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SME News

Jun.02.06 3:46PM

Filipinos' knowledge on liberal arts favor Philippines as choice outsourcing destination

Filipino graduates' knowledge on liberal arts, or studies that provide general knowledge and intellectual skills, rather than more specialized occupational skills, gives the Philippines an advantage over other offshore destinations like India which are well-known for their technical skills.

"Filipinos speak better English, have a better customer services mindset and the cultural gap between the Philippines and Western countries is less. India is reported to have better technical universities but the Philippines is better in liberal arts, which is more appropriate for back-office processing," according to Richard Mills, an expert on outsourcing in the Asia Pacific.

For the past years, outsourcing has expanded beyond call centers and IT into almost every conceivable business processes. The new batch of outsourcing locators are involving themselves in a myriad of activities including: accounting, HR, financial analysis, design engineering, animation, medical services, legal services, insurance processes, banking processes, map making, publishing, content creation, and research.

According to Mills, early leaders of outsourcing like India are being pushed by extreme competitive pressure to quickly move up the value chain to more sophisticated processes. "Remarkably, sophisticated work is now starting to appear. As one example, Deutsche Bank has recently set up an operation that will perform financial analysis work for the company's CFO's located throughout the world. The company is hiring very senior financial professionals for these functions," he noted. Companies, Mills said, initially outsource low value functions offshore but soon start moving higher value processes when they are comfortable. "This movement up the value chain makes for good long-term opportunities for Philippines."

Mills is one of the featured speakers at the Business Venture Track of e-Services Philippines Outsourcing Conference and Exhibition (16-17 February) and will discuss the Philippine BPO capability addressing the concerns of IT entrepreneurs and venture capitalists.

Also, Mills said that the involvement of mid-sized and small companies and individual entrepreneurs in outsourcing also augurs well for the Philippines. "Smaller companies, you may not have heard about yet but soon will be also sending work offshore. YellowAsp creates layout designs for printed circuit boards; XMG Global IT Research and Advisory Inc. prepares high-end IT research; Forsman Pacific creates construction design drawings; Key-In Data Solutions does claims processing; Primesoft develops advanced Web applications; VinciWorks designs online training programs, and Pulse DesignTech offers electronics design services. The list goes on."

The Philippines graduates approximately 385,000 young professionals a year, with English as the primary mode of instruction. The Filipino workforce is consistently ranked as among the very best in Asia by such international authorities as the Economist Intelligence Unit and the Swiss International Institute for Management Development (IIMD).

The Philippines also has more than 100,000 accountants and business-related college graduates, the biggest pool in the region. About 3,000 accounting graduates become certified public accountants (CPAs) every year. In the first quarter of 2005 alone, the country had about 113,300 licensed accountants.

Philippine Dealing System

High:	45.81
Low:	45.42
Close:	45.46
Wtd. Ave.:	45.635
Volume:	US\$ 495MM

 Results as of
08-03-07

USD/Peso Exchange Rate

Buying:	Php 45.35
Selling:	Php 45.90

 Indicative rates as of
08-03-07

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The US' Generally Accepted Accounting Principles (GAAP) cited Filipino accountants as "among the best in the world." Filipino accountants are well versed with GAAP and International Accounting Standards (IAS) for financial reporting, standards employed in the US, Japan and most of Europe.

The Philippines is also included in the APEC Engineer Registry citing the academic and professional qualifications of Filipino engineering graduates.

"We hope to strengthen the Philippine advantage by promoting our BPO capabilities at e-Services Philippines (16-17 February 2006) conference and exhibition. Companies contemplating to outsource critical business processes will have the chance to meet, network and build relationships with some of the Philippines' premier IT providers," said Trade Assistant Secretary Fe Agoncillo-Reyes, also executive director of the Center for International Trade Expositions and Missions (CITEM), the trade promotions arm of the Department of Trade and Industry.

The Philippine outsourcing sector has been steadily picking up momentum over the past few years. Direct employment seems to have surpassed 100,000 people and hiring growth is maintaining very high levels.

Mills noted, "Most estimates put growth rates for Business Process Outsourcing (BPO) at 40% to 50% annually, while many of the contact center organizations are blistering ahead at rates approaching 100%. When one considers the dramatically slowing growth in India and other more mature offshore outsource destinations, the situation in Philippines is positive to say the least."

Based on the forecast jointly developed by the Commission on Information and Communications Technology (CICT), the Board of Investments (BOI), and the Business Processing Association of the Philippines (BPAP), Philippine BPO industry is expected to grow to 12.4 billion dollars and is expected to generate 303, 000 jobs in 2010.

*Source: [DTI - News](#)

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