

Business Services Sector in Turkey

REPUBLIC OF TURKEY PRIME MINISTRY
INVESTMENT SUPPORT AND
PROMOTION AGENCY



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Investment Support and Promotion Agency of Turkey

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List of Abbreviations

Abbreviations	Definitions	Abbreviations	Definitions
BDD	Association of Independent Auditing	EIU	Economic Intelligence Unit
BRIC	Brazil, Russia, India, China	EMEA	Europe, the Middle East and Africa
BRSA	Banking Regulation And Supervision Agency	ENR	Engineering News-Record
BUYEM	Bogazici University Lifelong Learning Center	EU	European Union
CAGR	Compound Annual Growth Rate	FDI	Foreign Direct Investment
Capex	Capital Expenditure	GDP	Gross Domestic Product
CBRT	Central Bank of the Republic of Turkey	GYODER	Association of Real Estate Investment Companies
CCBE	Council of Bars and Law Societies of Europe	IAF	International Accreditation Forum
CCC	Competence Call Center	IASP	International Association of Science Parks
CE	Conformity Marking	IBA	International Bar Association
CMB	Capital Markets Board	IBM	International Business Machines
CMC	Customer Management Center	ICMCI	International Council of Management Consulting Institutes
CPA	Certified Public Accountant	ICT	Information & Communications Technology
CRM	Customer Relationship Management		
DDK	The State Supervisory Council		
EA	European Cooperation for Accreditation		



List of Abbreviations

Abbreviations	Definitions	Abbreviations	Definitions
ILAC	International Laboratory Accreditation Cooperation	R&D	Research and Development
ISE	Istanbul Stock Exchange	SAP	Systems Analysis and Program Development
ISO	International Organization for Standardization	SD	Sales and Distribution
ISS	Integrated Service Solutions	sqm	Square meters
IT	Information Technology	SMEs	Small and Medium Sized Enterprises
ITO	Information Technology Outsourcing	SPO	Prime Ministry State Planning Organization
IVR	Interactive Voice Response	TDZ	Technology Development Zone
JICA	Japanese International Co-operation Agency	TL	Turkish Lira
M&A	Mergers and Acquisitions	TMUD	Expert Accountants Association of Turkey
MENA	Middle East & North Africa	TSE	Turkish Standards Institution
METU	Middle East Technical University	TTGV	Technology Development Foundation of Turkey
MLA	Multilateral Agreement	TURKAK	Turkish Accreditation Agency
MM	Material Management	TurkStat	Turkish Statistical Institute
NGO	Non-Governmental Organization	TURMOB	The Union of Chambers of Certified Public Accountants and Sworn-in Certified Public Accountants of Turkey
OECD	Organization for Economic Co-operation and Development		



Executive Summary

- Turkey's unique geographical position between Europe and Asia, allows the country to create a link between three continents with over 1.5 billion and a GDP of 25 trillion.
- According to fDi Markets, an estimated total of USD 411.81 million capital investment was announced in Turkey's Business Services between January 2003 and August 2013. Business services include service lines; management consulting, legal services, business support, and engineering services.
- Regarding the distribution of incoming investments in Business Services it was noted that, 26% belonged to the United States, followed by 18% from the United Kingdom, and 14% from Germany.
- Turkey has significant experience in wide range of Business Service lines such as;
 - Engineering Services and Contracting
 - Testing and technical analysis
 - Call Centers
 - Auditing and Accounting
 - Law Advisory Services
 - Consulting and Financial Services
- According to the Ministry of Economy, **Turkish engineering and contracting services sector** has worked on approximately 7,000 projects in 100 countries meaning a total worth of more than USD 242 billion since 1972.
- **Testing and technical analysis sector** has been demonstrating an increasing trend in its turnover and with a positive CAGR of 21% between 2005 and 2011 The technical testing and analysis sector is expected to continue its growth and reach **TL 1,905 million** as its related industries such as manufacturing and chemicals are expected to develop.
- **Call centers** of Turkey have been developing significantly in the last couple of years. As of 2013, Turkey's **call center market is valued at USD 1.4 billion** in 2013. Call center sector has a potential workforce of 350,000 to be reached by 2023, compared to 70,200 in 2013.
- **Auditing and accounting sector** in Turkey had a total turnover of TL 7,012 million in 2012 and increased at a CAGR of 15% between 2005 and 2012. As new regulations come to pass and Turkey aspires to have compatible standards with the EU, the auditing and accounting sector will continue to grow.
- **Legal advisory services, consulting and financial services** also play a critical role in Turkey's economy. For both of these sectors major global firms have their offices in Turkey. According to Euromonitor International, legal advisory services turnover will reach TL 6,522 million whereas consulting will reach TL 40,460 million by 2017 due to Turkey's vibrant business environment.



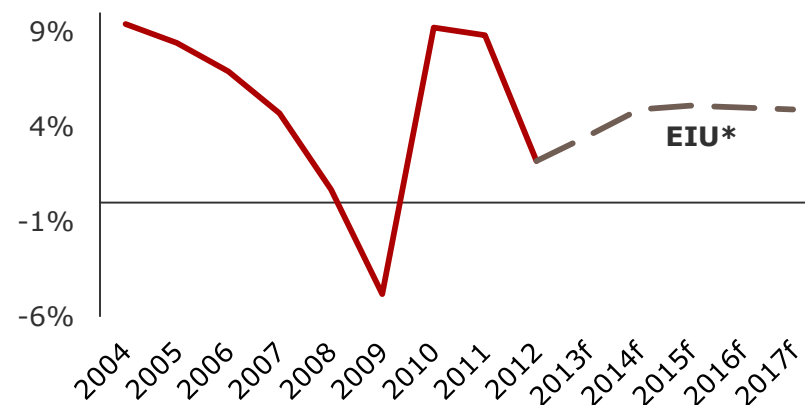
I. Macro-Economic Overview of Turkey

- A. Overview of Turkish Economy and Macro-Economic Outlook
- B. Global Outlook on Business Services
- C. Business Services Development in Turkey

Turkey's fast-growing economy is expected to attract more investment in the future.

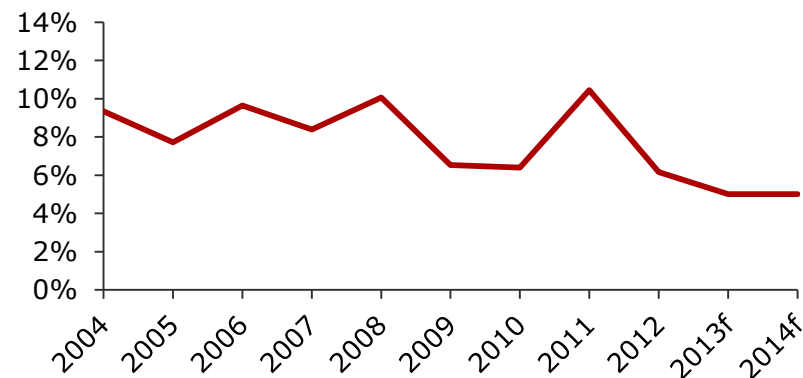
- Turkey has undergone a profound economic transformation over the last decade and its economic foundation is quite solid. It is the 17th largest economy in nominal terms and the 16th largest economy in purchasing power parity terms in the world. Moreover, it is the 6th largest economy compared to the EU in 2012 with a current GDP of approximately USD 786 billion in 2012.
- Having boomed as fast as 9.3% and 8.8% in real terms in 2010 and 2011, the OECD projects a real GDP growth of around 4% in 2014 and 2015, while EIU projects an average 5% growth year-to-year until 2017.
- Monetary policy played a vital role in reining in inflation in recent years. Turkish inflation has stayed under 10% since 2004 and the year-end inflation rate was 6.2% in 2012. The government's efforts to tame inflation have paid off over the last decade and the CBRT projects an inflation rate of 5% in 2013 and 2014.

Figure 3: GDP Growth Rate (Constant Prices)



Source: Turkstat, EIU
f: forecast

Figure 4: Inflation

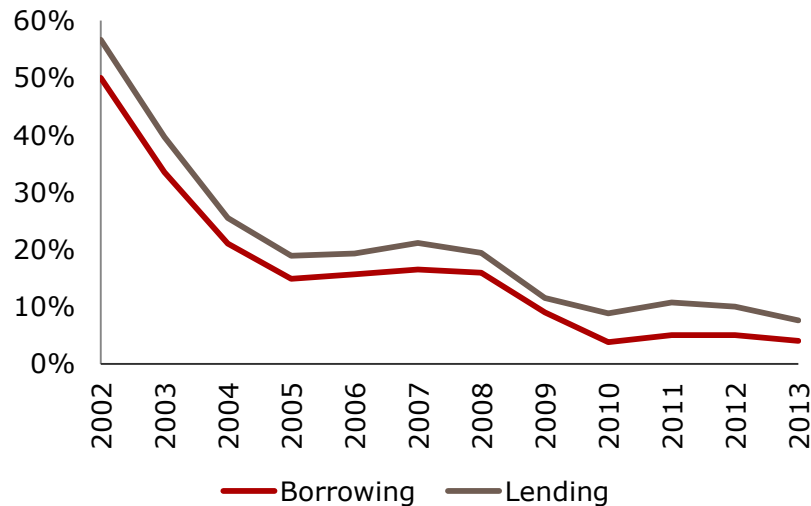


Source: Turkstat, CBRT
f: forecasts of CBRT



Capitalizing on its economic policies, the investment environment in Turkey has become increasingly more welcoming to foreign investors

Figure 3: The Central Bank of the Republic of Turkey O/N Interest Rates



Source: CBRT

- The overnight lending rates have been steadily decreasing over the years and was around 7.5% in September 2013, which is a 500 basis point decrease from 2002.
- Fitch Ratings announced Turkey’s investment grade rating as BBB in November 2012 and Standard & Poor announced it as BB+ in March 2013. These events signal further upgrades and are expected to boost the inflow of institutional funding.
- Moody's raised Turkish government bond ratings to Baa3 and revised its outlook to stable from positive in May 2013.

Table 1: Turkey’s Credit Ratings

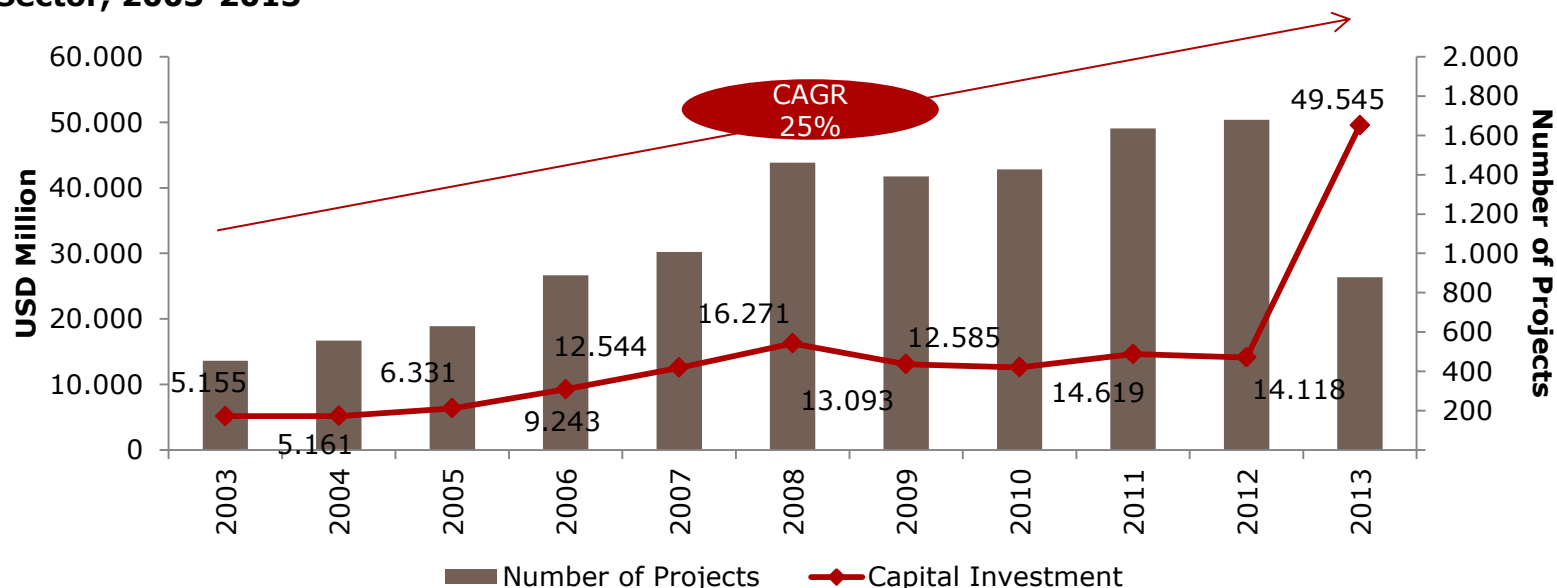
Rating Agency	Rating (Local Currency)	Outlook (Local Currency)	Rating (Foreign Currency)	Outlook (Foreign Currency)
Standard & Poor’s	BBB	Stable	BB+	Negative
Fitch	BBB	Stable	BBB-	Stable
Moody’s	Baa3	Stable	Ba1	Positive
JCR	BBB-	Stable	BBB-	Stable

Source: Moody’s (May 2013), S&P (February 2014), Fitch (December 2013), JCR (May 2013)



Global investments on Business Services had a precipitous increase in the last decade

Figure 4: Capital Investments and Number of Projects in Global Business Services Sector, 2003-2013



- Global data between January 2003 and September 2013 for capital investments indicate that Business Services had the second highest share with 16.4%, right after software and IT services.
- Figure 4 demonstrates the development of capital investments and number of projects in business services sector. A staggering CAGR growth of 25% was observed during this period in capital investments, reaching a total of USD 158,664 million in total.
- Even though the investments followed a steady pace between 2009 and 2011, there was a precipitous increase in 2013, reaching USD 49,454 million in investments, with a 251% increase compared to the previous year.
- Regarding the number of projects, which signifies expansions and co-location investments, increased at a CAGR of 7% reaching 879 projects in 2013, highest number of projects for Business Services was realized in 2012 with 1,679 projects.



A look at where the money goes: Distribution of Global Business Services Investments, Job Creation and Number of Companies over the last decade



Asia-Pacific

Capex: USD ~ 45,000 m
Jobs Created: ~ 450,000
Companies: ~ 2,000

Western Europe

Capex: USD ~ 29,000 m
Jobs Created: ~ 160,000
Companies: ~ 2,200

Rest of Europe*

Capex: USD ~ 7,600 m
Jobs Created: ~ 70,000
Companies: ~ 700

Middle East and Africa

Capex: USD ~ 19,000 m
Jobs Created: ~ 35,000
Companies: ~ 1,100

North America

Capex: USD ~ 9,500 m
Jobs Created: ~ 75,000
Companies: ~ 900

Latin America & Caribbean

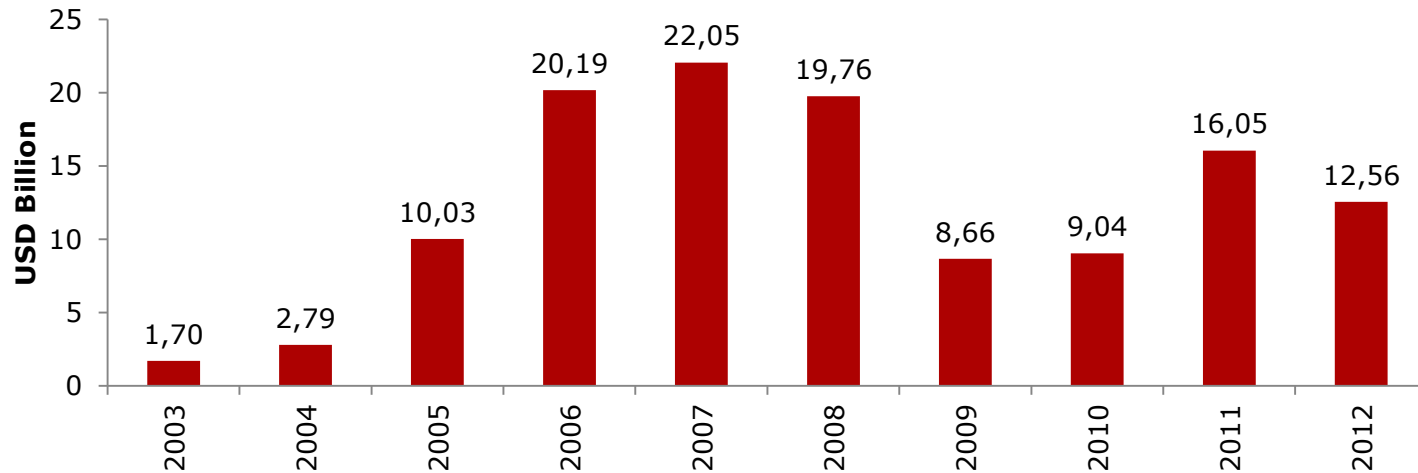
Capex: USD ~ 48,200 m
Jobs Created: ~ 135,000
Companies: ~ 600

*includes Turkey,
The data given represents the period
between January 2003 and September
2013



Turkey has been attracting significant foreign direct investments in the last decade

Figure 5: FDI Inflows to Turkey, 2003-2012



Source: World Development Indicators, World Data Bank

- Turkey has become an attractive destination for FDI. Weak FDI inflows after 2002 experienced an incremental increase, and reached a record level of USD 22 billion in 2007. The decrease in 2009 can be explained due to the global economic crisis, which lowered FDI all around the globe including Turkey. However, according to the 2011 values, Turkey has recovered satisfactorily from the global crises.
- In 2012, FDI inflow has risen to **USD 12.56 billion**, compared to USD 8.66 billion in 2009.



Who is already in Turkey ? Turkey attracts prestigious players in business services

Analysis of foreign investors into Business Services sector in Turkey addresses the dominance of the United States with 26%, followed by the United Kingdom with 18%, and Germany with 14%. When the capital investment is analyzed according to business lines, it is observed that Business Support line is leading the way with 36%, valued at USD 148.6 million followed by engineering services, and management consulting.

Figure 6: Distribution of Business Services Companies in Turkey according to Countries of Origin

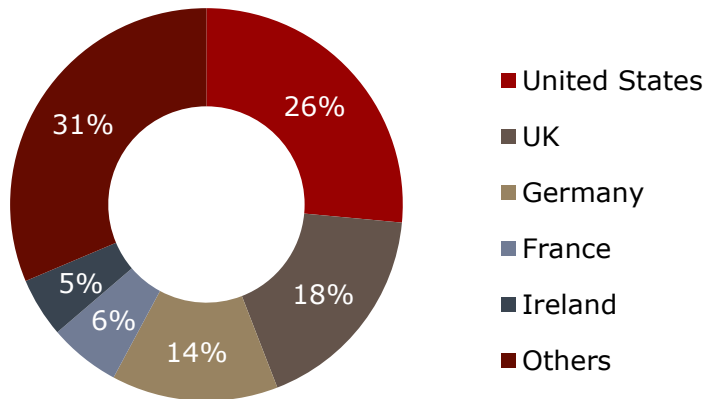


Figure 7: CAPEX Distribution of Business Services according to different business lines

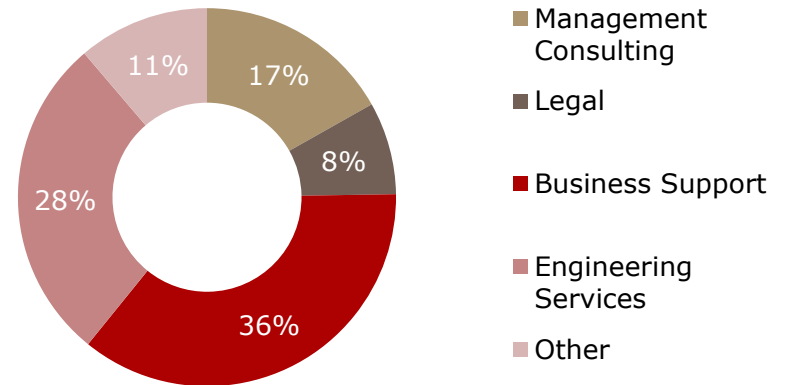


Figure 8: Selected Foreign investors in Turkey between 2008 and 2013

Management Consulting 

- A T Kearney
- Frost & Sullivan
- PSD Global
- Bain & Company

Legal Services 

- Baker & McKenzie
- Clifford Chance
- Chadbourne & Parke
- Kinstellar

Business Support 

- Arvato Services
- Competence Call Center (CCC)
- Mellon Group of Companies

Engineering Services 

- WYG Engineering
- Wimberley Allison Tong & Goo (WATG)
- PM Group

Source: fdi markets



II. Competitive Advantage of Turkey and Ease of Doing Business

- A. Turkey has an Advantageous Geographical Position
- B. Access to Real Estate in Turkey
- C. Ease of Doing Business and Labor Costs in Turkey
- D. Employment and Education

Turkey's advantageous geographical position: Europe meets Asia, within a radius of a 4-hour flight or less

- Turkey is situated between Europe and Asia, allowing the country to create a link between three continents with over 1.5 billion people and a GDP of USD 25 trillion.
- As major airway hubs in the region, Istanbul and Ankara airports provide a practical route of travel with a maximum 4 hour direct flight to the capital cities in Europe, Western & Central Asia, the Middle East and Africa.
- Turkey's geographical location as well as its logistics capabilities, its unique positioning at the intersection of trade routes and its rapidly progressing investment climate are the major factors contributing to Turkey's strategic and regional importance.

Figure 9: Turkey's geographical position

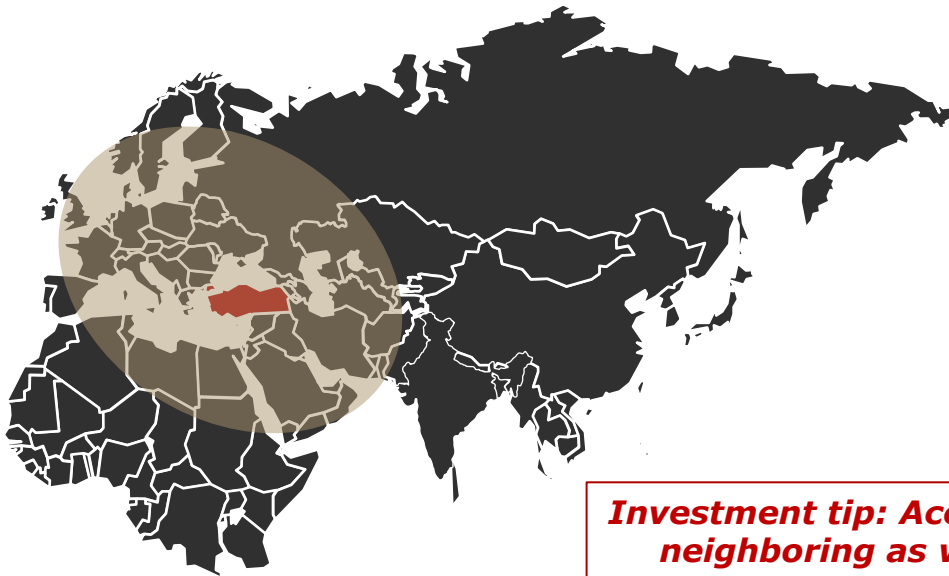


Table 2: Total Foreign Trade Volume by Regions







Regions	Trade Volume (USD billion)
Free Zones in Turkey	3.34
Europe (EU)	146.65
Europe (Non-EU)	51.78
North America	21.75
Central & South America	8.11
Middle & Near East	63.86
Africa	19.28
Asia & Pacific	61.53
Others	12.71
Total	389.01

Investment tip: Acceleration in Turkish foreign trade with neighboring as well as distant countries underlines the importance of Turkey as a major trade route.

Source: TUIK



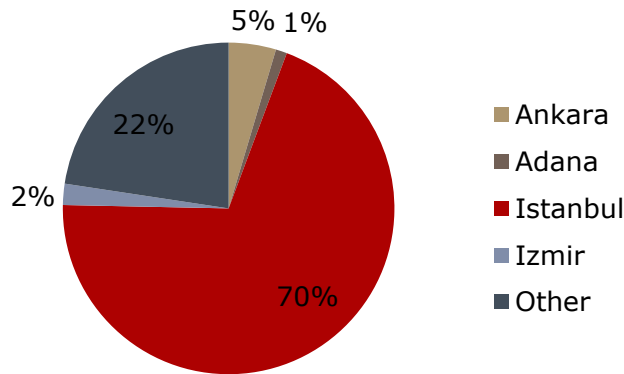
33% of the members of the International Investment Association of Turkey use Turkey as a regional hub...

	Number of Companies managed from Turkey		Number of Companies managed from Turkey
	94	B/S/H/	30
	80		27
	80		26
	67		22
	36		20
	30	 	20,18
	30	 	18,14



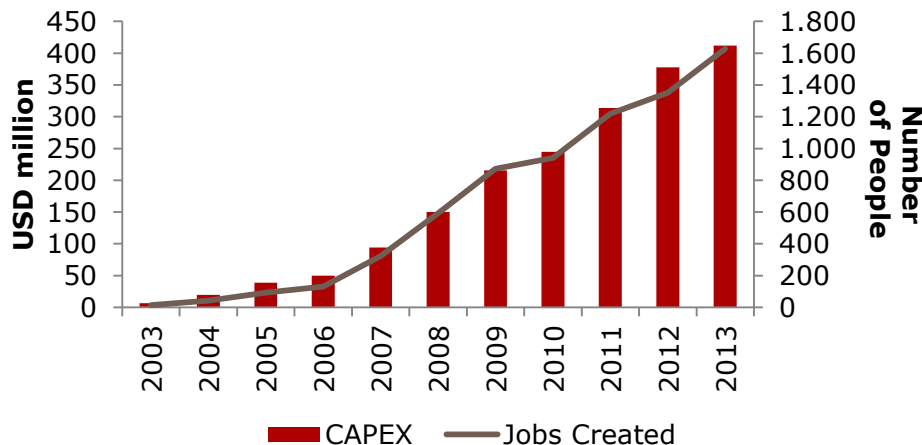
Istanbul is the favourite destination for incoming investments in Business Services, with still a lot of room to grow

Figure 10: Destination Cities of Incoming CAPEX in Business Services, 2003-2013



- Over the years, it has been observed that 70% of the business services investments were announced in Istanbul, since it is the financial capital of Turkey offering various opportunities for foreign investors.
- Top 4 cities for investing in business services between 2003 and 2013 were Istanbul, Ankara – capital of Turkey, Izmir and Adana.

Figure 11: Correlation between Business Services Cumulative CAPEX and Jobs Created, 2003-2013



- Figure 11 demonstrates the cumulative capital investments for business services between 2003 - 2013 and number of qualified jobs it has been created during this time frame.
- As of 2013 there are an estimated number of 1,627 people working in business service companies that have been established with foreign direct investment.



Istanbul, the financial capital of Turkey, offers ample opportunities for Business Services Sector

From Coca-Cola to Microsoft several multinational companies choose Istanbul as their regional Head Quarters

For Business Services sector, 70% of capital investments were realized in Istanbul in the last decade.

Enterprises in Istanbul accounted for more than 65% of Turkey's exports and 43% of goods in 2012

Major audit, management /financial consulting and law firms are located in Istanbul to serve the vibrant economy of the city



USD 287 million capital investment was announced in Business Services in the last decade in Istanbul



Access to Real Estate

5% of Turkey's total GDP is in real estate

- Turkey's economic stability, strong macroeconomic indicators and attractive long term loans have made the country a lucrative environment for foreign investors. For instance, in 2010 Turkey was awarded the 'highest improvement' title in the global real estate transparency index. Also, a staggering USD 30.5 billion of FDI in the real estate sector was realized between 2003 and 2012, demonstrating the high level of interest of foreign investors. The breakdown of the FDI according to sectors is as follows; USD 24.9 billion from offices and houses, USD 3.4 billion from construction, and USD 2.2 billion from contracting activities.
- Sales of real estate to foreigners started to increase in the last two quarters of 2012 thanks to the enactment of the Reciprocity Law. Real estate sales to foreigners increased by 30.9% and reached USD 2.64 billion in 2012.
- According to a report by the Association of Real Estate Investment Companies (GYODER), the most active commercial real estate market was the office market in 2012. Foreign investors and developers are increasingly interested in the office market.
- Compared to BRIC countries along with, Hungary, Poland and Croatia, Turkey offers the lowest number of days to register a property with 6 days whereas for the aforementioned countries the process takes much longer. It is also important to note that amongst the selected countries Turkey shares highest score for «Overall Quality of Infrastructure» with Croatia at 5.1 out of 7.

Figure 12: Number of Days to Register a Property, 2013

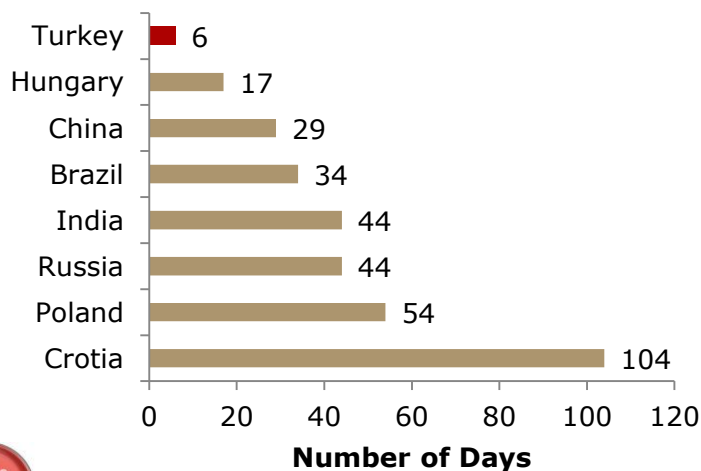
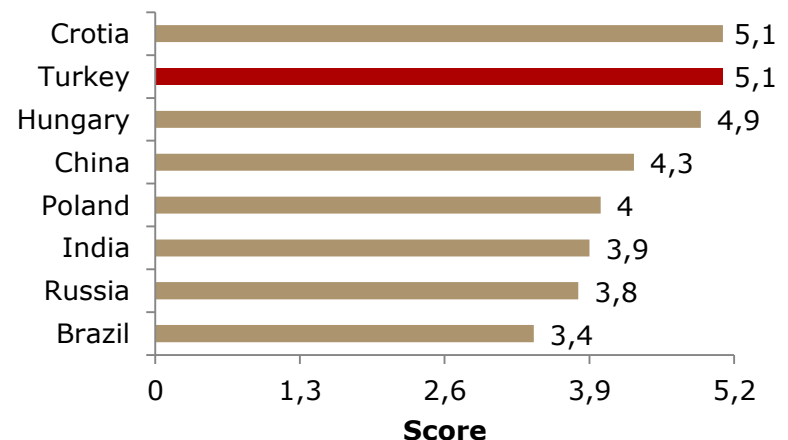


Figure 13: Overall Quality of Infrastructure Score (1-7), 2013

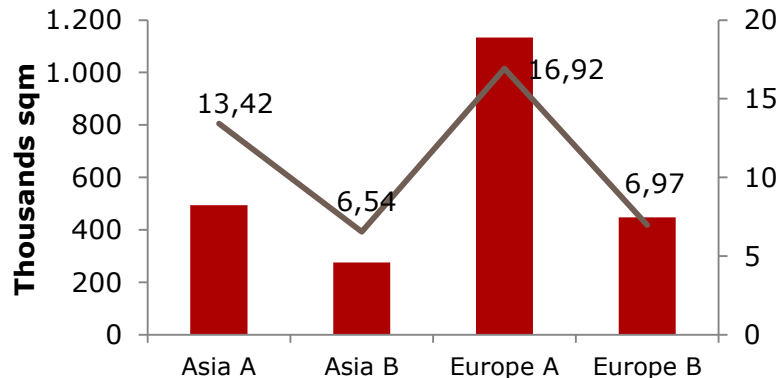


Source: Global Competitiveness Report 2013



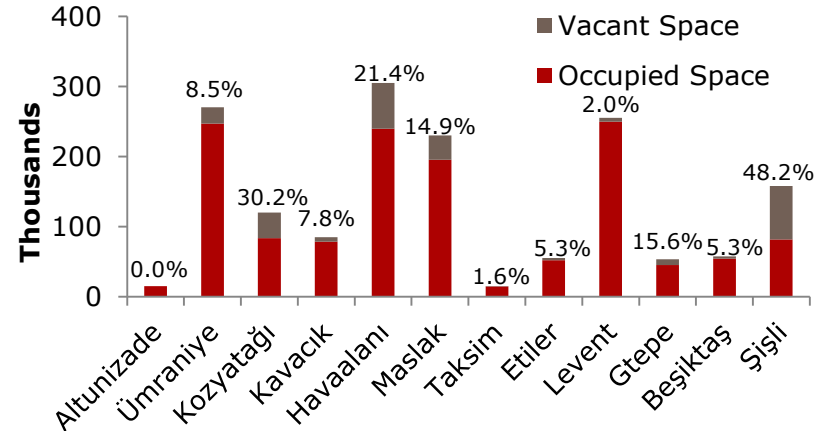
Turkey provides prime real estate for foreign investors

Figure 14: Total Office Area for A and B Class and Average Vacancy Rates (%), Istanbul



Source: Colliers International, Propin Investment Consultancy, Istanbul Office Market

Figure 15: Istanbul A Class Office Market Average Vacancy Rates Q3 2013



Source: Colliers International

- For foreign investors seeking to expand their operations into Turkey and the surrounding regions, Turkey provides prime real estate.
- Class A offices, referring to those offices located in the most exclusive areas and decorated with the highest quality materials, are mainly concentrated in the three largest cities; Istanbul, Ankara and Izmir. Istanbul has the highest share of Class A offices in Turkey occupying a total of 2.8 million sqm, followed by Ankara with 400,000 sqm and Izmir with 85,000 sqm. Similarly, Class B offices, which provide more economical options for firms seeking to set up offices, are also widely available.

- Rents vary largely depending on the location and quality of the property. In Istanbul's commercial business district, for instance, rents for Class A office buildings averaged at USD 29.1 per sqm per month, whereas for Class B offices rents were an averaged of USD 17 per sqm per month in the first quarter of 2013.
- Even though commercial business districts' occupancy rates are not low, there is still office space available in most districts in Istanbul, and with many new office construction projects in the pipeline, the availability should improve in the future.

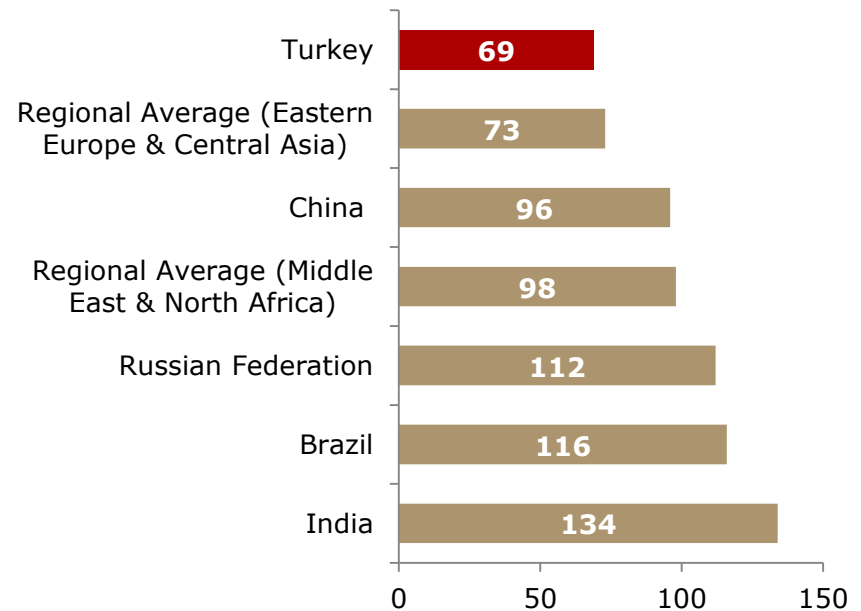


Starting a business in Turkey is easier compared to MENA and BRIC countries

- Foreign Direct Investment Law in Turkey – which complies with international standards- came into force in 2003. The objective of this Law is to regulate the principles to encourage foreign direct investments; to protect the rights of foreign investors; to define investment and investor in line with international standards; to establish a notification-based system for foreign direct investments rather than screening and approval; and to increase foreign direct investments through established policies. This Law establishes the framework and spirit of procedures to be applied to foreign direct investments.
- With this law, unless stipulated by international agreements and other special laws:
 1. Foreign investors are free to make direct investments in Turkey,
 2. Foreign investors shall be subject to equal treatment with domestic investors.
- Due to new developments in FDI Investment Law and Turkey's increasing reputation in the international platform resulted in the significant increase in the number of expats. For example, according to the Ministry of Labor and Social Security, number of work permits given to foreigners increased by 86% in 2012 reaching 32,272. Since 2003 a total of 125,697 permits were provided to foreigners.
- It is also crucial to note that the availability free transfer of funds in Turkey adds positively to its investment friendly environment.

- According to *Doing Business 2014* report by the World Bank, Turkey is ranked 69th among 189 countries on the ease of doing business.
- Turkey has a higher ranking compared to BRIC countries. The average of the regions close to Turkey, Eastern & Central Asia and Middle East & North Africa is ranked 73th and 98th respectively, below the rank of Turkey.

Figure 16: Ease of Doing Business Analysis Ranking, 2013

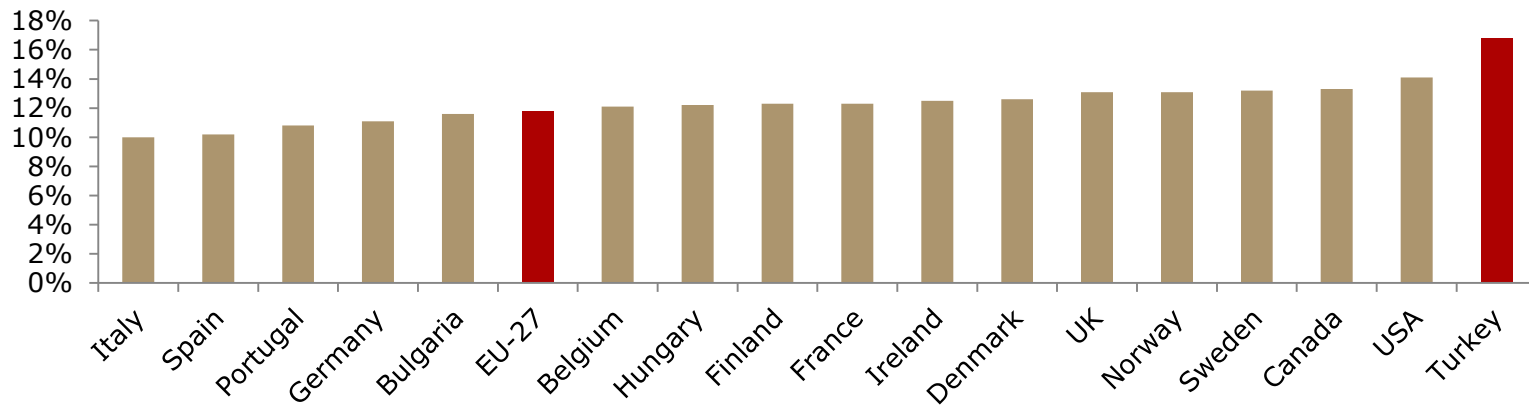


Source: Doing Business 2013, The World Bank



Employment rate in Turkey has been consistently increasing

Figure 17: Percentage of young people (15-24) in total population in 2012



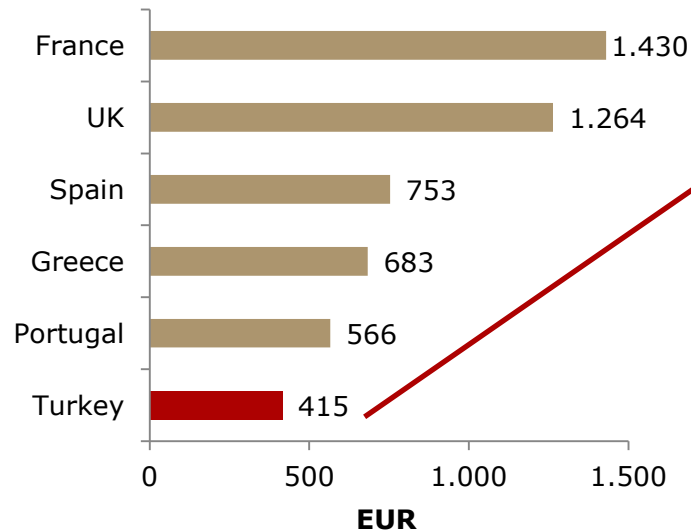
- In 2012, Turkey's workforce consisted of approximately 25 million people which demonstrates an increase at a CAGR of 3% between 2004 and 2012.
- Also, it is noteworthy to mention that global crisis in 2008 did not cut back the jobs in the Turkish Economy and there was an addition of 83,000 jobs from 2008 to 2009. This number has increased significantly due to the economic prosperity with an additional of 711,000 jobs from 2011 to 2012.
- Turkey has one of the highest percentage of young people (age between 15 to 24) in the world. The young population is 42.3% higher than the EU-27 average.
- As education programs continue to expand and as the economy continues to grow, Turkey brings about exceptionally well educated and highly skilled workforce into its economy to meet the demands of international industries.

Source: TURKSTAT, United Nations Economic Commission for Europe



Turkey offers high skilled labor force with competitive wages

Figure 18: Minimum Monthly Wage (EUR), October 2013



Source: Eurostat

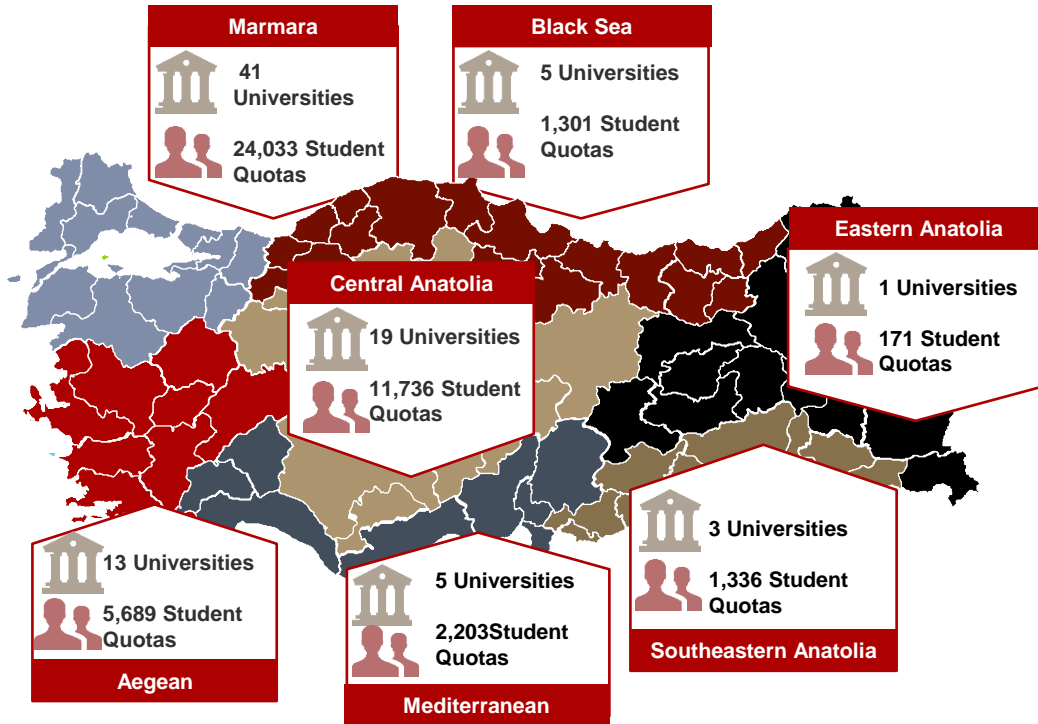
- Turkey has a young, dynamic and an educated population. However, monthly wages are relatively lower than the EU or the US. With regards to minimum wage Eurostat states that Turkey's minimum wage was EUR 411 in 2012.

Source: Turkstat, Structure of Earnings Survey 2010

Investment tip: Turkey has a competitive advantage compared to many European countries with its highly skilled workforce and low labor costs.



Majority of the Turkish universities offer education in foreign languages, allowing the young population to be qualified for international jobs



Source: OSYM, Deloitte Analysis

Figure 19: Distribution of Universities Which Offer University Education in Foreign Languages

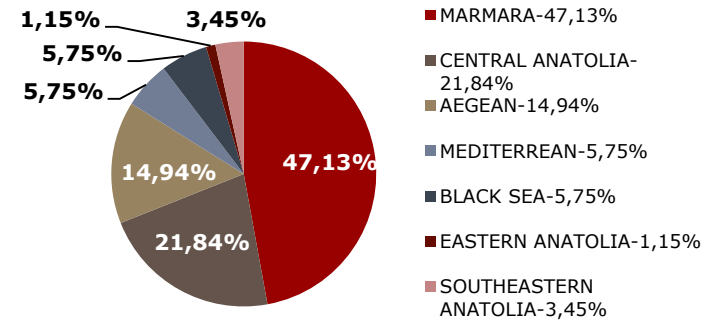
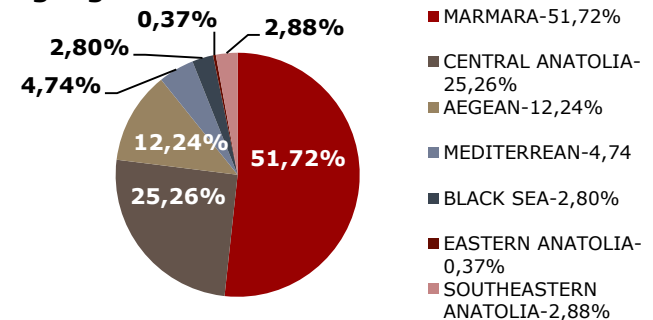


Figure 20: Distribution of the Student Quotas , Universities that offer Education in Foreign Languages



- In Turkey, there are a total of 87 universities which offer courses in foreign languages. As it can be observed from the map, majority of the universities that offer courses in foreign languages are distributed in the Marmara Region with 47% and Central Anatolia Region with 21%.
- According to research it was also realized that, highest number of quotas for educational openings are also distributed mainly in Marmara, Central Anatolia, and Aegean Region.



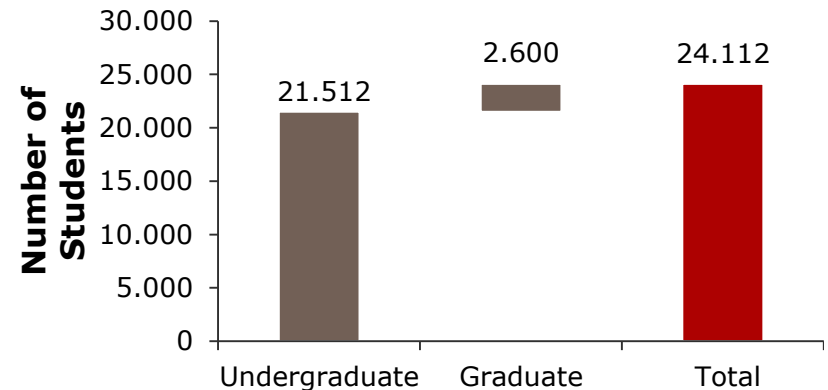
III. Engineering Services and Incentives in Turkey

- A. Turkish Architectural and Engineering Services
- B. Promotion of R&D Centers and Incentives, Major TDZs.
- C. Some of the major engineering consulting firms

Turkish architectural and engineering consulting firms have the technical capacity and know-how for master projects

- According to Euromonitor International, architectural and engineering consulting firms in Turkey include the following branches and service lines:
 1. Architectural Services
 2. Urban Planning
 3. Engineering
 4. Other Consultancy which includes plans and drawings for engineering and architectural firms, environmental services, other scientific and technical consulting services etc.
- The achievements of engineering services sector in Turkey can be explained by the skilled workforce, cost effective service compared to international standards, expertise in diverse markets and project types.
- In the 2011-2012 academic year, a total of 24,112 students graduated from engineering related academic fields. Providing employers with highly skilled employees.

Figure 21: Number of Engineering Students Graduations, 2011-2012 Academic Year

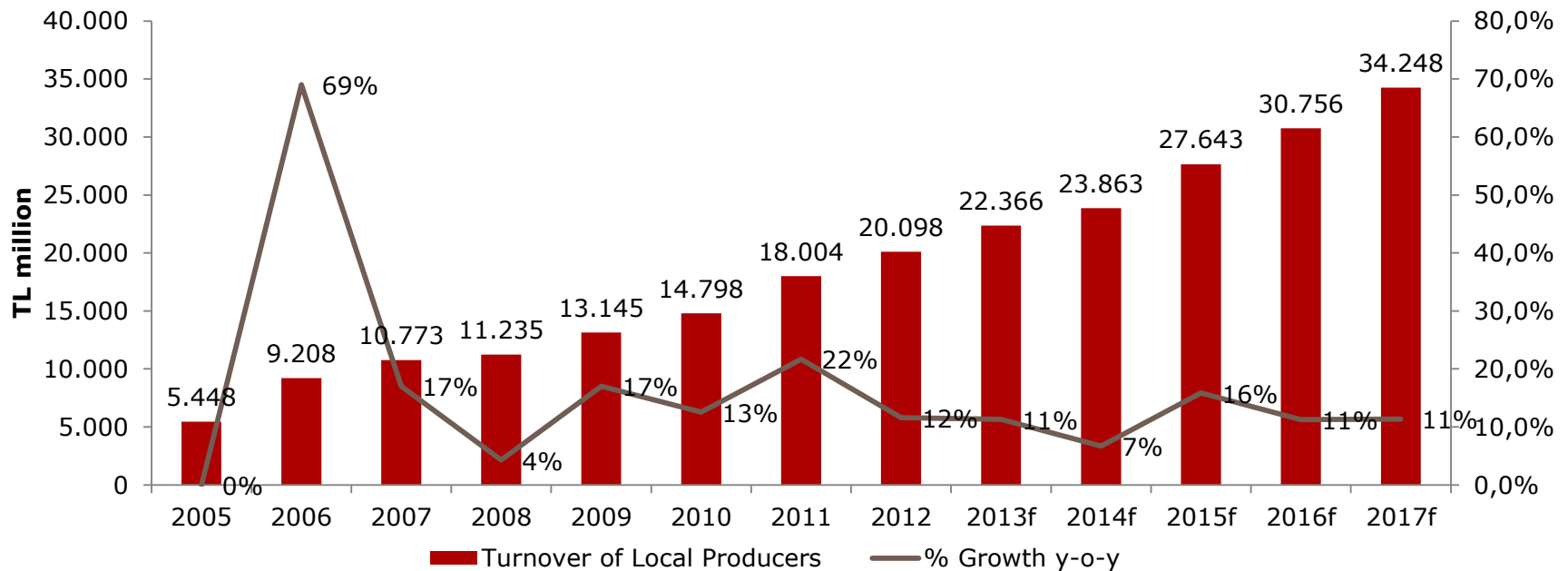


Source: Ministry of Economy, OSYM



Turkey's architectural and engineering services market has been developing significantly over the last decade

Figure 22: Turnover of local producers in engineering services sector and forecast, 2005-2017



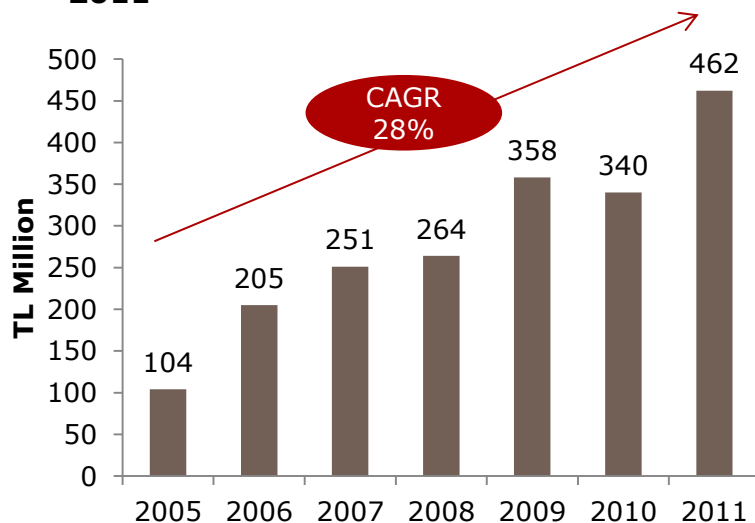
Source: Euromonitor International
f: forecast

Architectural and engineering services in Turkey have been developing significantly over the last decade. For instance, between 2005 and 2012 the turnover of local companies grew at a CAGR of 21% reaching TL 20,098 million TL in 2012. According to Euromonitor International, turnover of local producers in architectural and engineering consulting firms will increase to TL 34,248 million which corresponds to a 70% increase compared to 2012.



Exports of architectural and engineering consulting firms increased at a CAGR of 28% between 2005 and 2011

Figure 23: Export values of architectural and engineering consulting firms, 2005-2011



- Due to the rapid development of the architectural and engineering consulting services in Turkey, their exports values increased significantly as well.
- For instance between the years 2005 and 2011 export values grew at a CAGR of 28% between 2005 and 2011.
- In 2011 export values of architectural and engineering consulting firms grew by a staggering 36%



Promotion of R&D activities further contribute to content and quality of Engineering Services

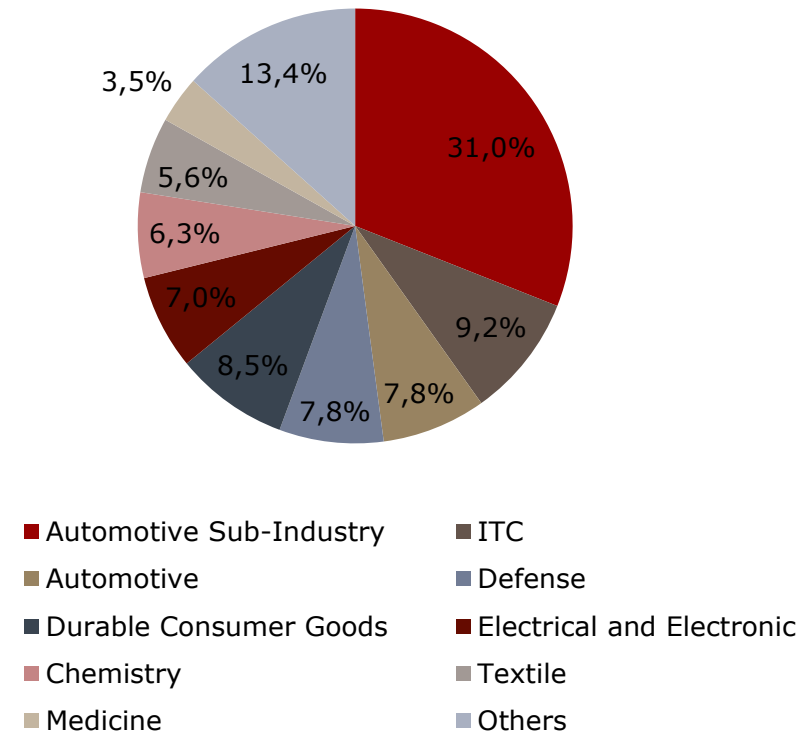
Applications regarding R&D Centers in Turkey are evaluated and assessed by the General Directorate of Science and Technology under the scope of the Law no 5746. The aim of this law is to increase the technological developments in Turkey including R&D activities, production of goods, standards and efficiency regarding innovation.

In order to increase investments, both locally and internationally, the law offers various incentive mechanisms as follows;

- Research and Development Remission
- Income Tax Reduction
- Insurance Premium
- Exemption from Stamp Tax
- Technological Venture Fund

Since the enactment of the law, there has been 178 applications in order to establish an R&D center 153 of which were approved by the General Directorate of Science and Technology. As of September 2013 there are a total of 142 R&D centers that are operational all across Turkey, employing approximately 15,686 engineers. During this five year frame, R&D expenditure of these enterprises was realized as TL 7.3 billion. Figure 19 provides the distribution of operational research and development centers. Highest share belongs to Automotive Sub-Industry with 31% followed by ITC with 9.15% and Automotive with 7.75%.

Figure 24: Operational Research & Development Centers

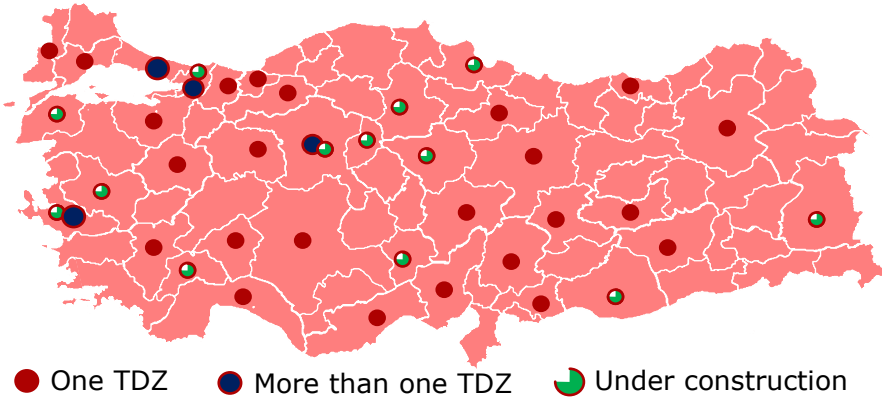


Source: ISPAT



Technology Development Zones also contribute significantly to research and development.

Figure 25: Distribution of TDZs across Turkey



- TDZs are organized research and business centers where universities, research institutions, and industrial foundations work together to increase innovation, technology transfer and productivity so as to produce better quality products with lower costs.
- As of 2013, there are 39 TDZs in operation. Ankara and İstanbul have the highest numbers of TDZs with 5 each. Kocaeli and Izmir also have multiple TDZs, 3 and 2 respectively. The rest of the provinces labelled above have one TDZ, while the 13 provinces labelled as under construction all have one TDZ currently under construction.
- TDZs are governed by law no. 4691 on Technology Development Areas. The incentives provided for TDZs can be considered under 3 categories: for companies, for entrepreneurs, and for faculty members.

Minister of Science, Industry and Technology Nihat Ergün:
"The goals for the TDZs for 2023 are 5,500 companies, 65,000 employment, and 10 billion dollars of exports."

- ✓ The Ministry Science, Industry and Technology will meet the fixed costs of the companies that cannot afford their respective costs. Companies do not have to pay income tax until 2023. They can obtain free access to state-owned intangibles for 5 years but later have to pay 0.2% of the property tax of the intangible.
- ✓ Entrepreneurs operating in this region are exempt from income tax until 2023 over income made from R&D operations and software. Taxes over wages of R&D personnel are exempt until 2023.
- ✓ 50% of the social security premium support for 5 years for R&D personnel will be supported under the law no. 5746 named R&D Operations Support.

Source: Ministry of Science, Industry and Technology, Association of Turkish Technology Parks



Some of the major TDZs in Turkey are;

Some TDZs	Overview
 <p>METUTECH ODTÜ-TEKNOKENT</p>	<ul style="list-style-type: none">• METUTECH is a TDZ established in Middle East Technical University Campus. METUTECH's existing company profile is based on software development and electronics industry. METUTECH, reached a total of 3300 personnel, 2700 of which are the researchers in 240 firms 90% of which are SMEs and including multinationals such as Cisco, and Siemens• More than 85% of the firms residing in METUTECH are small and medium sized enterprises (SMEs), and 65% of these firms are specialized in ICT. METUTECH is awarded the highest performing TDZ by Ministry of Science, Industry and Technology in 2013.
 <p>BİLKENT CYBERPARK</p>	<ul style="list-style-type: none">• Bilkent Cyberpark is a TDZ established jointly by Bilkent University and its affiliate Bilkent Holding.• Cyberpark has been operating under the Technology Development Zones Legislation and is one of the biggest TDZs in Turkey in terms of closed area of 100,000 sqm, number of its tenant companies and the business volume in the zone. Bilkent Cyberpark has incubation center, patent support office R&D start-up capital support and human resources platform.
 <p>ARI TEKNOKENT <small>advanced research and innovation</small></p>	<ul style="list-style-type: none">• İTÜ ARI TDZ, (<i>Advanced Research and Innovation</i>) is in Istanbul Technical University's Maslak Campus. According to DDK's reports, ARI TDZ has a share of 75 percent of the all patents, 37 percent of the all exports, and 45 percent of R&D budget in Turkey's TDZs. It has also a share of 85 percent of the budget of TTGV. Ari TDZ is awarded the highest performing TDZ by Ministry of Science, Industry and Technology in 2013.
 <p>KONYA Teknokent</p>	<ul style="list-style-type: none">• Konya TDZ is established in the campus of Selçuk University. It is one of the fastest developing TDZs in Turkey with its more than 100 tenant companies. Konya TDZ is one of the five TDZs in Turkey that are full members of IASP, International Association of Science Parks.• There are more than 100 domestic and foreign tenant companies. 20 % of tenant companies are established by academicians.



Source: Ministry of Science, Industry and Technology

Technology development zones allow universities and the industry to meet and provide low rent costs for investors

- In addition, investors may take advantage of lower rents in TDZs. In order to set up an office in a TDZ, the company in question needs to follow the application procedure determined by individual TDZs.
- According to the Law on Technology Development Zones, each TDZ provides basic amenities, electricity and internet infrastructure, waste water treatment facilities and an administrative building by default. Many TDZs have additional services including the possibility to take advantage of the university laboratories, research centers, patent support centers, start-up capital support centers and technology transfer centers.



Technopark	Rent
METU Technopark	USD 10.3/m ² + VAT*
Antalya Technopark	USD 8.4 – 9.4/m ² *
Erciyes Technopark	USD 3.3-5.2/m ² **
Uludağ Technology Development Zone	USD 13.8 /m ² **

Source: METU Technopark, Antalya Technopark, Erciyes Technopark, Uludağ Technology Development Zone

*Converted using 2013 year-end TL/USD exchange rate of 2.1304

**Converted using 2013 year-end USD/EUR exchange rate of 1.3774

- Besides directly renting an office in a business district or renting in a TDZ, investors also have the opportunity to make use of the services provided by specialized office rental firms that not only rent pre-prepared offices with integrated services such as maintenance, internet access and automatic payment of bills, but also provide the possibility to rent an individual workspace in a shared office referred to as a *Coworking office*.
- Such services not only facilitate and speed up the process of setting up an office, but also can be more economical under certain circumstances. Selected providers of office rentals with integrated services are provided above.



Some of the major Turkish Engineering Consulting Firms

YÜKSEL PROJE
ULUSLARARASI A.Ş.

 **AKTÜRK**

 **GAMA HOLDİNG**



UBM
İNŞAAT

 **STRUCTORIS**

 **GÜRİŞ**

 **PROKON**

ENKA


ATLAS İNŞAAT

 **temelsu**

 **DOLSAR**


SU YAPI İNŞAAT TURİZM A.Ş.

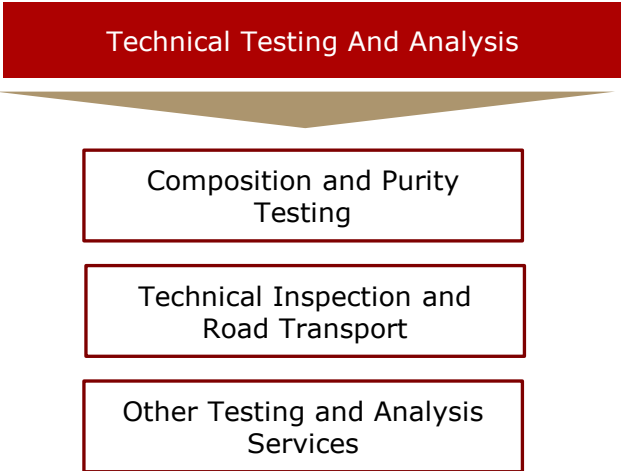
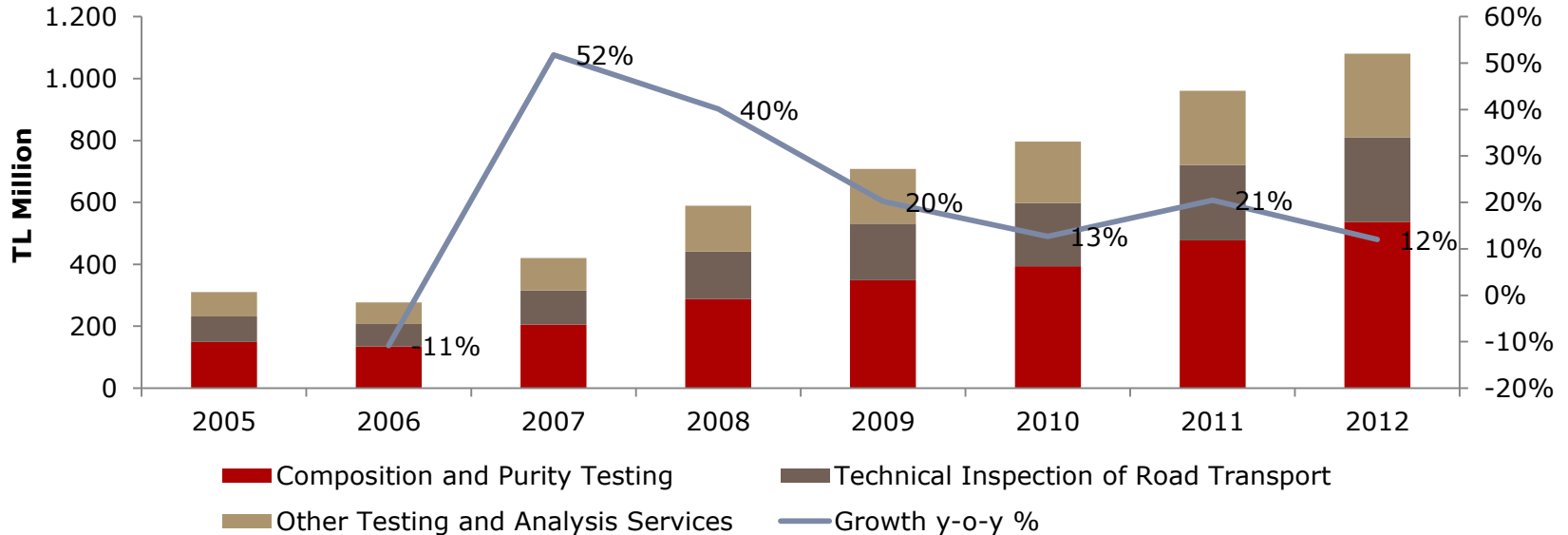


IV. Testing Services in Turkey

- A. Technical Testing and Analysis Sector in Turkey
- B. Forecast of Technical Testing and Analysis Sector in Turkey
- C. Growth of Relevant Industries
- D. Incentives for Test Centers
- E. Major Players and NGOs

As industrial development in Turkey grows, so does the Technical Testing and Analysis Sector

Figure 26: Technical Testing and Analysis Turnover, 2005-2012



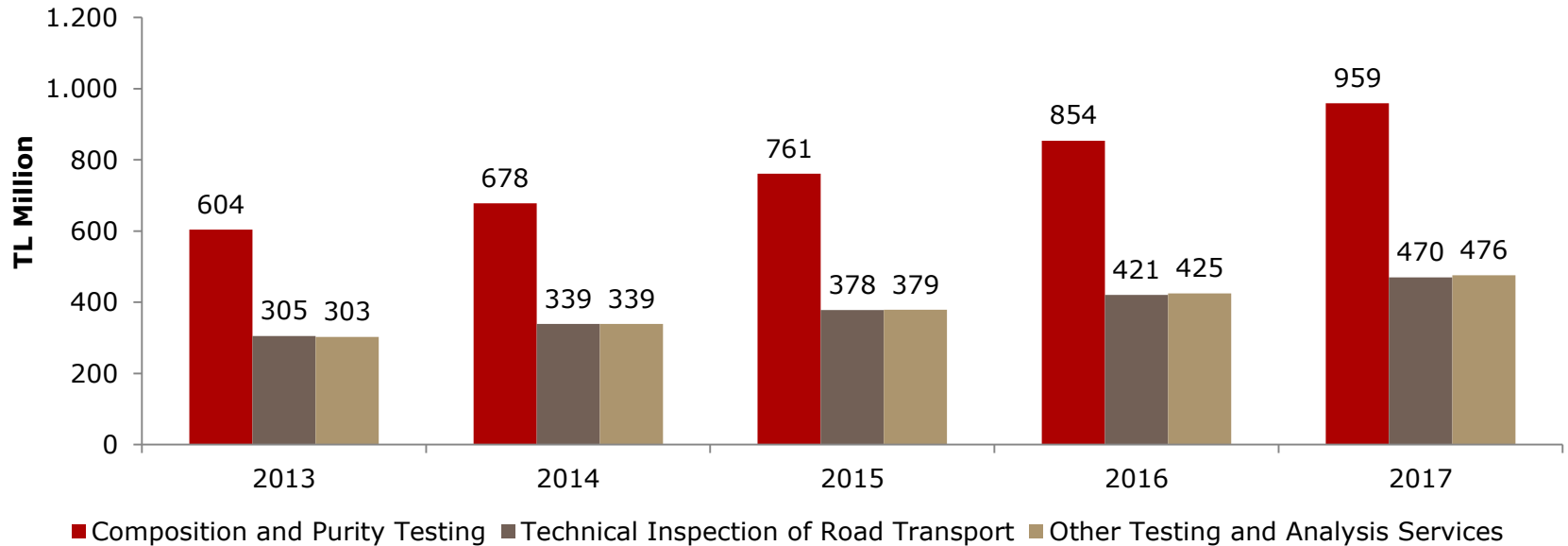
- Technical testing and analysis market in Turkey contains variety of business lines such as composition and purity testing, technical inspection and road transport, and other testing and analysis services.
- Between 2005 and 2011 the turnover increased at a CAGR of 21% and grew by 20.5% during 2011 reaching TL 961 million. The highest share of the business line belonged to composition and purity testing.

Source: Euromonitor International



Technical Testing and Analysis Forecast is a growing sector

Figure 27: Technical Testing and Analysis Turnover Forecast, 2013-2017



Source: Euromonitor International

- Technical testing analysis including the accumulation of its subsectors is expected to increase to TL 1,905 million by 2017.
- Expectations according to Euromonitor state that the fastest developing subsector will be composition and purity testing reaching TL 959 million, followed by other testing/analysis services with TL 476 million and technical inspection of road transport with TL 470 million.

Source: Euromonitor International

Investment tip: As industries such as manufacturing, chemicals and ICT continue to grow in Turkey, the need for technical testing and analysis will grow.

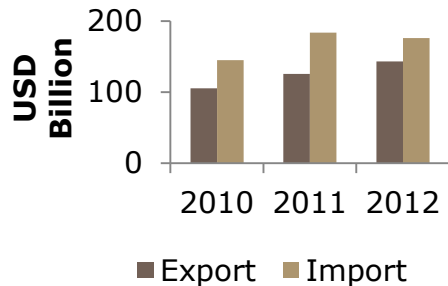


Continuous growth of manufacturing, and chemicals industry have positive impact on technical testing and analysis sector

Manufacturing Industry

Size of Manufacturing Industry, 2009 - 2012

CAGR
8 %



CAGR, 2010-2012

17%

10%

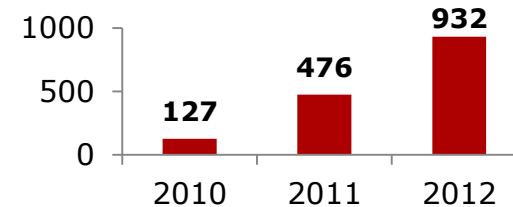
■ Export ■ Import

Chemicals Industry

Chemicals Production in Turkey, 2005-2011

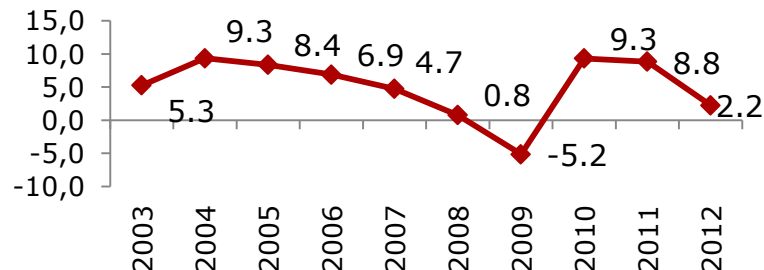
CAGR
18 %

FDI in Chemicals Manufacturing Industry (USD Million)



Overall Economy

GDP Growth (percentage change in real GDP)



Testing Centers are considered as a «Priority Sector» and are supported through New Investment Incentive Scheme

- The New Investment Incentives Program in Turkey has been effective since 1st of January 2012 and offers four different kinds of schemes. They are categorized as follows;
 1. General Investment Incentive Scheme
 - 2. Regional Investment Incentive Scheme**
 3. Large Investment Incentive Scheme
 4. Strategic Investment Incentive Scheme

According to Board Decision on Government Incentives Article 17, Test centers are considered to be a «Priority Sector» and can benefit from the Regional Investment Incentive Scheme. Through this program investors are exempt from VAT and custom duty. They receive a certain amount of tax deduction and land allocation along with social security premium support.

Table 3: Regional Investment Scheme Benefits

VAT Exemption	Customs Duty Exemption	Tax Deduction	Land Allocation	Social Security Premium Support
✓	✓	✓	✓	✓



Test Centers benefit from regional incentives

Figure 28: Incentive Regions (1-6)

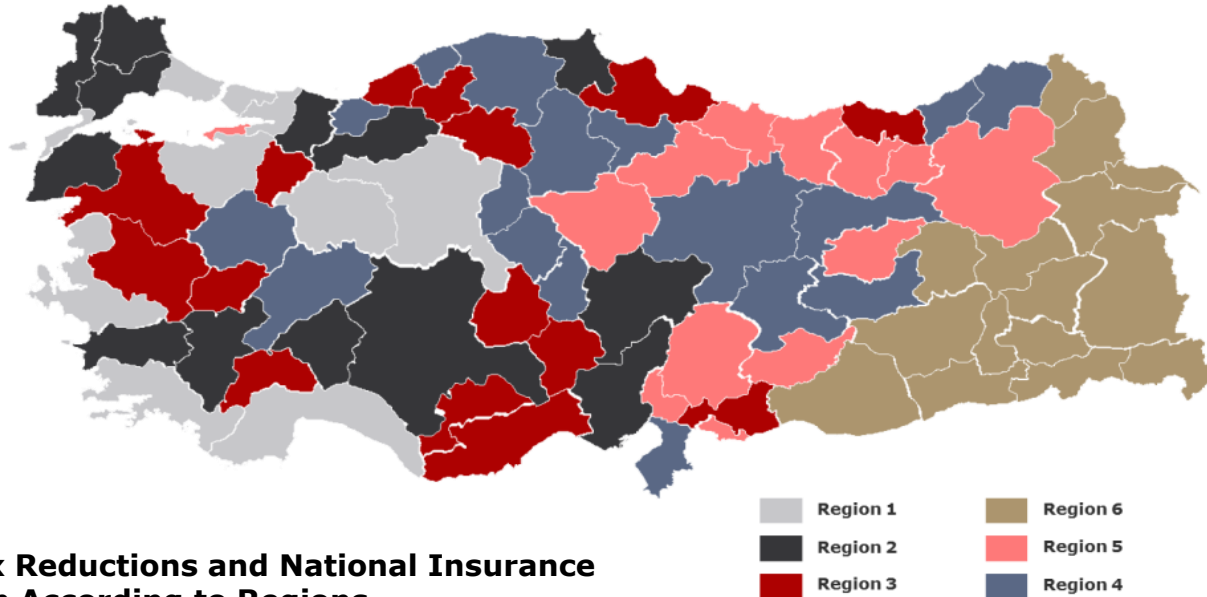


Table 4: Tax Reductions and National Insurance Contribution According to Regions

Region	1	2	3	4	5	6
Regional Incentive Applications						
Tax Reduction Investment Contribution Rate	15%	20%	25%	30%	40%	50%
Incentive for Large Scale Investments						
Tax Reduction Investment Contribution Rate	25%	30%	35%	40%	50%	60%
Support for Employer's National Insurance Contribution (Both)	2 Year	3 Year	5 Year	6 Year	7 Year	10 Year

- As mentioned previously Test Centers are considered to be a «Priority Sector». According to Article 17 in the Board Decision for Government Incentives. Test centers can benefit from Region 5 incentives even if they are located in Regions 1-4.
- However, if the investment is realized in Region 6, it can benefit from this specific area's incentives as it can be seen on the Table.



Achievements of ASELSAN and TAI are examples of local success stories in defense industry

FEV



- FEV chose Istanbul as the location of its subsidiary in 2011 based on both Turkish and key international players in one of the booming regions of the world.
- From its Istanbul office, FEV will provide local support and project management for Turkish customers by leveraging its worldwide expertise in powertrain technology and know-how. They are also a major supplier of advanced testing and instrumentation products and services.

Festo



- Festo is a leading world-wide supplier of automation technology and the performance leader in industrial training and education programs.
- In addition to conducting an education program with Lifelong Learning Center (BUYEM) to train practice-oriented engineers, Festo also offers 'mechatronics training program' with collaboration of Turkish and German expertise in order to increase the number of qualified employees in mechatronics industry.

Intertek



- Intertek is a global company with 30,000 employees and 500 laboratories in more than 100 countries providing various quality and assurance services.
- Intertek has been active in Turkey since 1995 and it was the first laboratory with ISO / IEC 17025 Experiment and Calibration Laboratory Accreditation certificate.
- Intertek offers services for the following business lines; textile, chemical analysis, automotive, food and many more.

Applus IDIADA



- Applus IDIADA is one of the leading providers of design, testing, engineering and homologation services for the automotive industry worldwide. It is active in 22 countries and employs 1,600 engineers globally.
- After opening a branch office in Turkey in 2010, Applus IDIADA signed a cooperation agreement with the Automotive Technologies Research and Development Company (OTAM) to provide the Passive Security Static Testing and Certification Service in 2011.



Success Stories: Ford Otosan

- Ford Otosan is a publicly traded company that has been established by Ford Motor Company and Koç Holding, a Turkish conglomerate, in 1959. Koç Holding and Ford Motor Company hold equal shares in Ford Otosan.
- Ford Otosan, which accounts for 55% of Turkey's commercial vehicle production and 60% of exports, has the largest automotive R&D facility in Turkey. The facility employs 1,240 engineers and is not only the largest automotive R&D facility in Turkey, but also is Ford's third largest R&D facility globally.
- In addition to its manufacturing facilities, Ford Otosan also has state of the art automotive testing facilities and engineering centers. Ford Otosan's testing facility was named the Engine Testing Facility of the Year in 2013 by the Automotive Testing Technology International Magazine.
- In 2012, Ford Otosan has announced that it will be launching a new Engineering Center in Sancaktepe Engineering Center, in addition to its currently operating Engineering Center in Gebze which opened in 2007. The Engineering Center in Sancaktepe, expected to start operations in 2014, which will be the largest automotive testing facility in Turkey, will require an investment of approximately USD 28 million*.

"The new engineering center is critical for Ford's 'One Ford' strategy as Turkey is a key manufacturing center for Ford-branded commercial vehicles marketed in Europe and elsewhere. [...] Ford Otosan has all the required talent to design, engineer, manufacture, and test a vehicle from the ground up. This facility is a great accomplishment for Turkey's auto industry."

Vice President, Product Development, Ford of Europe for Ford Motor Company, Ms. Barb J. Samardzich



"One of the cornerstones that will help Turkey achieve its 2023 vision of becoming one of the top 10 global economies is to develop our R&D power. With 2.7 billion TL R&D spending in the last 5 years, our group has the biggest R&D spending in Turkey."

Board Chairman of Ford Otosan, Mr. Ali Y. Koç



Success Stories: SGS

- SGS, an industry leader in inspection, verification, testing and certification services, has more than 75,000 employees and operates a network of 1,500 offices and laboratories globally.
- Established in 1878, SGS had a global revenue of USD 6.1 billion in 2012, an increase of 16.3% when compared to 2011. In addition, in 2012, it had a net profit of USD 608 million and concluded 18 acquisitions.
- SGS operates in Turkey with 7 offices and 8 laboratories most of which conduct analysis and certification of food stuffs.
- The target revenue for the Turkish operations in 2012 was USD 73 million* whereas USD 17 million* of that amount was expected to be generated by exports.
- SGS has also announced its intention to move a part of its European operations into Turkey in order to take advantage of its more economical and speedy analysis capabilities. For this reason, SGS has established the largest non-food laboratory of Europe in Turkey.

"Through organic growth and acquisitions, our revenue in Turkey grew by 50% in 2012 compared to the previous year whereas our employee numbers increased by 350. Last year, we have acquired four companies operating as food laboratories in Mersin, Antalya and Antakya, and in Ankara a geochemistry laboratory started operations. With these new facilities, 120 new employees joined SGS, and our total number of employees now stands at approximately 1000. Until the end of this year, we are planning to establish two laboratories operating in new subjects. "

SGS Turkey, General Manager, Mr. Hakan Sebükcebe, June 2013

The logo for SGS, consisting of the letters 'SGS' in a bold, sans-serif font, with a vertical line to the right of the letters and a horizontal line below them.

Source: SGS, Dünya Gazetesi

*Converted using the 2012 year end USD/TL exchange rate of 1.7776

** Converted using the 2012 year end USD/CHC exchange rate of 0.9151



Accreditation plays a crucial role in Turkish System. A look at the major institutions for accreditation

TSE



- Turkish Standards Institution has been established by the law dated in 1960 for the purpose of preparing standards for items and products together with procedures and services.
- The Institute is a public founding which is conducted according to the special rules of law and has a juristic personality. Only the standards that have been accepted by TSE get the name of Turkish Standards. These standards are voluntary and can be made compulsory by the approval of the Ministry of Industry and Trade.
- The services conducted by TSE include Certification, CE mark, Standard Sales, Test Services, Proficiency Test.

TUVTURK



- TUVTURK; is the sole institution authorized for periodical vehicle inspection in Turkey.
- Through it's country-wide service network with 3,500 employees in 196 test stations, 3 motorcycle and 73 mobile test stations, performs yearly 10 million inspection totally.
- Stations provide the following services: Periodical Vehicle Inspection, Roadworthiness inspection, Inspection after modification, Compulsory Inspection, Exhaust Gas Emission Test, Detection.

TURKAK



- Turkish Accreditation Agency founded in 1999 is a public agency that registers eligibility criteria of quality and safety of products and services.
- Accreditation is a quality infrastructure tool which supports the credibility and value of the work carried out by conformity assessment bodies and thus of the corresponding attestations issued by them (test and inspection reports, calibration certificates, certifications of management systems, products and personnel and other attestations).
- TURKAK, started to provide accreditation services in 2001 and became a signatory of MLA with EA for all the available accreditation schemes at 2008. Currently TURKAK is a full member of EA, IAF and ILAC.

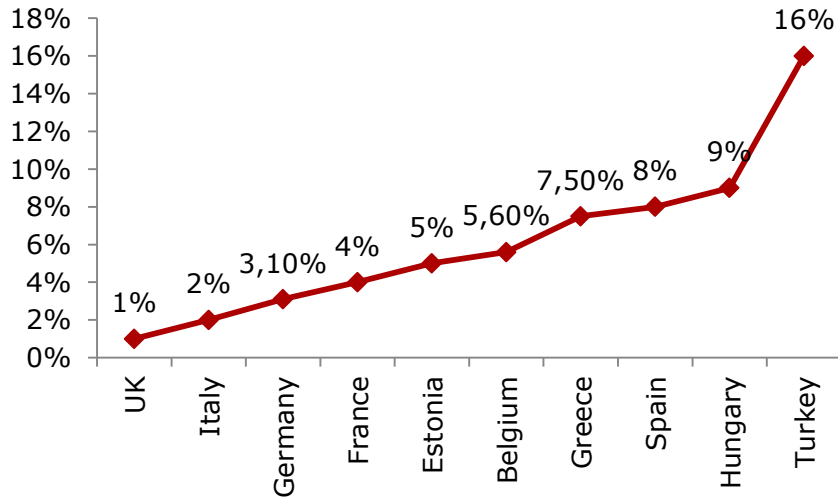


V. Call Centers

- A. Global Outlook on Call Centers
- B. Call Center Market Growth in Turkey
- C. Call Center Incentives
- D. Success Stories

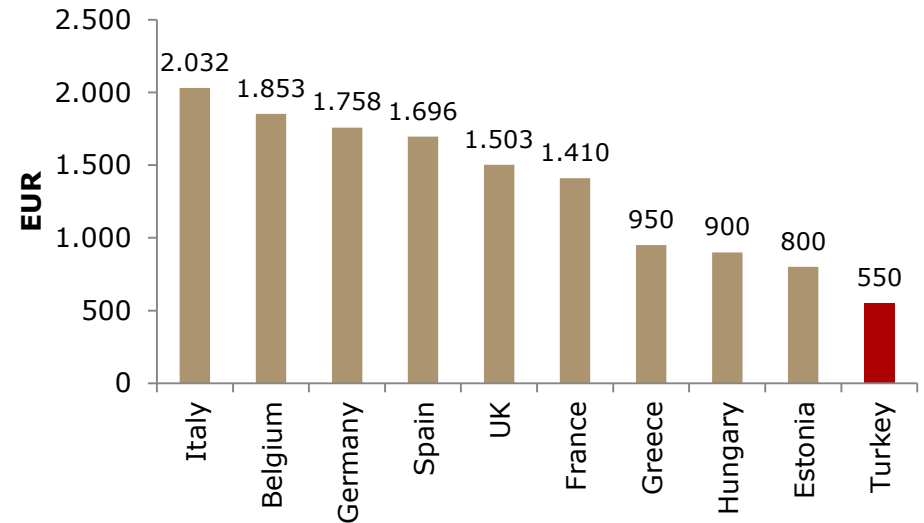
Turkey had the highest growth rate in call centers compared to some of the major European Countries

Figure 29: Growth Rate in Call Center, 2011-2012



Source: European Contract Center Benchmark, 2012

Figure 30: Call Center Average Wages according to Countries, 2012



Source: European Contract Center Benchmark, 2012

- Globally the United Kingdom has the largest call center market in Europe followed by Ireland, Netherlands and Belgium. However when the growth rate of the market is considered it can be seen that Turkey surpasses majority of the EU member states with 16% growth in 2012 compared to the previous year.
- Also considering the wages for call center employees, Turkey offers the lowest wages with EUR 550 on average compared to countries such as Italy, Belgium, Germany, and Spain.

Investment tip: Call Center Sector in Turkey is very promising with its high growth rate and low average wages compared to major European Union Member States.

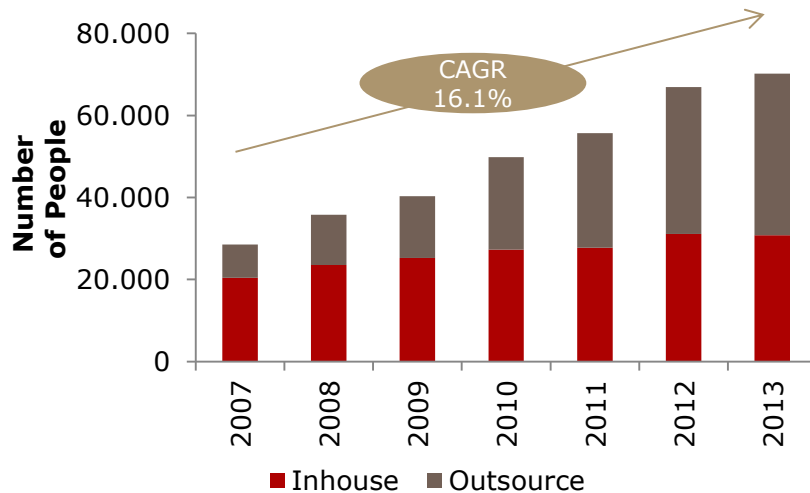


Call Center Market in Turkey is valued at USD 1.4 billion

- According to Call Centers Association, the market value of call centers in Turkey was USD 1.4 billion as of October 2013.
- Number of call centers in Turkey accounted for 1,100. Planned investments for the future regarding call centers are mostly focused on Black Sea and Central Anatolian Region.
- Call Center Sector in Turkey contributes significantly to the workforce by having a total of 70,200 employees in 2013. This number has increased by 4.7% compared to 2012.

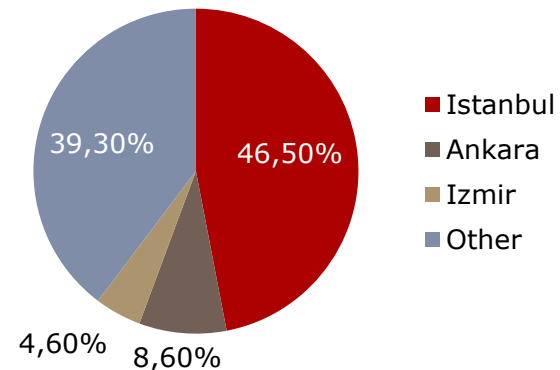
- According to Call Centers Association of Turkey, the call center sector in Turkey offers a workforce potential 350,000 by 2023.
- As it can be observed from Figure 25, the ratio of in-house activities and outsource activities dynamics changed over time. From 2007 until 2010 there was a prominence of in-house activities for call centers whereas in 2011 this ratio started to even out between in-house and outsource activities, leading to outsource activities eventually surpassing the in-house.

Figure 31: Workforce in Call Centers, 2007-2013



Source: Call Center Association

Figure 32: Workforce Distribution According to Cities in Turkey, 2013

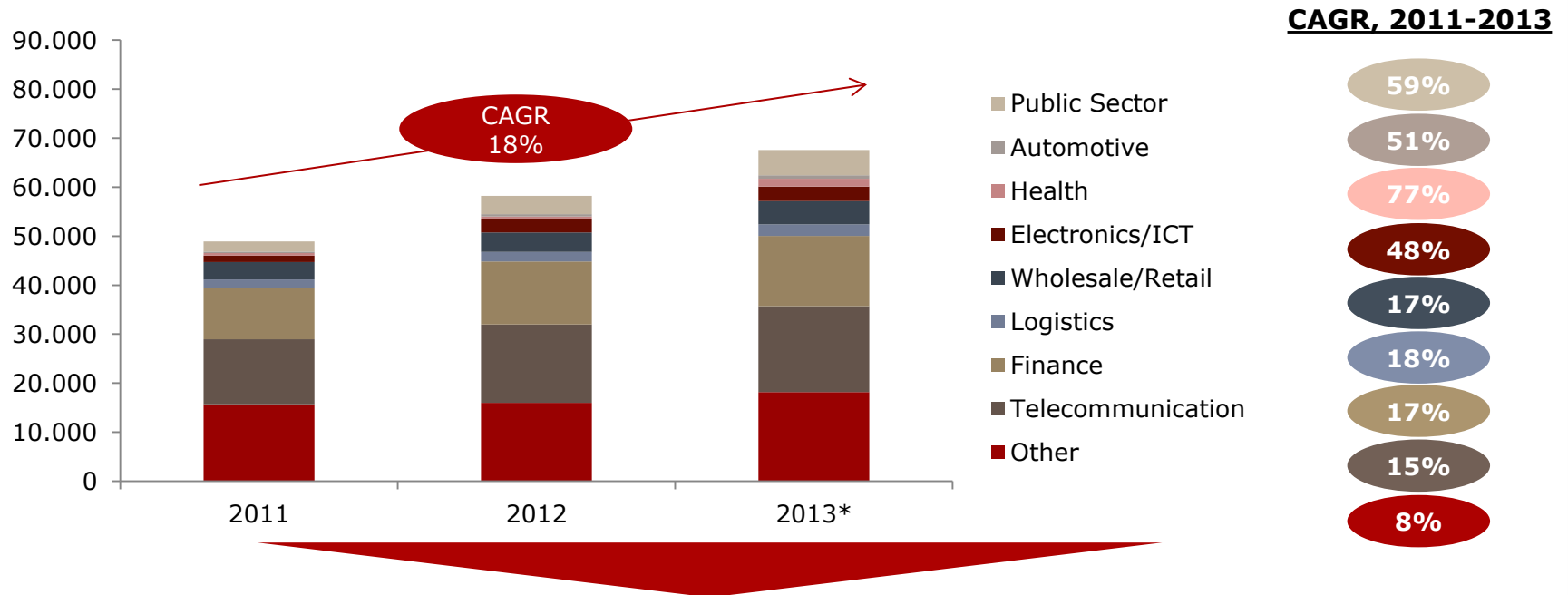


Source: Call Center Association



Number of Seats in Call Centers grew at a CAGR of 18% between 2011 and 2013

Figure 33: Number of Seats in Call Centers in Turkey, 2011-2013



- Number of seats in call centers increased significantly in the recent years. Between 2011 and 2012 there was an increase of 19% from 48,900 to 58,200. In 2013 number of seats reached a total of 67,500, an increase of 16% compared to the previous year.
- In 2013, health sector demonstrated the highest increase with 158% compared to 2012, allowing it to have a more prominent position in the call centers sector. Currently, the highest share of call center belongs to telecommunication sector with 25.3%, followed by finance with 21.2%.

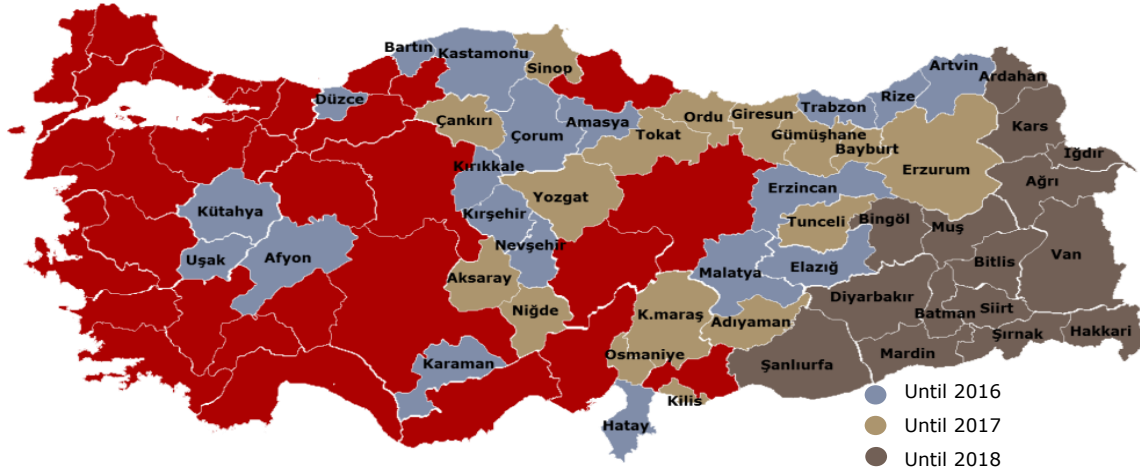
Source: Call Center Association

(*) As of October 2013



Call centers benefit from special incentives

Figure 34: Incentives for Call Centers according to different cities of Turkey



Growth potential of the call center sector in Turkey is quite high. We would like to be regional hub in this sector due to the high quality of infrastructure and capacity of information and communication Technologies.

Transport, Maritime Affairs and Communications Minister – Binali Yıldırım



- Employment incentive in call center sector, ended in 2012, is extended by the council of ministers decision. According to the decision published in official gazette on July 14 2013, public incentives on insurance premium will last until 2018.
- Besides extension of incentive time, number of cities in the scope of the incentive is increased with this regulation. Decision validity time differs with the cities located in different regions, which can be easily seen on the Turkey map above.
- The purpose of the decision is to increase opportunity of production and employment in regions determined by taking into account the socio-economic development index by applying incentives of employer's national insurance contribution.
- This incentive provides average of TL 60 per employee on insurance premiums for employers.
- Call centers mostly need human resource, hence it is the highest cost element for investors.

Source: Call Center Association



Success Story of Call Center Outsourcing Company: CMC



- CMC - Customer Management Center has been offering call center outsourcing services since 2000.
 - Acquired by ISS (Integrated Service Solutions) Turkey in July 2007, CMC has become a part of ISS, a leading company in Europe, providing integrated plant management services in 53 countries around the world with its 550,000 employees.
 - One of Turkey's largest outsourcing call centers, CMC, provides service to over more than 80 Turkish and foreign corporate customers engaged in different sectors with its 4,000 employees.
 - CMC Call Center operates in total of five locations – four in Istanbul and one in Malatya.
 - In addition to these locations, a call center was established in Şanlıurfa in the first quarter of 2013 with an investment worth TL 15 million.
- CMC call center services include the following systems:
 - 24/7 customer services,
 - After sales support,
 - Campaign management,
 - Banking facilities,
 - Back-office services, customer relationship management (CRM),
 - Telesales and telemarketing projects,
 - Interactive voice response and speech recognition.

Representative clients include:

The logo for Digiturk features the word 'Digiturk' in a bold, red, sans-serif font. The letter 'i' in 'Digiturk' has a red dot above it.

The logo for ELECTRO WORLD features the words 'ELECTRO' and 'WORLD' in a bold, white, sans-serif font, stacked vertically. The text is set against a blue rectangular background with a red swoosh element.

The logo for YapıKredi features a stylized blue and white circular icon to the left of the word 'YapıKredi' in a bold, blue, sans-serif font.



Success Story of Call Center Outsourcing Company: AssisTT

AssisTT

- AssisTT established in November 2007, is a customer services and call center corporation which is a 100% subsidiary of Turk Telekom.
- The company presents more than a traditional call center's functions by producing sales and marketing oriented data for its customers.
- Services provided by AssisTT include;
 - customer relationship management (CRM)
 - establishing customer contact (incoming, outgoing, etc.)
 - customer quality process, reseller channel assessments and voice response applications (IVR).
- It operates in 12 cities and 16 different locations with over 10,000 employees.
- AssisTT offers its services not only to Turk Telekom but also to other corporations and institutions.
- The company is one of the major organizations in call center sector carries out crucial projects such as Ministry of Health, Central Hospital Appointment System bidding.
- According to IMI Conferences Turkey Call Center Research, 26% of annual employment growth in outsourcing call center sector in Turkey was met by AssisTT in 2011.
- AssisTT was awarded the second Contact Center 2012 Top Ranking Performers Awards held among EMEA countries in the category of 'The Best Customer Services'.

Representative clients include:



TURKISH AIRLINES

T.C.
ULAŞTIRMA, DENİZCİLİK
ve HABERLEŞME
BAKANLIĞI



VI. Knowledge Based Services

- A. Accounting and Auditing Services
- B. Legal Advisory Services
- C. Consulting and Financial Services
- D. Conclusion

Accounting and Auditing Services in Turkey

Expected turnover of TL 11.6 billion by 2017

Figure 35: Accounting and Audit Sector Turnover in Turkey, 2005-2017

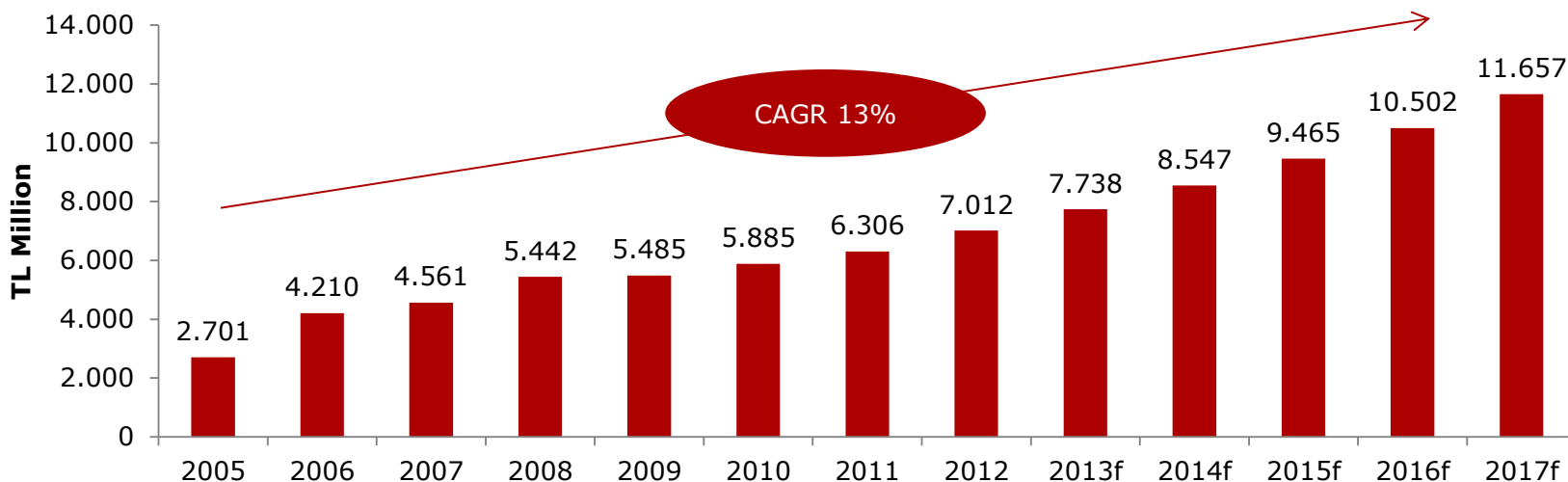
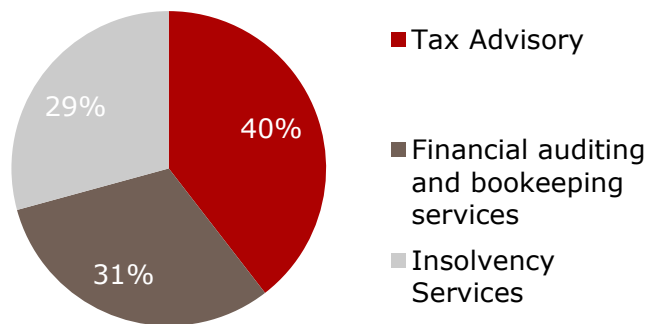


Figure 30: Distribution of Accounting and Auditing Services Turnover According to Business Lines, 2012



Accounting and Auditing service in Turkey gained a positive momentum in 2006 with a growth of 56% compared to previous year, and continued to flourish. As of 2012, the turnover for the services reached TL 7,012 million in 2012 which accounts to a CAGR growth of 15% since 2005. According to Euromonitor International, Tax advisory had the highest turnover share with 40% followed by Financial auditing and bookkeeping services with 31%, and finally insolvency services with 29%. Currently, the Big 4 firms dominate the market which are:

- Deloitte
- PwC
- Ernst and Young
- KPMG

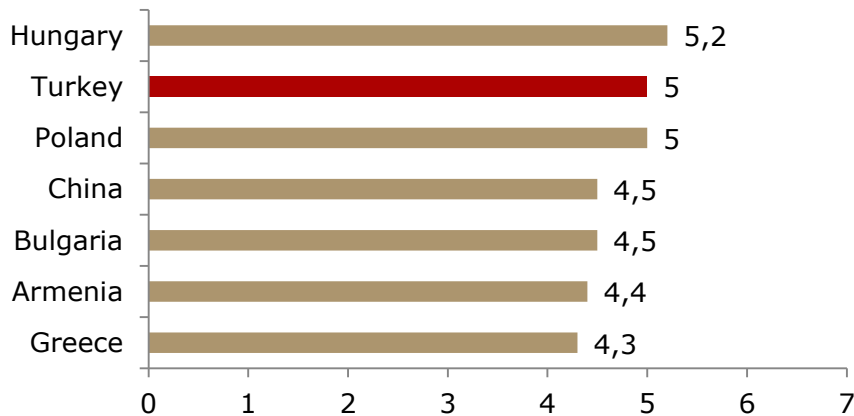


Source: Euromonitor International

Accounting and Auditing Services in Turkey

Turkey has a high score in Auditing and Reporting Standards

Figure 36: Strength of auditing and reporting standards, Value: 1-7, 2013



Source: Global Competitiveness Index

Table 5: Total Number of Accountants, CPAs and Sworn-In CPAs in Turkey

Title	Total
CPA*	88,050
Sworn-In CPA	4,196
Total	92,246

Source: TURMOB, CPA* Certified Public Accountant

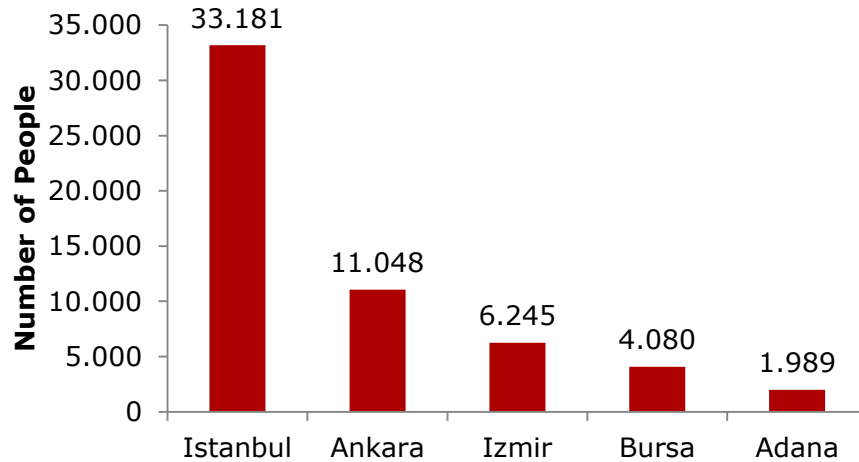
- Accounting and Auditing services in Turkey play a crucial role in business services industry. According to Global Competitive Index by the World Economic Forum, Turkey scored 5 out of 7 surpassing countries such as China, Bulgaria, Armenia and Greece.
- According to TURMOB, there were a total of 88,050 Certified Public Accountants, and 4,196 Sworn-In CPAs in Turkey as of December 2012.



Accounting and Auditing Service in Turkey

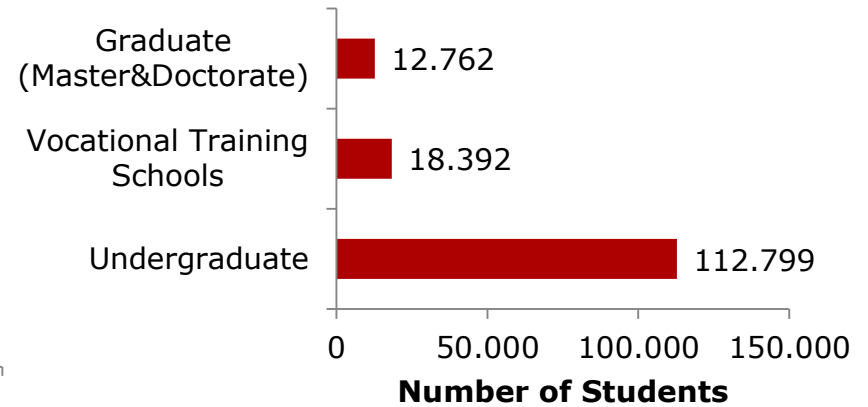
Offers high skilled workforce

Figure 37: Top 5 cities in terms of Number of Accountants and CPAs



Source: TÜRMOB

Figure 38: Number of Students Graduating from Accounting related fields, 2011-2012 Academic Year



Source: TÜRMOB

- Distribution of CPAs in top five cities in Turkey are as follows, Istanbul, Ankara, Izmir, Bursa and Adana with a total of 56,543 which accounts to 64% of CPAs in Turkey.
- The distribution of total number of Sworn-In CPAs concentrated monthly on Istanbul with 49% followed by Ankara with 29% and Izmir with 10%.
- It is important to note that Turkey offers high skilled labor force in accounting its related fields. In 2012 a total of 112,799 undergraduate students graduated from related departments.

Investment tip: Accounting and Auditing Services are growing and with its skilled CPAs and Sworn-In Accountants distributed in major cities in Turkey: services available for all new investments in all sectors and a sector itself to invest in.



There is a huge market for independent Auditing in Turkey

According to Decree of the Council of Ministers, companies subject to Independent External Auditing are gathered under 3 categories;
List I, List II and Other Companies.

List I

1. Companies which are regulated and audited by Capital Markets Board of Turkey
2. Companies which are regulated and audited by Banking Regulation and Supervision Agency
3. Insurance, Reinsurance and Retirement Companies
4. Authorized organizations that take place in Istanbul gold exchange, precious metals intermediary organizations, joint-stock companies which makes production or trade of precious metals
5. Storage companies that have license of agricultural products
6. Media service providers that own national, terrestrial, satellite and cable television

List II

1. Companies whose shares (at least 25%) are owned directly or indirectly by professional organizations, unions, associations, foundations, cooperatives and parent organizations (*Assets: TL 40 million Sales: TL 50 million Employees: 125*)
2. Nationwide daily newspapers (*Assets: TL 50 million Sales: TL 75 million Employees: 175*)
3. Companies subjected to legislation of information technology and communication (*Assets: TL 75 million Sales: TL 100 million Employees : 250*)
4. Companies that have license, certification and authorization certificate from Banking Regulation and Supervision Agency (*Assets: TL 75 million Sales: TL 100 million Employees: 250*) (*Validity Date for State Owned Enterprises: 1th January 2015*)
5. Publicly traded companies within the scope of Capital Markets Board of Turkey (*Assets: TL 15 million Sales: TL 20 million Employees : 50*)
6. Companies handed over to Savings Deposit Insurance Fund (*Assets: TL 150 million Revenue: TL 200 million Employees : 500*)
7. State owned enterprises and companies whose majority share is owned by municipalities (*Assets: TL 40 million Revenue: TL 50 million Employees : 125*) (*Validity Date: 1th January 2015*)



Big 4 Firms are active in Turkey with their full service lines



- Audit & Assurance Services
- Consulting
- Corporate Finance
- Enterprise risk services
- Tax & legal services
- Analytics

Deloitte operates in Istanbul, Ankara, Izmir, Bursa and Adana with more than 1,200 professional staff.



- Audit & Assurance Services
- Tax
- Advisory Services
- Transactions
- Specialty Services

Ernst & Young has more than 900 employees working in 4 offices located in Istanbul, Ankara, Izmir and Bursa.



- Audit & Assurance Services
- Tax & Legal Services
- Advisory Services
- Trainings

PwC has 5 offices located in Istanbul (2), Ankara, Bursa and Izmir with 1,300 employees.







- Audit & Assurance Services
- Tax
- Advisory Services

KPMG has more than 600 professionals and operates in 3 cities; İstanbul, İzmir and Ankara.



Major NGOs in Accounting and Auditing Services

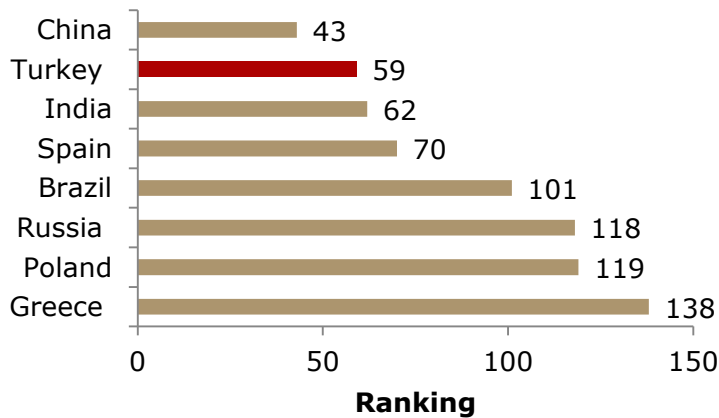
Name	Logo	Web Page	What They Do
Türkiye Muhasebe Uzmanları Derneği (TMUD) Expert Accountants Association of Turkey		http://www.tmud.org.tr	Aims to improve methods in the sector of accounting audit and arrange informative programs for colleagues.
Mali Müşavirler ve Muhasebeciler Birliği Derneği Union of Financial Counselors and Accountants		http://www.mmmb.org.tr	Aims to conduct essential studies for improving systems in accounting.
Bağımsız Denetim Derneği (BDD) Association of Independent Auditing		http://www.bdd.org.tr	Aims to reinforce connections between colleagues and contribute formation, development and progression of auditing principles.
Türkiye Serbest Muhasebeci Mali Müşavirler ve Yeminli Mali Müşavirler Odaları Birliği (TURMOB) The Union of Chambers of Certified Public Accountants and Sworn-in Certified Public Accountants of Turkey		http://www.turmob.org.tr	Aims to perform works on development of public accountant and councillorship sectors and contribute the improvements of public accountant and councillorship sector.



Legal Advisory Services Overview in Turkey

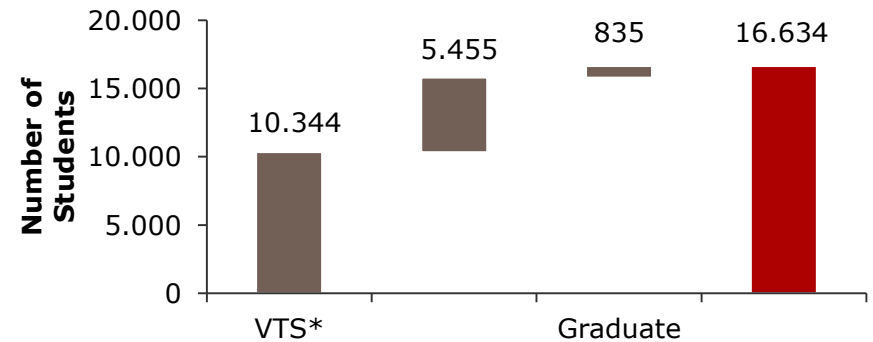
- According to World Economic Forum, Global Competitiveness Index of 2013, Turkey was ranked 59th out of 148 countries regarding «Efficiency of legal framework in settling disputes». In this ranking, Turkey surpassed India, Brazil and Russia amongst BRIC countries, as well as Spain, Poland and Greece (See Figure 34).
- Turkey offers numerous educational openings for a degree in law. In 2012 a total of 16,634 students graduated from law related degrees. 5,455 pursued an education in undergraduate degrees, and 835 continued their education further into graduate and doctorate school. In Turkey, graduate and doctorate departments combined add up to 20 different departments which include courses in economics law, public international law, international mercantile law.

Figure 39: Efficiency of legal framework in settling disputes



Source: Global Competitiveness Index 2013

Figure 40: Number of Students Receiving a Law Graduate Degree in 2011-2012 Academic Year



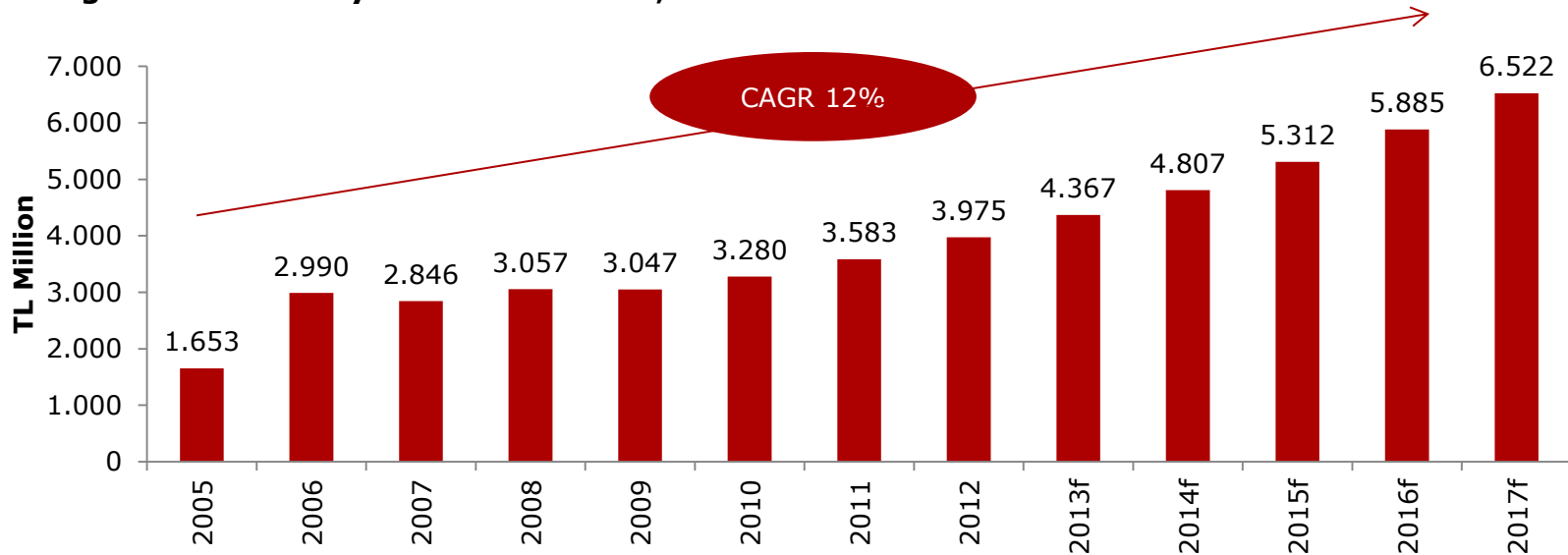
Source: OSYM
VTS: Vocational Training School



Legal Advisory Services Overview

Turnover of the legal advisory services is expected to reach TL 6.5 billion

Figure 41: Industry Turnover for Law, 2005-2017



Legal Services Breakdown

Patent and Copyright Agents

Solicitors and Barristers at Law

Other Legal Services

- Legal advisory services breakdown in Figure 36 represents the following business lines; patent and copyright agents, solicitors and barristers at law, and other legal services.
- Turnover for the legal advisory services has been increasing gradually since 2010 and according to forecasts it will continue to do so.
- According to Euromonitor International, the turnover is expected to reach TL 6.5 million in 2017 which corresponds to an increase of 64% from 2012.



Turkish Legal Advisory Services are supported through qualified lawyers and associations

- As of December 31st 2012, there were a total of 78,218 lawyers in Turkey. Top five cities that have the most lawyers can be listed as Istanbul, Ankara, Izmir, Antalya and Bursa. The number of lawyers in these five cities account for approximately 64% in Turkey.
- Apart from its qualified lawyers in all across the country, the Turkish legal advisory services is kept vibrant via the works of important institutions such as Union of Turkish Bar Associations and Lawyer's Association.



The Union of Turkish Bar Associations (UTBA)

The Union of Turkish Bar Associations (UTBA) established on 7 April 1969 is an organization constituted from all the Bar Associations in Turkey, and is a non profit legal entity in the form of a public professional organization. In addition to its mission to develop the legal profession, the association is also charged with strengthening and protecting the concepts of the rule of law and human rights. Union's head office is located in Ankara. The Union of Turkish Bar Associations is a member of Council of Bars and Law Societies of Europe (CCBE) and International Bar Association (IBA).



HUKUKÇULAR DERNEĞİ

Lawyers' Association

Lawyers' Association founded in Istanbul in 1970 is oldest and largest association of law in Turkey. There are approximately 1,000 members who all are lawyer. Among its members, there are university faculty members, deputies, presidents of the assembly and lawyers who have run and is still doing ministry. Lawyers' Association established The International Association of Lawyers in 2009, with the participation of lawyers from 22 countries. They organize seminars and training activities concerning current issues of law and publish law journal called 'Ideal Law'.



Major Foreign Players in Legal Advisory Services chose Turkey

Baker & McKenzie



BAKER & MCKENZIE

- Baker & McKenzie, one of the leading global law companies in the world, conducts their activities through privileged relationship with Esin Attorney Partnership in Turkey since 2011.
- This company provides their clients with outstanding foreign and Turkish law advice based in their Istanbul office with 40 lawyers.
- Their areas of activity include managing complex disputes, mergers and acquisitions, corporate, competition and real estate matters.

Clifford Chance



CLIFFORD
CHANCE

- Clifford Chance, the only non-franchise law firm across Europe, Asia Pacific, the Americas and the Middle East, is doing business in Turkey since 2010.
- The company has a consultancy arrangement with Yeğin Çiftçi Attorney Partnership.
- They provide strategic and commercial legal advice to international and national clients, on a wide range of cross-border and domestic transactions, including in infrastructure, energy, finance, corporate, M&A and capital markets

Chadbourne & Parke



CHADBOURNE
& PARKE LLP

- Chadbourne has been involved in mergers and acquisitions, private equity, capital markets, corporate finance, and project finance in Turkey.
- The company led the way in several fields in Turkey such as larger capital markets offering of a Turkish issuer, largest private equity acquisition, largest privatization transaction, first subordinated debt capital markets offering and the first time the banking regulator approved a tier two capital deal.

Allen & Overy



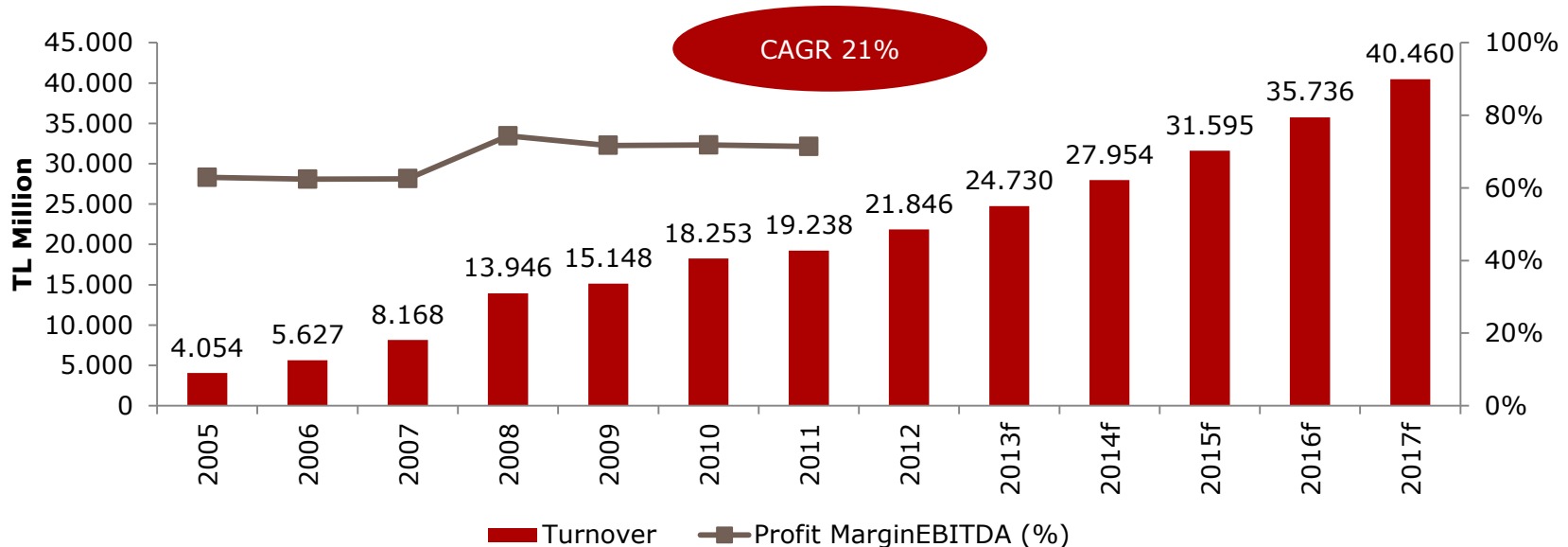
ALLEN & OVERY

- Internationally well known law firm Allen & Overy started to operate in Turkey in 2011.
- They provide English language law advice to international and local corporates, financial institutions, bondholders and government bodies on project finance, capital markets, general lending and M&A work.
- Through their exclusive association with local law firm Gedik & Eraksoy, they also provide their domestic and international clients with Turkish law advice across the full range of transactions.



Consulting Sector in Turkey

Figure 42: Business and Management Consultancies Turnover, 2005-2017



- Turkey's vibrant economy and changing business environment resulted in the growth of consulting services in Turkey.
- According to Euromonitor International, the data represented in the graph include the following service lines in consulting; Public Relations, Financial Management, Management of Holding Companies, Other business and management consultancy.
- Local and international players demand the need for consulting in all aspects of business lines. As it can be observed from the development of turnover of consulting services, as the economy started its improvement in 2003, the turnover of consulting services grew significantly at a CAGR rate of 27% between 2005 and 2012.

Investment tip: Consulting service sector in Turkey is expected to grow further and with its EBIDTA as high as 70% makes the sector very attractive to investors. Also, world class consulting services are available to support international actors who consider investment in Turkey

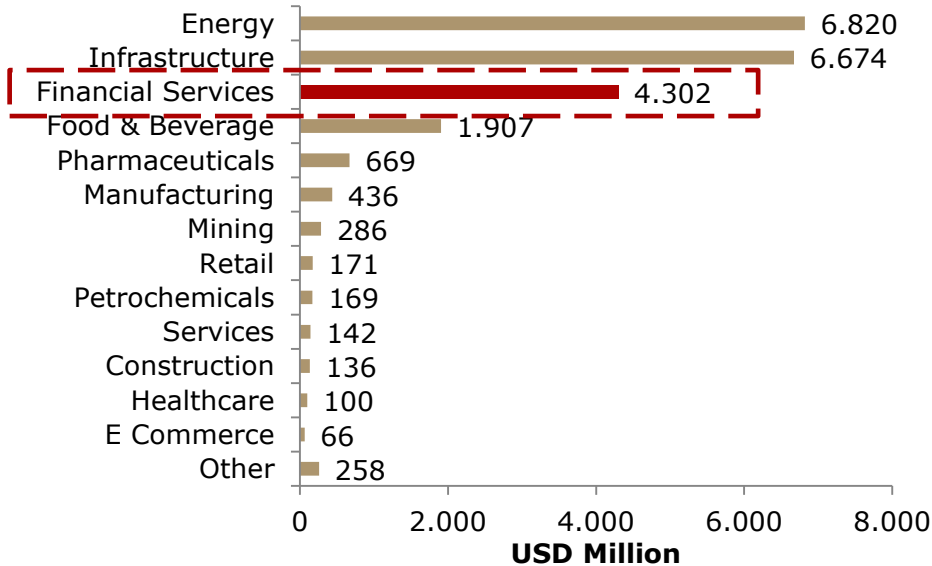
Source: Euromonitor International



Financial Services Sector and Major M&As

Financial Services was in Top 3 sectors for M&As in Turkey

Figure 43: M&A Deal Values in 2012 (Disclosed)



- Financial Services sector had the third highest M&A disclosed deal values with USD 4,302 million followed by Energy and Infrastructure.
- Considering the number of deals in 2012, which accounted for 259, Financial Services had a total of 24 deals followed by Manufacturing and Energy with 38 and 36 deals respectively.
- Some of the selected Financial Services M&As are provided in Table 6.

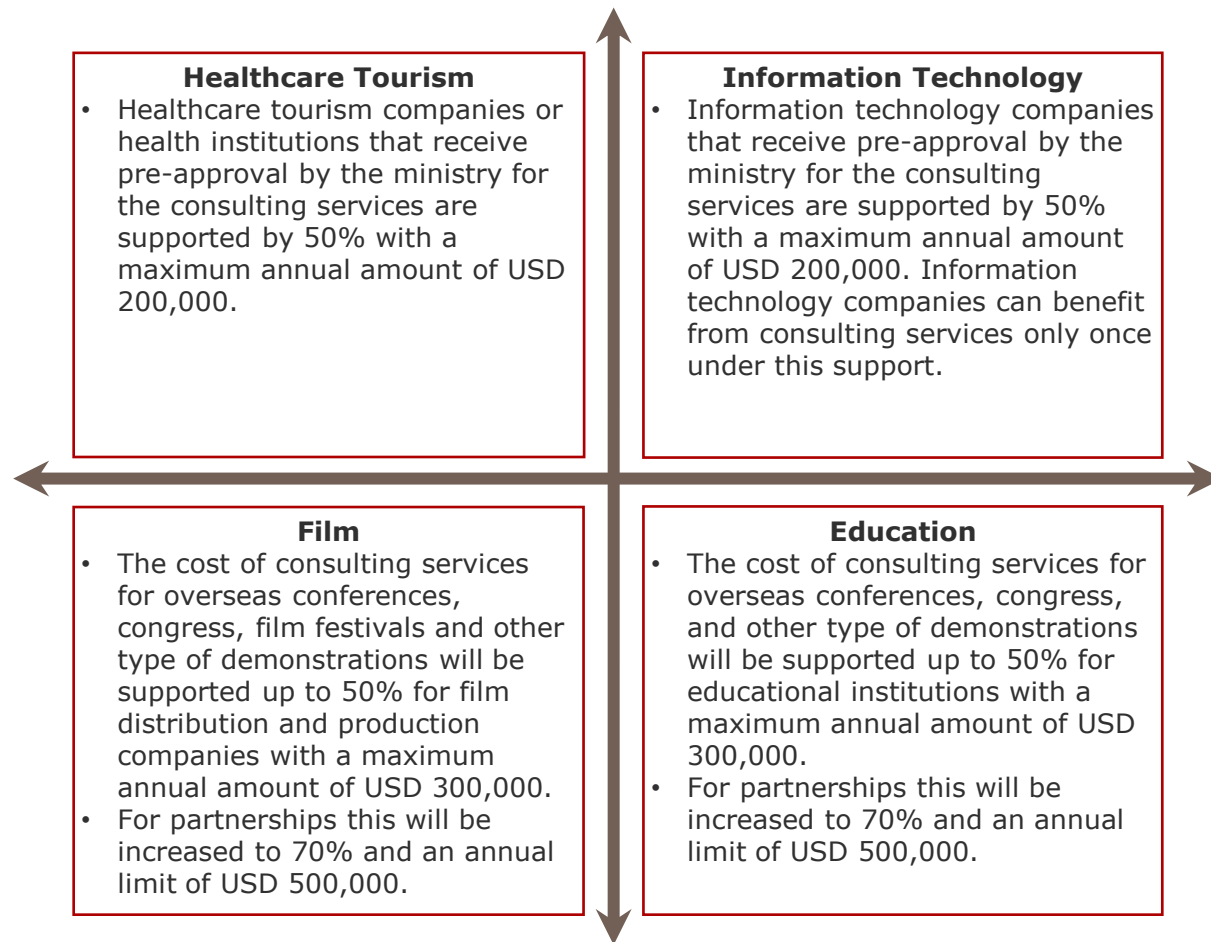
Table 6: Selected Financial Services M&As in 2012

Acquirer	Origin	Target	Stake	Deal Value (USD million)
Burgan Bank	Kuwait	Eurobank Tekfen	99.3%	359
Cigna	USA	Finans Emeklilik	51.0%	104
Egeli Co	Turkey	Ak B Tipi Yatırım Ortaklığı	92.0%	21
Universe Capital Partners	USA	Cosmos Yatırım Ortaklığı	N/D	6
Azerbaijan Investment	Azerbaijan	Med Menkul Değerler	100%	2



Major sectors that wish to receive consulting services are supported by government incentives

- According to the Communiqué on Support of Foreign Exchange Earnings Services, four major sectors receive incentives in order to increase the revenues and international competitiveness. The sectors that receive consulting support by the government are classified as Healthcare Tourism, Information Technology, Film, and Education.



Apart from Big 4 Firms, other strategy consulting and financial services are also active in Turkey

Strategy Consulting

McKinsey & Company

BAIN & COMPANY

BCG

THE BOSTON CONSULTING GROUP

AT&Kearney

Roland Berger
Strategy Consultants

Financial Services

JPMorgan

Morgan Stanley

ROTHSCHILD

Merrill Lynch

citibank®



As a conclusion, Turkey offers ample opportunities for investors, both for the ones who aim to invest in business support services, and for the ones who need business support services to assist them in their businesses.

Significant expertise in all kinds of business services are available in Turkey.

Turkey has highly skilled contractors and engineering services which is supported through a growing technical testing and analysis sector.

Auditing and accounting services have huge potential due to changing laws and regulations to be compatible with EU standards.

Strategic geographical location between East and the West allows access to three continents with over 1.5 billion people and a GDP of USD 25 trillion.

Incentives available for investors in call centers and R&D centers

Overall economy and critical sectors such as manufacturing, ITC, construction are growing, pulling the business services.



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