



# Philippines BPO: Ready for the Deluge

## Presented by:

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## For:



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*Executive Search & Management Consulting in the Developing Countries of Asia.*



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Background  
Information  
of the  
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**COMPUTERWORLD** An IDG company

**CallCenter**  
TECHNOLOGIES, SERVICES AND STRATEGIES FOR CONTACT CENTERS

Part of the **TechWeb** Business Technology Network  
**outsourcingpipeline**

*India Daily*

**ASIA TIMES** Online  
www.atimes.com

**Quoted as:**

- *“the Asia Pacific expert”* by CallCenter Magazine.
- *“Offshore Outsourcing Expert”* ComputerWorld USA
- *“guru on outsourcing”* by Dr. Michael Clancy, President of Philippine Business Leader’s Forum, Economist Intelligence Unit.

## Who is Doing What in Philippines

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

Later we will discuss the conclusions  
from their actions.



Who is  
Doing  
What in  
Philippines

## Accenture



**Current Employment - 7,000**

### Characteristics:

- Period of Commitment – Early Locator
- BPO Type – Non-Captive, use 3rd party providers
- 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  
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Philippines

## IBM



### Current Employment - 3,000

#### Characteristics:

- Period of Commitment – Early Locator but slow to start
- BPO Type – Non-Captive
- 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
- BPO Type – Captive, uses 3<sup>rd</sup> party providers
- Growth Outlook - Targeting fast growth from this point forward
- Services Provided – IT, application maintenance, tech support
- Working Environment - balanced
- Locations – Downtown Core



Who is  
Doing  
What in  
Philippines



## Current Employment – 1000

### Characteristics:

- Period of Commitment – Recent Locator
- BPO Type – Captive, uses 3rd party providers (if can find them)
- Growth Outlook - Targeting fast growth from this point forward
- Services Provided – 3 separate facilities managed separately (IT, BPO)
- Working Environment - balanced
- Locations – Downtown Core



## Dell

Who is  
Doing  
What in  
Philippines



**Current Employment - ~4000**

### Characteristics:

- Period of Commitment – Recent Locator
- BPO Type – Captive, uses 3rd party providers
- Growth Outlook – fast growth
- Services Provided – call center
- Working Environment - Difficult
- Locations – Captive Center in Mall of Asia





# 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 the Industry

## Early Stage of Development

1. Direct Industry Employment is only 100,000
2. Most BPO's are small
3. Broad range of BPO services but voice dominates
4. Lack of local competition and vendors



# 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

# What Business Leaders Say: About Staff Availability

## Good Supply of Labour (so far)

1. Better “take-up” in Philippines over India
2. Call centers already moving outside Manila
3. Supply of senior management talent is constrained

# 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 competition on incentives.
3. BPO salaries lower than call center.

# 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



# About BPO Locations

## Metro Manila BPO Locations:

1. Makati City
2. Fort Bonifacio
3. Alabang
4. Ortigas
5. Eastwood

Others:  
Mall of Asia



# What Business Leaders Say: About Real Estate

## Innovative Solutions Required

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

## What Business Leaders Say: About Developers

1. No speculative construction at this point
2. Eager to develop for quality clients
3. Large drop in quality outside the main players



# Government Support

## 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

Good Overall, but high variance

1. Most say their own companies have more red-tape than Philippines government.
2. PEZA registration said to be 4 to 5 months, undertaken by developer
3. Concern about unclear regulations
4. Relationships are required
5. No competition between locations



# 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

# 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.

Comments:

Repatriation is often problematic after 3 years.





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

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