
Lexington is Central and Eastern Kentucky’s regional hub for business and industry. The business and professional services industry provides services and support for other businesses in various industries, such as legal, architectural, engineering, and consulting services, as well as basic services that support daily activities such as back-office support operations, accounting, shared services, and processing facilities. These services help companies operate, and the business and professional service industry is a targeted industry for Lexington’s economic development.

In 2021, over 26,700 people were employed in Lexington’s business and professional services industry, earning an average of \$61,900 per year. Average salaries ranged from \$81,600 for primary services such as management of companies and enterprises (averaging \$99,800) and professional and technical services (averaging \$78,100) to \$38,100 for secondary services such as administrative and support services.

Companies engaged in providing business and professional services tend to concentrate in metropolitan areas near their clients, such as cities like Lexington. Back-office and support services companies typically prefer lower-cost locations in proximity to major metropolitan areas. Lexington is one of the lowest cost-of-business locations in the country and has a business-friendly environment. In fact, Lexington was named #8 Mid-sized Metro with Best Business Climate by *Business Facilities* in 2022 and has the sixth Lowest Startup Cost, SmartAsset, 2019.

“Lexington is a place where big dreams happen. Our exciting city ranks high in quality of life, low in cost of living. We’re overflowing with great restaurants, family friendly festivals, a lively arts and cultural scene, and a strong, diverse business community. Our schools are excellent, from kindergarten straight through to several institutions of higher education, including the University of Kentucky and Transylvania University. We are one of the largest gigabit cities in the country, an opportunity to leap into tomorrow’s economy. Lexington is a great place to live, work, and raise a family.”

-Linda Gorton, Mayor of Lexington

Industry Leaders in Lexington

Lexington is currently home to 100 headquarters operations including Lexmark, Galls Inc., Rubicon, A&W Restaurants, Tempur Sealy International and Valvoline.

Tempur Sealy located its world headquarters in Lexington to take advantage of the city's administrative and managerial services sector and business environment. Tempur Sealy is the worldwide leader in premium and specialty mattresses and bedding products. The company is focused on developing, manufacturing, and marketing advanced sleep surfaces that help improve the quality of life for people around the world. Their products are currently sold in over 80 countries.



Tempur-Sealy International's 128,000 square foot headquarters located at UK's Coldstream Research Campus. Photo: Glassdoor



Grand Opening for Valvoline USA's new 162,400 square foot global headquarters in Lexington (2017).

Valvoline, the chemicals company, has been based in Lexington for over 30 years. In 2017, the company opened a new \$35 million global headquarters and R&D operation. Locating Valvoline's headquarters in Lexington demonstrates the confidence that the company has in our community and workforce. The company continues to be an important member of Lexington's Business and Professional Services sector.

Although not headquartered in Lexington, Conduent has a major presence in the city. Conduent was created in 2016 when Xerox split into two companies: a document technology company which retained the Xerox name and Conduent, a business process outsourcing company. Conduent is a leader in business process outsourcing and IT outsourcing across a variety of industries and the public sector. Thousands of companies rely on Conduent to help improve their processes, manage client operations, and focus on their core business. Conduent also specializes in IT solutions for levels of government. Their services include data center management, disaster recovery, network management services or help desk operations, and high-volume solutions support, both statewide and worldwide. Conduent represents an industry leader anchoring the Lexington professional services industry and employs 2,500 people.



Also located in Lexington are branch offices of IBM, the industry leader in IT services and many personal and business products. With around \$57 billion in annual revenue in 2021, IBM is ranked 49th in the Fortune 500. Founded in 1911, IBM has been a staple in Lexington ever since their days as a typewriter manufacturer and continue to maintain operations here. The company operates a data center that

services clients that outsource their information technology to them. The company's 200 Lexington employees also support sales and software development.

In 1991, IBM spun off a section of the company into what is now Lexmark, which is headquartered in Lexington and employs 1,400 full-time employees. The company's operations include manufacturing laser printers and providing imaging products, software, solutions, and services that save customers time and money. As a global leader in imaging solutions and technologies, Lexmark serves clients in over 170 countries. In 2022, Lexmark announced an investment of \$4 million into sustainable energy, breaking ground on a 10-acre solar panel array on the Lexington corporate headquarters campus.



Pictured left to right: Executive Director of the Kentucky Office of Energy Policy Kenya Stump, Renewable Energy & Carbon Advisory Manager from Schneider Electric, Kenny Cook, Kentucky Lieutenant Governor Jacqueline Coleman, Lexmark CEO Allen Waugerman, Lexington Mayor Linda Gorton and Seth Parker, Vice President and General Manager, Melink. (Lexmark) (2022)

Founded in Kentucky in 2008 on a \$10,000 line of credit, in 2021 Rubicon generated \$583 million in revenue and moved its global headquarters to Lexington. The company's cloud-based waste and recycling solutions platform services more than 8-million businesses, governments, and organizations worldwide. Rubicon has been certified as a great workplace by Great Place to Work® every year since 2018 and has been named Best for the World for Environment in 2018, 2019, and 2021.

"Rubicon, through our mission to end waste, is dedicated to improving the health and vitality of communities everywhere, and our presence in the heartland of our country is critical. Lexington is and always has been our home, and we believe that cities outside of the largest metros in the country are those that need and deserve our support and continued investment. Building on our existing presence in Lexington is a signal to our customers, our employees, and our hauler partners, that we are committed to our principles not just by what we do, but by where we choose to operate."

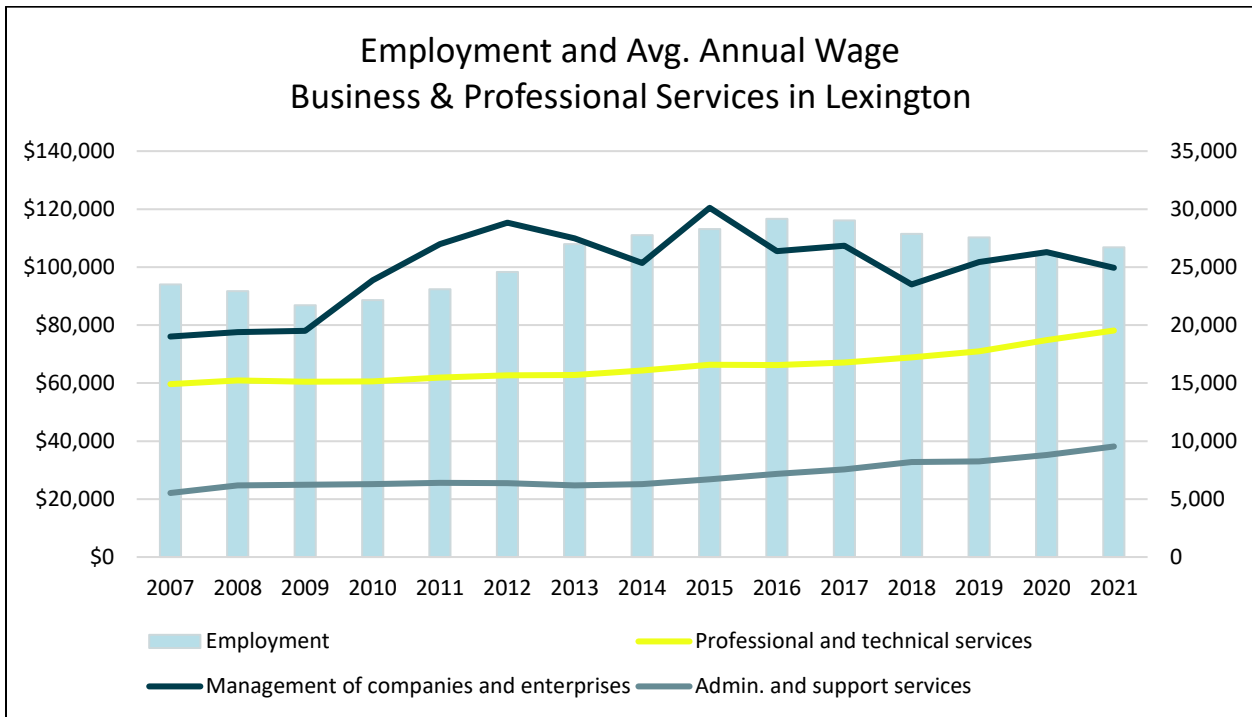
- Nate Morris, Rubicon Founder & CEO

The decision by each of these companies to remain or locate in Lexington and expand operations provide testimony that Lexington's productive workforce, central location, and other assets combine to create an environment in which businesses can thrive. Lexington provides an excellent business environment that encourages and supports growth in a variety of sectors.

Select Business and Professional Services Companies in Lexington

Company	Service	Employees
Conduent	Business Services Outsourcing	2,500
Lexmark International Inc.	World Headquarters	1,400
Valvoline	Headquarters	500
Central Bank & Trust	Headquarters	490
Tempur-Sealy	Headquarters	420
Galls LLC	Headquarters	350
CLC Lodging	Business Travel Consultants	325
IBM	Business Services Outsourcing	200
CLARK Material Handling Company	Headquarters	200
Fifth Third Bank	Finance	250
LBX Company	Headquarters	100
Stoll, Keenon, and Ogden	Legal Services	100

Source: Commerce Lexington Economic Development, 2022.



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Annual Averages

Real Estate for Office Users

The Bluegrass offers several options for businesses when choosing their location, both urban and suburban. Companies can choose a build-to-suit in one of Lexington’s green spaces or locate in a move-in

ready space in one of Lexington's downtown office buildings. If downtown is not the ideal location, Lexington also offers many suburban office options.

Local Attributes

Aside from the growing business and professional services industry, Lexington itself hosts a myriad of attributes to business growth. The Lexington workforce is at the forefront of those local attributes. In fact, 45% of Lexingtonians over age 25 have a bachelor's degree or higher, which makes Lexington the 11th most highly educated city in the country, and 19.3% have an advanced degree, ranking Lexington 10th in the nation (Census Bureau, 2020). More specific to the needs of business and professional services is the University of Kentucky's Gatton College of Business. The Gatton College offers undergraduate, master's, and doctoral programs in business and economics. During the 2021-2022 school year, the program had an enrollment of over 4,257 students. High levels of educational attainment are made possible, in part, by the ten higher education institutions in the region that enroll nearly 70,000 students and graduate over 18,000 students every year. The bottom line is that Lexington has a strong, well-educated workforce that provides a solid base for the local economy.

Lexington has many competitive advantages for attracting and retaining business. Throughout Kentucky, utility costs are competitive, in terms of both electricity and natural gas. The region is served by a sophisticated and integrated telecommunications network that has built in excess capacity throughout Fayette County. Lexington also enjoys the advantage of location. When the local business community was surveyed and asked why they choose to locate their businesses in Lexington the number one answer was a close proximity to their customer base and/or suppliers. Lexington has excellent air and interstate access to the rest of the state as well as many metro areas outside of the region. These transportation attributes make Lexington a regional hub that provides excellent geographic proximity to market needs.

While Lexington is a first-class place to do business, it also ranks as one of the best places to live and raise a family. In addition to a low cost of living, affordable housing, and low commute times the region enjoys a wealth of natural beauty and offers various outdoor activities that take advantage of those resources. The high quality of life and good school systems contributed to Lexington being ranked #6 Best City for New College Grads by *SmartAsset* (2021), #9 Friendliest City in the U.S. by *Conde Nast Traveler* (2020), and #3 Best City to Raise a Family by *Zumper* (2018). Lexington boasts many outstanding lifestyle and cultural amenities including premiere horse-racing, numerous museums, and prestigious athletic teams.

Bibliography

Angelou Economics. (2010). *Target Industry Analysis*. Presented to Commerce Lexington December 2010.

IBM 2015 Annual Report. Retrieved from:

<https://www.ibm.com/annualreport/2015/assets/img/2016/02/IBM-Annual-Report-2015.pdf>

U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

U.S. Census Bureau, American Community Survey.

Xerox 2014 Annual Report. Retrieved from: <https://www.xerox.com/annual-report-2014/index.html>