

Step aside, music and football ...

Manchester, England, is growing its reputation as a business services delivery location for companies in England and throughout Europe. Smaller and less expensive than London, but blessed with a well educated population – supported by 22 area universities – an advanced infrastructure, and favorable incentives, Manchester is an increasingly attractive location for service delivery.

[Recent Everest Group research](#) offers details on why Manchester is well worth a look for companies with locations in the United Kingdom or Europe seeking to round out their locations strategies.

Manchester is one of the leading business services locations in the United Kingdom, employing more than 75,000 people, for both voice and non-voice services.

Contact center services are the most prevalent business service, given the city’s comparatively low cost and large talent pool. Beyond contact center, among the next most commonly sourced services are finance & accounting, human resources, and procurement.

The city is also seeing growth in IT services, particularly software development and technical support, with a limited – but growing – presence of digital services delivery.

Figure 1 *Maturity of functions supported in Manchester*

Voice services are among the most mature, followed by some non-voice BP services. Digital services are on the rise

Mature 
 Somewhat mature 
 Immature 

Function	Maturity
Contact center	
Non-voice BP	
IT-ADM	
IT Infrastructure	
Digital	

While Manchester supports both service providers and Global In-house Centers (GICs), the market is dominated by GIC activity, with Adidas, Lloyds Bank, M&S, Siemens, and Tyco among some of the larger companies with centers located there.

Why Manchester?

Manchester is a favorable business and IT services location for a number of reasons.



Cost savings

Manchester offers significant cost savings – 25-30% – over tier-1 locations, such as London, and is somewhat more cost effective (15-20% cost savings) than other tier-2 locations, such as Croydon. The savings are based on lower wages, wage inflation, attrition, and infrastructure costs.



Competition

Increasing competition – for labor and office space – in tier-1 locations like London is driving growth in Manchester and other tier-2 locations.

Figure 2 *Operating cost, wage inflation, and attrition rates*

Annual operating cost per FTE-BP (CC)^{1,2}

Costs indexed to Manchester; 2017



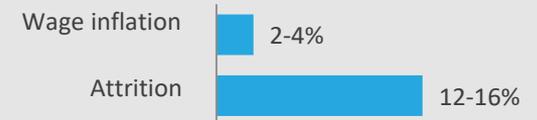
Annual operating cost per FTE-BP (F&A)^{1,2}

Costs indexed to Manchester; 2017



Manchester wage inflation and attrition – BP (CC)²

2017; % per year



¹ Blended, market-average operating costs for steady-state operations

² BP (CC) represents inbound and outbound voice services, and BP (F&A) represents AP/AR processes



Workforce

Manchester boasts a large, sustainable, and skilled workforce with multi-lingual capability. With 22 universities and an annual tertiary graduate pool of 20,000+ per year within a reasonable distance, there are always active jobseekers, making skilled labor readily available.



Infrastructure

Manchester has a couple of infrastructure benefits that raises its value as a business services location. The city has developed an advanced telecom and internet infrastructure, which is a significant draw for businesses

seeking to locate there. Furthermore, Manchester has one of the largest international airports in the UK, serving more than 200 locations, making for easy access.



Incentives

The Manchester area has sweetened the pot by developing incentives for companies to locate business there. For example, the investment agency of Manchester – MIDAS – provides support and incentives to companies setting up centers in the city, including business loans through the Greater Manchester Fund, enterprise zone incentives, funding for training & recruitment, and development of strategic plans to develop digital skills.



Manchester at a glance

Geopolitical situation



Political stability had long been a key strength of the UK, resulting in business-friendly institutions and political structures. The Brexit vote, and the concomitant political polarization, have reduced overall confidence in the business sector and government.

Macroeconomic situation



GDP growth in the UK has slowed since 2015, and the recent Brexit decision is likely to further slow the economy. In particular, businesses will keep a close eye on interest rates, the fiscal deficit, and financial market stability. UK foreign trade is also uncertain due to Brexit, with future trade deals in flux.

Infrastructure



Manchester has one of the most advanced telecommunications and Internet infrastructures in Europe, as well as good national and international connectivity. Its airport is the third largest in the UK connecting to 200+ global destinations, and it also has good road networks. As the city grows, however, there are some concerns about traffic congestion.

Safety and security



Although Manchester is vulnerable to flash floods from heavy rains and moderate hurricanes, impact on business has been limited. The UK as a whole faces some terrorist concerns; Manchester suffered a terror attack in May 2017.

Regulations and ease of doing business



The UK has a business-friendly regulatory environment and well-defined intellectual property rights protection laws; however, Brexit is causing uncertainty. The investment agency of Manchester – MIDAS – provides strong support and incentives to companies setting up centers in the city.

For more information on this topic, see Everest Group's full report, ["Next-wave" Location Profile – Manchester, United Kingdom](#)

Additional Resources

- ["Next-wave" Location Profile – Belfast, Northern Ireland](#)
- [Brexit, GDPR, and Digital Winds of Change: Disruption or Transformation of Service Delivery to the United Kingdom and Ireland?](#)
- [Poland Tier-2/3 Cities: Complementing Tier-1 Cities or Carving a Niche for Digital Services?](#)
- ["Next-wave" Location Profile – Atlanta, Georgia](#)
- ["Next-wave" Location Profile – Medellín](#)
- [Betting on the Future – The Bangladesh IT-ITeS Industry is Poised for Growth](#)



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