

PHILIPPINES CUSTOMER CONTACT CENTER INDUSTRY

I. Definition

Call Center is a model for multipurpose (*i.e., selling, servicing and marketing*), multi-channel (*i.e., web, e-mail, chat, voice, fax and mail*) interaction that serves the needs of the various constituents of an organization – customers, prospects, suppliers, distributors and employees.

II. Global Trends/Projections

- Worldwide call center services market, including outsourcing market, consulting/implementation, support and training, will reach approximately \$73 billion by 2004, representing a 24% compounded annual growth rate (as predicted by IDC)
- The Philippines is set to be among the largest markets for contact centers in Asia Pacific in the next five to seven years. The country has a huge market due to high English literacy rate and low labor costs.

III. Philippine Contact Center Industry

A. Value Proposition/ Advantages

The Philippines is an attractive Call Center location of choice because of the following advantages:

- Quality of Human Resources
 - Abundant supply of university and vocational graduates
 - About 70,000 IT/computer science related
 - About 35,000 engineering
 - About 100,000 commerce/business admin (IT-enabled)
 - English Proficient
 - 94% literacy rate
 - Low attrition rate
 - Average length of stay for Philippines is 2.5 years as against US's of 8 to 9 months
 - Turnover rate is less than 5% as against 100 % to 200% for US
 - Cost competitive
 - Phil. agent cost is 1/5 of US
 - Phil. contact center management cost is 1/7 of US
 - Total variable cost is 1/3 of US
 - Quality management staff
 - Western patterned education system

- Trainable and technically capable within 6 to 8 weeks
- Ability of Filipinos to adopt foreign accent
- Understand “Yankee-speak” and American idiomatic expressions/usage
- Similar cultural, business, legal practices and media sources as the US
- Strong work ethics

- **Strategic Location**
 - Located in the fastest growing outpost of high-tech economy
 - Gateway of international shipping and air lines: FEDEX, UPS, etc.
 - Critical entry point to over 500 million ASEAN market
 - Accessible by air within four hours from any Asian capital: Japan, Korea, Singapore, Taiwan
 - Excellent Time-Zone differential; 12-15 hours between Philippines and East/West Coast, no need to pay costly night premiums
 - No need to pay costly night premiums

- **Good Infrastructure**
 - Good telecommunication structure
 - Power is reliable
 - Expanding Domestic Network
 - Six platforms available: fixed line, cellular, cable, TV over the air TV and radio, and the VSAT System
 - Redundant international connectivity
 - Fiber optic cable and satellite
 - Ease of securing a place/office in the country’s business district and in IT parks and Zones
 - Lower cost of Internet Bandwidth

- **Hospitable Lifestyle**
 - Friendly people
 - Value-for-money housing
 - Modern recreational facilities
 - First-rate educational institutions (Japanese school, British school, German school, etc.)

B. Competitive Landscape

- **Foreign-owned contact centers with presence in the Phils.**
 - Represents facilities owned by US-based companies that have branched out to offshore
 - E.g., Sykes, PeopleSupport, Teletech, SourceOne, Vocativ
- **Filipino contact centers**
 - Local companies seeking US buyers
 - E.g., ePLDT, e-Telecare, C-cube, SVI Connect
- **Insourced Contact Centers**

- These are operations of MNC designed to bring competitive parity or competitive advantage for delivery of a specific business function to that organization internally.
- Dedicated to the parent company
e.g., AOL, Citibank

C. Types of Calls Handled

<u>OUTBOUND</u>	<u>INBOUND</u>
<ul style="list-style-type: none">▪ Telemarketing▪ Advisory▪ Sales Verification▪ Credit & Collection▪ Reactivation / Reinstatement▪ Loyalty Program▪ Customer Service▪ Order Entry	<ul style="list-style-type: none">▪ Inquiries (all types)▪ Technical Help Desk▪ Payment Authorization▪ Order Taking & Fulfillment▪ Complaints▪ Customer Service▪ Disputes▪ Transcription▪ Requests▪ Electronic Eligibility▪ Support▪ Sales▪ Marketing/ Lead Generating▪ Billing

D. Brief Profile of Call Center Services

- Growth Rate: over 100%
- No. of seats of outsource contact center players increased from <1000 (Y2000) to >20,000 to date
- About 45 foreign and Filipino firms/players servicing known Fortune 500 companies
- Competencies: basically all touch points (voice, email and web collaboration (chat/instant messaging))
- Capabilities: vertical and customer interaction (travel, financial, technical support, online bus. Support, educational support, etc.)
- Technologies: IVR, CTI, Call Mngt. System, Automated Quality Monitoring and Recording systems
- Market : North America
- The industry started mainly from providing e-mail response/handling support and technical support. It has since developed capabilities for almost any type of customer interaction, ranging from travel services, financial services, technical support services, education support services, consumer services, on-line business to consumer support and on-line business to business support.
- Do not cater much to the directory assistance type of operation, which are considered to be the low-end of this business
- Skills required exceed those required of programmers, e.g., agents trained in the US to take & pass Series 6 and Series & exams – required by US laws on securities
- These call centers are mostly located in the Metro Manila area.

From being an almost unexplored territory 5 years ago, the contact center industry has grown by leaps and bounds. Having a growth rate of over 100% annually, the number of seats of local players in this industry have mushroomed from less than 1000 seats from year 2000 to an estimated 20,000 seats to date.

Major contact center players in the country cater to who's who in the Fortune 500 companies, including the biggest global players in the high technology sector. Local players offer competencies in all touch points: voice, email and web collaboration (chat/instant messaging).

Philippine contact centers employ world-class technologies to handle its transactions, e.g. CRM technologies, interactive voice response system(IVR), computer telephony integration technologies (CTI), call management systems, automated quality monitoring and recording systems.

Majority of the activities being done in the country focus on the high-end and more complicated aspect of the business such as level 3 help desk, financial work, technical support which require highly skilled, well-educated agents.

This sector serves mainly the North American market but it is also strongly emerging as a support base for Asian market requirements as well, counting among its clients the Fortune 500 companies.

Due to affinity to U.S. culture, coupled with the English language proficiency, a number of providers cited that their up-front investment in people is lower compared to major competitor countries because two entire phases were not required: (1) cross cultural training; and (2) language training.

Believing in the dynamism of the industry, Secretary MAR Roxas projected a more than 3-fold increase or achieving 100,000 total employment by 2005.

The rapid exponential growth of the industry is attributed to the continuous support of the Philippine government as well as the ever increasing demand for high value, exceptional quality inbound and outbound contact center work.

The Philippines is the location of choice for contact centers not because of less expensive labor rate but primarily of steady supply of English speaking, computer and Internet-savvy college graduates who view contact center work as a career rather than a temporary job. This general mindset contributes to far lower attrition rates in the Philippines as compared to the US and Australia and Europe.

With the deregulated Telecommunication Industry, contact centers in the country are also provided all possible modes of international call routing. Foreign companies can save as much as fifty (50%) percent to sixty (60%) percent in setting up a call center in the Phils. Although the Philippines is not the only country offering low business costs, the Philippines however provides the highest level of quality.

Below are some of the applications where call centers can be used for:

- Live, interactive call response – 24 hours a day, 7 days a week (24/7)
- Technical support/help desk service on-line/general information
- Automatic call distribution
- Commitment to customer service satisfaction, retention and relationship building
- Comprehensive and ongoing training programs
- Lead generation and follow up sales support
- Complaint handling
- Relationship and Account Management
- Telemarketing
- Email response
- Credit and Billing Problems / Order Entry
- Market Research
- Database development
- Directory Assistance

E. Latest Updates: (For Jan-Apr 2003)

New Projects:

- **Convergys**
 - New call center project amounts to Php553.181 Million
 - Convergys will engage in the business of providing IT-enabled services such as but not limited to call center operations
 - The new project is expected to provide employment to 1,875 employees
 - The new investment is expected to generate annual average export sales of US\$19.907Million from its markets abroad.
 - Will be located at the Enterprise Center in Makati
 - 840 seats

- **E-Performax Contact Center Corp.**
 - A 100% Filipino-owned company to engage in the call center business, offering inbound & outbound contact management & customer self-help services.
 - A 1,000-seat call center facility to provide services via telephone, fax and electronic mail.
 - The investment amounts to PhP508.625Million
 - 210 seats (will build-up to 1,000 in 11 mos.)

- **RMH Teleservices Asia Pacific, Inc. – Phil Branch**
 - New call center project amounts to Php507.00 Million
 - RHM will engage in inbound and outbound call center services
 - It is expected to provide direct employment to 768 employees
 - The new investment is expected to generate annual average export sales amounting to US\$9.304 Million from its market – US.
 - Location – Eastwood City Cyberpark
 - Approx. 500 seats

- **Vision X (Phils.) Inc.**
 - New call center project amounting to Php 66.123 Million
 - Will be located at the RCBC Plaza
 - Will be engaged in the operation of a call center facility
 - Expected to provide direct employment to 826 workers and generate annual average export sales of US\$21.931 from the US, China & Taiwan markets.
 - The proponent will operate as a branch of Vision-X, Inc., a corporation based in California, USA, presently engaged in the mainstream full service inbound and outbound call center services.
 - 700 seats (will build-up to 3,000 seats in 3 years

- **Epixtar**
 - U.S. based Epixtar Corp.
 - 1,500 seats; 30,000 agents
 - Located at Eastwood Corporate Center