# RESULTS OF THE SURVEY OF IT AND IT-ENABLED SERVICES[1] 2007 and 2008

## GLOBAL IT AND IT-ENABLED SERVICES INDUSTRY TRENDS

*BPO firms strengthen role in the global delivery chain*

The IT and IT-enabled services industry, widely known as the Information Technology-Business Process Outsourcing (IT-BPO) industry, has now become an integral part of the global delivery chain. Foreign investors continued to affirm the competitive advantage of outsourcing even in the midst of the global financial crisis and economic downturn. As a result, several aggressive service providers acquired companies offshore, particularly in Asian countries such as India, China, and the Philippines. The global IT-BPO offshore market (including Information Technology Outsourcing and Business Process Outsourcing) was estimated at US$70-76 billion in 2007.[2]

India retained its lead among the global service providers in 2008, with total revenues growing by 33 percent year-on-year and employment at around 700,000, despite the confidentiality problems and terrorism attacks (Mumbai) that faced the country during the year.[3] Recent reports, however, showed that India has been losing its global market share from about 90 percent to only 60 percent in 2008, as it has already reached its saturation point in the outsourcing business. On the other hand, Brazil, Philippines, Mexico, Vietnam, and some European countries have been listed as emerging markets in the outsourcing industry.[4] The Philippines was tagged to be the second best outsourcing location next to India (in particular, Bangalore, Delhi, and Mumbai).[5]

## PHILIPPINE IT AND IT-ENABLED SERVICES INDUSTRY

### Revenues

*The local IT and IT-enabled industry remains resilient despite the global financial crisis*

The total revenue of the industry was estimated at US$6.3 billion in 2008, higher than the reported US$4.4 billion revenue in 2007. The revenue of the industry continued to grow at a double-digit rate (44.8 percent). Although this was slightly lower than the 50.3 percent growth in 2007, the pace of growth remained strong indicating that the local BPO industry has been resilient amidst the global financial crisis. Top officials of different outsourcing companies and associations remained bullish on the prospects of the industry, citing that multinational firms are likely to outsource to cheaper locations like the Philippines to trim down costs.

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1 Comprised of contact centers, transcription (such as medical, legal), animation, software development, and other BPOs (see Annex A for definition of terms).

2 Source: *Roadmap 2012-Capitalizing on Expanding BPO Landscape,* Nasscom-Everest India BPO Study, 2008.

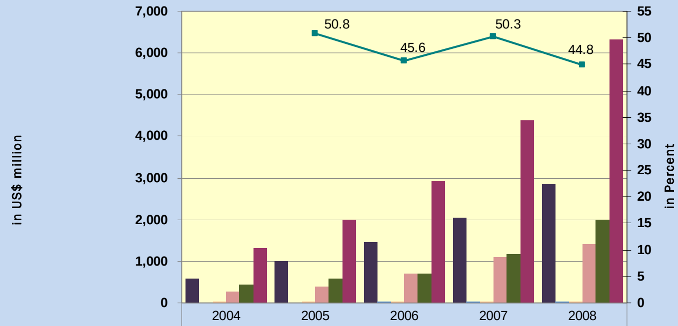
3 In September 2008, Satyam Computer Services in India confessed falsification of figures for cash and bank balances, affecting the credibility of the IT industry in the country. Also, in November 2008, there were ten coordinated shootings and bombings in Mumbai by terrorists in Pakistan, which lasted for 3 days, resulting in the killing of 173 and wounding of 308 civilians. Although India survived these confidentiality issues and terrorism attacks, there were reports of multinational firms setting up their secondary and/or back-up operations in other offshore locations, such as the Philippines.

4 Source: *India is losing its share of outsourcing market, says Gartner* by John Riberio, ITWorld, 20 April 2009.

5 Source: *Top 50 Emerging Outsourcing Cities,* Global Services/Tholons, October 2009.

## Figure 1. Revenue, by Category, 2004-2008

*(in US$ million)*




| | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| Contact Center | 587 | 986 | 1,455 | 2,051 | 2,839 |
| Transcription | 4 | 8 | 20 | 33 | 34 |
| Animation | 12 | 17 | 26 | 29 | 36 |
| Software Dev't | 279 | 399 | 707 | 1,098 | 1,413 |
| Other BPOs | 441 | 585 | 697 | 1,157 | 2,004 |
| INDUSTRY | 1,324 | 1,996 | 2,906 | 4,368 | 6,325 |
| Industry Growth Rate | | 50.8 | 45.6 | 50.3 | 44.8 |

*"Other BPOs" post the highest growth in 2008 and 2007*

By IT category, the "other BPOs" category registered the highest growth in revenue in 2008 at 73.2 percent, better than the previous year's growth of 66.0 percent. This indicated that the local outsourcing industry has shifted towards more value-added chain activities on financial, research and consultancy services, which are covered under the "other BPOs" category.[6] Contact centers, whose revenue rose by 38.4 percent, albeit a deceleration from the 40.9 percent expansion in 2007, posted the second highest gain in revenue. The "other BPOs" and contact centers contributed 19.4 percentage points and 18.0 percentage points, respectively, to the IT and IT-enabled industry's overall revenue growth. Software development, which contributed 7.2 percentage points to the total industry growth, increased its revenue by 28.6 percent in 2008. Meanwhile, transcription, which expanded by 4.1 percent during the review period, experienced a marked slowdown in revenue growth (from 60.6 percent in 2007) as some foreign clients shifted from the Philippines to other transcription service-providing countries to trim down costs at the height of the financial turmoil.

*Contact centers retain top spot as the industry's biggest revenue earner*

With US$2.8 billion revenues generated in 2008, contact centers accounted for almost half of the industry's revenue (44.9 percent). This was, however, lower than the 46.9 percent share of contact centers in 2007. All other IT categories' shares likewise contracted in 2008, except for the share of "other BPOs" category which increased remarkably from 26.5 percent in 2007 to 31.7 percent in 2008. Software development accounted for 22.3 percent and 25.1 percent of the industry revenue in 2008 and 2007, respectively, while those of transcription and animation comprised

[6] The "other BPOs" category include backroom operations, data processing, data base activities and online distribution of electronic content, and the more value-added chain activities—shared financial and accounting services, outsourcing for research and public opinion polling, outsourcing for business & management consultancy activities, hardware consultancy and outsourcing for architectural and engineering services. See Annex A for definition of terms.

less than one percent in both years.

**Table 1. Revenue, by Category, 2006-2008**

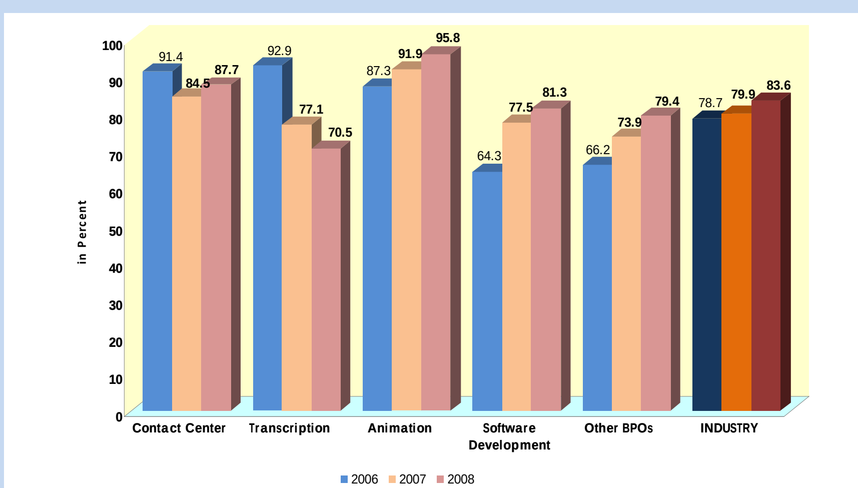
| IT Category | 2006 | 2007 | 2008 | Growth Rate (in %) | | Percentage Points Cont. to Revenue Growth | | % Share to Total Revenue | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | (in US$ million) | | | 2007 | 2008 | 2007 | 2008 | 2006 | 2007 | 2008 |
| Contact Center | 1,455 | 2,051 | 2,839 | 40.9 | 38.4 | 20.5 | 18.0 | 50.1 | 46.9 | 44.9 |
| Transcription | 20 | 33 | 34 | 60.6 | 4.1 | 0.4 | 0.0 | 0.7 | 0.7 | 0.5 |
| Animation | 26 | 29 | 36 | 11.2 | 25.5 | 0.1 | 0.2 | 0.9 | 0.7 | 0.6 |
| Software Development | 707 | 1,098 | 1,413 | 55.4 | 28.6 | 13.5 | 7.2 | 24.3 | 25.1 | 22.3 |
| Other BPOs | 697 | 1,157 | 2,004 | 66.0 | 73.2 | 15.8 | 19.4 | 24.0 | 26.5 | 31.7 |
| **Total** | **2,906** | **4,368** | **6,325** | **50.3** | **44.8** | **50.3** | **44.8** | **100.0** | **100.0** | **100.0** |

## Exports

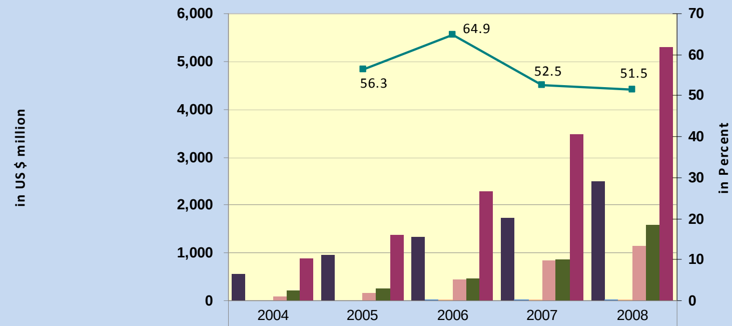
*Exports represent four-fifths of total industry revenues in 2008 and 2007*

The IT and IT-enabled services industry generated US$5.3 billion export earnings in 2008, higher by 51.5 percent than the previous year's exports of US$3.5 billion. The industry's exports remained robust amid the financial crisis, although a modest deceleration in growth was observed since 2006. Export earnings comprised about four-fifths of total industry revenues in 2008 and 2007, with the remainder coming from domestic sources. Except for transcription, all other sub-sectors recorded higher export-to-revenue ratios in 2008 compared to those of the previous year. Animation registered the highest export-to-revenue ratio (95.8 percent), followed by contact centers (87.7 percent). On the other hand, the export-to-revenue ratio of the transcription sub-sector was observed to be getting smaller, from 100.0 percent of its services provided to foreign clients in 2004 down to 70.5 percent in 2008, the lowest among the sub-sectors' ratio for the period, as several transcription companies now have in-house training facilities that cater to the local market.

**Figure 2. Export-to-Revenue Ratio, 2006-2008**
*(in percent)*



## Figure 3. Exports, by Category, 2004-2008
*(in US$ million)*



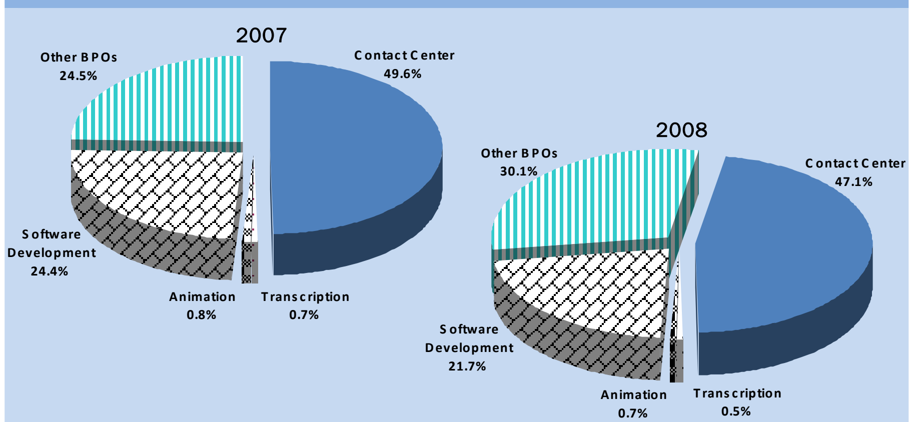

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| Contact Center | 561 | 949 | 1,330 | 1,732 | 2,489 |
| Transcription | 4 | 8 | 19 | 25 | 24 |
| Animation | 8 | 11 | 23 | 27 | 35 |
| Software Dev't | 98 | 160 | 455 | 852 | 1,148 |
| Other BPOs | 217 | 259 | 462 | 855 | 1,592 |
| INDUSTRY | 888 | 1,388 | 2,288 | 3,490 | 5,288 |
| Industry Growth Rate | | 56.3 | 64.9 | 52.5 | 51.5 |

Looking at exports growth by IT category, the "other BPOs" category grew the fastest at 86.3 percent in 2008 compared to the 43.7 percent gain recorded by contact centers. In terms of percentage points contribution to the 51.5 percent total export growth of the IT and IT-enabled services industry, contact centers had a bigger contribution (21.7 percentage points) than that of the "other BPOs" category (21.1 percentage points).

*Contact centers continue to generate the highest export receipts, followed by "other BPOs"*

Contact centers comprised the biggest share of total industry exports, although at a declining trend. In 2008, contact centers' exports amounted to US$2.5 billion, equivalent to 47.1 percent of the industry's total exports, while in 2007, exports reached US$1.7 billion or a 49.6 percent share. On the other hand, the share of the "other BPOs" category accelerated from 24.5 percent in 2007 to 30.1 percent in 2008. Meanwhile, shares of software development, animation and transcription declined in both years.

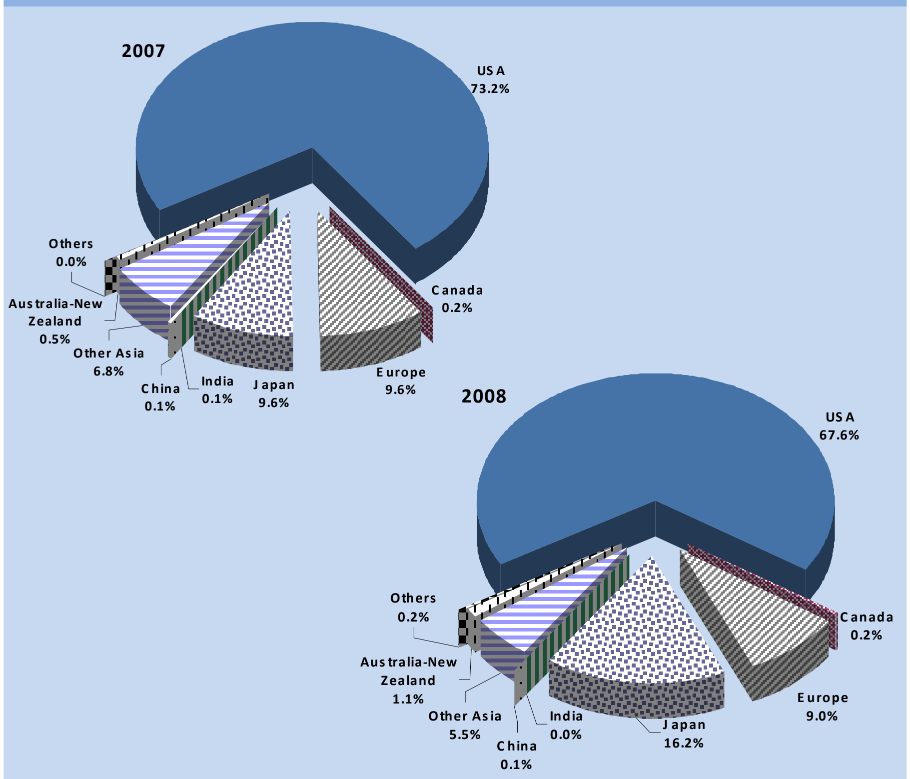
## Figure 4. Exports, by Category, 2007-2008
*(percent share)*



*The US remains the major export client even as export market diversifies*

The United States continued to be the top export market of Philippine IT and IT-enabled service companies, accounting for 67.6 percent (or US$3.6 billion) of the industry's total export receipts in 2008. Compared to the 2007 export market structure, the share of exports to the US declined, while the share of exports to Japan and Australia-New Zealand improved in 2008.

**Figure 5. Exports, by Country of Destination, 2007-2008**
*(percent share)*



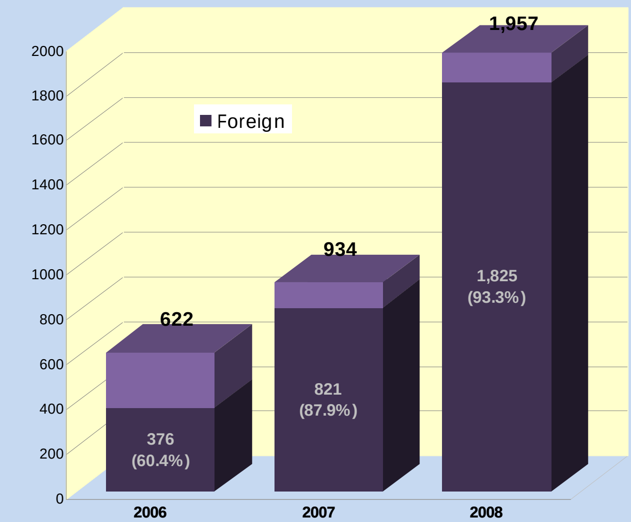

## Total Equity and Foreign Investments

*Equity investment in the industry sustains significant expansion*

Equity investment in the entire industry amounted to US$2.0 billion as of end-2008, more than twice the level recorded at end-2007. Numerous IT business parks or "cyberparks" had been completed or were being developed, such as Megaworld's Fort Cyberpark, UP-Ayala Technohub, Asiatown IT Park in Cebu, and One Asia's IT Park in Biñan, Laguna, to cater to the expanding outsourcing business in the country in 2008.

More remarkable were the more than two-fold increase in foreign equity participation as of end-2007 and 2008. Acquisitions by foreign investors and expansions of foreign firms were extensive, especially in 2008, despite the crisis. India and Indonesia acquired two big local contact centers while a US-based IT firm merged with a local outsourcing business company. Also, one major foreign IT outsourcing firm expanded its operations, opening its largest BPO facility in the Philippines.

**Figure 6. Total Equity Investments, 2006-2008**
*(in US$ million and percent share)*




Foreign equity represented 93.3 percent and 87.9 percent of total equity investments in the industry in 2008 and 2007, respectively, a remarkable jump from the 60.4 percent foreign equity to total equity ratio in 2006. As of end-2008, the share of foreign equity in all sub-sectors exceeded 85 percent of their respective total equity investments. Animation and transcription sub-sectors increased their foreign equity participation to full ownership, indicating that investor confidence in the country as a good outsourcing destination given the country's manpower talents remained high. Some animation firms also opted to be absorbed by their foreign clients due to issues of confidentiality and piracy.

Contact centers absorbed more than two-thirds (71.7 percent and 71.2 percent in 2008 and 2007, respectively) of the total foreign equity investment in the industry. Software development accounted for 17.5 percent of the industry's foreign equity in 2008, higher than its 11.7 percent share in 2007, while the "other BPOs" category had only 8.8 percent share in 2008, lower than its 13.3 percent share in 2007.

*The US is the largest foreign direct investor in the Philippine IT industry*

More than half of the foreign equity investments as of end-2008 (54.0 percent or US$986 million) and 2007 (54.2 percent or US$ 445 million) were attributed to US investors. Japan had a 20.0 percent stake, which when combined with that of the US accounted for almost three-fourths of the total industry's foreign equity investments in 2008.

**Table 2. Industry Foreign Investments, by Country of Investor, 2006-2008**

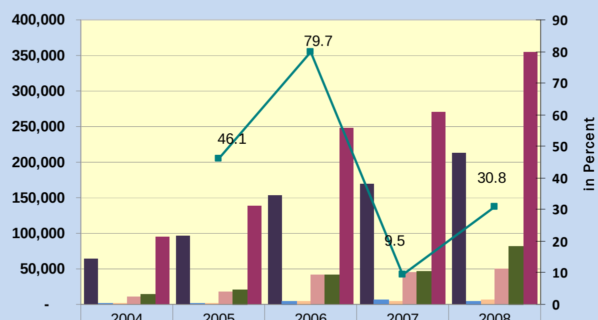
| Country of Investor | Foreign Equity (in US$ million) | | | % Share to Total Foreign Equity | | |
|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2006 | 2007 | 2008 |
| USA | 269 | 445 | 986 | 71.5 | 54.2 | 54.0 |
| Europe | 22 | 193 | 339 | 5.7 | 23.5 | 18.6 |
| Japan | 81 | 420 | 365 | 21.5 | 51.2 | 20.0 |
| Others | 5 | -236 | 135 | 1.3 | -28.7 | 7.4 |
| **TOTAL** | **376** | **821** | **1,825** | **100.0** | **100.0** | **100.0** |

## Employment and Compensation

*Employment in the IT and IT-enabled services industry continues to expand*

The Philippine IT and IT-enabled services industry generated 355,135 employees in 2008, higher by 30.8 percent than the employment generated in 2007. The growth in the industry's employment was a big improvement from the 9.5 percent increase in hiring in 2007, due to the additional demand from newly opened cyberparks in 2008 and increased supply of more qualified IT hires following the availability of scholarship programs offered by the government. Except for transcription and animation, all other categories showed increasing trends in employment since 2004. The highest growth in employment was recorded in the "other BPOs" category at 80.2 percent, which fared favorably relative to the 8.8 percent growth in 2007. On the other hand, labor absorption in transcription fell by 34.7 percent in 2008, compared to the 33.6 percent growth in employment in 2007.

**Figure 7. Employment, by Category, 2004-2008**
*(number of persons)*




| | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| Contact Center | 65,006 | 96,246 | 153,683 | 169,748 | 212,372 |
| Transcription | 901 | 1,785 | 4,956 | 6,621 | 4,321 |
| Animation | 1,488 | 1,864 | 4,482 | 4,323 | 5,656 |
| Software Development | 11,975 | 17,829 | 42,657 | 44,870 | 49,893 |
| Other BPOs | 15,118 | 20,278 | 42,267 | 45,994 | 82,893 |
| INDUSTRY | 94,488 | 138,002 | 248,045 | 271,556 | 355,135 |
| Industry Growth Rate | | 46.1 | 79.7 | 9.5 | 30.8 |

*Contact centers account for the bulk of the industry's employment and compensation*

In terms of share to total employment, contact centers remained the top employer among the IT categories, accounting for 59.8 percent of the total industry employment and contributing more than half (15.7 percentage points) of the 30.8 percent total industry employment growth in 2008. The "other BPOs" category absorbed 23.3 percent of the total employment in the industry.

Aggregate compensation of workers in the industry amounted to US$2.8 billion in 2008, up by 29.7 percent from the US$2.1 billion recorded in 2007. Contact centers accounted for the largest share (at 60.8 percent) in compensation and posted the biggest growth of 54.2 percent to reach US$1.7 billion in 2008. Software development ranked second in terms of compensation paid in 2008, although the level was lower by 13.5 percent than that registered in 2007.

*Software development continues to be the highest paying sub-sector in the industry*

Average annual compensation per employee in the industry amounted to US$7,778 (or about ₱346,000) in 2008, slightly lower by 0.8 percent than the US$7,841 level in the previous year. Software development remained as the highest paying employer among the IT categories, with an annual average compensation per employee of US$10,743 (or about ₱478,000). This was, however, lower by 22.2 percent than that of the previous year. Contact centers were the second highest paying at US$7,912 average per employee per annum, an increase of 23.2 percent from its previous year's level. The "other BPOs" category ranked third with US$5,997 annual average pay per employee, a decrease of 26.8 percent from the 2007 annual average pay for this category. The declines in the annual average pay by software development and the "other BPOs" could be attributed to the cutback in the benefits provided to employees to sustain the companies' operating costs given the reduction in service charges to their clients in the light of the financial crisis.

**Table 3. Compensation, by Category, 2006-2008**

| IT Category | Compensation | | | | | | | | Annual Average Compensation per Employee | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Levels in US$ million | | | Growth Rates (in %) | | % Share to Total Compensation | | | Levels in US$ | | | Growth Rates (in %) | |
| | 2006 | 2007 | 2008 | 2007 | 2008 | 2006 | 2007 | 2008 | 2006 | 2007 | 2008 | 2007 | 2008 |
| Contact Center | 766 | 1,090 | 1,680 | 42.2 | 54.2 | 60.5 | 51.2 | 60.8 | 4,985 | 6,420 | 7,912 | 28.8 | 23.2 |
| Transcription | 12 | 24 | 22 | 100.7 | -8.1 | 0.9 | 1.1 | 0.8 | 2,426 | 3,644 | 5,131 | 50.2 | 40.8 |
| Animation | 14 | 19 | 27 | 35.2 | 42.9 | 1.1 | 0.9 | 1.0 | 3,071 | 4,305 | 4,702 | 40.2 | 9.2 |
| Software Development | 249 | 620 | 536 | 149.4 | -13.5 | 19.6 | 29.1 | 19.4 | 5,827 | 13,817 | 10,743 | 137.1 | -22.2 |
| Other BPOs | 226 | 377 | 497 | 66.8 | 31.9 | 17.8 | 17.7 | 18.0 | 5,345 | 8,196 | 5,997 | 53.3 | -26.8 |
| **Total** | **1,266** | **2,129** | **2,762** | **68.1** | **29.7** | **100.0** | **100.0** | **100.0** | **5,105** | **7,841** | **7,778** | **53.6** | **-0.8** |

## Profile of Respondents

*Survey coverage and response rates increase in 2008*

The survey coverage was expanded to 648 IT-BPO companies in 2008 from 624 in 2007. Except for animation and software development, target samples were increased in all the other categories. Survey results were based on an overall response rate of 59.9 percent and 55.0 percent in 2008 and 2007, respectively.

**Table 4. Profile of Respondents, 2007 & 2008**

| IT Category | No. of Target Respondents | | Response Received | | Response Rate (in %) | |
|---|---|---|---|---|---|---|
| | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 |
| Contact centers | 118 | 127 | 71 | 88 | 60.2 | 69.3 |
| Transcription | 64 | 67 | 28 | 27 | 43.8 | 40.3 |
| Animation | 37 | 28 | 11 | 8 | 29.7 | 28.6 |
| Software Development | 215 | 205 | 102 | 106 | 47.4 | 51.7 |
| Other BPOs | 190 | 221 | 131 | 159 | 68.9 | 71.9 |
| **Total** | **624** | **648** | **343** | **388** | **55.0** | **59.9** |

# ANNEX A

**<u>DEFINITION OF VARIABLES</u>**
**IT AND IT-ENABLED SERVICES CATEGORIES**

(1) **<u>Animation</u>**: *Process of giving the illusion of movement to cinematographic drawings, models, or inanimate objects thru 2D, 3D, etc. Includes 2D animation from layouts to final composing, digital ink and paint service, 3D animation using the latest software like Maya, XSI, 3DStudio Max, etc., Pre-production service from storyboarding, character & production design, key backgrounds and layouts, 3D and 2D animation for games, flash animation for animated series (broadcast quality).*

(2) **<u>Trancription Activities: (e.g. medical, legal, etc.)</u>**: *Transfer of data from one form (voice / oral) to another (paper or electronic) such as medical history, diagnosis, prognosis and outcome, depositions, hearing and court tapes; data entry services; and scanning of documents.*

(3) **<u>Contact Center</u>**: *Answering and transmitting call from clients by using human operators, automatic distribution, computer telephone integration, interactive voice response systems or similar methods to receive orders, provide information, deal with customer requests for assistance or address customer complaints, debt collection, collective handling of letters, fax messages, e-mails, postal mail catalogues, web-site inquiries and chats, and the collection of information from customers during in-store purchasing.*

(4) **<u>Software Development/ Publishing</u>**: Includes:

a. Software Development: *Analysis and design, prototyping, programming and testing, customization, reengineering and conversion, installation and maintenance, education and training of systems software, middleware and application software, software development management;*

b. Software publishing: *Production, supply and documentation of ready-made (non-customized) software: operating systems; business and other applications; computer games for all platforms; and*

c. Other software consultancy and supply: *Development, production, supply and documentation of made-to-order software based on orders from specific users; web page design; software maintenance.*

(5) **<u>Other BPOs</u>**: Includes:

a. Backroom operations and shared financial and accounting services: *The recording of commercial transactions for businesses or others; preparation of financial accounts; examination of financial accounts and the certification of their accuracy;*

b. Outsourcing for research and public opinion polling: *Investigation on market potential, acceptance, and familiarity of products and buying habits of consumers for the purpose of sales promotion and development of new product, including statistical analyses of the results; investigation on collective opinions of the public about political, economic and social issues and statistical analysis thereof;*

c. Outsourcing for business & management consultancy activities: *The provision of advice, guidance or operational assistance to businesses (and the public service); arbitration and conciliation between management and labor; activities of management holding companies;*

d. Data processing: *Processing of data employing either the customer's or a propriety program: complete processing of data supplied by the customer; management and operation on a continuing basis of data-processing facilities belonging to others; time share computer services; and web hosting;*

e. Data base activities and online distribution of electronic content: *Online distribution of content, but not to units where online publishing is done in additional forms of publishing; assembly of compilations of data from one or more sources; provision of on-line access to proprietary databases; on-line data base publishing; on-line directory and mailing list publishing; other on-line publishing, including e-book; web search portals; internet search sites, internet gamesites, internet entertainment sites, and electronic learning;*

f. Hardware Consultancy: *Consultancy on type and configuration of hardware with or without associated software application;*

g. Outsourcing for Architectural and Engineering Services: *Consulting, civil engineering design, architectural drawings, engineering drafting, printed circuit design, wireless devices, display technology, electronic components, printers, CAD/CAM, geographic information system, digital mapping; and*

h. Others: *Other IT enabled services not elsewhere classified.*

SURVEY OF IT AND IT-ENABLED SERVICES

**Table 1. Revenues by IT Category, 2004-2008**
**In US$ Million**

| IT Category | Revenue Level | | | | | Growth Rate (in percent) | | | | IT Category Share to Industry Revenue (in percent) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2005 | 2006 | 2007 | 2008 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Contact Center | 587 | 986 | 1,455 | 2,051 | 2,839 | 67.9 | 47.7 | 40.9 | 38.4 | 44.4 | 49.4 | 50.1 | 46.9 | 44.9 |
| Transcription | 4 | 8 | 20 | 33 | 34 | 100.4 | 140.0 | 60.6 | 4.1 | 0.3 | 0.4 | 0.7 | 0.7 | 0.5 |
| Animation | 12 | 17 | 26 | 29 | 36 | 37.6 | 52.6 | 11.2 | 25.5 | 0.9 | 0.9 | 0.9 | 0.7 | 0.6 |
| Software Development | 279 | 399 | 707 | 1,098 | 1,413 | 43.2 | 77.1 | 55.4 | 28.6 | 21.1 | 20.0 | 24.3 | 25.1 | 22.3 |
| Other BPOs | 441 | 585 | 697 | 1,157 | 2,004 | 32.8 | 19.1 | 66.0 | 73.2 | 33.3 | 29.3 | 24.0 | 26.5 | 31.7 |
| **Total** | **1,324** | **1,996** | **2,906** | **4,368** | **6,325** | **50.8** | **45.6** | **50.3** | **44.8** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |

**Table 2. Exports by IT Category, 2004-2008**
**In US$ Million**

| IT Category | Export Level | | | | | Growth Rate (in percent) | | | | IT Category Share to Industry Exports (in percent) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2005 | 2006 | 2007 | 2008 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Contact Center | 561 | 949 | 1,330 | 1,732 | 2,489 | 69.2 | 40.1 | 30.2 | 43.7 | 63.2 | 68.4 | 58.1 | 49.6 | 47.1 |
| Transcription | 4 | 8 | 19 | 25 | 24 | 99.4 | 124.1 | 33.2 | -4.8 | 0.5 | 0.6 | 0.8 | 0.7 | 0.5 |
| Animation | 8 | 11 | 23 | 27 | 35 | 46.3 | 100.8 | 17.1 | 30.8 | 0.9 | 0.8 | 1.0 | 0.8 | 0.7 |
| Software Development | 98 | 160 | 455 | 852 | 1,148 | 62.5 | 184.4 | 87.2 | 34.9 | 11.1 | 11.5 | 19.9 | 24.4 | 21.7 |
| Other BPOs | 217 | 259 | 462 | 855 | 1,592 | 19.5 | 78.4 | 85.1 | 86.3 | 24.4 | 18.7 | 20.2 | 24.5 | 30.1 |
| **Total** | **888** | **1388** | **2,288** | **3,490** | **5,288** | **56.3** | **64.9** | **52.5** | **51.5** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |

| IT Category | Export-to-Revenue Ratio (in percent) | | | | |
|---|---|---|---|---|---|
| | 2004 | 2005 | 2006 | 2007 | 2008 |
| Contact Center | 95.6 | 96.3 | 91.4 | 84.5 | 87.7 |
| Transcription | 100.0 | 99.5 | 92.9 | 77.1 | 70.5 |
| Animation | 62.4 | 66.4 | 87.3 | 91.9 | 95.8 |
| Software Development | 35.3 | 40.1 | 64.3 | 77.5 | 81.3 |
| Other BPOs | 49.1 | 44.2 | 66.2 | 73.9 | 79.4 |
| **Total** | **67.1** | **69.5** | **78.7** | **79.9** | **83.6** |

**Table 2.1a 2007 Exports by IT Category and by Country of Destination**
**In US$ Million and Percent Share**

| IT Category | USA | Canada | Europe [1] | Japan | India | China | Other Asia [2] | Australia-New Zealand | Middle East [3] | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Contact Center | 1,653 | 1 | 65 | 0 | 1 | 0 | 13 | 0 | 0 | 1,732 |
| Transcription | 21 | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 25 |
| Animation | 0 | 0 | 0 | 11 | 0 | 0 | 15 | 0 | 0 | 27 |
| Software Development | 275 | 4 | 233 | 122 | 1 | 2 | 202 | 10 | 1 | 852 |
| Other BPOs | 606 | 0 | 34 | 200 | 0 | 0 | 6 | 8 | 0 | 855 |
| **Total** | **2,555** | **6** | **336** | **334** | **2** | **2** | **236** | **18** | **1** | **3,490** |
| **Percent Share** | **73.2** | **0.2** | **9.6** | **9.6** | **0.1** | **0.1** | **6.8** | **0.5** | **0.0** | **100.0** |

[1] *In particular, United Kingdom, Germany, Switzerland, Great Britain, and Ireland.*

[2] *In particular, Singapore, Thailand, Hong Kong, Malaysia, Korea, Indonesia, and Vietnam.*

[3] *In paritcular, Saudi Arabia and United Arab Emarates.*

**Table 2.1b 2008 Exports by IT Category and by Country of Destination**
**In US$ Million and Percent Share**

| IT Category | USA [1] | Canada | Europe [2] | Japan | India | China | Other Asia [3] | Australia-New Zealand | Middle East [4] | Africa | Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Contact Center | 2,374 | 9 | 86 | 0 | 0 | 0 | 8 | 4 | 0 | 0 | 6 | 2,489 |
| Transcription | 19 | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24 |
| Animation | 0 | 0 | 0 | 21 | 0 | 0 | 14 | 0 | 0 | 0 | 0 | 35 |
| Software Development | 342 | 1 | 386 | 102 | 2 | 3 | 252 | 54 | 1 | 0 | 5 | 1,148 |
| Other BPOs | 839 | 0 | 1 | 736 | 0 | 0 | 17 | 0 | 0 | 0 | 0 | 1,592 |
| **Total** | **3,574** | **10** | **478** | **859** | **2** | **3** | **291** | **59** | **1** | **0** | **11** | **5,288** |
| **Percent Share** | **67.6** | **0.2** | **9.0** | **16.2** | **0.0** | **0.1** | **5.5** | **1.1** | **0.0** | **0.0** | **0.2** | **100.0** |

[1] *In particular, USA and Netherlands.*

[2] *In particular, UK, Germany, Switzerland, Denmark, Spain, Great Britain, Ireland, and Italy.*

[3] *In particular, Singapore, Thailand, Hong Kong, Malaysia, Taiwan, Indonesia, Korea, Cambodia, Maldives, and Turkey.*

[4] *In particular, Saudi Arabia and United Arab Emarates.*

**Table 3. Total Equity by IT Category, 2005-2008**
**In US$ Million**

| IT Category | Total Equity | | | | Total Equity Growth Rate (in percent) | | | IT Category Share to Industry Total Equity | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2005 | 2006 | 2007 | 2008 | 2006 | 2007 | 2008 | 2005 | 2006 | 2007 | 2008 |
| Contact Center | 243 | 281 | 596 | 1,356 | 15.9 | 112.0 | 127.3 | 49.4 | 45.2 | 63.8 | 69.3 |
| Transcription | 1 | 2 | 8 | 13 | 104.5 | 276.0 | 55.1 | 0.2 | 0.4 | 0.9 | 0.7 |
| Animation | 11 | 18 | 24 | 23 | 61.8 | 29.5 | -1.8 | 2.3 | 3.0 | 2.6 | 1.2 |
| Software Development | 12 | 46 | 189 | 378 | 279.2 | 306.3 | 100.3 | 2.5 | 7.5 | 20.2 | 19.3 |
| Other BPOs | 224 | 274 | 117 | 188 | 22.1 | -57.3 | 60.3 | 45.6 | 44.0 | 12.5 | 9.6 |
| **Total** | **492** | **622** | **934** | **1,957** | **26.5** | **50.1** | **109.5** | **100.0** | **100.0** | **100.0** | **100.0** |

**Table 3.1 Foreign Equity by IT Category, 2005-2008**
**In US$ Million**

| IT Category | Foreign Equity | | | | Foreign Equity Growth Rate (in percent) | | | IT Category Share to Industry Foreign Equity (in percent) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2005 | 2006 | 2007 | 2008 | 2006 | 2007 | 2008 | 2005 | 2006 | 2007 | 2008 |
| Contact Center | 213 | 259 | 585 | 1,309 | 21.7 | 126.1 | 123.7 | 64.7 | 68.8 | 71.2 | 71.7 |
| Transcription | 1 | 2 | 8 | 13 | 176.2 | 430.3 | 55.1 | 0.2 | 0.4 | 1.0 | 0.7 |
| Animation | 4 | 18 | 23 | 23 | 303.8 | 31.4 | 1.1 | 1.3 | 4.7 | 2.8 | 1.3 |
| Software Development | 5 | 34 | 96 | 320 | 656.6 | 179.8 | 233.2 | 1.4 | 9.1 | 11.7 | 17.5 |
| Other BPOs | 107 | 64 | 109 | 161 | -40.3 | 71.2 | 47.5 | 32.4 | 16.9 | 13.3 | 8.8 |
| **Total** | **329** | **376** | **821** | **1,825** | **14.3** | **118.5** | **122.2** | **100.0** | **100.0** | **100.0** | **100.0** |

| IT Category | Foreign-to-Total EquityRatio (in percent) | | | |
|---|---|---|---|---|
| | 2005 | 2006 | 2007 | 2008 |
| Contact Center | 87.6 | 92.0 | 98.1 | 96.5 |
| Transcription | 52.5 | 71.0 | 100.0 | 100.0 |
| Animation | 38.4 | 95.8 | 97.2 | 100.0 |
| Software Development | 37.0 | 73.9 | 50.9 | 84.6 |
| Other BPOs | 47.5 | 23.2 | 93.1 | 85.6 |
| **Total** | **66.9** | **60.4** | **87.9** | **93.3** |

**Table 3.2a 2007 Foreign Equity by IT Category and by Country of Investor**
**In US$ Million**

| IT Category | USA | Europe [1] | Asia [2] | Australia | Japan | India | Total |
|---|---|---|---|---|---|---|---|
| Contact Center | 408 | 178 | 0 | 0 | 0 | 0 | 585 |
| Transcription | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| Animation | 0 | 0 | -2 | 0 | 25 | 0 | 23 |
| Software Development | 16 | 0 | 0 | -6 | 86 | 0 | 96 |
| Other BPOs | 13 | 15 | -654 | 0 | 309 | 426 | 109 |
| **Total** | **445** | **193** | **-656** | **-6** | **420** | **426** | **821** |
| **Percentage Share** | **54.2** | **23.5** | **-79.9** | **-0.7** | **51.1** | **51.9** | **100.0** |

[1] *In particular, United Kingdom, Germany, Switzerland, Netherlands, Austria.*

[2] *In particular, Singapore, Malaysia, Hong Kong, Taiwan.*

**Table 3.2b 2008 Foreign Equity by IT Category and by Country of Investor**
**In US$ Million**

| IT Category | USA | Europe [1] | Asia [2] | Australia | Japan | India | Total |
|---|---|---|---|---|---|---|---|
| Contact Center | 973 | 334 | 2 | 0 | 0 | 0 | 1,309 |
| Transcription | 13 | 0 | 0 | 0 | 0 | 0 | 13 |
| Animation | 0 | 0 | -1 | 0 | 24 | 0 | 23 |
| Software Development | 0 | 0 | 0 | 0 | 320 | 0 | 320 |
| Other BPOs | 0 | 5 | 0 | 0 | 21 | 134 | 161 |
| **Total** | **986** | **339** | **1** | **0** | **365** | **134** | **1,825** |
| **Percentage Share** | **54.0** | **18.6** | **0.1** | **0.0** | **20.0** | **7.3** | **100.0** |

[1] *In particular, United Kingdom, Germany, Switzerland, Netherlands, Austria.*

[2] *In particular, Singapore, Malaysia, Hong Kong, Taiwan.*

**Table 4. Employment by IT Category, 2004-2008**

| IT Category | Employment | | | | | Employment Growth Rate (in percent) | | | | IT Category Share to Industry Employment (in percent) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2005 | 2006 | 2007 | 2008 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Contact Center | 65,006 | 96,246 | 153,683 | 169,748 | 212,372 | 48.1 | 59.7 | 10.5 | 25.1 | 68.8 | 69.7 | 62.0 | 62.5 | 59.8 |
| Transcription | 901 | 1,785 | 4,956 | 6,621 | 4,321 | 98.1 | 177.7 | 33.6 | -34.7 | 1.0 | 1.3 | 2.0 | 2.4 | 1.2 |
| Animation | 1,488 | 1,864 | 4,482 | 4,323 | 5,656 | 25.3 | 140.4 | -3.5 | 30.8 | 1.6 | 1.4 | 1.8 | 1.6 | 1.6 |
| Software Development | 11,975 | 17,829 | 42,657 | 44,870 | 49,893 | 48.9 | 139.3 | 5.2 | 11.2 | 12.7 | 12.9 | 17.2 | 16.5 | 14.0 |
| Other BPOs | 15,118 | 20,278 | 42,267 | 45,994 | 82,893 | 34.1 | 108.4 | 8.8 | 80.2 | 16.0 | 14.7 | 17.0 | 16.9 | 23.3 |
| **Total** | **94,488** | **138,002** | **248,045** | **271,556** | **355,135** | **46.1** | **79.7** | **9.5** | **30.8** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |

**Table 5. Compensation by IT Category, 2004-2008**
**In US$ Million**

| IT Category | Compensation | | | | | Compensation Growth Rate (in percent) | | | | IT Category Share to Industry Compensation (in percent) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2005 | 2006 | 2007 | 2008 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Contact Center | 331 | 556 | 766 | 1,090 | 1,680 | 67.6 | 37.9 | 42.2 | 54.2 | 70.3 | 72.2 | 60.5 | 51.2 | 60.8 |
| Transcription | 2 | 5 | 12 | 24 | 22 | 140.0 | 142.2 | 100.7 | -8.1 | 0.4 | 0.6 | 0.9 | 1.1 | 0.8 |
| Animation | 6 | 8 | 14 | 19 | 27 | 35.8 | 63.3 | 35.2 | 42.9 | 1.3 | 1.1 | 1.1 | 0.9 | 1.0 |
| Software Development | 83 | 120 | 249 | 620 | 536 | 44.5 | 106.9 | 149.4 | -13.5 | 17.6 | 15.6 | 19.6 | 29.1 | 19.4 |
| Other BPOs | 49 | 80 | 226 | 377 | 497 | 64.5 | 183.0 | 66.8 | 31.9 | 10.3 | 10.4 | 17.8 | 17.7 | 18.0 |
| **Total** | **471** | **769** | **1,266** | **2,129** | **2,762** | **63.1** | **64.7** | **68.1** | **29.7** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |

**Table 5.1 Annual Compensation Per Employee by IT Category, 2004-2008**
**In US$**

| IT Category | Annual Compensation per Employee | | | | |
|---|---|---|---|---|---|
| | 2004 | 2005 | 2006 | 2007 | 2008 |
| Contact Center | 5,099.0 | 5,772.0 | 4,985.0 | 6,419.6 | 7,912.1 |
| Transcription | 2,295.4 | 2,780.3 | 2,425.7 | 3,643.8 | 5,130.8 |
| Animation | 4,172.1 | 4,521.5 | 3,070.5 | 4,304.8 | 4,702.4 |
| Software Development | 6,943.4 | 6,738.9 | 5,826.6 | 13,817.0 | 10,743.3 |
| Other BPOs | 3,209.9 | 3,937.5 | 5,345.5 | 8,196.1 | 5,996.8 |
| **Total** | **4,989.2** | **5,571.7** | **5,105.5** | **7,841.5** | **7,777.8** |

**Table 6.a 2007 Profile of Respondents**

| IT Category | Total Coverage | n1 | n2 | n3 | n4 | n5 | Response Rate |
|---|---|---|---|---|---|---|---|
| Contact Center | 118 | 15 | 47 | 9 | 20 | 27 | 60.2 |
| Transcription | 64 | 2 | 22 | 4 | 9 | 27 | 43.8 |
| Animation | 37 | 3 | 2 | 6 | 8 | 18 | 29.7 |
| Software Development | 215 | 18 | 49 | 35 | 21 | 92 | 47.4 |
| Other BPOs | 190 | 19 | 80 | 32 | 18 | 41 | 68.9 |
| **Total** | **624** | **57** | **200** | **86** | **76** | **205** | **55.0** |

**Table 6.b 2008 Profile of Respondents**

| IT Category | Total Coverage | n1 | n2 | n3 | n4 | n5 | Response Rate |
|---|---|---|---|---|---|---|---|
| Contact Center | 127 | 12 | 75 | 1 | 8 | 28 | 69.3 |
| Transcription | 67 | 2 | 20 | 5 | 9 | 31 | 40.3 |
| Animation | 28 | 2 | 4 | 2 | 6 | 16 | 28.6 |
| Software Development | 205 | 12 | 58 | 36 | 14 | 85 | 51.7 |
| Other BPOs | 221 | 13 | 117 | 29 | 19 | 43 | 71.9 |
| **Total** | **648** | **41** | **274** | **73** | **56** | **203** | **59.9** |

*n1 = BSP-monitored companies*
*n2 = BOI- & PEZA-monitored companies*
*n3 = SEC-sourced companies*
*n4 = non-responding companies*
*n5 = newly-started companies*

SUPPLEMENTAL TABLES, 2006-2008

INDUSTRY REVENUES

| IT Category | Levels in US$ million | | | Growth Rate (in %) | | Percentage Points Cont. to Revenue Growth | | % Share to Total Industry Revenue | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2006 | 2007 | 2008 |
| Contact Center | 1,455 | 2,051 | 2,839 | 40.9 | 38.4 | 20.5 | 18.0 | 50.1 | 46.9 | 44.9 |
| Transcription | 20 | 33 | 34 | 60.6 | 4.1 | 0.4 | 0.0 | 0.7 | 0.7 | 0.5 |
| Animation | 26 | 29 | 36 | 11.2 | 25.5 | 0.1 | 0.2 | 0.9 | 0.7 | 0.6 |
| Software Development | 707 | 1,098 | 1,413 | 55.4 | 28.6 | 13.5 | 7.2 | 24.3 | 25.1 | 22.3 |
| Other BPOs | 697 | 1,157 | 2,004 | 66.0 | 73.2 | 15.8 | 19.4 | 24.0 | 26.5 | 31.7 |
| **Total** | **2,906** | **4,368** | **6,325** | **50.3** | **44.8** | **50.3** | **44.8** | **100.0** | **100.0** | **100.0** |

INDUSTRY EXPORTS

| IT Category | Levels in US$ million | | | Growth Rate (in %) | | Percentage Points Cont. to Export Growth | | % Share to Total Industry Exports | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2006 | 2007 | 2008 |
| Contact Center | 1,330 | 1,732 | 2,489 | 30.2 | 43.7 | 17.6 | 21.7 | 58.1 | 49.6 | 47.1 |
| Transcription | 19 | 25 | 24 | 33.2 | -4.8 | 0.3 | 0.0 | 0.8 | 0.7 | 0.5 |
| Animation | 23 | 27 | 35 | 17.1 | 30.8 | 0.2 | 0.2 | 1.0 | 0.8 | 0.7 |
| Software Development | 455 | 852 | 1,148 | 87.2 | 34.9 | 17.3 | 8.5 | 19.9 | 24.4 | 21.7 |
| Other BPOs | 462 | 855 | 1,592 | 85.1 | 86.3 | 17.2 | 21.1 | 20.2 | 24.5 | 30.1 |
| **Total** | **2,288** | **3,490** | **5,288** | **52.5** | **51.5** | **52.5** | **51.5** | **100.0** | **100.0** | **100.0** |

INDUSTRY TOTAL EQUITY

| IT Category | Levels in US$ million | | | Growth Rate (in %) | | Percentage Points Cont. to Total Equity Growth | | % Share to Total Industry Total Equity | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2006 | 2007 | 2008 |
| Contact Center | 281 | 596 | 1,356 | 112.0 | 127.3 | 50.6 | 81.3 | 45.2 | 63.8 | 69.3 |
| Transcription | 2 | 8 | 13 | 276.0 | 55.1 | 1.0 | 0.5 | 0.4 | 0.9 | 0.7 |
| Animation | 18 | 24 | 23 | 29.5 | -1.8 | 0.9 | 0.0 | 3.0 | 2.6 | 1.2 |
| Software Development | 46 | 189 | 378 | 306.3 | 100.3 | 22.9 | 20.3 | 7.5 | 20.2 | 19.3 |
| Other BPOs | 274 | 117 | 188 | -57.3 | 60.3 | -25.2 | 7.6 | 44.0 | 12.5 | 9.6 |
| **Total** | **622** | **934** | **1,957** | **50.1** | **109.5** | **50.1** | **109.5** | **100.0** | **100.0** | **100.0** |

**INDUSTRY FOREIGN EQUITY**

| IT Category | Levels in US$ million | | | Growth Rate (in %) | | Percentage Points Cont. to Foreign Equity Growth | | % Share to Total Industry Foreign Equity | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2006 | 2007 | 2008 |
| Contact Center | 259 | 585 | 1,309 | 126.1 | 123.7 | 86.8 | 88.1 | 68.8 | 71.2 | 71.7 |
| Transcription | 2 | 8 | 13 | 430.3 | 55.1 | 1.8 | 0.6 | 0.4 | 1.0 | 0.7 |
| Animation | 18 | 23 | 23 | 31.4 | 1.1 | 1.5 | 0.0 | 4.7 | 2.8 | 1.3 |
| Software Development | 34 | 96 | 320 | 179.8 | 233.2 | 16.4 | 27.2 | 9.1 | 11.7 | 17.5 |
| Other BPOs | 64 | 109 | 161 | 71.2 | 47.5 | 12.1 | 6.3 | 16.9 | 13.3 | 8.8 |
| **Total** | **376** | **821** | **1,825** | **118.5** | **122.2** | **118.5** | **122.2** | **100.0** | **100.0** | **100.0** |

**INDUSTRY EMPLOYMENT**

| IT Category | No. of persons | | | Growth Rate (in %) | | Percentage Points Cont. to Employment | | % Share to Total Industry Employment | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2006 | 2007 | 2008 |
| Contact Center | 153,683 | 169,748 | 212,372 | 10.5 | 25.1 | 6.5 | 15.7 | 62.0 | 62.5 | 59.8 |
| Transcription | 4,956 | 6,621 | 4,321 | 33.6 | -34.7 | 0.7 | -0.8 | 2.0 | 2.4 | 1.2 |
| Animation | 4,482 | 4,323 | 5,656 | -3.5 | 30.8 | -0.1 | 0.5 | 1.8 | 1.6 | 1.6 |
| Software Development | 42,657 | 44,870 | 49,893 | 5.2 | 11.2 | 0.9 | 1.8 | 17.2 | 16.5 | 14.0 |
| Other BPOs | 42,267 | 45,994 | 82,893 | 8.8 | 80.2 | 1.5 | 13.6 | 17.0 | 16.9 | 23.3 |
| **Total** | **248,045** | **271,556** | **355,135** | **9.5** | **30.8** | **9.5** | **30.8** | **100.0** | **100.0** | **100.0** |

**INDUSTRY COMPENSATION**

| IT Category | Compensation | | | | | | | | Annual Average Compensation per Employee | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Levels in US$ million | | | Growth Rate (in %) | | % Share to Total Industry Compensation | | | Levels in US$ | | | Growth Rate (in %) | |
| | 2006 | 2007 | 2008 | 2007 | 2008 | 2006 | 2007 | 2008 | 2006 | 2007 | 2008 | 2007 | 2008 |
| Contact Center | 766 | 1,090 | 1,680 | 42.2 | 54.2 | 60.5 | 51.2 | 60.8 | 4,985 | 6,420 | 7,912 | 28.8 | 23.2 |
| Transcription | 12 | 24 | 22 | 100.7 | -8.1 | 0.9 | 1.1 | 0.8 | 2,426 | 3,644 | 5,131 | 50.2 | 40.8 |
| Animation | 14 | 19 | 27 | 35.2 | 42.9 | 1.1 | 0.9 | 1.0 | 3,071 | 4,305 | 4,702 | 40.2 | 9.2 |
| Software Development | 249 | 620 | 536 | 149.4 | -13.5 | 19.6 | 29.1 | 19.4 | 5,827 | 13,817 | 10,743 | 137.1 | -22.2 |
| **Total** | **1,266** | **2,129** | **2,762** | **68.1** | **29.7** | **100.0** | **100.0** | **100.0** | **5,105** | **7,841** | **7,778** | **53.6** | **-0.8** |