortumo, Lingvist, etc. Moreover, the country is home to a wide array of foreign companies that opened their R&D centers there including global giants such as Microsoft, SAP, Acronis, Parallels, and more. Clutch lists over 70 software companies in Estonia and most of them employ less than 250 people. Most companies are related to the financial, automotive, healthcare and travel industries.



Estonia has one of the best performing labour markets in EU, but its declining working-age population is a challenge. The Estonian labour market is characterized by flexibility and low unemployment.

Global companies such as Google, AIG, Nasdaq, Uber, IBM, Wix, and HP have their R&D and IT development centers in the country.

Tech Talent status and position

70.6% Labour Force Participate rate (Sep 2021)

1K+ Number of ICT graduates per year

22K Employed in ICT sector

86% Of adults speak at least one foreign language

Successful Startups in Estonia



Venture Capital

45



Venture Capital Funds in Estonia

Estonia, one of the smallest countries in the region, leads in the VC investments per capita (€1,967) as well as startup creation.

Business Environment Highlights

- Two major cities – Tallinn and Tartu contribute the most to the IT industry growth.
- Named as ‘the most advanced digital society in the world’ by Wired, Estonia has about 99% of its governmental services online.
- The Estonian income tax system, with its flat rate of 20 percent, is considered one of the simplest tax regimes in the world.

Government Policy and Foreign Direct Investment

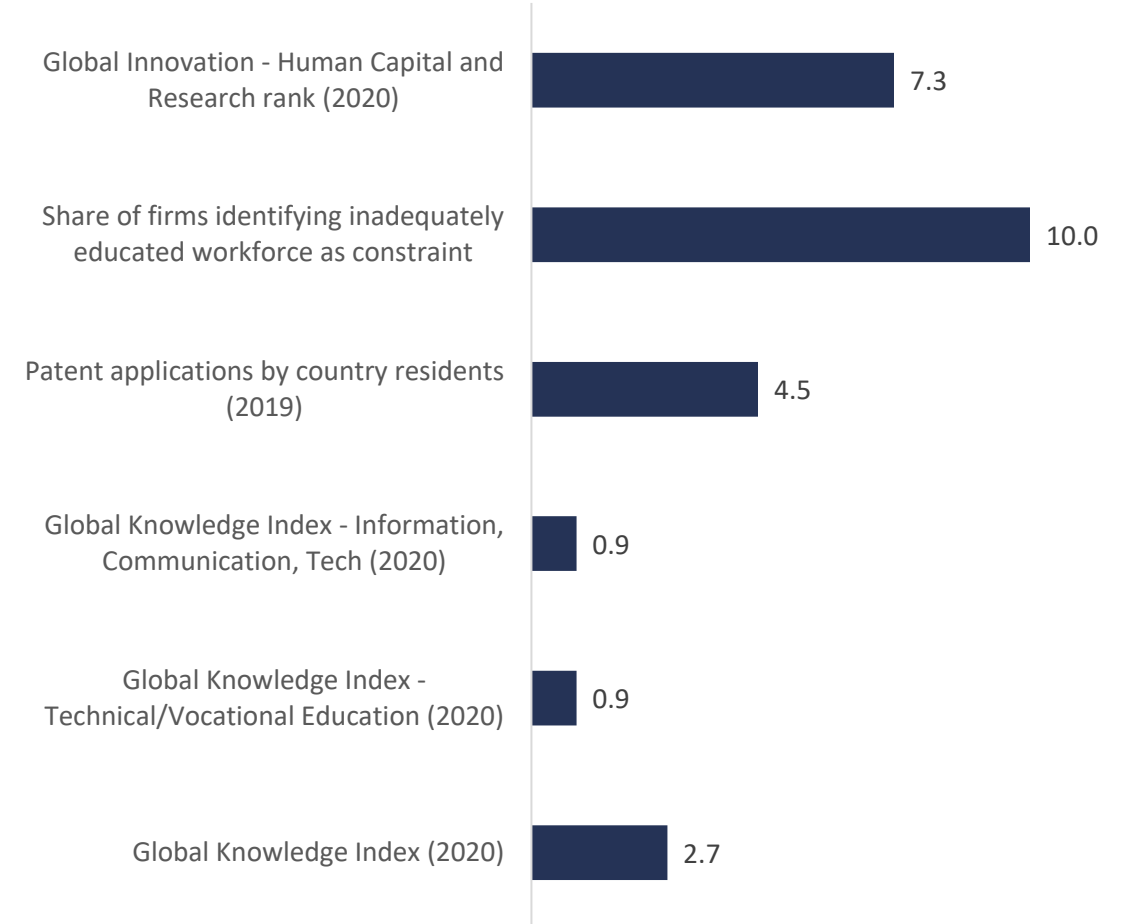
- Government’s long-term plans indicate that IT is expected to become the leading sector of the economy and will make up for 20% of the country's total exports.
- By end-2020, the FDI inflow reported a 12% year-on-year rise.
- Till the first half of 2021, the country reported a record high investment in its ICT sector.



Business Environment Parameter Score

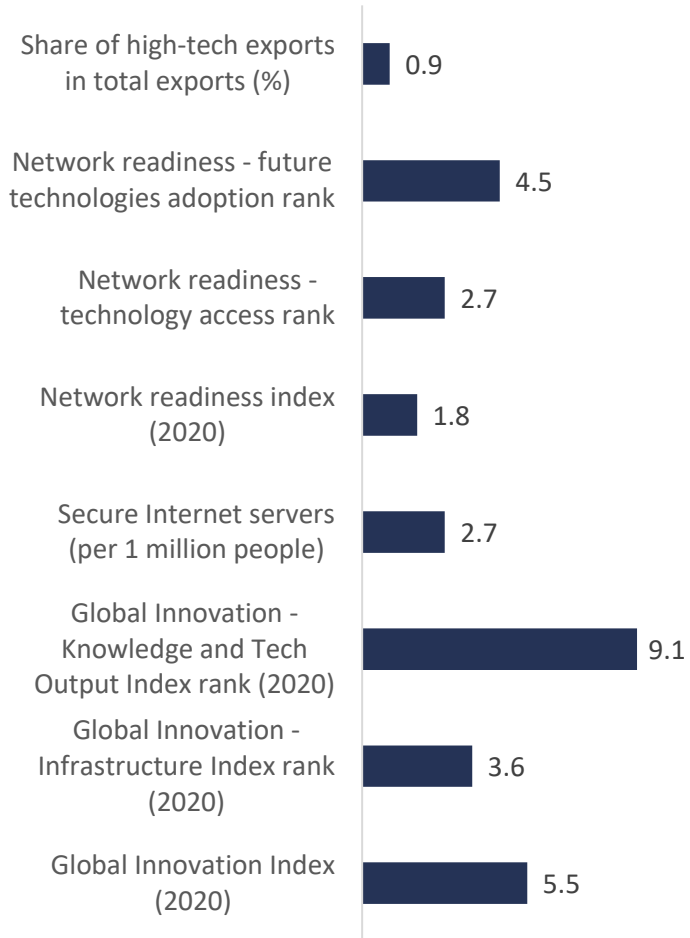


Human Capital / Education Parameter Score

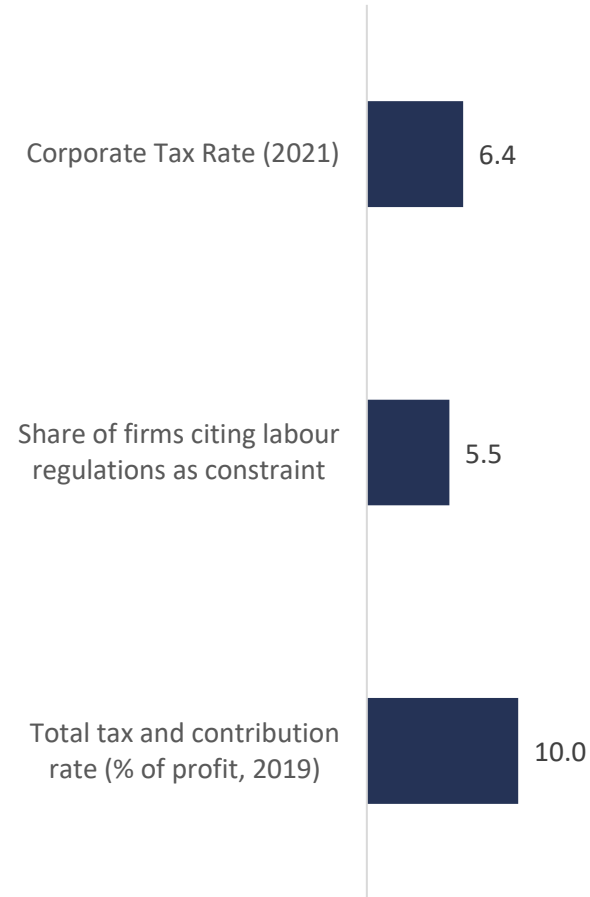




Technology Development Parameter Score



Regulatory / Taxation Parameter Score



Macroeconomy Parameter Score

