BPO in Philippines: Harvest Time is Here

Presented by:
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For:

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What Business Leaders Say

Compared with India, Philippines is a Better Option Today

Better People
Better Business Environment
Better Infrastructure
Better Lifestyle & Security
First of all,  
Let’s Get Something Straight  

India is the King of Outsourcing  

India is the largest and most successful offshore destination. India proved to the world that offshore outsourcing was viable. Philippines has a BPO opportunity today because of India.  

When I talk about India as being a worse option for outsourcing today, it is not because India is somehow bad. Their alleged “problems” have to do with such things as increasing salaries and worsening staff turnover because so many companies are trying to hire the same people. I think these are the sorts of “problems” Philippines would like.  

India success is our success and God bless them for it.
Some Examples

Here is some data on what real decision makers are doing and experiencing in Philippines.
Actions of Leading Outsourcing Organizations:

Top Performing Delivery Unit in the World

Comments:
Less than 2 years ago, HSBC’s BPO delivery center in Philippines employed one 50-year old white man. Today it employs 2500 people and is ranked #1 in the world for quality among 8 Global Delivery Centers operated by the company.

This achievement in such a short time is remarkable because big old banks usually don’t do anything very quickly (or very efficiently). They were able to grow their center to such a size despite being located next door to Convergys, considered by many as the world’s most ruthless recruiting organization. Apparently, successful BPO managers don’t need to be 35-year old workaholics in Philippines.
Actions of Leading Outsourcing Organizations:

Doubling This Year to 6000 people

Comments:
People in the industry know that IBM is growing much faster in Philippines than in India. Last year, they had a large site in Bangalore that was shut down due to bad quality performance. The majority of these jobs were moved to Philippines. Industry sources say they are targeting to employ 10,000 people in Philippine over the next couple of years.
Actions of Leading Outsourcing Organizations:

Starting at the Top of the Value-Chain

Comments:
This company’s situation is interesting for 2 reasons. First of all, most companies when they enter Philippines start by doing low-skilled functions and later move up the value chain. Deutsche Bank isn’t doing this. They are hiring high-end financial people to support the company’s CFO’s throughout the world.

Secondly, big German companies (and especially banks) are usually slow to move because they spend a lot of time in the planning stage. Deutsche Bank started their operation only a short time ago and already employ 200 people. Industry sources say they will reach 500 by the end of the year. Apparently, they are pleased with progress and are moving ahead quickly as a result.
Actions of Leading Outsourcing Organizations:

Growing in Philippines, Slowing in India

Comments:
Many people in the IT sector will remember Dell's announcements of 2 years ago that it was pulling 1000 jobs back to the US from India due to substandard quality. Less well known is that during that same period, Dell added more than 1000 jobs in Philippines through third party providers.

More recently, the company announced that it would set up captive facilities in Philippines (in addition to keeping its 3rd party relationships). The company is now proceeding with an aggressive hiring campaign that will add up to 5000 positions in Manila alone. It seems clear that Philippines is their priority to the exclusion of India.
Actions of Leading Outsourcing Organizations:

Performance in Philippines Exceeds Australia

Comments:
The company started a BPO in Philippines a year-and-a-half ago out of necessity – some say because Citigroup was receiving resistance to the Indian accent in Australia. Today, the company is already receiving better quality performance ratings in Philippines than at its much more experienced Australia Delivery Center based in Brisbane. Industry sources close to the action now say that the Brisbane-based delivery center is being closed and all the jobs are being moved to Philippines.
Actions of Leading Outsourcing Organizations:

Pulled Jobs Out of India

Comments:
Sykes spent millions to setup capacity in India, only to shut it all down because performance was lacking. All 1500 jobs were transferred to Philippines.
Actions of Leading Outsourcing Organizations:

Global eXchange Services
(formerly GE Information Systems)

Centralized Worldwide Application Maintenance & Support in Philippines

Comments:
GXS has operated in both Philippines and India for some time doing a range of IT functions. It is expanding quickly in Philippines after making the decision to centralize all functions with a customer interfacing component to Philippines because of “better results and economics.” GXS reported an increase in roughly all of its quality metrics within just a few months of moving the work to Philippines from its various world-wide locations.

Most people with experience say that jobs with a customer interaction component are better done in Philippines. India is said to be more experienced with application development but Filipinos are better at maintaining and supporting the software once its created.

Executive Search & Management Consulting in the Developing Countries of Asia.
Actions of Leading Outsourcing Organizations:

Growing Faster in Philippines

Comments:
ClientLogic is among the top 5 call center/BPO’s in the world. Industry sources say that the company has experienced much faster growth and quality performance in Philippines. The company recently moved its head of India operations to Philippines because it anticipates significantly faster rates of growth.
Actions of Leading Outsourcing Organizations:

Telus International did a complete search throughout the region and decided to make its investment in Philippines which offered significantly more opportunities than India. Ambergris Solutions was the home grown success story chosen for a significant investment which was completed about one year ago. People I talk to say they are extremely happy with the decision and excited about the future.

Acquisition in Philippines After Considering India

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Comments:
I attended the recent opening of HP’s second facility in Philippines. I was told that the company has 10,000 employees in India and it replaces 2500 of these every year. The company has recently has better overall results in Philippines and it is focusing on this country for future growth.

HP is one of many companies that has experienced higher quality ratings in functions with a customer interface component. Some of these include: application maintenance & support, technical support, infrastructure support, database administration.
“According to most business leaders, Filipinos speak better English, have a better customer service mind-set and the cultural gap is less. India is reported to have better technical universities but Philippines is said to be better in liberal arts (more appropriate for back-office outsourcing). Philippines is also said to have better infrastructure and expatriate life-style.”

“Regional managers I speak to say that the result of this today is increasing salaries, worsening retention and decreasing quality of output. In India, even basics such as electricity, telco and roads are constraining growth.”

Source: Richard Mills, “Ask The Expert” section of CIO Magazine
“The people I speak to running the large outsourcing facilities in India say this is already happening. For the past few years, the only destination companies talked about was India and they all went there to setup. The result of this bandwagon was that today they are experiencing a lot of problems related to salary inflation, employee retention, quality of delivery, office space availability, telco access, even electricity supply, etc. Philippines and Vietnam seem to be 2 countries that are profiting from this situation.”

Source: Richard Mills, “Ask The Expert” section of CIO Magazine
Titles from Major Business Publications:

- INDIA'S IT CHALLENGE
- INDIA: GOOD HELP IS HARD TO FIND
- INDIA: DESPERATELY SEEKING TALENT
- INDIA'S LOOMING IT LABOR CRUNCH

A simple internet search will yield dozens more cautionary articles about outsourcing in India.
Various Sources Seem Consistent

Philippines is a Better Option Today Than Alternatives

Better People
Better Business Environment
Better Infrastructure
Better Lifestyle & Security
If building a professional career is your objective:

This is the Greatest Time to be in Philippines.

Business Process Outsourcing Sector
- Hiring growth rates are 40% to 50% per year
- Many contact centers growing by 100% per year
- Currently approaching 100,000 people employed
- Projected to reach 500,000 over the next 4 years

Comments:
The Dot-Com boom times in North America were exciting but employment growth rates never exceeded 20%-25%. Industry growth rates in Philippines are roughly double this and some sectors (notably call centers) are growing at 60%-70%. And, unlike the Dot-Com days, the jobs being created in Philippines are real ones being paid for by real clients.
If building a professional career is your objective:

**This may be the Greatest Opportunity you will see for the rest of your Life.**

Boom Times like this:
- Typically happen only once per decade
- Usually don’t repeat in the same sector

**We Need to Harvest As Much as Possible**
If building a professional career is your objective:

**Philippines is growing the fastest of any outsourcing destination in the world.**

Business Leaders feel Philippines will be the destination of choice for the next 2 to 3 years.
Philippines: World-Class Destination, Third-Class Marketing

A Strong BPA/P will lead
Philippines to the Promised Land

Philippines needs a unified organization to promote itself in proactive manner, rather reacting to bad publicity or shoddy research reports after the fact.

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Expert Panel Member:

Featured Columnist & Contributor:

Quoted as:
- “the Asia Pacific expert” by CallCenter Magazine.
- “Offshore Outsourcing Expert” ComputerWorld USA
- “the local guru on outsourcing” by Dr. Michael Clancy, President of Philippine Business Leader’s Forum, Economist Intelligence Unit.