

Philippines aiming for Europe's BPO market

The Philippines is gearing up to secure a bigger chunk of the European business process outsourcing (BPO) market. As of 2004, its worth was already pegged at \$198 billion.

Philippine Trade Undersecretary Thomas G. Aquino has outlined plans to "capture a sizeable share of the European BPO market" that has spurred a trade mission to Europe come June this year.

Why the need to look to European shores -'96 to get business sent to Philippine soil? A study by the Associated Chambers of Commerce and Industry of India (ASSOCHAM) has shown that the demand for BPO in Europe is concentrated in the United Kingdom, with worth at an estimated \$20 billion.

Growth in the European BPO market has been forecasted to be at \$64 billion by the end of 2005, with a projected 15% annual growth. The need for cost cutting in European companies has encouraged the outsourcing of parts of their business to foreign companies. Among those foreign companies, the Philippines presents itself as a favorable destination with its well-educated, English-speaking, yet lower costing workforce.

The Philippines Board of Investments and CITEM have collaborated for the Philippine trade mission to Europe, alongside the Business Process Association of the Philippines (BPA/P). The latter is a team up of multiple IT services-oriented organizations focusing on software development, medical transcription, animation, call center, and back office-related services.

Another option that presents itself is IT outsourcing (ITO), and this has shown a wide acceptance in the UK, particularly in Germany, France, and somewhat in Scandinavia and Nordic countries. Benefits reaped by ITO providers expanding into BPO include better margins, greater opportunities, and strong and visible revenues.

The following areas have been cited as the realm of BPO:

- front office/customer management
- mortgage processing
- life policy administration
- finance/procurement and human resources services

This were the areas cited by Ovum, largest European analyst firm for telecommunication and technology sectors, in a presentation in *OutsourceWorld*. Also counted in the outsourcing areas are the support functions for IT and communications, and facilities and property.

Top 15 outsourcers in Europe are:

- EDS
- IBM
- T-Systems
- CSC
- Atos Origin
- CGE&Y
- Accenture
- Fujitsu
- Capita
- HP
- SBS
- Getronics
- Logica
- CMG
- Unisys

In an annual CITEM-organized BPO conference and exhibition held February this year (*e-Services Philippines*), Philippine offshore experts agreed on the Philippines being a close alternative outsourcing destination to India.

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