



Employment Outlook For South-East Asia

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Executive Compensation & Benefits Expo



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Executive Search & Management Consulting in the Emerging Countries of Asia.



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India, China – India, China...



**We've All Heard A Lot
About Their Success
Over The Past Few Years**



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India, China – India, China...



How They Have:

**Limitless
Supplies of
Qualified Labour**





India, China – India, China...



How They Have:

**Fastest
Growing
Economies
In the World**



India, China – India, China...



How They Have:

**Fastest Growing
Consumer
Markets
In the World**





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The Stampede Has Created Predictable Outcomes



Limitless Competition
for Business

Fastest Growing Costs



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Signs of Slowing in China

- **China Aims To Slow Growth, Pollution**



- **China GDP growth seen slowing in 2007**



- **China's economy growth is slowing**





Signs of Constraints in India

- **Is India's Outsourcing Honeymoon Over?**
- **India: Good Help is Hard to Find**
- **India's IT Challenge**





Don't Get Me Wrong

China and India both have achieved more than in a shorter time than any other country in the history of the world.

We should all be proud of their success.





But, the Pendulum is Swinging

Nothing moves in a straight line. Decision Makers feel it is time to look at other regions for future growth.





South-East Asia Is that Region

So, if you feel you missed the booms in China and India, you won't miss the next growth opportunity in SE Asia.





South-East Asia: Considered A Single Market

Global Managers are used to thinking in bigger market terms these days. To be noticed, SE Asian countries are becoming integrated.





South-East Asia: Considered A Single Market

Let's look at a few of the
major component countries
to understand their basics.





Malaysia



2007 Growth	6%
Population	26M
GDP	\$147B

Industries: BPO,
electronics, petroleum,
chemicals

Economic growth estimates courtesy of:

Economist.com





Philippines



2007 Growth	6%
Population	88M
GDP	\$98B

Industries: BPO,
electronics, textiles

Economic growth estimates courtesy of:

Economist.com



Indonesia



2007 Growth	6%
Population	242M
GDP	\$281B

Industries: textiles,
petroleum

Economic growth estimates courtesy of:

Economist.com



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Thailand



2007 Growth	5%
Population	65M
GDP	\$176B

Industries: electronics,
petroleum, chemicals

Economic growth estimates courtesy of:

Economist.com





Vietnam



2007 Growth	7%
Population	83M
GDP	\$52B

Industries: manufacturing

Economic growth estimates courtesy of:

Economist.com





Singapore



2007 Growth	8%
Population	4M
GDP	\$116B

Economic growth estimates courtesy of:

Economist.com



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South East Asian Economies

	2007 Growth	Population	GDP
Malaysia	6%	26M	\$147B
Philippines	6%	88M	\$98B
Indonesia	6%	242M	\$281B
Thailand	5%	65M	\$176B
Vietnam	7%	83M	\$52B
Singapore	8%	4M	\$116B
TOTAL		508M	\$870B

Economic growth estimates courtesy of:

Economist.com



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Singapore



Gets 2/3's of FDI for entire
ASEAN region
(with just 1% of population)

Singapore is the Regional
Center of SE Asia





Singapore: SE Asia's Regional Center



For Executive Managers:
There is probably no other
location in the world with a
better outlook for
opportunities.





Singapore's Success Depends on SE Asia's Success

Let's look at a few growth
areas for Southeast Asia
including Singapore





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Singapore's Success Depends on SE Asia's Success

IT/Telecom
Financial Services
Natural Resources
Semiconductor & Electronics
FMCG
Etc.



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Singapore's Success Depends on SE Asia's Success

Business Process Outsourcing

1. BPO is on the minds of every Regional Manager in Asia these days.
2. Global HQ's are pushing Regional Managers for information about it.





South-East Asia Deemed a Premier Destination for Offshore Outsourcing

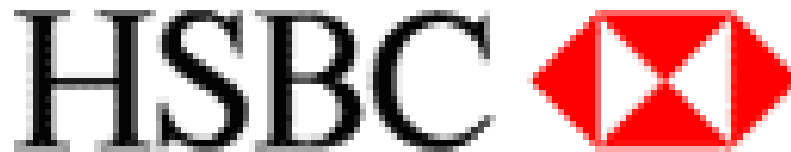
This could be a tremendous opportunity for your company
and yourself.

Let's understand some background about it.





Actions of Leading Outsourcing Organizations:



Top Performing Delivery Unit in the World

Comments:

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:

A Passion to Perform.

Deutsche Bank



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 300 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:



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 Decision Makers:



Pulled Jobs Out of India

Comments:

“Sykes, a large U.S.-based contact center and IT support organization, has operations in both India and the Philippines. The company said it would **shift much of its Indian capacity to the Philippines**, where it already has 7,000 employees. "We moved calls to other facilities in Asia to get a higher rate of return," was the official statement from Dan Hernandez, Sykes' vice president for global strategies. But knowledgeable observers in the region say that the rate of return differential must be large for a company of Sykes' size and prominence to forgo India after already putting capacity in place.”

Source: ComputerWorld USA





Actions of Leading Outsourcing Organizations:



Accounting, IT and HR Services Provided

Comments:

The group was established 7 years ago and provided support for a variety of higher-value functions to regions that include Asia, Africa and the US.





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.





Actions of Leading Outsourcing Organizations:



Opportunity is in the Thousands

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.





What Does All This Mean for South-East Asia

Let's look at some
conclusions and comparisons
using India as an indicator of
what might be in the future.



India: The King Of Outsourcing



- currently employs
1 million BPO workers
- total population is
1 billion people
- **Penetration rate is 0.1%**



Malaysia: 50% Better?



- currently employs 40K BPO workers
- total population is 26M people
- **Penetration rate is 0.15%**
- 1.5 Times Higher



Philippines: Twice As Good?



- currently employs 200K BPO workers
- total population is 88M people
- **Penetration rate is 0.2%**
- **Two Times Higher**





Who are the Future Kings?

South-East Asia Deemed a Premier Destination for Offshore Outsourcing

1. Monumental employment growth rates (40%+ per year)
2. Skilled, well paying jobs creation.
3. Probably the greatest growth opportunity of this decade





Executive Compensation & Benefits 2007: **The Trends**

1. Localization Continues

- Majority of multinationals want to migrate senior regional positions to Asian or Australian nationals in the next 2 to 3 years.
- Particularly true for positions with sales-driven responsibilities





Executive Compensation & Benefits 2007: **The Trends**

2. New Demand for Expatriates

- High Growth sectors like Business Process Outsourcing and natural resources require expatriates
- Expatriates required in new (or newly revived) sectors when local talent not yet developed





Executive Compensation & Benefits 2007: The Trends

3. Non-Traditional Expats

- Traditional Expat Packages included housing, schooling for children, fly-backs for a 2 to 3 year posting.
- Today, everything is negotiable. Many new sectors provide 6 month revolving terms and pay a small housing allowance but you find your own housing.
- Overall, the movement toward personal responsibility continues unabated.





Executive Compensation & Benefits 2007: The Trends

4. Cross Postings

- It used to be that Executive Postings were top down in nature. Managers were sent from the HQ to the country office for experience and back again.
- Indians, Filipinos, Thai's all have the same cross posting opportunities to gain experience and be considered for the most senior roles.





Executive Compensation & Benefits 2007: The Trends

5. Regional Integration

- Companies used to have Country Managers for single countries. This seemed to make sense since Asian countries are so different.
- Today's Country Managers are expected to handle multiple countries in a hands-on operating manner, dividing their time among 2 to 4 countries.





Executive Compensation & Benefits 2007: The Trends

6. Asia Becoming Valued

- The Asia-Pacific region accounts for less than 15% of total revenues for most multinational companies.
- Many still see Asia as a place to sell and deploy and not much more.
- Regional Managers are frantically trying to bring new types of business to Asia in order to increase the prominence of the region to their global managers.
- Business Process Outsourcing is a current initiative.





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Richard Mills CFA

Chalré Associates Executive Search

Shameless
Self-Promotional
Material
of the
Presenter

Expert Panel Member:



Co-Founder:



Featured Columnist & Contributor:



Quoted as:

- *“the Asia Pacific expert”* by CallCenter Magazine.

- *“Offshore Outsourcing Expert”* ComputerWorld USA

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