



Global In-house Centers (GIC) in the Philippines: Going from Strength to Strength

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Market Report – December 2016 – Preview Deck

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¹ Banking, financial services, and insurance

Background and scope of the research

Background of the research

The Philippines continues to be an attractive location for global companies looking for scalable operations across a broad range of voice and non-voice IT and Business Process Services (BPS) at low cost in the Asia Pacific (APAC) region. The Philippines global services market has grown at ~19% annually in the last few years to become one of the leading offshore locations globally, driven by service providers as well as Global In-house Centers (GICs). As GICs continue to enter and expand their presence in the Philippines, the scope of services delivered have expanded beyond traditional contact center services to include other functional and industry-specific service segments. In this report, we take stock of the GIC landscape in Philippines market, and identify key emerging trends among GICs in the Philippines

In this research, we have analyzed the overall GIC landscape in the Philippines to provide insights around leading service segments, leading verticals in terms of GICs setups, and emerging trends in the Philippines' GIC landscape

The scope of this report includes:

- Leading GICs in the Philippines, covering ~80% of the overall GIC market

This report is based on Everest Group's proprietary GIC database that is updated regularly with new set-up activity, expansion/contraction of existing GICs, divestitures, and capacity additions as well as ongoing interactions with GICs and parent stakeholders

Note The report covers leading GICs in the Philippines and represents ~80% of the overall GIC market

Methodology – Everest Group’s extensive databases, proprietary market intelligence, and inputs from market participants formed the foundation for this report

- Proprietary intelligence
- Market thought leadership
- Actionable and insightful research

1 Robust definitions and frameworks – location assessment, sustainability, and scalability

Robust Multiple extension for Ben Jose

Cost arbitrage is expected to remain sustainable over the next 13-14 years

2 Proprietary databases (global in-house centers, market activity, and transaction intelligence)

Cost Database

GIC Database

3 Diverse set of touch-points with key global- services stakeholders for on-the-ground perspectives

Everest Group

Everest Group Information Technology Recruiters

Enterprises, Service Providers, Service Enablers

4 Fact-based research adequately informed by deep domain expertise and experience

Likelihood of availability of languages

Language	XXXX	XXXX	XXXX	XXXX	XXXX
Italian	Red	Red	Red	Red	Red
Chinese	Red	Red	Red	Red	Red
Spanish	Green	Green	Green	Green	Green
Portuguese	Green	Green	Green	Green	Green
Czech/Slovak	Green	Green	Green	Green	Green
Polish	Green	Green	Green	Green	Green
Hungarian	Green	Green	Green	Green	Green
Russian	Green	Green	Green	Green	Green
Bulgarian	Green	Green	Green	Green	Green
Slovenian	Green	Green	Green	Green	Green
Croat	Green	Green	Green	Green	Green

Bar chart showing employee counts for various languages: 30000, 20000, 10000, 5000, 2000, 1000, 500, 200, 100, 50, 20, 10, 5, 2, 1.

- A dedicated team for global sourcing research, comprehensively supporting all location-related requirements of clients (information, strategy, tracking, etc.)
- Comprehensive, year-round tracking of global sourcing activity across outsourcing transactions, locations, Global In-house Centers (GICs), and service providers
- More than 20 years of advising clients on global sourcing decisions spanning strategy, optimization, and implementation
- Executive-level relationships with buyers, service providers, country/industry associations, and other industry stakeholders (recruiters, real estate firms, and legal firms)

This research leverages Everest Group's proprietary GIC database and the knowledge developed on the basis of ongoing interactions with stakeholders in GICs and parent organizations

2

Proprietary databases (global in-house centers, market activity, and transaction intelligence)

Unique characteristics

- Industry's most comprehensive database of GICs located across India, the Philippines, Rest of Asia, CEE¹, Latin America, and MEA²
- Tracks GICs of leading firms (e.g., Forbes 2000 and Fortune 500 companies)
- Database covers over 2,100 GICs
- Focus on GICs providing offshore delivery of global services – excludes shared services centers serving the domestic market

Key dimensions tracked

- Scale (FTE range)
- Verticals
- Functions offered (e.g., IT, BP, and R&D/engineering)
- Parent geographies
- Parent size (revenue range)
- Location of delivery centers

3

Diverse set of touch-points with key global services stakeholders for on-the-ground perspectives

- Ongoing interactions with 30+ GICs in Philippines
- 15+ engagements covering the GIC and SP markets in Philippines
- Multiple touch-points with IT and Business Process Association of the Philippines (IBPAP)
- Interactions with multiple firms (parent organizations) over a wide range of global services issues

¹ CEE: Central and Eastern Europe, MEA: Middle East and Africa

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Overview and abbreviated summary of key messages

The Philippines is considered a mature location for offshore services delivery and continues to maintain a key position in both outsourcing and GIC markets. The Philippines GIC market has grown to reach more than 170+ centers, growing at ~19%, in terms of number, since 2013. Though majority of GIC FTEs are involved in contact center service delivery, F&A, Banking BPS, and Information Technology (IT) are the other leading services being delivered from GICs.

This report assesses the current state of the Philippines GIC market on the basis of GIC landscape in the Philippines, functional maturity of the GICs, and key verticals served from GICs in the Philippines. It also provides a view on some of the emerging GIC trends in the Philippines market.

Some of the findings of the report

Current state of the Philippines GIC market and emerging trends

- The Philippines GIC market has grown to reach more than 170 centers in 2015, registering a growth of ~19%, in terms of number, since 2013
- The growth in the number of FTEs is driven by new GIC setups and expansion (both in terms of scale and scope of services offered) of existing GICs
- GICs are now delivering more niche business process services and also becoming strategic partners to their parent organizations

Functional maturity of leading service segments

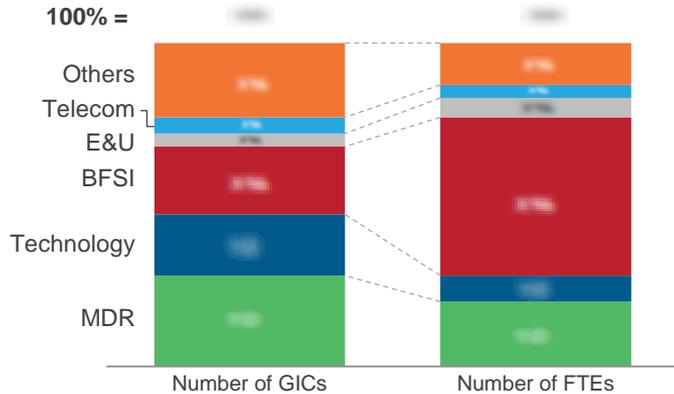
- Voice-related (contact center) services remain the leading service delivery segment for GICs due to strong English-speaking skills, neutral accent, and cultural affinity of Filipinos with the Western world
- Within horizontal services, F&A is the leading segment. Presence of qualified talent pool, trained in accounting system strongly influenced by the U.S. and international practices, enables GICs to deliver transactional as well as judgment-intensive services from the Philippines

Deep dive on leading verticals

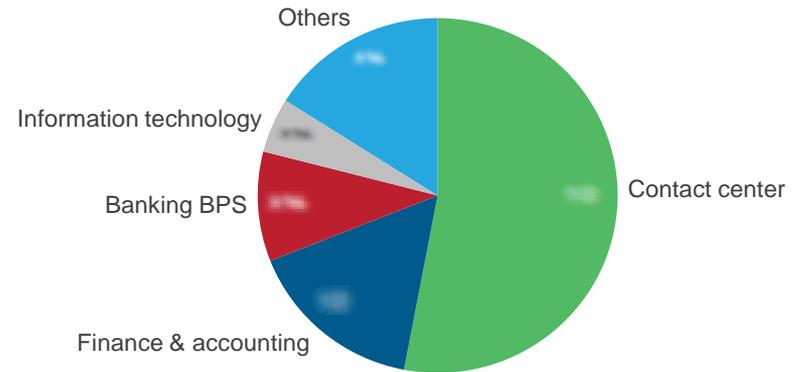
- MDR, BFSI, and technology are the leading verticals in terms of GIC setups in the Philippines
- These verticals have seen substantial growth in recent years, with firms either scaling up their operations or setting up new centers in the Philippines

The report covers four distinct sections, providing analysis around GIC landscape in the Philippines, functional maturity of the GICs, key sectors served by GICs, and key emerging trends

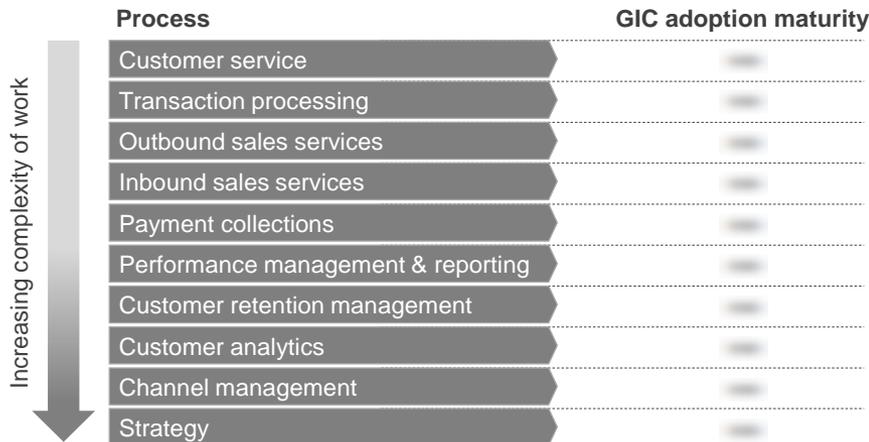
Distribution of offshore GICs in the Philippines
2015; Number of GICs and FTEs



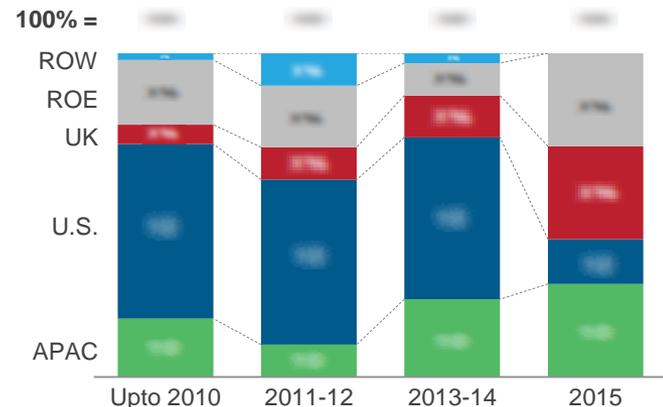
GIC FTEs by function in the Philippines for IT-BPS
2015; Number of FTEs in '000s



GIC adoption maturity for leading service segments



Distribution of new GIC setups by parent geography
Number of GICs



Global sourcing research calendar

■ Published ■ Current

Topic	Release date
GICs leading the way for digital transformation of the enterprise	January 2016
Viewpoint: Upshifting Value and Talent through Robotic Process Automation (RPA)	February 2016
Global In-house Center (GIC) Landscape Annual Report 2016	March 2016
Finance & Accounting Delivery from GICs: Trusted partner to Move F&A Beyond Delivery to Value Creation	April 2016
Thematic Report: GIC talent landscape in India for IT services	April 2016
GIC landscape report: Delivery Landscape for Retail and Commercial banking in GICs	June 2016
Collaboration between GICs and Start-ups: A Win-Win Situation	June 2016
Business Case for Robotic Process Automation (RPA) in Global In-house Centers	September 2016
Procurement Services Delivery from GICs: Gearing up for a Broader Mandate	September 2016
Future Readiness of GIC Talent Models	October 2016
Global In-house Centers (GIC) in the Philippines: Going from Strength to Strength	December 2016
Viewpoint: Evolving role of Global sourcing CoE	Q4 2016
Global In-house Center (GIC) Landscape Annual Report 2017	Q1 2017

Additional research references

The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details on the topic, or complementary content, that may be of interest:

1. **Global In-house Center (GIC) Landscape Annual Report 2016** ([EGR-2016-2-R-1727](#)); 2016. This report provides a deep-dive into the overall GIC landscape and the yearly update of the GIC market in 2016, compared to the last two years. The report also provides assessment of strategic priorities for GICs
2. **The Impact of the Philippines' New K-12 Program on its IT-BPM Industry** ([EGR-2016-2-R-1784](#)); 2016. This viewpoint highlights the likely impact of Philippines' new K-12 program on the talent planning for the Philippines Information technology and Business Process Management Industry
3. **Understanding the Multi-lingual Contact Center Market in East and Southeast Asia** ([EGR-2016-2-R-1746](#)); 2016. This report assesses the East and Southeast Asian region as a destination for delivery of nearshore/offshore contact center services in a variety of Asian languages for global service providers and buyers

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About Everest Group

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