



Philippines BPO: Ready for the Deluge

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For:



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Who is Doing What in Philippines

Here is some data on what real
decision makers are doing.

Later we will discuss the conclusion
from their actions.



Who is
Doing
What in
Philippines

Accenture



Current Employment - 7,000

Characteristics:

- Period of Commitment – Early Locator
- Growth Outlook - Targeting 9,000 employees by end of year
- Services Provided - IT, BPO, call center, (broad range)
- Working Environment - Low pay, long working hours
- Locations – Downtown Core (just starting to move outside the core later this year)





Who is
Doing
What in
Philippines

IBM



Current Employment - 3,000

Characteristics:

- Period of Commitment – Early Locator but slow to start
- Growth Outlook - Targeting 6,000 employees by end of year
- Services Provided - IT, BPO, call center (Daksh)
- Working Environment - Low pay, long working hours
- Locations – Eastwood (Metro Manila), early plans to build campus facility



Who is
Doing
What in
Philippines

GXS (formerly GE Info. Sys.)



Current Employment - 600

Characteristics:

- Period of Commitment – Recent Locator
- Growth Outlook - Targeting fast growth from this point forward
- Services Provided – IT, application maintenance, tech support
- Working Environment - balanced
- Locations – Downtown Core



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Who is
Doing
What in
Philippines



Current Employment – 1000

Characteristics:

- Period of Commitment – Recent Locator
- Growth Outlook - Targeting fast growth from this point forward
- Services Provided – 3 separate facilities managed separately (IT, BPO)
- Working Environment - balanced
- Locations – Downtown Core



Who is
Doing
What in
Philippines

AIG, AIU



Current Employment - ~900

Characteristics:

- Period of Commitment – Recent Locator
- Growth Outlook - Targeting fast growth from this point forward
- Services Provided – IT, application maintenance, tech support
- Working Environment - balanced
- Locations – Downtown Core, Alabang



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Dell

Who is
Doing
What in
Philippines



Current Employment - ~4000

Characteristics:

- Period of Commitment – Recent Locator
- Growth Outlook – fast growth
- Services Provided – call center
- Working Environment - Difficult
- Locations – Captive Center in Mall of Asia



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Who is
Doing
What in
Philippines



Current Employment - 2500

Characteristics:

- Period of Commitment – Recent Locator (less than 2 years)
- Growth Outlook – Targeting 3000 by end of year
- Services Provided – mainly call center, branching out
- Working Environment - Balanced
- Locations – Started in core, Build custom facility





Who is
Doing
What in
Philippines



Current Employment - 330

Characteristics:

- Period of Commitment – Recent Locator
- Growth Outlook – Targeting 400 by end of year
- Services Provided – application support, development
- Working Environment - Balanced
- Locations – Downtown Core



Who is
Doing
What in
Philippines

Deutsche Bank

A Passion to Perform.

Deutsche Bank



Current Employment - 200

Characteristics:

- Period of Commitment – Recent Locator
- Growth Outlook – Targeting 500 by end of the year
- Services Provided – Financial analysis support to world-wide CFO's
- Working Environment - Balanced
- Locations – Downtown Core



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Who is
Doing
What in
Philippines

Chevron



Current Employment - 525

Characteristics:

- Period of Commitment – Early Locator
- Growth Outlook – Targeting 560
- Services Provided – Finance & accounting, SAP support, HR
- Working Environment - Balanced
- Locations – Downtown Core



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Who is
Doing
What in
Philippines

Telus International / Ambergris



ambergris solutions



Current Employment - 3300

Characteristics:

- Period of Commitment – Early Locator
- Growth Outlook – Targeting 6000 by end of the year
- Services Provided – call center (Ambergris), IT (Equicom)
- Working Environment - Balanced
- Locations – various Metro Manila locations



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Who is
Doing
What in
Philippines

Maersk Logistics



Current Employment - 700

Characteristics:

- Period of Commitment – Recent Locator
- Growth Outlook – Targeting 900 by end of the year
- Services Provided – BPO
- Working Environment - Balanced
- Locations – Ortigas (Metro Manila)



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Who is
Doing
What in
Philippines

Fluor Daniel

FLUOR®

Current Employment - 700

Characteristics:

- Period of Commitment – Early Locator
- Growth Outlook – Targeting 1000 by end of the year
- Services Provided – Engineering Design
- Working Environment - Balanced
- Locations – Alabang (Metro Manila)



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Who is
Doing
What in
Philippines

Hewlett-Packard



Current Employment - 700

Characteristics:

- Period of Commitment – Early Locator
- Growth Outlook – Targeting 1000 by end of the year
- Services Provided – IT, BPO
- Working Environment - Balanced
- Locations – Downtown Core, Ortigas (Metro Manila)





Who is
Doing
What in
Philippines

Siemens

SIEMENS

Current Employment - 400

Characteristics:

- Period of Commitment – Recent Locator
- Growth Outlook – Targeting 700 by end of the year
- Services Provided – call center, BPO
- Working Environment - Balanced
- Locations – Eastwood





Who is
Doing
What in
Philippines

Converqys



Current Employment - 6000

Characteristics:

- Period of Commitment – Recent Locator
- Growth Outlook – Targeting 10,000 by end of the year
- Services Provided – call center
- Working Environment – call center
- Locations – various throughout Philippines



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Who is
Doing
What in
Philippines

ClientLogic



Current Employment - 3000

Characteristics:

- Period of Commitment – Recent Locator (through acquisition)
- Growth Outlook – Targeting 6000 by end of the year
- Services Provided – call center
- Working Environment – call center
- Locations – various throughout Philippines





Lear

Who is
Doing
What in
Philippines



Current Employment - 800

Characteristics:

- Period of Commitment – Early Locator
- Growth Outlook – Targeting 800
- Services Provided – automotive design
- Working Environment - Balanced
- Locations – Cebu (second major city)





Some others

Who is
Doing
What in
Philippines

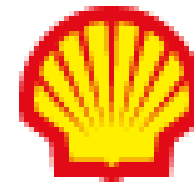


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Some others

Who is
Doing
What in
Philippines



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Some others

Who is
Doing
What in
Philippines



What Business Leaders Say: About BPO in Philippines

Let's look at some
conclusions and trends using
India for comparison.

What Business Leaders Say: About English

Better Communications Skills

1. Better English Communication Skills
2. Neutral accent
3. More Culturally Attuned to the West
4. Customer Service Mind-Set

Conclusion:

Anything with a customer interfacing component has
good results in Philippines.

What Business Leaders Say: About Staff Availability

Good Supply of Labour

1. Good supply of junior level people
2. Supply of senior management talent is constrained
3. Better “take-up” in Philippines over India
4. Perceptions about Filipino workers are positive

Conclusion:

Keep your people longer in Philippines.

What Business Leaders Say: About Education

Better Liberal Arts, Not So for Technical Skills

1. Better at Liberal Arts
2. Not as Technically Skilled
3. Less Advanced Degree Holders

Conclusion:

Good “soft-skills.” Alleged to be less able at hardcore technical professions.

What Business Leaders Say: About Staff Turn Over

Better Retention

1. Less Competition for Employees
2. Retention Agreements Deemed Enforceable

Conclusion:

Keep your people longer in Philippines.

What Business Leaders Say: About Training

Unrealized Opportunity

1. Focus on training is just beginning
2. Successful BPO's have aligned with universities for training
3. On-the-job-training (OJT) for university students is a good method of hiring new graduates

Conclusion:

Training partnerships work and they are there for the taking.

What Business Leaders Say: About Salaries

Rates Are Holding (for Now)

1. Industry agreements are in place that no one will compete on price.
2. There is starting to be stronger competition on incentives.
3. BPO salaries lower than call center.

Conclusion:

Let's pray for smart competitors rather than stupid ones.

What Business Leaders Say: About Real Estate

Core Locations

1. Makati City - downtown core
2. Fort Bonifacio – extension of core
3. Alabang – south of Manila
4. Ortigas – east along EDSA
5. Eastwood – outside the downtown core

Who's There?

highest density of IT, BPO, call center
attracting call centers and BPO
AIG, Fluor, HSBC, Convergys
Ambergris, HP, Emerson, Maersk
IBM, call centers

What Business Leaders Say: About Real Estate

Moving Out

1. BPO/Call Center Sector is the main driver of demand
2. Supply of large blocks is now limited in the core
3. Innovative solutions – Build-To-Suit, malls, warehouses
4. Increasing rates but still the cheapest in Asia

Conclusion:

Need to work with a real estate agent to figure out a solution.



What Business Leaders Say: About Government

PEZA (Philippine Economic Zone Authority)



KEY INCENTIVES FOR IT LOCATORS

1. Income Tax Holiday (ITH) or Exemption from Corporate Income Tax for four years, extendable to a maximum of eight years; After the ITH period, the option to pay a special 5% Tax on Gross Income, in lieu of all national and local taxes.
2. Exemption from duties and taxes on imported capital equipment, spare parts, supplies, raw materials.
3. Domestic sales allowance equivalent to 30% of total sales.
4. Exemption from wharfage dues and export taxes, imposts and fees.
5. Permanent resident status for foreign investors and immediate family members.
6. Employment of foreign nationals.



What Business Leaders Say: About Government

Government is no worse than
others

1. Concern about unclear regulations.
2. Get to know the influential people.
3. Get involved in CSR.

Conclusion:

Worry more about your business rather than red-tape.



What Business Leaders Say: About Infrastructure

Competitive & Reliable

1. Ruthless Competition between Telecom Providers
2. No Issue with Electricity, Water
3. Traffic is no worse than India and somewhat better

Conclusion:
Infrastructure is a non-issue.

What Business Leaders Say: About Lifestyle

More Comfortable for Expatriates

1. Gentler society
2. Weekend recreational activities
3. Night-Life - Entertainment, restaurants, shopping, spas, live music, etc.

Conclusion:

Most expatriates feel Philippines is a step up from India.

Repatriation is often problematic after 3 – 4 years.

What Business Leaders Say: About the Industry

Proven Viability, Early Stage of Maturity

1. Direct Industry Employment is only 100,000
2. Most companies are small
3. Broad range of services but voice dominates
4. New Entrants.

Conclusion:

Worthwhile opportunity over the next 2-3 years.

What Business Leaders Say: About the Industry

Less Dynamic Business Environment

1. Fewer Local Competitors (no InfoSys, TCS, Wipro)
2. Service Providers not as well developed
3. Less Competition Between Locations

Conclusion:
Early stage opportunity.

Regional Managers say:

**Philippines is poised to grow
the strongest of any
outsourcing destination in Asia.**

Reasons:

1. India and China are too competitive (retention problems, increasing costs, quality of new hires, etc.).
2. Philippines can grow faster because pioneering work has been done by India.
3. People are discovering Philippines

What Business Leaders Say

Compared with alternatives,
Philippines is a
Better Option Today

Better People
Better Infrastructure
Better Expatriate Lifestyle





Philippines as an Outsource Destination: What CEO's Really Think

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For:
Business Processing Association of Philippines
(BPA/P)



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Background
Information
of the
Presenter

Expert Panel Member:



Featured Columnist & Contributor:

COMPUTERWORLD An IDG company

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- *"guru on outsourcing"* by Dr. Michael Clancy, President of Philippine Business Leader's Forum, Economist Intelligence Unit.