

IT-Enabled Services

Building the Philippines as an e-SERVICES Hub

- **IT & IT-enabled Services**
 - Contact Center
 - Business Process Outsourcing
 - Software Development
 - Mobile / Wireless Applications
 - Engineering and Design
 - Animation

Call Center Industry

In 2003:

Sites : **50+ call centers**

Total Seats : **20,000**

Total Employees : **30,000**

Total Revenue : **USD 180 – 200 Million**

Projected Growth Rate : **100%**



- Majority of the top call centers have set up operations over the last two years
 - Convergys, Teletech, Sykes, ICT, APAC, Six Continents, PeopleSupport, SourceOne
- Clients handled are Fortune 500 companies
 - Nokia, Safeway, Intel, Microsoft, Epson, Kodak, Armani Exchange, Expedia

Call Center Industry

Tremendous growth of call centers due to confluence of factors

<i>Year</i>	<i># of Seats</i>
2000	1,000
2001	3,500
2002	7,500
2003	20,000
Est 2004	40,000

Value Proposition

**Better Quality Delivery
At A Significantly
Reduced Cost**

The BPO Industry

✓ Next growth sector after contact centers

Meta Group cites the Philippines as Asia's "Bright Spot" for outsourcing

- Presence of international players providing BPO and shared service functions:

P&G Procter & Gamble



AIG

accenture



The BPO Industry

“The Philippines poised to be a global player in the BPO space.” IDC

■ Business processes outsourced to the Philippines

- **Financial / Accounting** - General accounting & bookkeeping services, Accounts maintenance, Accounts receivable collection, Invoice & accounts payable administration, Claims processing(pre-need industry), Expense and revenue reporting, Payroll (including overtime tracking), Asset management/accounting, Financial analysis and auditing, Management advisory services, Inventory control & purchasing, Tax reporting & other financial-related services (financial leasing, credit cards, factoring and stock brokering)
- **HR** – Payroll Processing, Benefits Administration, Compensation Planning, Travel & Expense Management, Expatriate & Relocation Services, HR Data Management, Stock Options Administration, Employee Interface Services, Learning Systems Administration, HR Application Dev't. & Management
- **Other Business Processes** – Data Entry/Data Processing (eg. policy registration/amendment, scanning, indexing), Pre-need accreditation, Inventory Control, Technology Support, Server Management, Litigation support, Scholarly publishing, Content conversion

BPO Players & Services (Captive)

AIG

Insurance Claims Processing

Alitalia

General and Passenger Accounting

(Credit Card Ticketing Functions, Auditing, Ticket Stocks / Inventory Functions)

Asiana Airlines

Revenue Accounting

Caltex (Chevron Texaco)

Finance and accounting support

Canon

R & D on computer hardware design

Cypress Semiconductors

Payroll, Fixed Assets, Accounts Payable, Cost Accounting

Fluor Daniel

Engineering and design services

**Maersk (formerly
Sealand)**

Finance and Accounting Services

MBK Data (Mitsui)

Credit Rating Analysis

BPO Players & Services (Captive)

Navitaire

(affiliated with Accenture)

IT Applications and Solutions for the Airline Industry

NEC Telecom Software Phils.

NYK

Software for network and telecom management systems

Global Container Monitoring & Tracking, global Bill of Lading & Data Auditing, Regional Pricing & Marketing Function, eElectronic Processing of all Invoice & Billings

Procter & Gamble

Accounting/Financial Reporting Services

(General, Statutory and Expense Accounting including Banking/Treasury Functions and Fixed Asset Management)

Employee Services (Salaries and Travel Expense Accounting)

Purchasing Services

Safeway

UPS

Software Application

Consolidated Finance and Accounting Services for its affiliate companies in the Asia Pacific Region.

Software Development

- Presence of more than 200 software development firms for the foreign market
- Firms intensively working towards CMM certifications (*Accenture, RCG IT Manila & Azeus Systems Phils Inc are already CMM/CMMI Level 5 Certified*)

The 2002 Global New Economy Index of the META Group, a US-based research group, cited the Philippines for the “excellent availability” of skilled IT workers and for their proficiency in mainframes, minicomputers & microcomputers as well as for their technical & business skills for ICT projects.

Software Development

■ Presence of International Players

- *Accenture, IBM Solutions, Sun Microsystems, Software Ventures International (SVIC), Canon, NEC, ServiSoft (SPI Technologies), Jupiter Systems, ADTX, SQL Wizard, Weserv Systems, ITS International, J-SYS Philippines Inc., Tsukiden Software Philippines Group, Mysis Manila (SSC for banking software applications), etc.*

Mobile / Wireless Applications

- **New area of focus for the Software / Applications Development sector.** Includes *Short Message Service (SMS), based games, trivia quizzes, downloading of ring tones & phone logos & virtual storage.*
 - *Poised to be a major dollar earner for the Philippines, being the “**SMS/text capital of the world.**”*
 - *About 100 local providers of wireless applications whose target clientele are cellular & mobile telephone service operators. These companies started as software application developers but have eventually found their niche in the wireless applications, known as Value Added Services (VAS).*

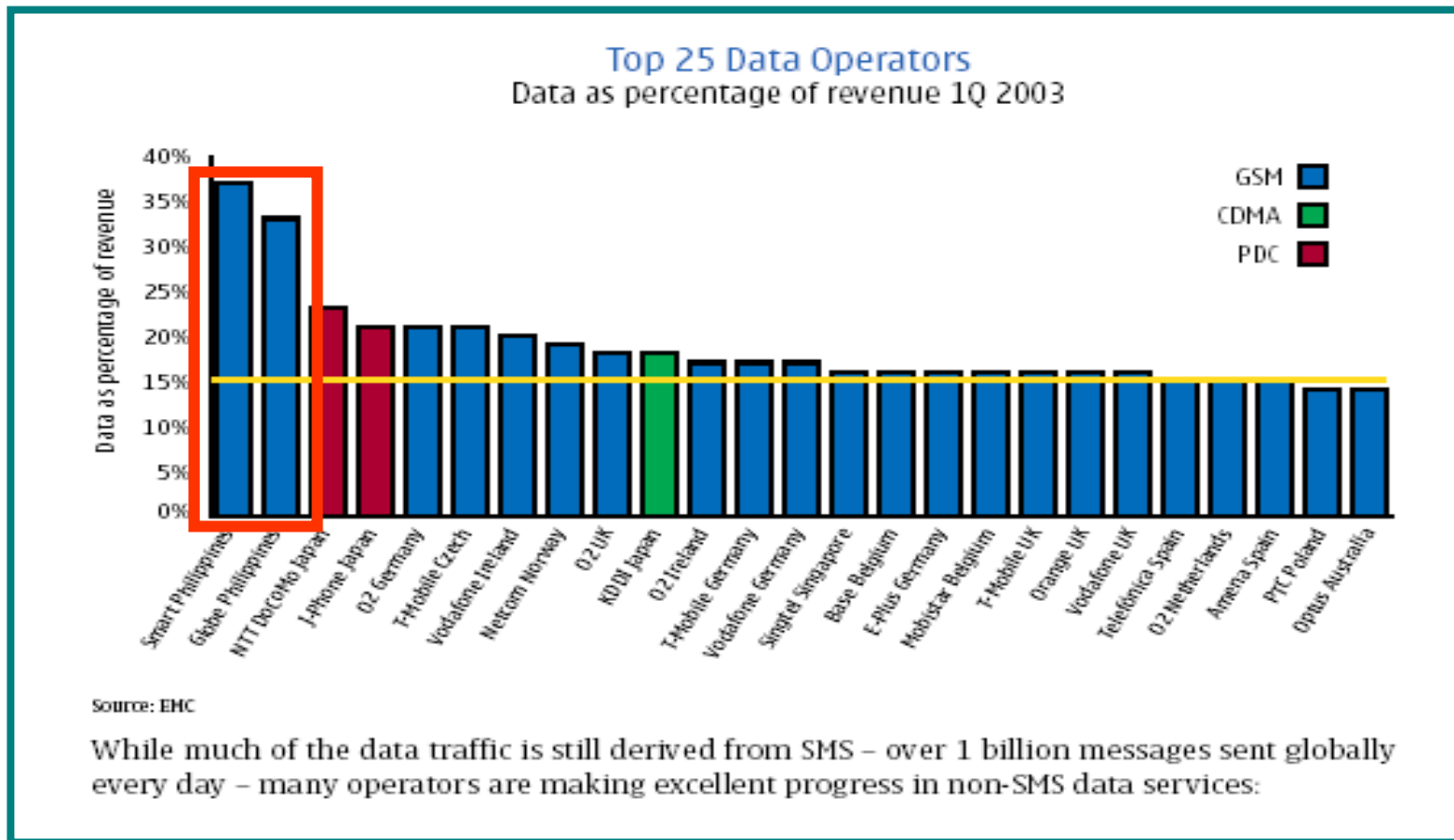
Mobile / Wireless Applications

“The Philippines leads in Mobile Wireless Application Technology”



Mobile / Wireless Applications

“The Philippines leads in Mobile Wireless Application Technology”

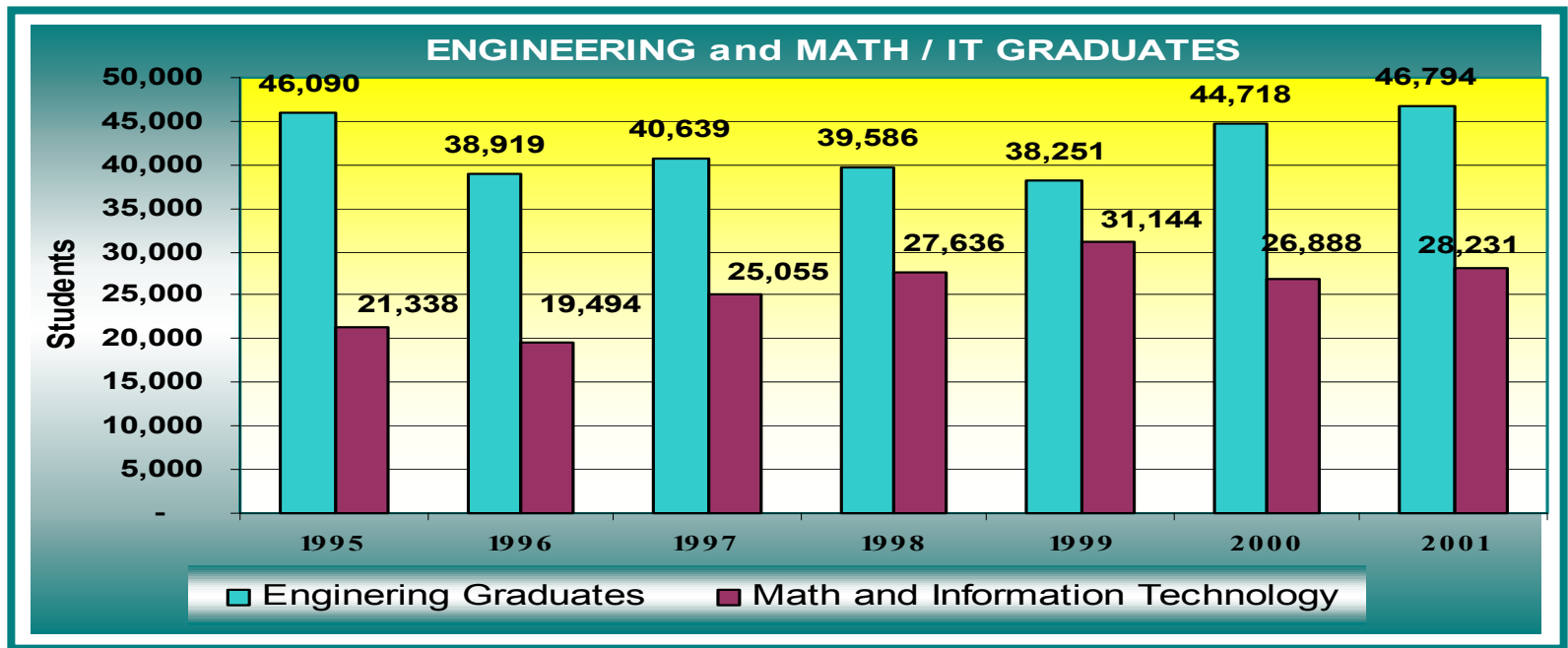


SOURCE: NOKIA Global Data Update (July 2003)

Engineering Design

✓ Competitive Engineering Fundamentals

- University system produces qualified graduates with the necessary basic engineering skills.
- “The Philippines has good basic engineering curriculum” - Fluor Daniel Inc. Phils & JGC Philippines.
- Over 40,000 graduates annually



Engineering Design

■ Availability of Labor Skills

- Over 75,000 licensed professionals (1995-2000)
- OFWs - Skilled Construction Engineers, Technicians, etc.
 - *2nd Largest OFW deployment next to Mexico*
 - *Easily trainable in new technology*
 - *Overseas Exposure to big-ticket projects*
- **H1 2001 DEPLOYMENT:** 76% - MIDDLE EAST | 11% - ASIA | 6% - AMERICAS
 5% - AFRICA | 1.39% - Australasia | 1.37% - EUROPE

DISCIPLINE	Licensees (1995–2000)	DISCIPLINE	Licensees (1995–2000)
Architect	9,306	Master Plumber	820
Civil Engineer	17,709	Mechanical Engineer	11,652
Interior Designer	274	<i>Professional</i>	671
Landscape Architect	45	Sanitary Engineer	289
Electrical Engineer	25,759	Geodetic Engineer	1,226
<i>Professional</i>	297	<i>Junior</i>	1,414
<i>Associate</i>	114	TOTAL	75,147
<i>Assistant</i>	2,606		
<i>Master</i>	2,965		


Engineering Design

- ✓ **Competitive Labor Costs** (15%-30% of Salaries in USA, Japan & Singapore)
- ✓ **English Proficiency** (most widely-used Engineering Design software/technology is English & then French)


TYPICAL SOFTWARE

- *General Office Automation (Novell, Windows, Oracle, etc.)*
 - *Design and Engineering (STAAD, Frameworks, X-Steel, Piping, Mechanical, Process, Electrical, Instrumentation, Autocad, etc.)*
 - *Project Management*
 - *IDOC, BQR, J-DOME, MSR, IVIS, Project Control System, Material Control System, Piping Material Management System, etc.*
- ✓ **Technological/Level of expertise of local workers in engineering design**
 - ✓ **Adherence to internationally accepted engineering standards**
 - *Computer-Aided Design & Drafting Skills (CADD) Training*
 - *Computer-Integrated Manufacturing/CIM Skills(CNC & NC Machines)*
 - *ISO Certification (Milestone: July 2001 =1000 firms certified)*

Case Model



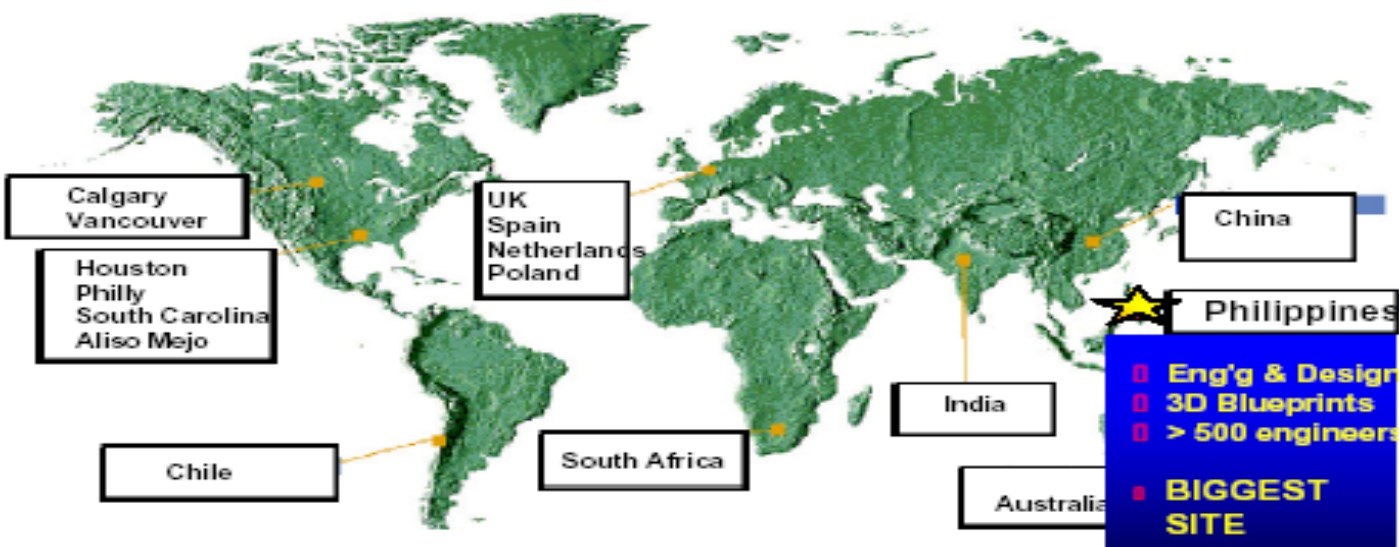
FLUOR



Outsource Philippines

eServices: Design & Engineering Services

Network of Competitive Eng'g & Design, 24/7, Globally



Locations: Calgary, Vancouver; Houston, Philly, South Carolina, Aliso Mejo; Chile; UK, Spain, Netherlands, Poland; South Africa; India; Australia; China; Philippines

- Eng'g & Design
- 3D Blueprints
- > 500 engineers
- BIGGEST SITE**

"We picked the Philippines because of its engineering talent. They're more cost effective and competitive globally. Its been a win-win situation for us.." - VP Robert Fluor

SOURCE: Outsource Philippines Inc. Presentation (NY & London, May 2003)

Case Model



Japan Gas Company Philippines

SOURCE: JGC Philippines Homepage

- **Started with 70 engineers in 1989 as Technoserve International Co. Inc.**
- **Now known as JGC Philippines operating as SE Asian regional base with close to 600 engineers**
- **Ranked 13th for 2002 revenues earned outside of home office** (ENR Magazine)
- **With Plans for further expansion**

PROJECTS

- BAPCO Kero-Merox Unit – Bahrain
- Bataan Polyethylene Plant – Philippines
- CALTEX IROC Project – Philippines
- CALTEX NSC Project – Philippines
- CALTEX Oil Wharf Expansion – Philippines
- G1 Project – Thailand
- K2U Project – Thailand
- PASAR Uptake Replacement & Fugitive Gas Handling System – Philippines
- Petron CNU Project – Philippines
- Rio Tuba Nickel HPP Project – Philippines
- SHELL GEI's Truck Loading Gantry – Philippines
- SHELL Bitumen Export Facility – Philippines
- TOYOTA Paint Inspection Shop – Philippines
- TOYOTA Welding Shop - Philippines

ENGINEERING

- Feasibility Study
- Front End Engineering
- Basic Engineering/Detailed Engineering
 - + Process Work
 - + Piping Work
 - + Civil Work
 - + Building
 - + Mechanical Work
 - Process Equipment (Static)
 - Combustion
 - Rotary Equipment
 - System Equipment (Package)
 - + Instrument Work
 - + Electrical Work

PROCUREMENT

- Vendor's List Preparation and Pre-qualification
- Inquiry and Evaluation of Vendor's Quotation
- Purchasing and Contracts Activities
- Expediting
- Inspection
- Shipping and Transportation (Traffic)

CONSTRUCTION

- Construction Management and Supervision
- Government Application Permit
- Construction Schedule
- Safety Control
- Quality Control
- Material Control
- Subcontracting/Labor Management
- Field Engineering
- Testing and Commissioning

Animation / Graphic Design

- Significant supplier to Japanese anime market
- Significant provider to Walt Disney, Warner Bros., USA Lukfilm, SPI Int'l, New World Animation
- Presence of about 30 animation companies providing an estimated 300 22-minute episodes annually
- Large pool of talented, creative Filipino animation artists

Building the Philippines as an E-Services Hub

Who are with us...

Contact Centers

- Convergys (4 sites)
- Sykes (3 sites)
- PeopleSupport (3 sites)
- e-Telecare (3 sites)
- Teletech
- West
- APAC
- Six Continents
- ICT
- Parlance (with Echostar)
- SourceOne
- InfoNxx
- e-Performax
- Vocative
- Western Watts
- Ambergris
- AOL
- Sitel

Some clients

- Intel
- Chevron
- MCI
- Sony
- Dell
- Microsoft
- **Nokia**
- IBM
- Sun Microsystems
- Epson
- Kodak
- American Express
- HP
- GM
- FEDEX

Eng'g. Design

- JGC Philippines
- Flour Daniel Phils Inc.

BPO

- IBM
- Accenture
- HP
- AIG
- **Alitalia**
- Caltex
- Citibank
- GE Medical Systems
- **Henkel**
- **International Red Cross**
- **Maersk**
- Mitsui
- **Mysis Plc**
- NYK
- Procter & Gamble
- Safeway
- **SGS**
- UPS
- **HSBC**
- **Shell**

make it philippines

MOVING FORWARD

Moving Forward

Sustaining Growth and Quality Service

➤ Roadmapping

- “Imperatives” checklist developed by DTI-BOI with industry last August 6, 2003

➤ Benchmarks and standards

- Standards for basic competencies developed with industry & TESDA (customer services, representative level 2, telesales/marketing level 3)
- Awards and recognition programs being developed

Moving Forward

➤ Education/Training

- English strengthened in basic education per President's instruction
- Presence of call center academies
- Elective course in Advanced Communication for International Business (focus on call center) on pilot run SY Oct. 2003-2004. For roll-out in other universities in SY June 2004-2005

➤ Building Other Hubs

- Data generation/build-up on-going
- Project on labor profiling/sourcing under discussion

➤ Establish a BPO Association

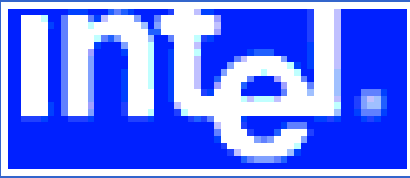
WHAT THEY SAY ABOUT US ...



Juan B. Santos
Chairman
Nestlé Philippines

“Nestlé Philippines, Inc. illustrates how growth can be achieved (in the Philippine environment). Its business has grown unabated even as the country has gone from crisis to crisis... It has consistently been one of the most profitable Nestle subsidiaries in the world. It now ranks the biggest in South East Asia and the 12th largest worldwide.

By no means is the Nestle experience exclusive. Many other local companies such as **Procter and Gamble, Unilever and San Miguel Corp.** and numerous smaller local enterprises posted equally remarkable growth, defying the political and economic storms that lashed the country in recent history.”



Robin Martin
General Manager
Intel Technology Phils.

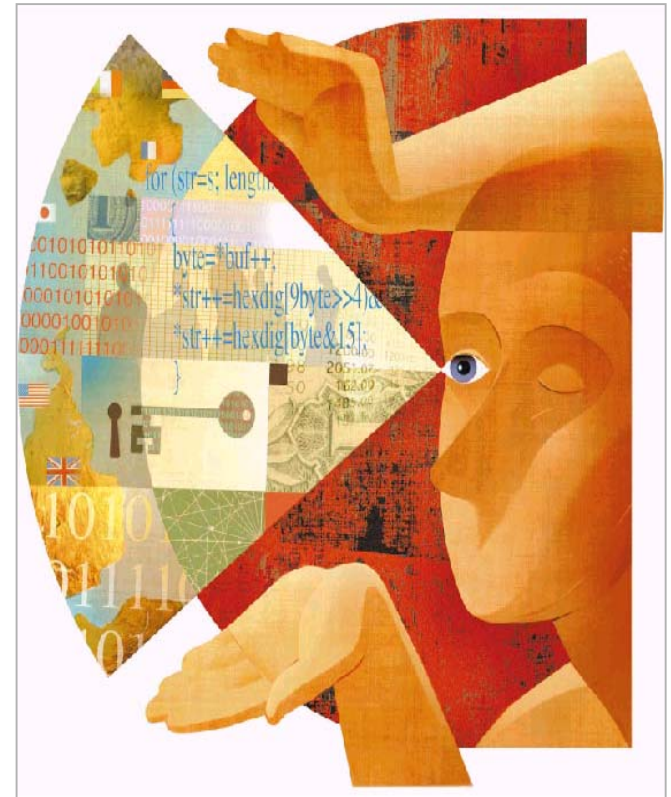
“... we’ve been here for 27 years. In spite of the ups and downs, our Philippine operations continue to be very competitive. We take pride in being the country’s top export performer in the last five years, mainly because of a resilient, dedicated, multi-skilled, and English-speaking workforce...”

... supportive Government... President GMA is pushing for Information and Communication Technology (ICT) as a primary growth engine of the economy...”

The Philippine Allure

Most recent “often” quoted statements from META Group worldwide:

- “Consistently in the top 5 of the knowledge workforce category of the Global New Economy Index” –Howard Rubin
- “Developing with high potential ... the only country awarded a two point upgrade in telecom maturity in Asia (from D to C1)” – Bjarne Munch
- “The Philippines is on the path of being a bright spot in Asia” – Lauro Vives
- “Russia, the Philippines, Ireland, Israel and China are the up-and-comers to watch” – Howard Rubin
- “India dominates the offshore industry, followed by the Philippines ...” – Dean Davison (December, 2003)



Philippine Board of Investments (BOI)

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- Dedicated team undertaking promotion and industry development
- Full service to investors (site research, location visits, counselling and operation start-up)
- One Stop Shop (SEC registration, Visa, Central Bank registration and incentives availment)

... we work to build business

Join us and be part of Asia's
Emerging Software and Business
Process Outsourcing Hub...

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Thank You!

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