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
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

<table>
<thead>
<tr>
<th>Year</th>
<th># of Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1,000</td>
</tr>
<tr>
<td>2001</td>
<td>3,500</td>
</tr>
<tr>
<td>2002</td>
<td>7,500</td>
</tr>
<tr>
<td>2003</td>
<td>20,000</td>
</tr>
<tr>
<td>Est 2004</td>
<td>40,000</td>
</tr>
</tbody>
</table>
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
  - Caltex
  - AIG
  - Accenture
  - HP
  - UPS
  - Alitalia
  - Maersk
  - SGS

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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)

<table>
<thead>
<tr>
<th>Company</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIG</td>
<td>Insurance Claims Processing</td>
</tr>
<tr>
<td>Alitalia</td>
<td>General and Passenger Accounting</td>
</tr>
<tr>
<td></td>
<td>(Credit Card Ticketing Functions, Auditing, Ticket Stocks / Inventory Functions)</td>
</tr>
<tr>
<td>Asiana Airlines</td>
<td>Revenue Accounting</td>
</tr>
<tr>
<td>Caltex (Chevron Texaco)</td>
<td>Finance and accounting support</td>
</tr>
<tr>
<td>Canon</td>
<td>R &amp; D on computer hardware design</td>
</tr>
<tr>
<td>Cypress Semiconductors</td>
<td>Payroll, Fixed Assets, Accounts Payable, Cost Accounting</td>
</tr>
<tr>
<td>Fluor Daniel</td>
<td>Engineering and design services</td>
</tr>
<tr>
<td>Maersk (formerly Sealand)</td>
<td>Finance and Accounting Services</td>
</tr>
<tr>
<td>MBK Data (Mitsui)</td>
<td>Credit Rating Analysis</td>
</tr>
<tr>
<td>BPO Players &amp; Services (Captive)</td>
<td></td>
</tr>
<tr>
<td>----------------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Navitaire</strong></td>
<td>IT Applications and Solutions for the Airline Industry</td>
</tr>
<tr>
<td>(affiliated with Accenture)</td>
<td></td>
</tr>
<tr>
<td><strong>NEC Telecom Software Phils.</strong></td>
<td>Software for network and telecom management systems</td>
</tr>
<tr>
<td><strong>NYK</strong></td>
<td>Global Container Monitoring &amp; Tracking, global Bill of Lading &amp; Data Auditing, Regional Pricing &amp; Marketing Function, eElectronic Processing of all Invoice &amp; Billings</td>
</tr>
<tr>
<td><strong>Procter &amp; Gamble</strong></td>
<td>Accounting/Financial Reporting Services</td>
</tr>
<tr>
<td></td>
<td>(General, Statutory and Expense Accounting including Banking/Treasury Functions and Fixed Asset Management)</td>
</tr>
<tr>
<td></td>
<td><strong>Employee Services</strong> (Salaries and Travel Expense Accounting)</td>
</tr>
<tr>
<td></td>
<td><strong>Purchasing Services</strong></td>
</tr>
<tr>
<td><strong>Safeway</strong></td>
<td>Software Application</td>
</tr>
<tr>
<td><strong>UPS</strong></td>
<td>Consolidated Finance and Accounting Services for its affiliate companies in the Asia Pacific Region.</td>
</tr>
</tbody>
</table>

*BOI*

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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
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”

Globe
Subscription
Rates
Network Coverage
Standard Features
Corporate
Privileges

MOBILE FUN

SMART Money

SMART MMS

Mobile Banking

MobileMail

TEXT GROUP/SITE

LBC Bills xpress

Voice & Text Services

BOI

dti

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BOI

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BOI
The Philippines leads in Mobile Wireless Application Technology

While much of the data traffic is still derived from SMS – over 1 billion messages sent globally every day – many operators are making excellent progress in non-SMS data services.

SOURCE: NOKIA Global Data Update (July 2003)
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
### Availability of Labor Skills

- **Over 75,000 licensed professionals (1995-2000)**
- **OFTs - 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

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Architect</td>
<td>9,306</td>
<td>Master Plumber</td>
<td>820</td>
</tr>
<tr>
<td>Civil Engineer</td>
<td>17,709</td>
<td>Mechanical Engineer</td>
<td>11,652</td>
</tr>
<tr>
<td>Interior Designer</td>
<td>274</td>
<td>Professional</td>
<td>671</td>
</tr>
<tr>
<td>Landscape Architect</td>
<td>45</td>
<td>Sanitary Engineer</td>
<td>289</td>
</tr>
<tr>
<td>Electrical Engineer</td>
<td>25,759</td>
<td>Geodetic Engineer</td>
<td>1,226</td>
</tr>
<tr>
<td></td>
<td>Professional</td>
<td>297</td>
<td>Junior</td>
</tr>
<tr>
<td></td>
<td>Associate</td>
<td>114</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Assistant</td>
<td>2,606</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Master</td>
<td>2,965</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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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


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Japan Gas Company Philippines

Case Model

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

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

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 & Figitive 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
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

**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**

Who are with us...
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

- **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 ...
“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.”
“… 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)
Our Services

- 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…

make IT Philippines
Thank You!

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