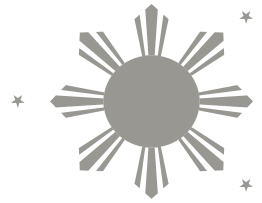




ICT-BPM-KPM



I. MARKET OVERVIEW

Constantly outpacing the global outsourcing industry's growth between 5–7% annually, the Philippines accounts for 30% of the global market in voice business process management (BPM) and 10% of the global market in non-voice BPM. The industry is expected to continue expanding at an average rate of 15% per annum in the next five years.

Estimates by the World Bank suggest that the country's BPM industry and associated IT sector have the potential to generate export earnings of up to €49,4 billion by 2020, representing about 11% of GDP and translating to more than 1,8 million jobs for Filipinos. Revenues are forecast to reach €22,4 billion in 2016, almost equal to the expected remittances coming from overseas Filipino workers. Non-voice services are projected to account for 58% of the total IT-BPM sector in 2016.

Knowledge process management (KPM) services are rising rapidly and providing high-paying jobs to about 200 000 Filipinos. Back-office services, like information technology outsourcing, healthcare, legal process, animation, engineering services outsourcing, and game development, are also experiencing remarkable growth strides.

The Philippines remains as the global number one destination for voice BPM services. Good command of English with neutral accent makes the Philippines an attractive contact center destination.

The Philippines currently has a 52% Internet penetration rate, which has nearly doubled in the past four years from 27% in 2010. Laptops (45%), which are more preferred over desktops, and mobile devices are used for Internet access.

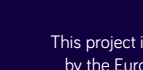
Globe Telecom and PLDT both maintain nationwide, high-speed networks and landing stations connecting to international submarine cables. The broader Internet market in 2014 was €27 billion or as much as 13% of the country's GDP.

II. MAIN LEGISLATIVE AND REGULATORY FRAMEWORK

In line with the goals and strategies of the Philippine Development Plan (2011– 2016), the latest Investment Priorities Plan (2014–2016) identifies IT-BPM as one of the six priority areas of investment areas with generous and highly competitive and preferential incentives schemes.



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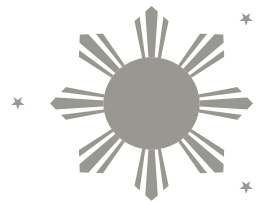


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The government's planned industry framework includes: the development of the IT-BPM areas in 'next wave' cities outside Metro Manila and Cebu; development of telecommunications infrastructure; development of citizen's adaptability to ICT, with plans to double computer and Internet access penetration for households; development of legal framework and incentives; and development of human resources able to meet the demands of the IT-BPM-KPM industry.

- ★ Cyber-security systems for banks as well as government organizations and public utility companies to enhance their security;
- ★ Digital platforms and e-payment solutions to respond to the demand generated by the e-commerce sector; and
- ★ IT-based healthcare and education solutions to enhance access to healthcare and medicine particularly in rural areas.

III. MAJOR OPPORTUNITIES FOR EU BUSINESSES

The Philippines is a competitive end-market for ICT solutions offered by European technology providers. There is an increasing need for innovative ICT solutions such as:

As the largest contact center country in the world and second largest for non-voice back office operations, the Philippines creates opportunities for EU companies to increase their efficiency and be more competitive in the global business setting.

- ★ Developing systems for asset management, mapping, and project monitoring systems in the booming infrastructure sector;



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