



Location Spotlight – Davao City, Philippines

October 2024: Complimentary Abstract / Table of Contents

Market Report
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- ▶ Revenue Cycle Management
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This report provides perspectives on key aspects of the global sourcing market in Davao City, Philippines

Davao City | executive summary



Emerging proposition
Key factors
72% and growth

Current overview

- Primarily leveraged by providers for the delivery of voice-based BP services; few instances of providers delivering non-voice BP services
- Low presence of Global Capability Centers (GCCs) in Davao City for BP and IT services delivery
- Potential to serve as a satellite hub for services delivery

Key drivers

- Large and high-quality entry-level talent pool
- Moderately high maturity in supporting voice-based with 40,000-45,000 FTEs, operating in a less competitive environment compared to Tier-1 cities such as Metro Manila
- Substantial cost savings (80-85%) over Dallas due to lower compensation costs
- Strong government support for the IT-BPS sector with multiple incentives

KEY PLAYERS:



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Davao City | operating and business environment risk profile (page 1 of 2)

Some concern around geopolitical risk; however, improving macroeconomic climate

Parameter	Everest Group rating	Comments
Geopolitical		<ul style="list-style-type: none"> Under President Marcos Jr., the Philippines continues to emphasize territorial integrity, military modernization, and balanced relations with both the US and China <ul style="list-style-type: none"> However, tensions have recently risen again between China and the Philippines, due to territorial disputes in the South China Sea The Philippines is ranked 53 out of 167 countries in the Democracy Index 2023, indicating a flawed democracy in the country
Macroeconomic		<ul style="list-style-type: none"> The Philippines has shown a strong economic recovery since the pandemic, with a GDP growth of 7.6% in 2022 and 5.6% in 2023, positioning itself among the fastest-growing economies in the world Rising inflation has been a concern, peaking at 6.0% at the end of 2023 due to rise in global commodity prices and a positive output gap; however, inflation rates are expected to stabilize in the near to medium term The Philippine peso has weakened significantly (~11%) against the US dollar over the past few years due to high inflation rates, and a difference in the interest rate policy in the US and the Philippines S&P's credit rating for the Philippines stands at BBB+ with a stable outlook, indicating a stable economy
Infrastructure		<ul style="list-style-type: none"> The Philippines is ranked 61 out of 67 countries in basic infrastructure in IMD World Competitiveness 2024, as it faces concerns regarding the overall quality of sustainable infrastructure in the country Davao City has a developed air, sea, and land infrastructure. The city also boasts of the development of new IT parks and BPO centers in the region <ul style="list-style-type: none"> The local government has taken multiple smart city initiatives to improve the city's infrastructure through projects such as the Davao City Bypass Road, the Mindanao Railway, and the expansion of the Davao International Airport

Source: Everest Group (2024); EIU; Transparency International; World Bank; WEF; investment agencies; interviews with market participants

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Research calendar

Locations Insider™

	Published	Current release	Planned
Reports title	Release date		
Technology and Operations Services Delivery in Japan			March 2024
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Risk Watch 2024			March 2024
Global Locations State of the Market 2024 – Key Trends Shaping the Landscape			June 2024
Location Spotlight – El Salvador			June 2024
Location Spotlight – Coimbatore, India			June 2024
Location Spotlight – Tri-City, Poland			July 2024
Location Spotlight – Monterrey, Mexico			August 2024
Tapping into the Ripe African Global Services Delivery Market			August 2024
Location Spotlight – Davao City, Philippines			October 2024
Talent Demand Trends India IT Services – H1 2024			Q4 2024
Location Spotlight – Kolkata, India			Q4 2024
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