Vienna’s Role as Metropolis in Central and Eastern Europe: Status and Future Perspectives

A Project of the Master Class CEE 2015/16

Final Report
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The Master Class CEE 2015/16

Students
Katsiaryna Baradzina
Stefanie Bohacek
Maria Theresia Buchta
Katharina Haramia
Adna Hodzic
Dora Jokkel
Hannah Kofler
Nikola Krtinic
Lukrecia Maljarova
Lina Mezapuke
Bernadette Neumayer
Richard Petras
Juliana Pivovarnikova
Andreas Plut
Ekaterina Stolbova
Vera Straßer
Lara Maria Tanner

Program Director & Project Leader
Ass.Prof. Dr. Arnold Schuh

Institutional & Corporate Partners

[Logos of various companies]
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"Vienna’s Role as Metropolis in Central and Eastern Europe: Status and Future Perspectives" was the topic of the two-semester project seminar of the Master Class CEE 2015-16 at WU Vienna. 17 master students under the guidance of Arnold Schuh, the Director of the Competence Center for Emerging Markets & CEE, worked from November 2015 to June 2016 on this project. We cooperated in this project with the International Strategy and Coordination Office of the City of Vienna. Our aim was to explore the current role of Vienna in the Central and Eastern European (CEE) region, particularly its attractiveness as a business, innovation and education hub and develop suggestions for the future positioning of Vienna in CEE.

The following research questions guided our research:

• What is the role of Vienna as a business, innovation and education hub in the region of Central & Eastern Europe today?
• What distinguishes Vienna from other cities in the region? What are the City’s strengths and weaknesses, opportunities and threats?
• What are the assets of Vienna that could be better used? Which of these assets should be emphasized in the strategic development of Vienna?
• Which location-specific factors should be highlighted in a future „Leitbild“ of the City of Vienna?

From a methodological perspective secondary (analysis of statistics, rankings and reports) and primary research (interviews with 34 stakeholders from businesses, academia and the public sector; survey of 95 foreign master students at WU Vienna) were used.

The report starts with a review of Vienna’s position in International City Rankings. The review finds that Vienna is an attractive city with a diversified set of strengths. The city scores high on quality of living, skilled labour force, internationality, social inclusion, well-working infrastructure, affordable higher education, as a location of international organizations and internationally operating firms, on safety & social peace and leadership in smart city technologies – all areas that meet well the demands of a modern city economy.

Relative weaknesses in this international comparison can be spotted in economic dynamism, limited attractiveness as a financial center and moderate institutional effectiveness. A growing start-up scene, strong investments in R&D, smart technologies and the emergence of innovation clusters (e.g., life sciences, New Marx Quarter) prove that Vienna is on track to develop further into a knowledge-based economy.
For determining Vienna’s role as a CEE hub we analyzed hub-related connections and interactions with the countries of the region from seven different perspectives. The attractiveness of Vienna as a CEE hub is mainly determined by being home to regional players in the financial services industry (e.g., Erste Group, Raiffeisen International, Bank Austria, VIG, UNIQA), Austrian firms strongly involved in CEE in other sectors (e.g., OMV, STRABAG, Post AG), regional headquarters of globally operating firms (e.g., Henkel, Mondi, Telekom Austria, Lukoil) and a strong presence of professional service providers with CEE networks in the auditing, law and consulting sector. Undoubtedly, this CEE business-oriented ecosystem is a valuable asset although it had suffered from the economic stagnation in CEE in the post-2008 crisis period.

Vienna airport, the main train station and the Danube port position Vienna as an important traffic and logistic hub in the region. Vienna’s international appeal is also reflected in its top positions in European tourism and as a congress destination. Increasing investments in R&D and the emergence of well-recognized clusters in life sciences, urban and environmental technologies demonstrate the continuous development into a stronger knowledge-based economy and city of innovation. Not to forget a lively new start-up scene that has emerged in the past few years and stimulates entrepreneurship in the city.

Another factor that sets Vienna apart in this context is the strong interest in CEE affairs. In Vienna one can find numerous people, organizations and institutions that have a strong interest in the development of the whole region. They deal with economic, political, cultural or social issues and act as advocates and promotors of CEE on an international scale.

Often overlooked is the fact that Vienna is the largest university city in D-A-CH with 190,000 students. We estimate that about 12,000 students in Vienna are from CEE what represents a huge talent pool with CEE competencies. A survey of 95 foreign master students at WU Vienna on the attractiveness of Vienna as a place to study and live offers insights in the main motivations for choosing Vienna: free/low-cost education as well as the good reputation of the city, WU and the master program. Other universities/cities considered were mostly in Germany and Scandinavia. Efficient transportation network, high quality of living, cleanliness and green areas, cultural life and safety determine the city’s attractiveness for these students. The majority of them would prefer to work for a multinational firm (52%), a start-up (24%) or a professional service provider (18%). Unfortunately, only about a third of the foreign graduates plan to stay in Austria. Difficulties in finding an adequate job after completion of their studies let’s the majority of them assume that they will leave Vienna after completion of their studies.
Executive Summary (3)

The interviews of 34 stakeholders confirmed most of the assumptions and views derived from secondary research and added some additional insights. Vienna is still seen as a central place in the region, maybe not as a “gateway to CEE” but more like a hub that interrelates between East and West in both directions. CEE is still of major importance for Vienna although the post-2008 crisis ended the growth-story of CEE and led to a declining interest in the region. The relationship between Vienna/Austria and CEE has changed from one shaped by an uni-directional knowledge, technology and capital transfer from West to East to a more cooperative one among peers. Interviewees ask for closer cooperation in all areas (research & innovation, start-up scene) and between all types of partners (administrations, businesses and universities) to unlock the potential of the region.

In our final recommendations we suggest that Vienna should focus on five areas in its future development:

1. **Enhance business friendliness**
   Simplify administrative procedures, reduce red tape and become more open for business concerns.

2. **Continue with serving as a bridge between East and West**
   Carry on promoting Vienna as a business hub for CEE but also for Western Europe. Try to attract emerging market multinationals from Asia, Russia/CIS, Middle East and Latin America to open regional headquarters here.

3. **Move to smart cooperation between cities, universities and firms**
   Engage in closer cooperations with firms and universities by leveraging the „role model“ status of Vienna in city management & development and innovative urban technologies.

4. **Strengthen Vienna’s position as an innovation hub**
   Support researchers and firms in highly innovative sectors and help establishing a central start-up campus in Vienna.

5. **Further improve the city marketing of Vienna**
   Promote Vienna as an „innovation city“ and „university city“.
The aim of the study is to assess Vienna’s current role in the region.

Vienna is often called the **gateway to Central and Eastern Europe**. Its geographic location in the center of Europe, its historic role as the capital of the Habsburg Empire and later as neutral meeting point in the Cold War era have fostered this image of an East-West hub.

The fall of the **Iron Curtain** in 1989 has nurtured this idea of a gateway again when Austrian and Western companies ventured from Vienna into the reforming states of CEE. In the 1990s and first decade of the new century more than 200 foreign firms established regional headquarters in Vienna that controlled the expansion of their corporate groups into CEE. Furthermore, major regional players from Austria in the banking, insurance, telecommunications, real estate and industrial sector are also headquartered in Vienna. Business service providers such as auditing firms, law offices, business consultancies, media and advertising agencies followed their clients into the CEE countries and established a network of offices and partnerships there.

The accession to the European Union in 2004 and 2007 as well as the global economic and financial crisis of 2008-09 seem to have changed the role of Vienna in the region. The gateway function has lost in importance with the integration of CEE economies into the EU and the economic stagnation in the post-crisis period. But it is obvious that Vienna holds still huge attraction for firms, managers, knowledge workers and students from the region.

In this study we want to explore the current role of Vienna in the region, particularly its attractiveness as a business, innovation and education hub and develop suggestions for the future positioning of Vienna in CEE. This is the first project that tries to capture and document Vienna’s impact and relationship with the CEE region. Our cooperation partner in this project was the **International Strategy and Coordination Office** of the City of Vienna.
Research questions

In our project we want to answer the following research questions:

• What is the role of Vienna as a business, innovation and education hub in the region of Central & Eastern Europe today? Is it still seen as a gateway to the region? What is the City’s „value-added“ to the region?

• What distinguishes Vienna from other cities in the region? What are the City’s strengths and weaknesses, opportunities and threats?

• What are the assets of Vienna that could be better used? Which of these assets should be emphasized in the strategic development of Vienna?

• Which location-specific factors should be highlighted in the future „Leitbild“ of the City of Vienna?
The report and study was conducted within the two-semester Master Class CEE program by the Competence Center for Emerging Markets and CEE

The study was the topic of the two-semester project seminar of the Master Class CEE 2015-16 at WU Vienna. 17 master students under the guidance of the director of the Competence Center for Emerging Markets & CEE worked from November 2015 to June 2016 on this project.

From a methodological perspective the following approaches are used:

• Analysis of secondary data such as statistics, rankings and reports
• „Insight Talks“ with representatives of the partner organizations of the MC CEE
• Personal interviews with 34 stakeholders from businesses, academia and the public sector on their view of Vienna as a CEE Hub
• Excursions to Budapest and Prague to learn about their positioning in the region
• Survey of 95 foreign master students at WU Vienna on their views on studying, living and working in Vienna.

METHODOLOGY

Desk research on Vienna’s role for CEE

Stakeholder interviews

Survey of foreign students at WU

Interpretation and conclusions

Recommendations
Our approach builds on the concept of „global cities“

The scope of the activities of a capital city is mostly local and national. However, the focus of our research is on the identification of effects and interactions that go beyond national borders and affect other countries, in our case the region of CEE.

These international interactions include
- capital (e.g., foreign direct investment, credits)
- knowledge (e.g., know-how transfer)
- products (e.g., exports/imports)
- people (e.g., students, migrants, expatriates)
in the areas of business, innovation and education.

This approach builds on the concept of „global cities“ which are perceived as strategic sites for the management of the global economy and production of the most advanced services and financial operations (Sassen, 2012). Headquarters of multinational firms are increasingly located in cities where they have access to specialized services and human resources necessary to cope with the increasing complexity and uncertainties in this globalized world.

Criteria to identify a global city are the following (Hall, 1966; Friedmann, 1986; Sassen, 1991): major center of political power; major financial and trade center; location and venue of international institutions; seat of leading industries, particularly innovative ones; strong growing tertiary sector; market for products and innovations; strong base of professional services; transportation hub; urban population of a certain scale.
The drivers for companies to choose a city over another for their activities differ somewhat from drivers of FDI in a country in general.

To convince foreign firms, organizations, managers, experts and talents to move to a city several preconditions have to be given. International business theory has a good understanding of the drivers for foreign investment in a foreign country: market size and potential, institutional and regulatory environment, trade openness, infrastructure quality, economic and political stability and labor quality and costs are the main criteria applied when comparing countries as targets for investment (Hornberger, Battat & Kusek, 2011).

While the priorities may vary depending on the motives (market-, efficiency-, natural resources- or strategic asset seeking investments), the set of important criteria is quite stable for an investor. When focusing on cities as location the preferences shift as the quality of the location now becomes important and the purpose of the investment plays a bigger role too (e.g. location for an R&D center, shared service center or regional headquarters).

Firms are not choosing cities as business location primarily for their access to natural resources, their market size or cheap labor but mainly as a place for running regional or global operations or tapping into their creative and innovation scene. Agglomeration advantages, quality of human resources and services, a well-developed infrastructure, accessibility, stability and safety are ranging on top of the wish list. For instance, the „Global Power City Index“ uses six factors (based on 70 indicators) to measure the „magnetism“ of major cities of the world, i.e. their „comprehensive power“ in attracting talents and firms from abroad and in mobilizing their assets in securing economic, social and environmental development (Mori, 2014): economy, research & development, cultural interaction, livability, environment and accessibility.
To capture the role of Vienna in CEE indicators are needed that describe the interactions with the countries of the region. These interactions materialize in places where management and production activities directed at foreign subsidiaries, partners or customers are concentrated – a so-called “international business hub” or regional/global city. Its reach and impact may encompass neighboring countries, a larger region, a continent or even the whole world. Such typical places are export processing zones, business hubs with numerous headquarters and business services, offshore banking centers, innovation/industry/high-tech clusters and traffic hubs (Sassen, 2012).

We identified the following areas and indicators for measuring the **regional role** of Vienna:

- Financial center for CEE (financial service providers, role of stock exchange)
- Traffic hub for CEE (traffic connections, logistic centers)
- Business hub for CEE (presence of firms active in CEE, professional service providers)
- Public engagement for CEE (institutions/think-tanks focusing on CEE, political events)
- Innovation hub (research co-operations, start-up scene)
- Education hub (cooperation between universities, students from CEE)

Based on this framework we will try to capture and interpret the regional impact of Vienna.
Vienna is a strongly growing city and contributes around 26% to the GDP of Austria.

1.794.800 POPULATION 2015
+ 10,1% POPULATION 2005-2015
15,3% UNEMPLOYMENT RATE 2015

€ 82.833 mio. GROSS REGIONAL PRODUCT 2013

Unemployment Rate of Vienna and Austria

Share of Vienna in Austria’s population 2013

Vienna 20,90%
Rest of Austria 79,10%

Share of Vienna in Austria’s economic performance 2013

Vienna 25,70%
Rest of Austria 74,30%
Total in EUR 323 bn.

Exports from Vienna by regions 2013

Asia 10,60%
Rest of Europe 12,50%

Imports into Vienna by regions 2013

Asia 11,60%
Rest of Europe 16,50%
EU-27 67,90%
EU-27 64,00%
Vienna is a city of immigration and traditionally influenced by people from CEE

- Since the fall of the Iron Curtain and the CEE-EU enlargement Vienna has been growing fast due to immigration. By 2030 Vienna will have **2.1 million inhabitants**.
- Every second citizen has a migration background – he/she or one of his/her parents was born abroad.
- 34% were born abroad, 27% have a non-Austrian passport.
- A break down of Vienna’s population by country of origin shows the close relationship with CEE. Seven out of the top-10 are CEE countries:
  1. Austria 61.7%
  2. Serbia 5.4%
  3. Turkey 4.1%
  4. Germany 3.0%
  5. Poland 2.8%
  6. B&H 2.2%
  7. Romania 1.8%
  8. Croatia 1.4%
  9. Hungary 1.4%
  10. Slovakia 1.1%
- What should not be overlooked is the fact that Vienna was already a 2+ million city and a melting pot as the capital of the Austrian-Hungarian Empire 120 years ago.

Sources
Wien.gv.at – Daten und Fakten Wr. Bevölkerung (2016)
The report combines different perspectives on Vienna and focuses on Vienna as a business, innovation and education hub in the CEE region.

The report is structured in the following way. First, Vienna’s position in International City Rankings is examined. Then Vienna’s role in the CEE region is analyzed from seven different perspectives that relate to the connections and interactions with the countries of the region. A separate chapter covers Vienna as an education hub. This part also includes the results of a survey among foreign WU students on the attractiveness of Vienna. The findings of the interviews with stakeholders on Vienna's role in CEE complement the research based on secondary data. The final chapter consists of a comprehensive SWOT analysis and recommendations for the future development of Vienna and role of Vienna in the CEE region.

Vienna’s Position in International City Rankings

Perspectives on Vienna as a CEE Hub
- Financial Center
- Professional Service Providers
- Business & Headquarters Hub
- Traffic and Logistics Hub
- Tourism and Congress Hub
- R&D and Innovation Hub

Education Hub & Student Survey

Stakeholder Interviews

Analysis, Recommendations, Leitbild and Conclusion
Vienna’s Position in International City Rankings
Vienna ranks high in quality of living, innovation, prosperity and greenness – in competitiveness and economic dynamics it is lagging.

This summary of international city rankings offers insights into the strengths and weaknesses of Vienna:

### STRENGTHS:

<table>
<thead>
<tr>
<th>Index/Ranking</th>
<th>Publisher</th>
<th>Year</th>
<th>Vienna’s rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Prosperity Index</td>
<td>UN-HABITAT</td>
<td>2012</td>
<td>1.</td>
</tr>
<tr>
<td>Quality of Living</td>
<td>Mercer</td>
<td>2016</td>
<td>1.</td>
</tr>
<tr>
<td>Global Livability Ranking</td>
<td>EIU</td>
<td>2015</td>
<td>2.</td>
</tr>
<tr>
<td>Innovation Cities Index</td>
<td>2thinknow</td>
<td>2015</td>
<td>3.</td>
</tr>
<tr>
<td>10 Smartest Cities In Europe</td>
<td>FastCoExist</td>
<td>2014</td>
<td>3.</td>
</tr>
<tr>
<td>European Green City Index</td>
<td>Siemens</td>
<td>2009</td>
<td>4.</td>
</tr>
<tr>
<td>The World’s Most Economically Powerful City</td>
<td>Martin Prosperity Institute</td>
<td>2015</td>
<td>9.</td>
</tr>
<tr>
<td>Global Power City Index</td>
<td>MORI</td>
<td>2015</td>
<td>10.</td>
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### WEAKNESSES:

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<td>QS Best Student Cities Ranking</td>
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<td>Global Cities Index</td>
<td>AT Kearney</td>
<td>2015</td>
<td>18.</td>
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<td>Global City Competitiveness</td>
<td>Citigroup-EIU</td>
<td>2012</td>
<td>25.</td>
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<tr>
<td>Cost of Living</td>
<td>Mercer</td>
<td>2015</td>
<td>56.</td>
</tr>
<tr>
<td>Top 25 European Cities and Regions of the Future 2016/17</td>
<td>FDI Intelligence</td>
<td>2016</td>
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</tbody>
</table>
Vienna is doing well in infrastructure, livability and environment

The following overview breaks the assessment down into major dimensions and shows the composition of each index.

<table>
<thead>
<tr>
<th>Index/Ranking</th>
<th>Global Cities</th>
<th>Quality of Living</th>
<th>Cost of Living</th>
<th>Global Liveability Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publisher</td>
<td>AT Kearney</td>
<td>Mercer</td>
<td>Mercer</td>
<td>EIU</td>
</tr>
<tr>
<td>Year</td>
<td>2015</td>
<td>2016</td>
<td>2015.</td>
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<td>18.</td>
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<td>X</td>
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<tr>
<td>R&amp;D/Innovation</td>
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<tr>
<td>Cultural interaction/resources</td>
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<td></td>
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<tr>
<td>Quality of Life/Livability</td>
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<tr>
<td>Environment</td>
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<tr>
<td>Accessibility/transportation networks</td>
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<tr>
<td>Human resources</td>
<td></td>
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<tr>
<td>Infrastructure (health, education)</td>
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<tr>
<td>Political stability</td>
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<tr>
<td>Equity + social inclusion</td>
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</table>

While ranking No. 1 in terms of Quality of Living, Vienna ranks No.56 for Cost of Living (32 in 2014).
Vienna is also in a good position in terms of economic power and innovation.

In 2015 Vienna was awarded with the 3rd rank on the Innovation Cities Index.

<table>
<thead>
<tr>
<th>Index/Ranking</th>
<th>The World’s Most Economically Powerful City</th>
<th>Global City Competitiveness</th>
<th>Innovation Cities Index</th>
<th>The Global Financial Centres Index</th>
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<tbody>
<tr>
<td>Publisher</td>
<td>Martin Prosperity Institute</td>
<td>Citigroup-EIU</td>
<td>2thinknow</td>
<td>Z/Yen Group</td>
</tr>
<tr>
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<tr>
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<tr>
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<tr>
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</table>
In a ranking by UN-Habitat, Vienna leads in terms of city prosperity

<table>
<thead>
<tr>
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<th>Global Power City Index</th>
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Vienna’s international positioning can build on another 1st place – next to Quality of Living –within the City Prosperity Index.
However, when looking at the economic performance based on investments and job growth Vienna is not top ranked in Europe.

The fDi Cities and Regions of the Future 2016/17 ranking stresses outward and inward foreign direct investments, number and volume of investment projects, job growth and presence of companies in the high-tech sector.

### FDI Report – Top 25 European Cities and Regions of the Future 2016/17

<table>
<thead>
<tr>
<th>RANK</th>
<th>CITY</th>
<th>COUNTRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>London</td>
<td>UK</td>
</tr>
<tr>
<td>2</td>
<td>Paris</td>
<td>FRANCE</td>
</tr>
<tr>
<td>3</td>
<td>Dublin</td>
<td>IRELAND</td>
</tr>
<tr>
<td>4</td>
<td>Frankfurt</td>
<td>GERMANY</td>
</tr>
<tr>
<td>5</td>
<td>Munich</td>
<td>GERMANY</td>
</tr>
<tr>
<td>6</td>
<td>Zurich</td>
<td>SWITZERLAND</td>
</tr>
<tr>
<td>7</td>
<td>Amsterdam</td>
<td>NETHERLANDS</td>
</tr>
<tr>
<td>8</td>
<td>Stockholm</td>
<td>SWEDEN</td>
</tr>
<tr>
<td>9</td>
<td>Luxembourg</td>
<td>LUXEMBOURG</td>
</tr>
<tr>
<td>10</td>
<td>Cambridge</td>
<td>UK</td>
</tr>
<tr>
<td>11</td>
<td>Helsinki</td>
<td>FINLAND</td>
</tr>
<tr>
<td>12</td>
<td>Moscow</td>
<td>RUSSIA</td>
</tr>
<tr>
<td>13</td>
<td>Geneva</td>
<td>SWITZERLAND</td>
</tr>
<tr>
<td>14</td>
<td>Düsseldorf</td>
<td>GERMANY</td>
</tr>
<tr>
<td>15</td>
<td>Copenhagen</td>
<td>DENMARK</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RANK</th>
<th>CITY</th>
<th>COUNTRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>Eindhoven</td>
<td>NETHERLANDS</td>
</tr>
<tr>
<td>17</td>
<td>Stuttgart</td>
<td>GERMANY</td>
</tr>
<tr>
<td>18</td>
<td>Espoo</td>
<td>Finland</td>
</tr>
<tr>
<td>19</td>
<td>Basel</td>
<td>SWITZERLAND</td>
</tr>
<tr>
<td>20</td>
<td>Berlin</td>
<td>GERMANY</td>
</tr>
<tr>
<td>21</td>
<td>Reading</td>
<td>UK</td>
</tr>
<tr>
<td>22</td>
<td>Istanbul</td>
<td>TURKEY</td>
</tr>
<tr>
<td>23</td>
<td>Bucharest</td>
<td>ROMANIA</td>
</tr>
<tr>
<td>24</td>
<td>Aberdeen</td>
<td>UK</td>
</tr>
<tr>
<td>25</td>
<td>Hamburg</td>
<td>GERMANY</td>
</tr>
</tbody>
</table>

According to the fDi report, Vienna is lacking economic potential, cost effectiveness and business friendliness in comparison to other cities.

FDI Report – Major European Cities of the Future 2016/17

Regarding the criteria **Connectivity**, Vienna is ranked on the 8th place. However, Vienna is **not included in the TOP 10 rankings** concerning the following criteria:

- Economic potential
- Cost effectiveness
- Human capital and lifestyle
- Business friendliness

In the dimension of **FDI Strategy** Vienna is **ranked on the 5th place**, but this is a qualitative criteria as a panel judged the cities on the quality of their strategies for promoting FDI.

**Conclusion from the FDI REPORT:**
In terms of economic dynamism Vienna has a relative weakness in comparison to other European cities.

Vienna ranks relatively good in terms of smart cities, start-up cities and on the European Green City index

There exist further rankings which were not included in the comparison as they are not as comprehensive as the presented ones. However, they also shed the light on strength areas of Vienna:

• No. 3 among the 10 Smartest Cities in Europe
• No. 6 among the 10 Start-up Cities where entrepreneurs want to meet up
• No. 4 in the European Green City Index (overall score)

<table>
<thead>
<tr>
<th>Dimensions of European Green City Index</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emissions</td>
<td>8</td>
</tr>
<tr>
<td>Energy</td>
<td>3</td>
</tr>
<tr>
<td>Buildings</td>
<td>8</td>
</tr>
<tr>
<td>Transport</td>
<td>4</td>
</tr>
<tr>
<td>Water</td>
<td>2</td>
</tr>
<tr>
<td>Waste and land use</td>
<td>5</td>
</tr>
<tr>
<td>Air quality</td>
<td>10</td>
</tr>
<tr>
<td>Environmental Governance</td>
<td>7</td>
</tr>
</tbody>
</table>

Vienna is one of the role models when it comes to sustainable water management in Europe, only outperformed by Amsterdam. Whereas improvement potential is most significant in the areas of air quality, CO₂ emissions and the reduction of environmental impact from buildings.

Source:
From the comparison we can conclude that Vienna is well-positioned in many areas, however there is still room for improvement.

From the comparison of these international city rankings the following preliminary conclusions can be drawn:

- Vienna is definitely an attractive city with a diversified set of strengths. The city has numerous potential areas – skilled labour force, openness & internationality, global appeal, well-working infrastructure, affordable higher education, location of international organizations and internationally operating firms, safety & social peace and leadership in smart city technologies – that meet well the demands of a global economy.

- Vienna has strong legacy advantages due to its history, culture and global appeal that gives it a competitive edge vis-à-vis emerging market cities. This leading position is mirrored in world leading positions in quality of living, social inclusion, environmental consciousness, infrastructure and safety & security. That determines its attractiveness for talents.

- Relative weaknesses in the overall assessment can be spotted in economic dynamism, cost of living (compared to CEE cities), limited attractiveness as a financial center and moderate institutional effectiveness.

- Ongoing improvements in entrepreneurial activity (start-up scene), investments in R&D, modern technologies (smart cities) and the emergence of industry and innovation clusters (e.g., life sciences, Neu Marx Quarter) are proving that developments go in the right direction, namely towards an increasingly knowledge-based economy. The quality of the city’s business network and the residing firms’ activities determine the attractiveness as a business and innovation hub.
Perspectives on Vienna’s Role as a CEE Hub
With major regional players headquartered in the city Vienna can be still seen as a financial center for the CEE region – although the high times are over

Vienna headquarters two banks, Erste Group and Raiffeisenbank International, which are regional players in CEE. Bank Austria, a subsidiary of UniCredit, ran the activities in CEE for whole group out of Vienna. In early 2016 they plan to relocate the CEE division to Milan.

Sberbank Europe, the subsidiary of the biggest Russian bank, is located in Vienna. Sberbank Russia acquired Volksbanken International with a presence in nine CEE countries in 2012 and turned VBI headquarters into its regional headquarters for Europe. VTB Bank (Austria) AG, the largest Russian commercial bank, acts as European headquarters for their group.

The Western Union International Bank with the focus on international money transfers was founded in 2004 and runs the business in 21 European countries out of Vienna (120 employees from 18 nations).

Two major regional players in the insurance industry, Vienna Insurance Group and UNIQA, have also their roots in Vienna. ERGO, a division of Munich Re, has mandated its Austrian subsidiary ERGO Austria International with the CEE business in 2007.

The development of Wiener Börse AG is also a good indicator for the role of Vienna as a capital market for CEE. In 2004 Wiener Börse laid with the acquisition of a stake in Budapest Stock Exchange the cornerstone for a CEE stock exchange network. In 2008 the acquisitions of Ljubljana and Prague stock exchanges followed. Since 2010 the four stock exchanges run under the holding company CEESEG. In 2015 CEESEG sold its stakes in Ljubljana and Budapest stock exchanges again.
Over 70% of the employees of four of the largest financial service providers in Vienna are working in the CEE region

<table>
<thead>
<tr>
<th>Company</th>
<th>Presence in CEE (countries)</th>
<th>Employees (CEE share)</th>
<th>Customers (CEE share)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Erste Group</td>
<td>7</td>
<td>46.500 (70%)</td>
<td>15,8 mio. (78%)</td>
<td>-</td>
</tr>
<tr>
<td>Raiffeisen Bank International</td>
<td>15</td>
<td>51.000 (94%*)</td>
<td>14,9 mio. (100% *)</td>
<td>* including Austria</td>
</tr>
<tr>
<td>VIG</td>
<td>22</td>
<td>23.300 (76% *)</td>
<td>&gt;50% of Group premiums generated in CEE (2014)</td>
<td>*outside Austria (including Germany and Italy)</td>
</tr>
<tr>
<td>UNIQA</td>
<td>15</td>
<td>22.000 (74%)</td>
<td>10 mio. (60%)</td>
<td>21% of Group premiums generated in CEE (2014)</td>
</tr>
</tbody>
</table>

Sources:
A high number of professional service providers runs a CEE network out of Vienna

TPA Horwath is a leading auditing firm in the CEE region. Originally founded in Lower Austria, TPA established its headquarters in Vienna and started their expansion to CEE in 1990. In 1995 they became part of Crowe Horwath International, one of the Top 10 consulting networks worldwide. Another example of a Viennese auditing firm with a CEE network is the IB Group, which has its origin in the IB Interbilanz Vienna and has expanded into seven CEE countries.

Several law firms located in Vienna are running a network in CEE. Among them CMS, CHSH, Dorda Brugga Jordis, Schönherr and Wolf Theiss. Vienna headquartered CMS Reich-Rohrwig Hainz is among the founding member firms of the global CMS organization. Austria’s capital is the hub for the CEE region. Dorda Brugga Jordis on the other hand is establishing its CEE presence through their so-called Best Friends Programme, which is a close cooperation with leading independent law firms throughout the region.

Vienna is as well a CEE hub for Amrop Jenewein, one of the leading Executive Search firms in Austria. The company is part of a global group and functions as a centre of excellence and hub for CEE. Other examples of companies offering executive search and HR-consulting services with a CEE network are ISG and Target.

Two of the leading management consulting firms, Roland Berger GmbH and Contrast EY Management Consulting, have selected Vienna as a centre for establishing their services throughout CEE. Roland Berger’s Vienna office is housing the management and back-office facilities of the offices in the Czech Republic, Hungary, Latvia, Poland, Romania, Russia, and the Ukraine and also serves clients in five other CEE countries. Furthermore, following the merger of Contrast Management Consulting with EY in 2016, Vienna became the centre of their two complementary networks. Prior to the merger more than 50 % of the revenues of Contrast Management Consulting originated from consulting projects in the CEE region.

The Vienna office of the global market research company GfK operates a network of 50 GfK companies in the CEE-META (Central and Eastern Europe Middle East, Turkey and Africa) region.

The advertising agency Reichl & Partner has has a partner network in 11 CEE countries. VICE CEE, a network for strategic and creative services, runs the Austrian and CEE operations out of Vienna. Furthermore, with Vienna as their regional headquarters, the PR company Chapter 4 found its base to coordinate and manage business operations in the CEE region. Currently the company has seven offices and eight affiliate offices in the CEE region.
Leading players in the professional service industry in Vienna have established a network that covers on average more than 10 CEE countries.

### CEE presence of selected professional service providers

<table>
<thead>
<tr>
<th>Company</th>
<th>Presence in CEE (no. of countries)</th>
<th>Employees (CEE share)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auditing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TPA Horwarth</td>
<td>10</td>
<td>1,000 (52%)</td>
<td></td>
</tr>
<tr>
<td><strong>Law Firms</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CMS Reich-Rohrwig Hainz</td>
<td>14*</td>
<td>160 lawyers/300 total (n.a.)</td>
<td>*9 offices operated by the Vienna HQ, and 5 CEE offices of CMS partner firms</td>
</tr>
<tr>
<td>CHSH</td>
<td>7</td>
<td>180 (51%)</td>
<td></td>
</tr>
<tr>
<td>Schönberg</td>
<td>16*</td>
<td>304 lawyers/500 total (67%)</td>
<td>*11 offices and 5 country desks</td>
</tr>
<tr>
<td>Wolf Theiss</td>
<td>15*</td>
<td>320 lawyers (59%)</td>
<td>*12 offices and 3 country desks</td>
</tr>
<tr>
<td><strong>Executive Search</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amrop Jenewein</td>
<td>15</td>
<td>180 (n.a.)</td>
<td></td>
</tr>
<tr>
<td>ISG</td>
<td>14</td>
<td>540 (n.a.)</td>
<td></td>
</tr>
<tr>
<td><strong>Management Consulting</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roland Berger GmbH</td>
<td>12</td>
<td>2,400 (n.a.)</td>
<td></td>
</tr>
<tr>
<td><strong>Market Research</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GfK</td>
<td>12</td>
<td>13,000 (n.a.)</td>
<td></td>
</tr>
</tbody>
</table>

**Sources:**
- TPA Horwarth Austria (2016)
- CMS (2016)
- CHSM (2015)
- Schönberg (2014)
- Wolf Theiss (2016)
- Amrop Jenewein (2016)
- ISG (2016)
- Roland Berger (2016)
- GfK (2016)

n.a.: not available
Nearly all of the Austrian companies listed on the Vienna Stock Exchange are operating in the CEE market

Vienna acts as gateway for Austrian HQs operating in CEE markets. To find out about the intensity of Austrian companies doing business in CEE, the presence of ATX (Austrian Traded Index) companies in this area was examined. The chosen firms had to have at least one subsidiary in a CEE county or stakes in CEE companies in order to be counted.

In addition, there are many non-ATX, medium-sized and family-controlled firms that are engaged in CEE business. HQ of large construction companies (e.g., STRABAG, Porr, Warimpex) and medium-sized firms in the service sector (Reiwag, Salesianer Miettx) are based in Vienna.

“How many of the 20 ATX listed companies are also present in CEE?”

17 companies are present in CEE

Vienna Insurance Group, Erste Group, Immofinanz, OMV, Raiffeisen, RHI, Andritz, CA Immo, Lenzing, Telekom Austria, Zumtobel, Voestalpine, Wienerberger, Uniqua, Verbund, Österreichische Post, Schoeller-Bleckmann

3 companies are not present in CEE

Conwert Immobilien Invest, AT&S, BUWOG

85% of the ATX listed companies are active in the CEE region & 60% are headquartered in Vienna (in bold type)

15% of ATX firms mainly real estate firms are not present in CEE

Sources
Wiener Börse: http://www.wienerboerse.at/stocks/atx/
Establishment of regional headquarters in Vienna increased by 5.8% within one year

Due to its geographic situation in the heart of Europe and its proximity to the CEE market, Vienna is a popular headquarters (HQ) location not only for Austrian HQ, but also for CEE-HQ, such as Henkel, Siemens, Mondi, Lukoil and Western Union. These CEE HQ are mandated to run the operations in CEE countries for the corporate group. Vienna attracts international organizations with its central geographic location, multicultural flair and internationality. Despite the discussion of the necessity of CEE HQ in Vienna in the last years, its benefits are still existing and help attracting new companies. Changes can be seen in the origin of the parent: CEE HQ belonging to German parents fell from 40% in 2011 to 34% in 2015, the number of regional HQ from CEE and Asian are increasing.

Reasons for Vienna’s popularity as a HQ location
- **Central Location**: access to Central, South East and Eastern Europe & Western Europe
- **Highest Quality of Life & Stability**: healthcare & education system, political, social and economic stability, legal certainty
- **Excellent Infrastructure**: air traffic & shipping
- **Research Funding**: tax incentives, research premium of 10% can be claimed for R&D expenses
- **Internationality**: cultural diversity
- **Skilled Workers**
- **Optimal Location for Holdings**: group taxation, double taxation agreements, corporate income tax of 25%
- **Dynamics and Size**: 2nd largest German-speaking city

<table>
<thead>
<tr>
<th>Development of regional HQs</th>
<th>2014</th>
<th>2015</th>
<th>+5.8 %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>341</td>
<td>362</td>
<td></td>
</tr>
</tbody>
</table>

From (HQ of the parent company):
34% Germany, 18,4% USA, 7,1% Switzerland
Increasingly from: CEE countries, Asia
60% of international HQs in Austria settled in Vienna

Sources
Within the last three years numerous relocations of CEE HQ to Vienna took place, which increased jobs and investment volume – this trend is believed to continue

- Lufthansa: CEE sales office relocated from Budapest to Vienna (2013/14)
- Computer Science Corporation: Regional CEE HQ relocated from Prague to Vienna
- LUKOIL: Relocation from Amsterdam & further development of Viennese HQ
- TeleTrade: Regional CEE HQ since January 2015
- Roche: CEE HQ in summer 2016

- Unicredit: Plans resettlement of CEE HQ of Bank Austria to parent in Milan

### Foreign Investment in Vienna

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign enterprises</td>
<td>159 settlements</td>
<td>175 settlements</td>
<td>+ 9.14%</td>
</tr>
<tr>
<td>New jobs</td>
<td>960</td>
<td>1.450</td>
<td>+ 33.79%</td>
</tr>
<tr>
<td>Investment volume</td>
<td>244 million €</td>
<td>630 million €</td>
<td>+ 61.27%</td>
</tr>
<tr>
<td>Origin of foreign investors</td>
<td>DE, CEE (HU, RU, SK), USA</td>
<td>DE, HU, IT</td>
<td></td>
</tr>
</tbody>
</table>

Sources
Examples of well-known firms with regional headquarters in Vienna

<table>
<thead>
<tr>
<th>Company name</th>
<th>Global HQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1 Telekom Austria</td>
<td>Mexico</td>
</tr>
<tr>
<td>Alcatel</td>
<td>France</td>
</tr>
<tr>
<td>ATOS</td>
<td>France</td>
</tr>
<tr>
<td>Austrian Airlines</td>
<td>Germany</td>
</tr>
<tr>
<td>Banco do Brasil</td>
<td>Brazil</td>
</tr>
<tr>
<td>Bank Austria</td>
<td>Italy</td>
</tr>
<tr>
<td>BASF</td>
<td>Germany</td>
</tr>
<tr>
<td>Beiersdorf</td>
<td>Germany</td>
</tr>
<tr>
<td>Boehringer Ingelheim</td>
<td>Germany</td>
</tr>
<tr>
<td>Bosch</td>
<td>Germany</td>
</tr>
<tr>
<td>Brenntag</td>
<td>Germany</td>
</tr>
<tr>
<td>Bridgestone</td>
<td>Japan</td>
</tr>
<tr>
<td>Canon</td>
<td>Japan</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company name</th>
<th>Global HQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chopard</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Coface</td>
<td>France</td>
</tr>
<tr>
<td>Compuware</td>
<td>USA</td>
</tr>
<tr>
<td>Ecolab</td>
<td>USA</td>
</tr>
<tr>
<td>Electrolux</td>
<td>Sweden</td>
</tr>
<tr>
<td>Eli Lilly</td>
<td>USA</td>
</tr>
<tr>
<td>ERGO</td>
<td>Germany</td>
</tr>
<tr>
<td>Ericsson</td>
<td>Sweden</td>
</tr>
<tr>
<td>FESTO</td>
<td>Germany</td>
</tr>
<tr>
<td>Fujitsu Siemens</td>
<td>Japan</td>
</tr>
<tr>
<td>Gefco</td>
<td>France</td>
</tr>
<tr>
<td>GfK</td>
<td>Germany</td>
</tr>
<tr>
<td>H+M</td>
<td>Sweden</td>
</tr>
</tbody>
</table>

The most recent list of Headquarters Austria (2015) counts 362 regional headquarters in Austria. **216 are based in Vienna** what represents a share of 60%. Most of them are in charge of countries in CEE. Germany, USA, Japan and Switzerland are the leading countries of origin.

Sources
## Examples of well-known firms with regional headquarters in Vienna

<table>
<thead>
<tr>
<th>Company name</th>
<th>Global HQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Henkel CEE</td>
<td>Germany</td>
</tr>
<tr>
<td>Hewlett-Packard</td>
<td>USA</td>
</tr>
<tr>
<td>Hitachi</td>
<td>Japan</td>
</tr>
<tr>
<td>Kia</td>
<td>Korea</td>
</tr>
<tr>
<td>Kika/Leiner</td>
<td>South Africa</td>
</tr>
<tr>
<td>Knauf</td>
<td>Germany</td>
</tr>
<tr>
<td>Kühne &amp; Nagel</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Louis Vitton</td>
<td>France</td>
</tr>
<tr>
<td>Lukoil</td>
<td>Russia</td>
</tr>
<tr>
<td>McCain Foods</td>
<td>Canada</td>
</tr>
<tr>
<td>Merck</td>
<td>Germany</td>
</tr>
<tr>
<td>Mizuho Bank</td>
<td>Japan</td>
</tr>
<tr>
<td>Mondi</td>
<td>South Africa</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company name</th>
<th>Global HQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Otis</td>
<td>USA</td>
</tr>
<tr>
<td>Peek &amp; Cloppenburg</td>
<td>Germany</td>
</tr>
<tr>
<td>Quintiles</td>
<td>USA</td>
</tr>
<tr>
<td>Roland Berger</td>
<td>Germany</td>
</tr>
<tr>
<td>Samsung</td>
<td>Korea</td>
</tr>
<tr>
<td>Sberbank Europe</td>
<td>Russia</td>
</tr>
<tr>
<td>Schenker &amp; Co.</td>
<td>Germany</td>
</tr>
<tr>
<td>Schindler Aufzüge</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Sharp</td>
<td>Japan</td>
</tr>
<tr>
<td>Siemens</td>
<td>Germany</td>
</tr>
<tr>
<td>Solvay</td>
<td>Belgium</td>
</tr>
<tr>
<td>Western Union</td>
<td>USA</td>
</tr>
<tr>
<td>Yokogawa</td>
<td>Japan</td>
</tr>
</tbody>
</table>

**Sources**

CEE as a major destination of outgoing foreign direct investment of companies from Vienna

The importance of CEE as target region for corporate investments is reflected in the **outgoing foreign direct investments (FDI)** of firms located in Vienna. More than half of all investments, namely **51.2% of FDI** in 2012, went to CEE countries. „Old EU“ (EU-15) accounts for a quarter of FDI from Vienna. Added up, the majority of FDI (87.1%) went to European countries, only 13% to other world regions. The strong **European orientation** may be due to the strong (financial) service sector of the city which leans towards regionalization rather than globalization.

On the **inward FDI** side CEE is nearly not existing. Only **Russian companies**, which account as 4th largest investor for 8.6% of all FDI, stick out as direct investors in Vienna.
Vienna is an attractive business hub in Central Europe

Summing up, the analysis shows that Vienna is a highly attractive city and business hub in CEE. It may not be a vibrant business and finance location as London, Paris or Frankfurt (EY, 2015) but it holds a strong position in Central Europe.

It is a mix of “hard” and “soft” factors that determine the attractiveness of the City. Among the hard factors are the central geographic location, the airport and good traffic connections to neighboring countries.

Soft factors such as personal safety, high quality of living and its internationality let it rank high among expatriates. A strong immigration from Central and Southeastern Europe gives firms access to people with CEE competences such as language and cultural understanding that are needed when doing business in the region. The high number of headquarters and supporting service providers represent an agglomeration advantage. Vienna’s strong historical roots in the region and its history as a meeting place and leading congress location are helping too.
Almost all of Europe is reachable within 3 flight hours from Vienna

With its location in the heart of Europe, almost all destinations on the continent are reachable within three flight hours or less.

Also road transportation time to many locations is low. The average truck transit time including border controls to Bucharest or Sofia amount to only three days. Destinations such as Budapest, Ljubljana and Zagreb are reachable within one day.

Sources
Business Agency (ABA) (2014)
Vienna offers very good transportation connections via road, air, rail and water

**Vienna Airport**
- Offers one of the **best connections to CEE**: 30 destinations
- Differentiates through serving **secondary destinations**
- 18% of total passengers go to and come from CEE
- Tailored to **business travelers**
- **Munich Airport** as main competitor
- CEE airports such as Prague, Budapest and Belgrade serve less CEE destinations than Vienna

**Vienna Main Station**
- Center of **three Trans-European Transportation Network Corridors**
- New main station designed as **transit station**, allowing seamless connection of east and west
- Several **direct connections** to CEE countries as to Prague and Budapest

**Vienna Harbor**
- Center of the European inland **waterway of Rhine / Maas – Main – Danube** – connecting the Black Sea with North Sea (Rotterdam)
- **Biggest public port** along the Danube
- Combining water, rail and road transport
- 4.044 ships with 460.000 passengers handled every year

**Logistics**
- Lufthansa Cargo uses Vienna as a gateway to CEE
- Total cargo of 280.000 tons

**Logistics**
- OeBB rail cargo group among the leading rail carriers in Europe with a strong presence in CEE

**Logistics**
- 7,7 m tons of goods handled

**Sources**
- OEBB
- Hafen Wien
- European Comission
- Lufthansa
- Railcargo

Austrian Business Agency (ABA)
Financial Times
Vienna Airport
Munich Airport

38
Vienna Airport is an important hub for CEE and especially strong in Southeastern Europe destinations, whereas Munich serves many secondary destinations to Poland.

Vienna Airport has one of the best connections to CEE, mainly due to the strategic positioning of Austrian Airlines. It serves many secondary destinations that are not served by any other airport in Western Europe. From a total of 240 destinations, about 30 are in CEE. The passenger share the region amounts to ~18% of total passengers. The share declined by over 6% from 2013 to 2014 due to the Russia / Ukraine crisis.

Many connections are tailored to business travellers – i.e. early flight in the morning, late flight back in the evening (e.g., VIE – BEG). This is a major advantage for doing business in CEE from Vienna, as transfers increase travel time considerably. This issue was also mentioned as a major benefit in our discussions with HQ.

However, Munich Airport for instance also serves around 30 CEE locations, the majority are the same as from Vienna. The difference lies mostly in the secondary destinations, where Munich is very strong in Poland for historical reasons.

Sources
Vienna Airport (2016a,b,c)
Munich Airport (2016)
Within CEE Prague serves many secondary destinations in Russia, whereas Airports such as Budapest and Belgrade have considerably less CEE connections than Vienna

When looking at some CEE airports there are some important observations to make. First, most of the destinations served would also be accessible directly from Vienna. From this sample, only Prague offers a considerable number of secondary destinations that are not served by Vienna Airport. Many of them are in Russia (8 destinations). In the case of Budapest and Belgrade, the number of CEE destinations served in total is also considerably lower than from Vienna.

### Prague Airport CEE destinations (25.03.2016)

<table>
<thead>
<tr>
<th>Destination</th>
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</thead>
<tbody>
<tr>
<td>Belgrade</td>
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<tr>
<td>Bourgas</td>
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<tr>
<td>Bratislava</td>
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<tr>
<td>Bucharest</td>
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<td>Cherepovets</td>
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<td>Dubrovnik</td>
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<td>Ekaterinburg</td>
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<td>Kazan</td>
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<td>Kiev</td>
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<td>Kosice</td>
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<td>Krasnodar</td>
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<tr>
<th>Destination</th>
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<tbody>
<tr>
<td>Ljubljana</td>
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<tr>
<td>Minsk</td>
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<tr>
<td>Moscow</td>
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<tr>
<td>Nizhny Novgorod</td>
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<tr>
<td>Novosibirsk</td>
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<tr>
<td>Odessa</td>
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<tr>
<td>Ostrava</td>
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<td>Podgorica</td>
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<td>Radom</td>
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<td>Riga</td>
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<td>Rostov on Don</td>
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<tr>
<th>Destination</th>
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<tbody>
<tr>
<td>Samara</td>
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<td>Skopje</td>
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<tr>
<td>Sofia</td>
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<tr>
<td>Split</td>
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<tr>
<td>St. Petersburg</td>
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<td>Tira</td>
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<td>Ufa</td>
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<tr>
<td>Varna</td>
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<tr>
<td>Varna</td>
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<tr>
<td>Zagreb</td>
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### Budapest Airport CEE destinations (25.03.2016)

<table>
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<tr>
<th>Destination</th>
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<tbody>
<tr>
<td>Belgrade</td>
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<tr>
<td>Bucharest</td>
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<tr>
<td>Bourgas</td>
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<tr>
<td>Chisinau</td>
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<tr>
<td>Cluj</td>
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<tr>
<td>Kiev</td>
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<td>Moscow</td>
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<table>
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<th>Destination</th>
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<tbody>
<tr>
<td>Odessa</td>
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<td>Podgorica</td>
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<tr>
<td>Prague</td>
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<tr>
<td>Pristina</td>
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<tr>
<td>Sarajevo</td>
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<tr>
<td>St. Petersburg</td>
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<td>Skopje</td>
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<tr>
<th>Destination</th>
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<tbody>
<tr>
<td>Sofia</td>
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<tr>
<td>Tirana</td>
</tr>
<tr>
<td>Tirgu Mures</td>
</tr>
<tr>
<td>Utzgorod</td>
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<tr>
<td>Varna</td>
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<tr>
<td>Varna</td>
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<tr>
<td>Zagreb</td>
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### Belgrade Airport CEE destinations (25.03.2016)

<table>
<thead>
<tr>
<th>Destination</th>
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</thead>
<tbody>
<tr>
<td>Banja Luka</td>
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<tr>
<td>Bucharest</td>
</tr>
<tr>
<td>Ljubljana</td>
</tr>
<tr>
<td>Moscow</td>
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<tr>
<td>Podgorica</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Destination</th>
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<tbody>
<tr>
<td>Prague</td>
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<tr>
<td>Sarajewo</td>
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<tr>
<td>Skopje</td>
</tr>
<tr>
<td>Sofia</td>
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<tr>
<td>Tirana</td>
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<tr>
<td>Tirgu Mures</td>
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<td>Utzgorod</td>
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<td>Varna</td>
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<td>Varna</td>
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<tr>
<td>Zagreb</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Destination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tivat</td>
</tr>
<tr>
<td>Warsaw</td>
</tr>
<tr>
<td>Zagreb</td>
</tr>
</tbody>
</table>

### Red marked destinations are also served from Vienna

Sources

- Prague Airport (2016)
- Budapest Airport (2016)
- Belgrade Airport (2016)
Vienna lies in the center of three trans-European transportation network corridors and has strengthened its position with the new main train station.

With the new Vienna **Main Train Station** now in operation, Vienna has become an important European transportation corridor. Previously, Vienna had several train stations dispersed throughout the city, which were designed as terminal stations. The new Main Station is designed as a transit station, where trains coming from the west can seamlessly travel through to the east and vice versa.

From Vienna Main Station there are several **direct connections** to CEE countries. Approximately every two hours there is a direct train from Graz through Vienna to Prague. There are also several connections a day from Munich or Zurich through Vienna to Budapest.

**Sources**
The Vienna Danube Port is one of the biggest logistical centers in Austria and is well positioned in the center of the TEN inland waterway 18 (Rhine / Maas – Main – Danube).

The Vienna Danube Port is the biggest public port along the Danube and one of the most important logistic centres in Austria. Its strength lies in the connection of water, rail and road transport.

Vienna is strategically well positioned in the centre of the TEN inland-waterway 18 Rhine / Maas – Main – Danube, which is a major transportation corridor across Europe connecting the Black Sea (Constanța, Rumania) with the major north sea port of Rotterdam. Vienna is also in the centre of major rail corridors.

In 2014, 7.7 million tons of goods were handled at the Vienna port with 1,300 ships, 58,000 vehicles and 480,000 TEU (standard containers).

At the passenger terminal 4,044 ships carrying over 460,000 people were handled.

Sources
Hafen Wien (2016)
European Commission (2016)
Due to the very good location in the heart of Europe and the position within the Trans-European transportation network, Vienna also serves as a logistics hub in the region.

As mentioned on the previous slides, Vienna airport, Vienna port and Vienna main station with their unique position in the heart of Europe with historical links to CEE represent in addition to passenger traffic also an important logistics hub for the region.

Further examples

Since the takeover of Austrian Airlines, Lufthansa Cargo uses the Vienna airport and the Austrian Airlines passenger plane belly-capacity as a gateway to CEE. Munich, as a strong contender for passenger travels to CEE, is mainly used as an intercontinental cargo hub.

The Rail Cargo Group (OeBB) is one of the leading European rail cargo companies with a strong presence in CEE through logistic centres and subsidiaries in the region (Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Russia, Slovakia, Slovenia). The company handled over 110 million tons of goods in 2014. The company is headquartered at the new Vienna main station.

Lufthansa Cargo freight at VIE
- Total air cargo handled at Vienna hub: 280,000 tons
- Around 400 flights a day with belly capacity (AUA and LH)
- Around 10 trucks ex VIE per day in the Road Feeder Service fleet directly from the shipper

Sources
Lufthansa Cargo (2016)
Rail Cargo (2016)
Vienna is well positioned in terms of tourism within a peer group consisting of European cities with more than 10 million overnight stays


The ranking is based on seven sub rankings with the following parameters: growth in stays, stays per capita, growth in bed capacity, value creation, internationality, accessibility and congresses. Vienna scores the highest in congresses whereas in terms of accessibility Vienna ranks only 10 out of 13 just before Berlin, Prague and Hamburg.

Although Prague is not among the top 10 in this ranking, is scores the highest in internationality and third highest in stays per inhabitant.

Sources
Roland Berger (2015)
Around 19% of all tourists visiting Vienna are from CEE

The proportion of **CEE visitors** rose from 14.7% in 2007 to 19.2% in 2014. Among the CEE countries **Russia, Romania** and **Hungary** make up more than 50% of all CEE tourists.

Additionally, tourists who come to Vienna for a day trip only, do not stay overnight or with relatives are not included in this statistics – what is especially relevant for neighboring countries such as Slovakia and Hungary. With the exception of Russia, Latvia and the Ukraine, tourists from all other CEE countries have significantly lower bednights per arrival than the average.

Tourist arrivals from CEE countries show extraordinary growth rates (2014) e.g. Lithuania +21%, Poland +17%, Slovakia +15%

Due to the weak economic situation in Russia and the Ukraine, the arrivals from those countries dropped by 14% and 6% respectively.

**Sources**
Wien.gv.at (2014)
Vienna is among the top five congress destinations in Europe

Vienna is among the **top 5 congress destinations** worldwide according to the ICCA. No CEE city is among the top 10.

Around 11% of all overnight stays in Vienna are in connection to a congress or similar event.

In 2014 there were a total of 1,458 congresses in Vienna. The majority of them were with international participation, which grew by 15% compared to the previous year. Unfortunately there is no data available about the nationality of conference visitors in Vienna.

<table>
<thead>
<tr>
<th>Rank</th>
<th>City</th>
<th># participants</th>
<th># meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Paris</td>
<td>130,516</td>
<td>214</td>
</tr>
<tr>
<td>2</td>
<td>Barcelona</td>
<td>127,469</td>
<td>182</td>
</tr>
<tr>
<td>3</td>
<td>Madrid</td>
<td>91,452</td>
<td>200</td>
</tr>
<tr>
<td>4</td>
<td>London</td>
<td>89,969</td>
<td>166</td>
</tr>
<tr>
<td>5</td>
<td>Vienna</td>
<td>81,902</td>
<td>202</td>
</tr>
<tr>
<td>6</td>
<td>Amsterdam</td>
<td>79,356</td>
<td>133</td>
</tr>
<tr>
<td>7</td>
<td>Berlin</td>
<td>76,880</td>
<td>193</td>
</tr>
<tr>
<td>8</td>
<td>Istanbul</td>
<td>75,864</td>
<td>130</td>
</tr>
<tr>
<td>9</td>
<td>Copenhagen</td>
<td>57,551</td>
<td>105</td>
</tr>
<tr>
<td>10</td>
<td>Singapore</td>
<td>57,497</td>
<td>142</td>
</tr>
</tbody>
</table>

Top 10 city ranking by estimated total number of participants to all meetings organised in 2014, including number of meetings organised in 2014

Sources
ICCA (2014)
Vienna Convention (2016)
Public engagement for CEE is high in Vienna and comes from a diversity of organizations

A major factor that sets Vienna apart from other cities in CEE and neighbouring Western Europe is the strong interest in CEE affairs. There have always been representatives from politics, diplomacy, media, science, business and culture - even before the fall of the Iron Curtain – who have advocated closer relationships, more interactions and cooperation between the West and East. This is also mirrored in Vienna’s long tradition as a meeting place. Due to the initiative of politicians, diplomats and business people Vienna hosted important events such as the “Vienna Initiative” in the banking sector that helped safeguarding the financial stability of CEE in the aftermath of the global economic crisis in 2009.

You can also find several think-tanks, organizations, and platforms in Vienna that focus their activities on the CEE region and act through their activities as “marketers” of the CEE region:

- **Centrope** is partnership of 16 regions in Austria, Czech Republic, Slovakia and Hungary that aims at cooperating in EU projects in the areas of creating a knowledge region, spatial integration, and development of human capital and culture and tourism in the region.
- The **Vienna Institute for International Economic Studies (wiiw)** is the global leading institute in macroeconomic, foreign trade and direct investment research on CEE and CIS.
- The **Institute for the Danube Region and Central Europe (IDM)** addresses topics regarding the Danube region, Central and Southeast Europe to enhance knowledge about the region and promote good neighbourly relations.
- **ERSTE Foundation** focuses its work on the cultural region of CE and SEE and supports social participation and civil society engagement.
- **HQ Austria** deals with issues concerning headquarters in Austria - CEE HQ are a major group of its membership base.
- The **Vienna Economic Forum** promotes investment opportunities in the region from the Adriatic to the Black Sea.
- The aim of the **Energy Community** is to extend the EU internal energy market to Southeastern Europe.
- The **Austrian Federal Economic Chamber (WKO)** supports Vienna as a hub with events such as “Latin America meets CEE in Vienna”.

Many universities in Vienna have centers or platforms with focus on CEE such as the **Competence Center for Emerging Markets & CEE** at WU Vienna, the **Competence Center for Black Sea Region Studies** at Fachhochschule of BFI or the research platform “Vienna Forum of Eastern Europe” of the University of Vienna. Conferences and talks dedicated to CEE issues complement the offering (e.g., CE Business Club of Erste Group, Roland Berger & IDM, Grow East Congress, Vienna Economic Forum – Vienna Dialogue).
Research, technology and innovation are crucial factors for Vienna to be an attractive location for multinational firms

As the capital of Austria Vienna has always been a location of leading research and science institutions. The City of Vienna is responding to the increasing importance of innovation for city economies with its research, technology and innovation policy. The positive outcome of this effort is confirmed by several studies and rankings.

- Vienna is one of the leading cities in Europe when it comes to research investments. Its 2014 research quota was 3.55%, which is not only far above the EU average of 2% but also higher than the Lisbon target of 3% for 2020.

- The total research expenditures in the whole Vienna region amount to approximately 3.63 bn. EUR. In comparison, whole Austria's research expenditures in 2013 amounted to 2.9 bn. EUR were spent. Vienna’s ratio of R&D expenditures in comparison to the rest of Austria sank continuously over the past years. This is not due to declining or static values in Vienna but due to rapid growth of R&D in the remaining parts of the country.

- The biggest part of R&D expenditures, more precisely 54%, get invested in the private business sector, 38% get invested in the sector of higher education, the rest flows into state and private non-commercial spending. The main source of financing for these expenditures is the public sector, closely followed by private businesses, the third biggest source are international organizations (not including EU) which solely support the business sector.

- In 2013, Vienna counted 1,466 research units, of which 54% belonged in the private sector. In total around 43,700 researches were employed who equaled to approximately 21,700 full-time employments.

- Within the private business sector the top-10 companies make up almost half of all R&D expenditures. 45% of all R&D prosecuting companies are small and have only 10 or less employees. Regarding the industry the highest expenditures can be found in the service and information sector.

- In 2014, there were approximately 190,000 students in Vienna, which is even more than in Berlin (170,000), Munich (112,000) and Zurich (66,000).

Sources
Stadt Wien, Statistik Journal (2015 & 2014);
Vienna Region (2011)
There are various institutes to support research and innovation in Vienna, which is also indicated by a high number of employees in this sector.

**Austrian Institute of Technology (AIT)**

The AIT is Austria’s largest non-university research institute. It’s main locations are situated in the region of and around Vienna. AIT’s research sectors, of which all are present in Vienna, are the following: Energy, Mobility, Digital Safety & Security, Health & Environment and Innovation Systems.

More than 1,200 employees are actively doing research and provide content that can be shared by AIT with its partners in the private industry sector. As AIT strictly defines and abides by its five research areas they have the aspiration to be leading players in each and everyone of them.

**Life Sciences in Vienna**

Life Sciences is one of the main R&D sectors present in Vienna, in 2014 around 430 companies were active in this industry and approximately 22,000 people were employed by them.

One of the institutes that ensures Vienna’s important role when it comes to life science is the Vienna Biocenter Association. Founded in 2001 this conglomerate of campus institutions is now one of the leading biomedical research facilities worldwide and builds the primary location for this field in the Central European region. In there new facilities in “Neu Marx” they employee around 1,400 researches that are supported by 700 students.

Another big player in this industry is the Regional Center Vienna of Boehringer Ingelheim, which has recently expanded its Vienna offices and research capacity. The RCV is not only a hub for CEE but also coordinates activities in Central Asia, Israel, and Switzerland. The company is on of the most research intense pharmaceutical firms in Austria. In 2014 it made revenues of more than 910 million EUR and employed 3200 workers.

**Sources**

Invest in Austria (2014); Vienna Business Agency (2015);
Austrian Institute of Technology (2015); Vienna Biocenter Association (2015); Life Science Austria (2014)
Different public and private institutes are active in the Austrian Start-up scene to support and promote young companies.

There is a large number of support institutions for start-ups in Vienna. A non-exhaustive list of examples can be found below.

**Public support**
- ABA-Invest in Austria
- Arbeitsmarktservice (AMS)
- Austrian Chamber of Commerce
- Austria Wirtschaftsservice (aws)
- Entrepreneurship Center Network (ECN)
- Forschungsförderungsgesellschaft (FFG)
- INiTS Innovation in Business
- Junge Wirtschaft
- Vienna Business Agency
- Vienna Universities
- WAFF
- Wissens- und Technologietransferzentrum Ost

**Private Support**
- AIESEC
- Austrianstartups
- BarCamp Wien
- Cisco Entrepreneurs in Residence
- I2b
- i5invest
- Icon-s
- IncredibleEurope
- Mehrblick
- Social Impact Award
- Startus
- Sustainable Entrepreneurship Award (SEA)
- STARTeurope / Pioneers
- TEDx Vienna
- Uniforce Consulting
- Uni Management Club
- What A Venture
During the last years the Start-up scene has become very active in Vienna, a network was built up that is very beneficial for newcomers

Vienna is a vibrant city with many creative, entrepreneurial people that want to realize their business ideas. Investors and entrepreneurs come together here and make use of (comparatively to other big start up hubs) cheap co-working spaces.

Due to its location the Viennese start-up scene welcomes ideas that connect Western and Eastern Europe, the location is therefore a good entrance point in either market. Additionally, it is good basis for the DACH market, the German speaking region in Europe.

The high purchasing power and the big number of students make Vienna an attractive market for young companies. However the small population also limits the growth possibilities for companies within the country.

**Governmental regulations** are a deterrent to start businesses in Vienna, not only are the costs of founding a Limited Liability Company with 10.000€ quite high, also bureaucracy is difficult and time consuming.

A large number of events take place in Vienna every year to promote start-ups. Examples are the Pioneers Festival, which is one of the biggest start-up festivals in Europe and Entrepreneurship Avenue, organized by students to encourage young people to become future founders. Others are Innovation and Entrepreneurship Forum, i2b Business Plan Competition, StartUP Live, Startup Weekend, Lean Startup Machine.

There exists a big offering of co-working spaces, investor platforms and angel investors, grants and crowd investing opportunities, and incubators and accelerator programs. Vienna's **limitations** when it comes to its small size may, however, still be a reason for many founders to move to bigger and even more developed start-up cities like Berlin and London.

**Sources**
StartUs Magazine (2015)
Tech.co (2015)
A study by Roland Berger about the Start-up hub Vienna explains advantages and points of improvement based on international best practices.

The Viennese start-up ecosystem consists of six different stakeholder groups: Public authorities, media, educational institutes, established companies, private investors, and various supporters.

Every ecosystem is different, it is therefore not advised to copy successful examples as the Silicon Valley, this usually does not lead to the expected result.

An ecosystem grows organically and is influenced by various factors and their attitude towards young companies. In addition to the public authorities, which are also a stakeholder, the domains that have an influence are:

- The smallness of the market is often holding firms back if they do not dare to “think big” and beyond the Austrian borders.
- Human capital which splits up into available workers and educational institutes – even though Vienna has a great workforce there are deficits when it comes to the education of new talents.
- Vienna offers an excellent infrastructure and cultural environment but still has room for more independent supporting organizations, especially such with an international reach.
- The culture which besides showing success stories still does not accept failure as part of the process to success.
- Financing is characterized by high availability of funds in an early stage but significantly less when it comes to finance expansion in a later stage of the company life cycle.

10 successful start-ups were interviewed and analyzed. They expressed the following wishes for the Viennese Start-up ecosystem:

- Easing of non-wage labor costs
- More flexibility when it comes to other legal settings like working hours or foreign employees
- Tax incentives for investors like business angels and private persons
- Introducing a legal system explicitly for Start-ups
- Easing the process to apply for public sponsorship
- Promoting the network between Start-ups and with universities
- Promoting the interest for entrepreneurship and openness, motivation as well as other necessary skills already at an early age
- Raising awareness and acceptance for possible failure in the process of creating something new – “Kultur des Scheiterns”

Additional recommendations by the authors were:

- A higher integration of large companies, e.g. by building a central Start-up campus
- To introduce a new political mindset that is more in favor of founders
- To induce young scientists to found their own companies
- To mobilize unproductive capital

Sources
Roland Berger(2015)
Vienna as an Education Hub and Foreign Student Survey
Vienna is a popular destination for students from abroad, even though less English study programs are offered compared to other CEE cities.

The city of Vienna is home of 10 public universities, 6 universities of applied sciences and 4 private ones which host almost 190,000 students in total.

Vienna is very attractive for international students, with about 26% of all students coming from abroad. Students from Bulgaria form the 3rd largest group - after Germany and Italy – and account for 6% of foreign students in Vienna, followed by Slovakia, Poland, Romania and Hungary as the major CEE countries. Recent registration figures for WU Vienna show that 2,800 students or 13% of all students come from CEE – just at this one business university. We estimate that about 12,000 students are coming from a CEE country (incl. Balkan) in Vienna. Unfortunately, most of the foreign graduates don’t plan to stay in Austria after graduation.

Compared to other CEE cities, Vienna offers a limited number of study programs in English. Prague and Bratislava provide about 400 English study opportunities, whereas Vienna offers only 55.

Number of students from EU member states at public universities in Vienna by country of origin (2011/12)

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Students</th>
</tr>
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<tbody>
<tr>
<td>Germany</td>
<td>13771</td>
</tr>
<tr>
<td>Italy</td>
<td>2304</td>
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<tr>
<td>Bulgaria</td>
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<td>Slovakia</td>
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<td>Poland</td>
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<td>Hungary</td>
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<tr>
<td>Czech Republic</td>
<td>499</td>
</tr>
<tr>
<td>Others</td>
<td>2806</td>
</tr>
</tbody>
</table>

Sources:
- https://www.wien.gv.at/bildung/hochschulen/hochschulen.html
- https://www.wien.gv.at/statistik/bildung/tabellen/studenten-uni-zr.html

Prague: http://www.studyin.cz/programmes/

Vienna:
- https://www.meduniwien.ac.at/homepage/content/studium-lehre/studienangebot/
- http://www.fachhochschulen.ac.at/de/studienangebot
- http://studentpoint.univie.ac.at/en/what-to-study/bachelor-programmes/?no_cache=1
- http://www.wu.ac.at/programs/master/
- https://www.boku.ac.at/studienangebot/internationale-masterstudien/
- https://www.tuwien.ac.at/dle/studienabteilung/studienangebot/
QS ranks Vienna’s quality of education high among CEE cities and places it in the top 20 best study cities

The quality of education in Vienna can be considered as high when comparing it to other CEE cities.

To give an example, the University of Vienna (as one of the two ranked Viennese institutions) is ranked as the 153rd best university worldwide in the “QS World University Ranking 2015/16”. It has a higher academic reputation or share of international students than the University of Prague or Warsaw.

The City of Vienna itself can also be found on 16th place in the “QS Best Study Cities 2016” ranking which accredits factors such as affordability and student mix (among others). In comparison, Prague is ranked 26th.

<table>
<thead>
<tr>
<th>Rank</th>
<th>University Name</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>108</td>
<td>Lomonosov Moscow State University</td>
<td></td>
</tr>
<tr>
<td>153</td>
<td>University of Vienna</td>
<td></td>
</tr>
<tr>
<td>197</td>
<td>Vienna University of Technology</td>
<td></td>
</tr>
<tr>
<td>279</td>
<td>Charles University in Prague</td>
<td></td>
</tr>
<tr>
<td>344</td>
<td>University of Warsaw</td>
<td></td>
</tr>
</tbody>
</table>

Sources:
http://www.topuniversities.com/best-student-cities
Vienna fosters co-operation with the CEE regions through various partnerships in university education

The Viennese universities engage in a number of partnerships with other universities worldwide.

Regarding CEE, the 4 biggest universities in Vienna offer numerous **joint study programs** with CEE universities:

Vienna (and Austria) has initiated several partnerships with CEE countries to encourage cooperation in the field of university education. **CEEPUS (Central European Exchange Program for University Studies)**, for example, is a student mobility program between Austria and 15 CEE countries. This network of universities aims at supporting the transnational cooperation and at operating joint programs.

In addition, Austria inaugurated special bilateral agreements with Slovakia, Hungary and Czech Republic to promote joint study programs and cooperation in education.

**Sources:**
https://erasmus.univie.ac.at/site/weiterfuehrendelinks/erasmuspartnerunis, https://international.univie.ac.at/outgoing-students/non-eu-student-exchange-program/listender-non-eu-student-exchange-abkommen/
http://www.ai.tuwien.ac.at/international/index.php/outgoing/stipendienprogramme/europa.html
https://iss.tuwien.ac.at/mobility/erasmusList.html?windowid=620
https://www.meduniwien.ac.at/homepage/content/studium-lehre/international/erasmus/erasmus-partneruniversitaeten/
https://www.meduniwien.ac.at/homepage/content/studium-lehre/international/kooperationen-cooperations/kooperationspartner/
http://www.ceepus.info/default.aspx?CMSPage=65,
https://www.oead.at/willkommen_in_oesterreich/stipendien_foerderungen/internationale_kooperation_mobilitaet_projektfoerderung/ceepus_zentraleuropa/
https://www.oead.at/go_international/internationale_kooperationen_mobilitaetsprogramme/auslandstipendien/aktionen_slowakei_tschechien_ungarn/DE/
The “talent perspective”: Capital follows talent and innovativeness

Our analysis leads us to the following preliminary assumptions about the role of talents for a city’s attractiveness. The overall quality and cost of living and studying as well as a city’s offering of educational institutions affect its attractiveness for talents. Talents are looking for interesting tasks and jobs which are typically provided by internationally operating firms and organizations, start-ups, research centers & universities and professional service providers. Or they want to become entrepreneurs and start a business. Together with supporting and facilitating „soft factors” this business network determines the role of the city in the regional, European and global economy and as a consequence its overall attractiveness. Not capital is the starting point in this model but talents. A thriving business network will create the basis for further investments and the creation of new jobs.

Good quality higher education
Quality of life
Cultural vibrancy
Affordable studying & living
Reputation/ appeal of a city

Research centers/ universities
Multinational firms
Start-ups/creative industries
Professional service providers

City’s attractiveness as a business hub and volume/type of investment

Talents
Those factors attract
Look for jobs/ engagement in
Those activities determine
Survey provides insights in what makes Vienna attractive as a place to study

Study goal
To compliment research on educational environment and positions in Vienna through getting insights from international master students who have decided to do their full study program at WU Vienna.

Main points of interest: 1) why have they chosen Vienna as a city to study and live in, 2) what distinguishes Vienna from other cities in the region and 3) what are the city’s assets that should be highlighted in the future.

Research design
• Method: Online survey
• Sample size: n=95 (mostly students of SIMC, Marketing and CEMS master programs at WU Vienna)
• Survey period: Mid April – End May 2016
• Target group: International full-time master students at WU Vienna

<table>
<thead>
<tr>
<th>Nationality of the respondents (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>Italy</td>
</tr>
<tr>
<td>Russia</td>
</tr>
<tr>
<td>Slovakia</td>
</tr>
<tr>
<td>Others</td>
</tr>
</tbody>
</table>
Most of the respondents are new in the city and regard low-cost education and the reputation of Vienna and WU as main reasons for coming here.

<table>
<thead>
<tr>
<th>What were your main reasons for moving to Vienna? (%)</th>
<th>0%</th>
<th>10%</th>
<th>20%</th>
<th>30%</th>
<th>40%</th>
<th>50%</th>
<th>60%</th>
<th>70%</th>
<th>80%</th>
<th>90%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free/low cost education</td>
<td>39%</td>
<td></td>
<td>31%</td>
<td></td>
<td>13%</td>
<td>5%</td>
<td>13%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reputation of the city</td>
<td>34%</td>
<td></td>
<td>38%</td>
<td></td>
<td>15%</td>
<td>12%</td>
<td>2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reputation of the university</td>
<td>29%</td>
<td></td>
<td>46%</td>
<td></td>
<td>16%</td>
<td>7%</td>
<td>1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good employment opportunities</td>
<td>17%</td>
<td></td>
<td>23%</td>
<td></td>
<td>25%</td>
<td>22%</td>
<td>13%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central location in Europe</td>
<td>17%</td>
<td></td>
<td>25%</td>
<td></td>
<td>34%</td>
<td>11%</td>
<td>13%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural heritage</td>
<td>17%</td>
<td></td>
<td>15%</td>
<td></td>
<td>31%</td>
<td>27%</td>
<td>16%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Friends and family</td>
<td>11%</td>
<td></td>
<td>15%</td>
<td></td>
<td>15%</td>
<td>8%</td>
<td>43%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learning German language</td>
<td>8%</td>
<td></td>
<td>14%</td>
<td>26%</td>
<td>8%</td>
<td>5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Fully applies
- Largely applies
- Partially applies
- Rather does not apply
- Does not apply at all

n = 95

Living in Vienna
- Most of the participants are new in Vienna
- Living in the city for less than 2 years

Main reasons for choosing Vienna
- + Reputation of the university
- + Reputation of the city
- + Free/low cost education
- - Learning German

Prior experiences with the city of Vienna
- Half of the participants: for holidays
- 1/3 of respondents has not been to Vienna before

Other cities in the consideration set
75% of the participants considered other cities: London, Munich, Rotterdam, Mannheim, Milan, Copenhagen, Zürich, Amsterdam
Vienna is an attractive city to live in particularly due to the transportation network, the quality of living, and cleanliness of the city.

Attractiveness of Vienna

+ Transportation network of Vienna
+ Quality of living
+ Cleanliness and green areas

- Affordability of living in Vienna
- Unattractive job opportunities

What do you especially like about living in Vienna? (%)

<table>
<thead>
<tr>
<th>Attraction</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation network</td>
<td>73%</td>
</tr>
<tr>
<td>Quality of living</td>
<td>58%</td>
</tr>
<tr>
<td>Cleanliness and green areas</td>
<td>51%</td>
</tr>
<tr>
<td>Rich cultural activities</td>
<td>44%</td>
</tr>
<tr>
<td>Geographical location</td>
<td>37%</td>
</tr>
<tr>
<td>Cultural life</td>
<td>36%</td>
</tr>
<tr>
<td>Safety</td>
<td>31%</td>
</tr>
<tr>
<td>Internationality</td>
<td>21%</td>
</tr>
<tr>
<td>Affordability</td>
<td>16%</td>
</tr>
<tr>
<td>Attractive job opportunities</td>
<td>12%</td>
</tr>
</tbody>
</table>

Difficulties with living in Vienna

• Opening hours of public institutions, supermarkets
• Bureaucracy
• Finding an accommodation

Main decision criteria for having chosen WU

• Reputation of the university
• Course offer
• Reputation of the master program

Future plans

• 38% undecided whether to stay in Vienna
• 30% stay for professional reasons
• 20% leave the city after graduation
The majority of international students would prefer to work for big multinational companies in Vienna

Working in Vienna
43% of students are working part-time while doing their master program.

Reasons for not working:
• tight university schedule,
• strict visa requirements and administrative barriers,
• language barrier.

German language
71,5% of respondents possess German language on a high level, but language barrier is still an obstacle, especially in creative industries.

Which types of employers are you interested in working for? (%)

<table>
<thead>
<tr>
<th>Employer Type</th>
<th>Fully applies</th>
<th>Largely applies</th>
<th>Partially applies</th>
<th>Rather does not apply</th>
<th>Does not apply at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multinational firms</td>
<td>52%</td>
<td>25%</td>
<td>15%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Start-ups/creative industries</td>
<td>24%</td>
<td>26%</td>
<td>32%</td>
<td>12%</td>
<td>5%</td>
</tr>
<tr>
<td>Professional service providers</td>
<td>18%</td>
<td>28%</td>
<td>30%</td>
<td>13%</td>
<td>10%</td>
</tr>
<tr>
<td>Research centers/universities</td>
<td>12%</td>
<td>11%</td>
<td>22%</td>
<td>16%</td>
<td>38%</td>
</tr>
</tbody>
</table>

Preferred type of employer
• 51,6% of respondents are interested in working for big multinationals
• Getting a job at a research center/ university is not a priority for business students
• Apart from the pre-defined answers many respondents mentioned non-profit organizations and institutions as an attractive field to work for.
Fast moving consumer goods and consulting companies are the most popular employers among international students.

**Top-3 employers of choice**

In the consideration set of international students are mostly present the companies from two main industries: FMCG and consulting.

**Place 1**
- Henkel
- BCG
- McKinsey & Company

**Place 2**
- Roland Berger
- AT Kearney
- Henkel

**Place 3**
- OMV
- P&G
- Henkel
Although Vienna is an attractive city to live in, complications in finding the right job force international students to leave the city

Conclusions:

• Vienna is an attractive city to live and is advised to highlight its competitive advantages such as the excellent transportation network, or the high quality of living.
• Good reputation of Vienna and its educational institutions attract foreign students.
• Students and graduates with international background face problems with finding an attractive job in Vienna after completion of their studies. Vienna needs more multinational firms offering jobs in attractive and innovative areas to retain graduates.
• Multinational corporations are attractive employers for business students and graduates.

Recommendations:

• Offer more flexibility as to opening hours of public institutions, e.g., by offering particular services both offline and online.
• Offer accommodation guide describing the highlights of all 23 districts including average rental costs, an overview of student dormitories, and a summary of the most trustworthy and popular platforms for flat search.
• Lower the administrative hurdle that does not allow young professionals with non-EU background to work in Vienna and pay taxes to the city.
Stakeholders’ Views of Vienna’s Role in CEE
Stakeholders may have different perspectives and interests on the development of the City of Vienna

Since stakeholders may have different views on and interest in the developments of the City of Vienna and some are more involved in CEE relations than others (e.g., firms with corporate networks in CEE), a stakeholder survey was conducted as a part of the qualitative research.

The goal of these interviews was to prove and validate our assumptions, complement the SWOT analysis and derive suggestions for the future positioning of the City of Vienna.

Regarding the methodology and structure we defined 11 stakeholder groups from which we selected 34 stakeholders for interviews. These 34 stakeholders represented 3 different areas – business, innovation and education. In this way we could look at the topic from 3 different perspectives. Furthermore we interviewed 3 institutions from the city administration to gain a deeper insider insight.
Expert interviews provide better insights into the Vienna-CEE relationship

Methodology:
For the qualitative part we interviewed 34 experts to consider their perception into the research. The interviewed experts were chosen from 11 stakeholder groups to get insight from different point of view. These 34 interviews were made mostly face to face, some by phone or by e-mail and the recorded answers were written down. The evaluation of interviews was analysed from 3 perspectives: business, innovation and education.

Structure:
1. The Importance of the CEE Region
2. The Role of Vienna
3. Recommendations
4. Perspectives of City of Vienna
The CEE region is of high importance for Vienna, partially due to its close proximity and cultural similarities.

From a business perspective, Vienna is home to many businesses, financial institutions and professional service providers active in CEE. Following the idea of harmonization and merging, Vienna’s financial institutions have taken over the role of a coordinator since they collect and monitor financial data from many CEE countries and position internationally the entire CEE capital market. In its function as a CEE financial hub, Vienna is responsible for data dissemination of all members of the CEE stock exchange group and offers orientation for investors.

The early mover advantage into the CEE region generated many business opportunities for Viennese companies. This is also reflected in high foreign direct investments of Austrian firms in CEE and Austria’s rank as a top investor in those countries. Vienna’s advantageous proximity to the CEE region attracted many international investors to establish their regional headquarters here. In the last years, a considerable proportion of new establishments by founders from the CEE region can be identified in Vienna.

Many innovative start ups in Vienna have CEE origin.

From the innovation perspective, the CEE region is very important as many start-ups hail from the CEE countries. Central and Eastern Europe is essential for finding start-ups and sourcing talented entrepreneurs, which are characterized by very innovative thinking and ideas, hard-working and willingness to make a change with their work. While trying to bring together the start ups with well-established international companies, we can see that the western-based enterprises are more likely to collaborate with the start-ups than companies from the CEE region.

We could also find an importance of the CEE region regarding the funding (e.g. from Russia). Incubators and accelerators have partners from Western Europe as well as from Central and Eastern Europe. Very common are collaboration projects with Bratislava, which, although a different country, offers similar culture and history.

Especially after the EU-accession of the CEE countries, the CEE region is of major importance due to its growth markets. There are a few big – but also complicated countries – where the market conditions have changed massively. There is a huge information demand for market trends and developments. Many Viennese companies which entered the CEE region where accompanied by market research institutions. In the last years many employees of the research institutions came from the CEE region.

Vienna supports many education mobility programs and events within CEE region.

Vienna is actually the biggest student city in German speaking area. Furthermore, an increasing proportion of students from CEE countries can be identified. The most considerable increase of CEE students at the WU university happened during the times of the financial crisis (2007-2008).

For Austrian colleges the CEE region is from historical view very important. There exist a lot of mobility programs for students going to and coming from CEE countries to Austria such as the CEEPLUS mobility program for students within the CEE region.

Many events take place with the focus on the CEE Region, e.g., CE Business Club on the subject of economic issues, trying to arouse Interest and support the information flow. Academic young talents are supported by Summer School organized in CEE countries or by Summer Colleges. Tandem Projects aim at learning language inclusive the cultural framework program.
Changes of importance in CEE region & future developments

The cards in this market are being reshuffled

Vienna’s position as a gateway into the CEE region is changing. The business location of Vienna is becoming a “turning platform” respectively a hub for both directions. Not only Western companies are going to use Vienna’s business location as a bridge to the CEE market, but still more and more CEE companies see Vienna as a stepping stone for expansion to the West. The technological change with digitalization, facilitated mobility etc. will ease doing business in the CEE region.

In general, due to the increasing market share it can be said that the CEE region is still of major importance for Viennese companies. However, for financial institutions the importance of the CEE region is dwindling. Since the financial crisis investing in the region became more difficult. Despite the positive economic growth, the momentum in the CEE countries has slowed down. Furthermore, newest political developments hamper cooperation. In most cases the business success depends on the political developments in Russia and Ukraine.

What is more, the task profile of regional HQs in Vienna is changing. Coordination replaces as task driving the expansion into the region. And even coordination is increasingly more centralized at a higher level.

Moreover, a shift from a “hierarchical structure” to “network” thinking can be identified. The importance of the CEE countries is also changing and each country has to be assessed by its own merits, not as an „Eastern bloc“. The local subsidiary management has become more competent and autonomous, what also means less dependent on HQ guidance.

Increasing number of foundations from CEE in Vienna

Regarding the Stakeholders with the focus on innovation, importance of the CEE region has increased in the last years but it is still in the developing process.

Although CEE importance is tending upwards and there are many companies that are powerful in the CEE region, it is difficult to match them with start-ups and do business with them. CEE is not an easy market, as every country needs its own approach.

On the other hand, Viennese incubators and accelerators could obtain more European, as well as CEE partners. We could also realize that much more company foundations are coming from CEE as before, especially in crafts and trades (Handwerk), construction industry (Bauwirtschaft) and carers (PflegerInnen).

Vienna is at the border between CEE and Western Europe, and for the future it is expected to become even more important. Vienna’s potential for start-ups is very high, and an international comparison with CEE and other regions allows for international benchmark.

Quality and performance of educational institutions in CEE is catching up.

Importance of the CEE economic area from the “education” perspective has increased, especially in the past 10-15 years. The CEE universities have got much more EU-aid and therefore they are almost on the same level with Viennese universities. An increasing number of students from CEE countries can be identified. Several projects are planned in this context to define the role and the identity. Moreover, academic institutions in CEE region have gained in quality and therefore became more attractive cooperation partners.

This positive trend (increasing importance of the CEE region) seems to proceed. However, Vienna is from a historical point of view a very important city for universities, it will not be easy for other CEE cities to gain on Vienna.
Vienna is a cosmopolitan city which attracts a lot of talents from the CEE region

**Strengths**

Vienna is a very international city with a superb infrastructure. Companies value the legal security which is generally better than in the CEE counterparts. The people in Vienna are in general well-educated and productive. Compared to Budapest or Prague, Vienna has the huge advantage that it is easy to find candidates who speak a CEE language (e.g. Hungarian, Czech) which is not the case in other cities. Furthermore, the airport in Vienna is outstanding which brings great value to the city. In this respect, the city can still be seen as a gateway to Europe as the Vienna Airport is a regional hub for CEE.

**Weaknesses**

The high non-wage labour costs are a huge disadvantage to the city. Especially, for high-income expats, Vienna is not attractive at all in this respect and cannot compete with other European cities. Furthermore, it is difficult to get work permits for Non-EU citizens. Those are not only hard to get but are also accompanied with long-lasting processing times. This certainly prevents companies from establishing CEE headquarters in Vienna.

---

**Strengths**

More than in any other field, the excellent quality of life plays an important role in attracting talents, highly qualified scientists and researchers to Vienna. The costs of living are moderate and particularly for researchers with a partner and family Vienna is very attractive as the city offers everything from good schools to a wide range of cultural activities. In recent years, a vibrant start-up culture has been established in Vienna which is clearly the start-up hub of Austria. Pursuing a good strategy and very targeted investments, the city managed to boost the position of Vienna as an innovation hub. As an example, the Vienna Life Science biotechnology cluster is a big player in the global biotech scene.

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**Weaknesses**

Vienna is too conservative in many ways. Among young people, there is still a certain lack or entrepreneurial spirit. Graduates in Vienna often prefer choosing the traditional career path in a company rather than become an entrepreneur. Vienna is in fact a very innovative city but that is not seen so by the outside. City marketing should promote Vienna as a real innovation hub. Furthermore, for researchers coming from Non-EU countries as faster recognition of degrees and titles is necessary.

---

**Strengths**

In terms of education, Vienna is a big hub - not only for CEE. More students are studying in Vienna than in any other German-speaking city. In this respect, Vienna became a huge talent pipeline. Not only German students are coming to Vienna but also a substantial part from CEE countries. This leads to a great labor potential with the required know-how and language skills. What is a brain drain for CEE countries is certainly a brain gain for Vienna. Furthermore, there are not only good universities but also quantity-wise more universities in many fields than in comparable cities. A big strength is certainly the great location of Vienna and the close proximity to the CEE region as well as cultural similarities.

---

**Weaknesses**

There are so many universities in Vienna but they are not connected to each other very well. Between universities and “Fachhochschulen” there is hardly any cooperation. Especially for the start-up scene a lot of research potential is unused. The City of Vienna could do a lot more in positioning itself in this respect. Furthermore, a lot of CEE students studying in Vienna leave the city after graduating as they have a hard time receiving a work permit. This turns the brain gain into a brain drain.
Ideas for further development from the Stakeholders

Business-friendliness

- Simplification of administrative procedures (e.g., faster authorization of business premises)
- Expedited issue of work permits and multilayered integration of international staff
- Exploitation of full potential or capacity expansion of Vienna Airport, Main Train Station and Harbor
- Promotion of electric and hybrid means of transportation, more parking and loading spots
- Financial support and reduction of city taxes/fees
- Increased WIFI availability within the city.

Focused Marketing

- Advertise Vienna as a great study place
- Position Vienna as a leading “Smart City”
- Promotion of events focused on economic growth and development in CEE.

Improved collaboration

- With neighboring countries
- Between universities and firms
- Use of lower production costs in CEE (e.g., IT specialists, outsourcing of production)

Organizational support by Stadt Wien

- Establishing a location for joint events
- Presence on major events
- Clear communication of its goals and development strategy
- Acting as an effective networking intermediary

Start-ups

- Founding of a central Start-up Campus and attracting start-ups from CEE
- Start-ups friendly infrastructure, education and law system
- Raising awareness for entrepreneurship in schools and universities.
Despite Vienna’s strong position in CEE it should strive to attract people and businesses from other world regions

The importance of the CEE region

Due to Vienna’s geographic location, economic power, family and personal relationships and cultural closeness the CEE region will always be important for Vienna. The economic catching-up of the reform countries in the last 25 years has improved living and working conditions in CEE. EU funds, direct investments by foreign firms and joint projects with Western partners in all areas of society have helped to bring those societies and economies closer to Western standards. Businesses and institutions located in Vienna have helped markedly to increase the awareness of CEE and draw investors’ attention to a highly attractive region. EU workshops and many Viennese offices in surrounding CEE countries which function as an exchange and transfer platform for know-how, experience, education and support, have helped to reach this goal.

Challenges

Political problems are seen as a threat for the future development (crisis in Ukraine etc.). The high unemployment rate is considered as a big problem as well as the current migration movement.

The role of Vienna

Vienna is the most international city with numerous CEE Headquarters. However, headquarters are more regional than international. Vienna should try to attract firms that cover a geographical area that goes beyond CEE.

Due to the city’s attractiveness continuing immigration will challenge the current system of infrastructure. The integration of migrants is seen as a key driver for the city’s future.

Other pressing issues are the reduction of the unemployment rate and a stronger focus innovation – as it is already within the „Wiener Strategie für Forschung, Technologie und Innovation 2020“.
Analysis and Recommendations
Bringing the different perspectives together

In the previous sections we have tried to capture the role of Vienna in the CEE region by doing research in four major areas:

- Identifying Vienna’s position in International City Rankings
- Analyzing Vienna’s role as hub by determining its connectedness with CEE in different sectors
- Assessing Vienna’s attractiveness as study city through a student survey
- Asking different stakeholder groups about their opinions on Vienna as a CEE hub.

It is obvious that such a multidimensional approach results in a myriad of views, partly confirming assumptions and trends, partly offering opposing opinions. In this concluding chapter we come up with a final assessment of the collected data and recommendations for the City of Vienna. This section is the result of our interpretation of the data and our internal discussion.

We start this section with a SWOT, an analysis of the strengths, weaknesses, opportunities and threats of Vienna, in order to highlight critical aspects and influences. The SWOT analysis is used by us as a general framework that helps us to discriminate between factors.

Based on this analysis and the input from the interviews with the stakeholders we present five key areas where Vienna should focus in its development strategy. A suggestion for the „Leitbild“ and a conclusion ends the report.
Vienna’s has valuable assets and a strong appeal but needs to stimulate economic development

<table>
<thead>
<tr>
<th>Strengths</th>
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<tbody>
<tr>
<td>• Excellent geographic location</td>
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<tr>
<td>• Important traffic hub for CEE</td>
</tr>
<tr>
<td>• Highly qualified workforce</td>
</tr>
<tr>
<td>• Effective public sector services and infrastructure</td>
</tr>
<tr>
<td>• High quality of living</td>
</tr>
<tr>
<td>• Agglomeration of headquarters and professional service clusters directed at CEE</td>
</tr>
<tr>
<td>• Internationality and appeal of the city</td>
</tr>
<tr>
<td>• Affordability of education</td>
</tr>
<tr>
<td>• Strong research institutions in some areas</td>
</tr>
<tr>
<td>• Biggest university town in the D-A-CH region</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Weaknesses</th>
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</thead>
<tbody>
<tr>
<td>• Taxation and city duties</td>
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<tr>
<td>• Bureaucratic hurdles</td>
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<tr>
<td>• Weak job market for graduates</td>
</tr>
<tr>
<td>• Low economic dynamism</td>
</tr>
<tr>
<td>• City image not related to innovation and research yet</td>
</tr>
<tr>
<td>• Poor cooperation between universities, businesses and start-ups</td>
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</tbody>
</table>
Regional integration, better cooperation among stakeholders and positioning as an innovative city offer growth opportunities

Opportunities

• Vienna as a hub for start-ups from Austria and CEE
• Further development of “Twin City” region with Bratislava
• Better cooperation between city, businesses and research institutions
• Positioning as a „Smart City“
• Huge pool of students from CEE
• Offering more programs in English (e.g. “Study in Vienna”)
• Eased bureaucratic processes for establishing new businesses
• Vienna positions itself as a networker and a neutral meeting ground for the region

Threats

• CEE cities are catching up (quality of universities, living standards, infrastructure)
• Stressed budgetary situation of Vienna
• Strong competition from Scandinavian/German cities as destination for studying
• Declining role as a CEE business hub due to reform progress in CEE countries and reorganizations in multinational firms
• CEE wins businesses with low cost jobs and services (and lower taxes)
Growing beyond the CEE hub role

The comprehensive SWOT analysis echoes the findings of our research. The strengths center around Vienna’s favorable geographic location in Central Europe, legacy advantages from its history, its CEE business-oriented ecosystem, position as seat of numerous higher education and research institutions as well as international organizations and the good management of the city (public transportation, effective public sector services, safety). The high quality of living is a valuable „soft factor“ that makes Vienna attractive for talents. The diversity of the city’s strengths ranging from tourism, professional services, start-up scene to high-tech industries is another advantage and makes it less dependent on adverse developments in single industries.

Major weaknesses were found in a low economic dynamism reflected in slow economic growth and low foreign direct investments – at least when compared to similar European cities. Businesses complain about bureaucratic hurdles, high taxes/fees and too long administrative processes – although not all of these areas are in the competence of the city government. The image of the city is not connected well with innovation and research despite the good progress in attracting and promoting innovative industries. The emergence of a lively start-up scene is a great opportunity to change reality and image and to inject a good dose of entrepreneurship into society and economy.

The CEE hub function will remain a strength of the city’s economy. There is still room for expansion, particularly as a location for CEE firms but also for firms from emerging markets in Russia/CIS, Asia, Middle East and Latin America. It seems that Vienna is growing in status beyond the CEE region, orienting more towards the European and global market. Innovation and a knowledge-based economy are not limited to regional boundaries, especially when the product or service holds global market potential (see list of globally active firms in Engel (2015), „Wien global – Unternehmen im weltweiten Wettbewerb“). Vienna as a university city offers great opportunities for further growth, especially when offering more study programs in English. Making better use of the huge talent pool that studies in Vienna should be a priority task: What competencies are innovative firms looking for? Which study programs deliver the talents for these growth industries? How can talents be attracted to these studies and retained after completion?

The City of Vienna is well aware of the great potential of this place and has always played a major role in setting the path for future development with its measures and policies. Openness to new and innovative businesses and a better and smarter cooperation with businesses, universities and research institutions would bring more economic growth, investments and quality jobs to the city.
We identified five focus areas for the future development of Vienna

1. Enhance the business friendliness in Vienna.

2. Continue with serving as a bridge between East and West.

3. Move to smart cooperation between cities, universities and firms.

4. Strengthen Vienna’s position as an innovation hub.

5. Further improve the city marketing of Vienna.
Continue stressing Vienna’s role as a CEE hub and engage in smart cooperations with businesses and research institutions

**Business friendliness**
- City government and administration become more open for business concerns
- Simplification of administrative procedures and reduction of red tape (e.g. starting a business, working permits, expansion of research facilities)
- Reduction of city taxes/fees

**Bridging function between East & West**
- Foster Vienna’s reputation as a meeting place („The world meets CEE in Vienna“)
- Continue promoting Vienna as a business hub for CEE (and beyond) but also for Western Europe
- Stimulate cooperation between universities, cities, and firms in the CEE region
- Support institutions in Vienna that engage in promoting Vienna as a CEE hub
- Attract and retain talents from CEE for key industries (e.g. ICT, biotechnology)

**Smart cooperations with firms, universities and other cities**
- Foster the cooperation between the city administration and businesses (e.g., Siemens – Smart City, STRABAG – City Development)
- Support joint study and research programs with universities in the CEE region (e.g. Prague)
- Be a partner in matching foreign university graduates with the specific demand in core industries
Transform Vienna to a city well-known for innovation

Innovation hub

• Support researchers and businesses to bring expertise to Vienna (e.g. biotech)
• Help establishing a central start-up campus in Vienna that also invites founders from CEE
• Make use of the competence area of Vienna regarding Smart City and Green City concepts

City Marketing

• Continue with successful city marketing for direct investors (Vienna was ranked No. 5 in FDI strategy among the Major European Cities of the Future 2016/17)
• Bring about an image shift: From touristic to innovative (“Vienna as an innovation hub”).
• “Study in Vienna”: Promote Vienna as an attractive student city by running a platform with study programs in English.
• Support events and organizations in Vienna which “market” the CEE region (e.g., Let’s CEE Film Festival, Vienna Economic Forum, Grow East Congress)
The City engages in the strategy implementation in different roles

The City of Vienna may take different roles when it comes to the implementation of the suggested programs and projects. It is important to point out that capital investments or financial support are not as critical as coordinating and acting as an active cooperation partner.

As an initiator you call attention to an issue. As an active cooperation partner the City is not only setting the rules and a framework but engages with other stakeholders in a project. As facilitator the City creates an environment where progress can be made. As promoter the City engages in agenda setting and actively „sells“ a topic. As coordinator the City brings different stakeholders together to find a reasonable and effective solution. As investor and sponsor the City contributes capital or supports projects financially.

<table>
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<tr>
<th>Initiative</th>
<th>Initiator</th>
<th>Cooperation partner</th>
<th>Facilitator</th>
<th>Promotor</th>
<th>Coordinator</th>
<th>Investor/Sponsor</th>
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<tbody>
<tr>
<td>Enhance business-friendliness</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Bridge between East and West</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Smart cooperation</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Innovation hub</td>
<td>X</td>
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<td>X</td>
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<tr>
<td>City marketing</td>
<td>X</td>
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</tbody>
</table>
In the „Leitbild“ of Vienna its cosmopolitanism, role of a bridge between East and West and its openness for innovation should be highlighted

A „Leitbild“ is a guideline for action that determines in which areas the City of Vienna should focus its efforts, investments and actions.

From the perspective of our research – the role of Vienna as a business, innovation and education hub in CEE – we suggest to emphasize the following aspects in the Leitbild:

• Vienna is a cosmopolitan city that appreciates diversity and turns it into a strength.
• Vienna is a bridge between East and West that stimulates development and cooperation in the CEE region.
• Vienna is a true university city that is attractive for talents and offers them manifold room for development.
• Vienna is an innovative city that acts as a reliable partner for businesses, researchers and investors.
Overall Vienna is a highly attractive city and well positioned for future challenges

Vienna’s role as CEE business hub is still existing although it’s importance has declined since the global financial crisis in 2009 when CEE lost its status as a growth region.

Vienna may not be a gateway to CEE as in the 1990s anymore but given the agglomeration of firms, banks and professional service providers active in CEE the city is still a significant hub for doing business in the region.

Undoubtedly, Vienna is a regional metropolis in Europe that scores in a diverse set of strengths ranging from quality of living, infrastructure, safety to smart city technologies.

As population growth shows, Vienna is still attractive for people, students and talents from the region – and increasingly for businesses from CEE too.

Vienna is in many instances – public transportation, infrastructure and city government – a “role model” for CEE cities which they try to emulate.

Vienna’s existing CEE business ecosystem, status as a leading university city in D-A-CH and growing number of firms and researchers in innovative industries present it well-equipped for the future.

Supporting the entrepreneurial spirit and start-up euphoria by eliminating barriers and contributing in this development as partner, customer and promotor would create a win-win situation for all participants.

Summing up, Vienna is still blessed with a strong “magnetism” in attracting people and firms from abroad, particularly from CEE. Although the city is good at mobilizing its assets in securing economic, social and environmental development, a more business-friendly approach and new ways of cooperating are needed to exploit its full potential.
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Contact

Ass.Prof. Dr. Arnold Schuh
Director – Competence Center for Emerging Markets & CEE
WU Vienna
Welthandelsplatz 1, Building D1
1020 Wien
Phone +43 (0)1 31336-4608
Email: arnold.schuh@wu.ac.at
Website: https://www.wu.ac.at/emcee/