PHILIPPINES

A WORLD-CLASS OFFSHORING & OUTSOURCING DESTINATION

Fact Sheet

Land Area	300,000 sq. km. (archipelago of 7,100 islands)
Geography	Three main island groups: Luzon, Visayas & Mindanao
Capital	Manila
Political System	The 1987 Constitution provides for a presidential system of government with a bicameral parliament and three (3) equal branches: executive, legislative and judiciary.
Population	88.7 M
Population Density	296 inhabitants/sq.km
Literacy Rate	95.1%
Languages Spoken	Filipino, English and other regional dialects
Ethnic Profile	Christian Malay 91.5%, Muslim Malay 4%, Chinese 1.5%, others 3%
Major Religion	85% Roman Catholics, 10% Protestants and 5% Muslims
Climate	Tropical with temperatures ranging from 23-32 °C. Two distinct seasons: Wet (June to October) & Dry (November to May)
Currency Unit	Philippine Peso
GDP Growth Rate	5.4% (2006)
Inflation Rate	6.2% (2006)
Time Zone	GMT +8 hrs.
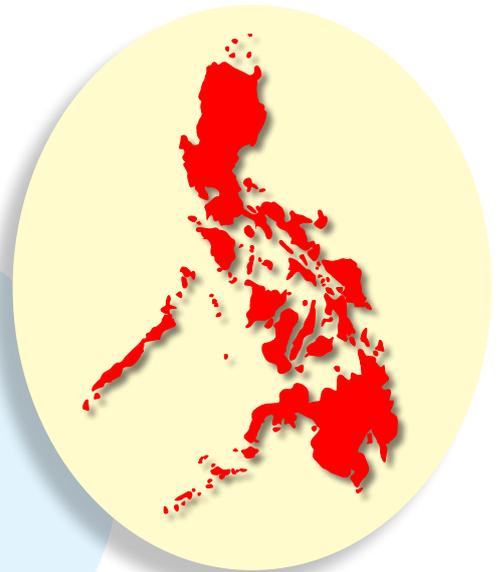
The Philippines' IT/BPO Industry

The Philippines' IT/BPO industry is composed of shared services facilities and independent companies: Big globally operating corporations outsource in-house parts of their operations in the Philippines, international 3rd party providers offer services to companies worldwide from the Philippines and independent Philippine companies provide services to local and international clients. Through this mix the right service can be offered to companies of all sizes and branches.

A wide range of outsourcing areas can already be found in the Philippines. The 2 main areas of expertise are Contact Centres and BPO. In those areas the Philippines rank worldwide second according to the Booz Allen Hamilton/Duke University Offshoring Research Network 2006 Survey. However, software development, medical & legal transcription, animation and engineering design have grown steadily, too over the past years.

Contact Centre

The most outstanding area in the past years has been the Contact Centre area. Many companies worldwide see the Philippines as the 3rd largest English-speaking nation an ideal location to take over inbound and increasingly outbound services – taking advantage of the friendly, unobtrusive and polite attitude of Filipinos.

Customer service, Help Desk, Marketing and sales, delivery of customer loyalty programs, new product promotions and research are a few examples of services provided by the Philippines' contact centres.

Development of the Contact Centre industry

No. of Employees

Year	Employees
2000	2,400
2001	5,600
2002	12,000
2003	32,000
2004	64,000
2005	112,000
2006	160,000
2007	198,000

Revenue in M€

Year	Revenue
2000	12
2001	28
2002	60
2003	160
2004	512
2005	896
2006	1,180
2007	1,800

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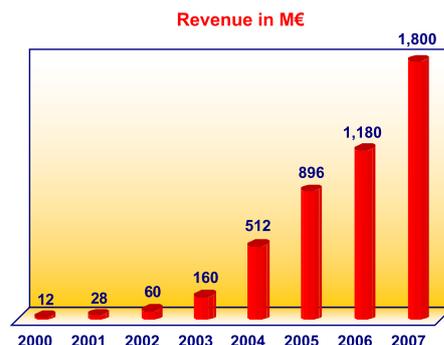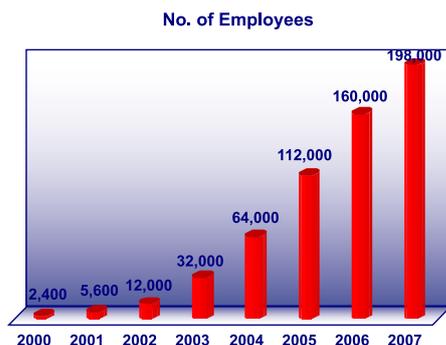
Business Process Outsourcing (BPO)

BPO covers a wide range of services – from accounting to Business Intelligence. Finance & accounting related services are the main area of expertise in BPO. 4,000 new certified accountants per year make sure that the work is not only technically correct but they also understand the subject and can therefore work more precisely and efficiently.

Other BPO areas are e.g. database-, network-, transaction- and supply chain management, HR administration, as well as sourcing and procurement.

Development of the BPO industry

No. of Employees

2004	2005	2006	2007
15,000	22,500	36,000	40,200

Revenue in M€

| 2004	2005	2006	2007
86	129	206	284
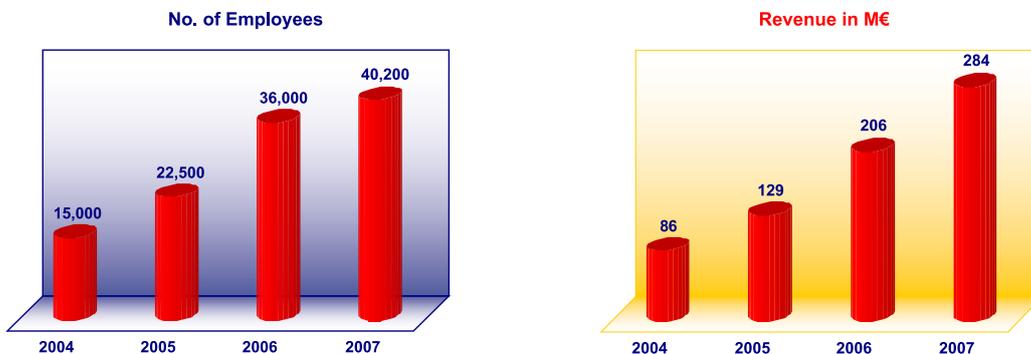
Software Development

Already operating for more than two decades the software development sector of the Philippines employs over 80,000 skilled programmers, system analysts and project managers. 30,000 new technology graduates provide a constant expansion of the workforce every year.

In addition to shared services companies with thousands of programmers, independent software vendors of different sizes provide services in specialised niches or develop and sell packed commercial applications. Services comprise software development management, analysis and design, programming, testing, installation, maintenance, training, customisation, reengineering and conversion.

Development of the Software Development Services industry (Export)

No. of Employees

2004	2005	2006	2007
10,000	12,000	16,000	29,200

Revenue in M€

2004	2005	2006	2007
121	146	194	302

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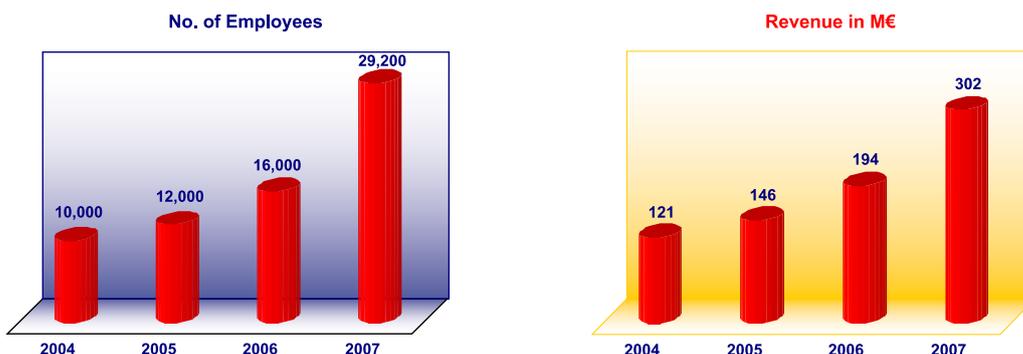
Animation

Known for the creativity of its people the Philippines is a preferred destination of the worldwide animation industry with major projects completed for Hanna Barbera, Disney, Warner Bros. and many other internationally recognised producers of animated features worldwide.

Filipinos are also beginning to develop original content animation for global markets. Their wealth of experience in the production of animation and rich cultural background have fostered the industry's capacity for generating innovative concepts, cutting-edge design, and world-class quality. This has led to a surge in interest among Philippine animation companies in co-producing international content with established global partners.

2D, 3D and 4D animation, pre-production service, web animation, gaming and flash animated series are some of the services the animation sector offers to its clients.

Development of the Animation industry

No. of Employees

Year	Employees
2004	3,000
2005	4,500
2006	6,500
2007	7,000

Revenue in M€

| Year	Revenue
2004	37
2005	53
2006	69
2007	75
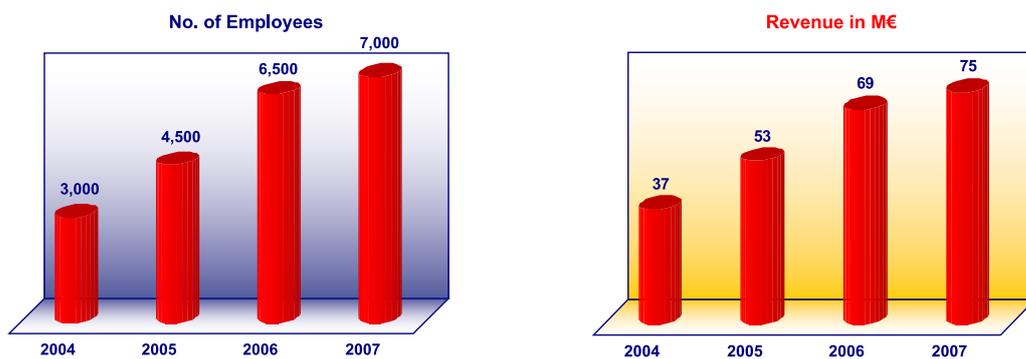
Medical & Legal Transcription

The great demand for documentation of medical and legal information continues to rise constantly. In some countries hospitals must convert medical records into electronic format, which is done by a specially trained workforce within a 24-hour period. The rising global demand for competent yet cost-effective workers has resulted in the dearth of medical transcriptionists. To address this, academic institutions specialising on medical transcription have been established while existing schools have begun offering medical transcription courses.

Some services offered by local companies are: consultation reports, office visits, clinical-, psychiatric-emergency- and progress notes, patient assessment, therapeutic procedures, and diagnosis.

Development of the Medical & Legal Transcription industry

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**No. of Employees**

Revenue in M€
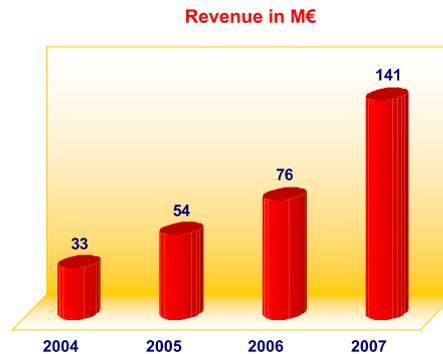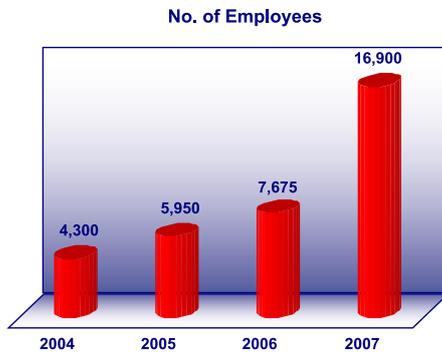
Engineering Design

The engineering design sector offers a range of services from civil engineering to architecture and design. More and more companies have been utilising Philippine facilities for core research and product development, for planning and procurement, as well as for important construction projects. The roster continues to grow as the country effectively keeps up with the global engineering design industry's skills and technological requirements.

Foreign investors consider the Philippines' pool of highly skilled and talented engineers as the country's biggest edge. Every year, around 35,000 engineering graduates join the manpower, all of whom are IT-enabled and English-proficient.

Services offered by this sector are e.g. civil engineering design, architectural drawings, electronic components, CAD/CAM and printed circuit design.

Development of the Engineering Design industry

No. of Employees

Revenue in M€
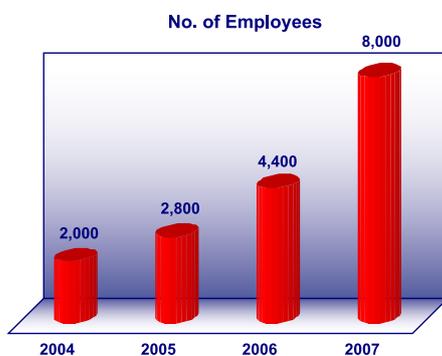
Why the Philippines?

SERVICE AT ITS BEST

is the short summary why we believe being a world class off-shoring destination.

Let's look at some factors that fit together perfectly:

1. The Filipinos

"The Philippines' main advantage is the quality, enthusiasm, and attitude of its available workforce. Obviously, their knowledge of Western culture, English language skills, and government assistance also help."

(Neil Elias, CEO of Philippine Global Service Delivery Center, Logica)

This example shows the biggest assets the Philippines have: THE PEOPLE

- English neutral accent
  The Philippines is the 3rd biggest English speaking country in the world with 70% of the population speaking a neutral accent English which makes communication easy.

- Culture
  Filipinos are known for their friendly, patient, accommodating and at the same time unobtrusive attitude. Combined with their historic Western-orientation collaboration with the Europeans can be established quickly and smoothly.

- Highly educated
  The literacy rate of 95.1% is one of the highest in the world. More then 400,000 new graduates are entering the job market every year. 110,000 of those have a background in Business Administration and 65,000 in IT and engineering.

- Work ethics
  Being loyal, fast learning and adaptable, the Filipinos work hard to grow their companies' business in today's constantly and ever faster changing world.

- Low salary level
  The Philippines remains one of the lowest wage locations in the 2007 Global Service Location Index of AT Kearney with monthly salaries of app. € 300 (PhP 18,000) for a call center agent, € 360 (PhP 22,000) for a computer programmer or € 75 per man-day for a project manager.

2. Excellent Infrastructure

An excellent infrastructure forms the foundation for an off-shoring destination. The following facts and figures underline the state-of-the-art infrastructure environment of the Philippines as per end 2007:

- Communication
  The deregulated telecommunications industry provides redundant international connectivity with 24x7x365 support operation. Due to optic fiber landings/links the network is stable, robust and highly scalable. Costs have decreased steadily and are now at app. € 3700/month for E1-lines to the UK, as an example.

- Office Space
  Office space with rental prices for premium locations of € 7-15 /m^2 is one of the cheapest in Asia. 52 IT zones in Manila and all over the country offer state-of-the-art infrastructure. To keep pace with the growing demand new office space was built in 2007 and more buildings are under construction.
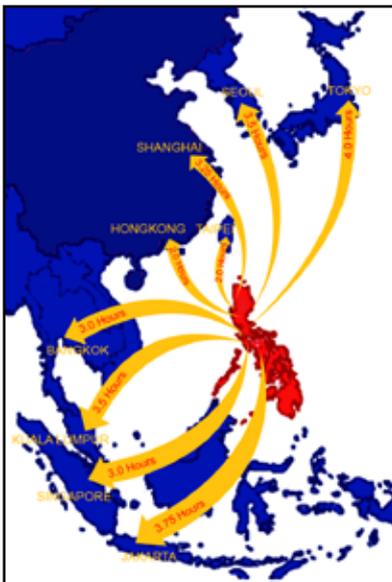

- Location
  The Philippines are located strategically, providing access to the 550 Million ASEAN market. As the Asian key cities are reachable within 4 hours it's the regional logistic hub and an ideal basis for European companies to grow their Asian business.

3. Stable Economic and Political Background

- Solid economic growth

  The Grant Thornton International Business Survey Review for 2007 ranked the Philippines 2nd among 32 economies in business confidence. A very solid economic growth - not jeopardised by economic bubbles - is the basis for a secure and profitable business.

Economic Key Indicators in %

	2004	2005	2006	2007
GDP	6.2	5.0	5.4	7.3
Inflation	5.5	7.6	6.2	2.8
Ø 91-Day T-Bill Rates	7.3	6.4	5.4	3.4
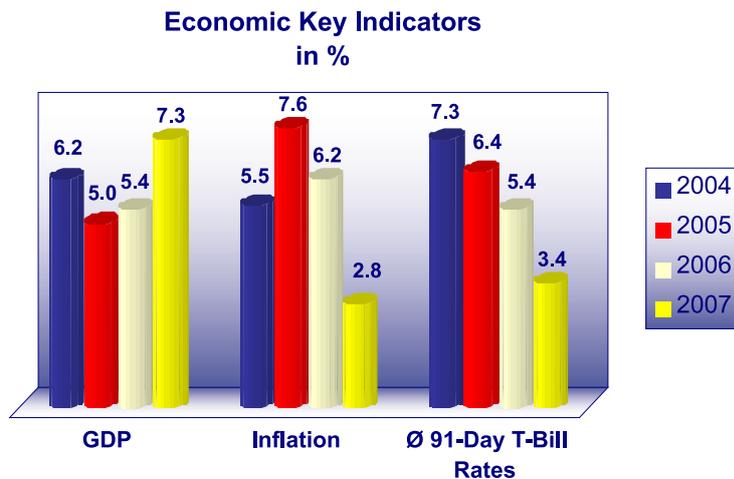
- Open market oriented government

  For more then 20 years the Philippines has been a stable democracy with open market oriented governments improving the infrastructure through public investments and attracting local and foreign investors through a wide range of incentives, i.e.

  > 4 to 8 years Income Tax Holiday (ITH)

  > Special 5% tax rate on gross income after the lapse of ITH (for IT Park/Ecozonelocators)

  > Exemption from 12% input VAT on allowable local purchase of goods and services (e.g., communication charges)

  (The complete list of incentives can be found under www.dti.gov.ph/Investment_ EstablishingBusinesses_Incentives.php)

- Data Privacy & Security laws

  Already in 1997, the Intellectual Property Code was implemented. In addition, the Philippines are TRIS compliant. E-commerce laws are also in place to establish the provisions for confidentiality and a secure business environment.

4. Hospitable and High Level Standard of Living

In addition to the Filipino's reputation for exemplary hospitality, the infrastructure available and landscape of the Philippines offer a lifestyle that makes it an ideal destination for expatriates and visitors from Europe to enjoy:

• Safe place to live for whole families,

• value for money housing with a Western standard,

• all kind of Asian and Western food to affordable prices,

• international schools,

• a wide range of shopping facilities, which also offer European brands and

• modern recreation facilities – inside and outside the cities.

Who is with us?

Europe

1&1

Alitalia

Arinso International

Asiatype

Atkins

Bigfoot Entertainment

Cambridge University Press

Cormant Technologies

Deutsche Knowledge Services (Deutsche Bank)

D&V Business Services

Ericsson

Fritz & Macziol

GoIndustry

Henkel

HSBC

Link2Support, Inc.

Logica

Lloyd's Register

Maersk

Merlin

Michelin

Misys

Nestle

Océ

Odfjell

Rivereo

SGS

Shell

Siemens

Software AG

Soluziona

Teleperformance

Transcom

Zimplicity Solutions Corp.

Americas

Accenture

AIG Business Processing Services

AMDATEX (American Data Exchange) formerly Adec Solutions

APAC Teleservices

Bechtel

Dell

Chevron Texaco (Caltex)

Citibank

Citigroup Business Services

Convergys

DSM (Manila) LLC/White & Case

Emerson Financial Services

EPSON Software Engineering

First Advantage

Fluor Daniels

Fujitsu

GE Money

Headstrong

HP

IBM

JP Morgan Chase Bank

Lexmark

Manulife Business Processing Services

Microsoft

Oracle

Perot Systems

Procter & Gamble

Safeway

Sitel

StarTek

Sutherland Global Services

Sykes

TeleTech

Thomson Reuters

TRG

Watson Wyatt Asia Pacific Shared Services Center

Asia Pacific

Acquire Asia Pacific

Aditya Birla Minacs /Transworks BPO Phils.

Admerex Philippines

Aegis PeopleSupport

AET-TECH Corp.

ARANCA Research

Astra

AWS (Advanced world solutions)

Carrier International

First Source Solutions

HTMT

IBM Daksh

Infosys

i-Touch Point

JGC

KHI Design &

NEC Technical Services

Stellar Global Solutions

Tata

Tsuneishi

Wipro

These examples represent only some of the international companies already outsourcing to the Philippines.

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Testimonials

Warner Manning, CEO HSBC Philippines:
Our decision to open a group service center in Manila reflects our long standing commitment to the country and our confidence in its prospects… High quality telecommunications infrastructure and excellent English-language skills are the building blocks of this business, and both are freely available in the Philippines.

Noel Paraso, General Manager Shell Shared Services Manila:
Shell Shared Service Center Manila is a proof that Filipinos can perform according to the same high standards given to and expected from foreign employees. One proof of this is the continued interest to transfer more work because trust has already been established.

Gary Cooper, CEO Rivereo Technologies Ltd.:
The Philippines is an ideal offshore destination due to a very high level of compatibility with UK and other European cultures. We have found that very similar behavioral & work ethics have enabled our Filipino staff to blend seamlessly with their European counterparts. We are also very impressed with the technical depth and experience of our Filipino staff that results in exceptional references from each of our clients.

Sam Bolton, Director of Delivery Kainos Software Ltd. (client of Rivereo):
The first engagement with our Rivereo Team involved development of a major release for a large and complex application – to very demanding timescales. I was impressed by the speed with which our Philippines-based Team got to grips with the demands of the development. They delivered on time and to the same high level of quality as our own staff.

John Sykes, Sykes CEO and Founder:
The people of the Philippines are a unique people, which is why they fit into the Sykes Global Team so well. They are not only professional, dedicated, and team-oriented but also communicative and responsive – qualities essential to the success of a global company. They are civic-minded, fun-spirited, talented and highly educated – 99.9% of our Sykes Manila employees hold bachelor degrees or higher. A professional, respectful, and compassionate people is what Sykes found in Manila. Our success in the Philippines was contingent on employees who exemplify Sykes culture of "Pride in Performance". I, quite frankly, cannot imagine Sykes Manila not being part of Sykes Global Team.

An initiative of

- Board of Investments (BOI)
- British Chamber of Commerce of the Philippines (BCC)
- Business Processing Association of the Philippines (BPAP)
- Center for International Trade Expositions and Missions (CITEM)
- Commission on Information and Communications Technology (CICT)
- European Chamber of Commerce of the Philippines (ECCP)
- European IT-Service Center Foundation (EITSC)

to promote the Philippines as preferred off-shoring destination in Europe.

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