



TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY

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## LABOR MARKET INTELLIGENCE REPORT

# INFORMATION TECHNOLOGY – BUSINESS PROCESS OUTSOURCING (IT-BPO)

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# INFORMATION TECHNOLOGY – BUSINESS PROCESS OUTSOURCING (IT-BPO)

## I. Background

National Economic Development Authority (NEDA) Director General, Sec. Arsenio Balisacan announced during the agency’s year-end press briefing, that the PHL’s economic growth of 6.5 percent in the first three quarters of 2012 is especially remarkable because it is higher than any other ASEAN country. Moreover, this was achieved without sacrificing stability, as inflation has been kept low and fiscal deficit-to-GDP ratio is only at 1.4 percent. This also means that the country will most likely surpass the full-year growth assumption of

5.0 to 6.0 percent set by the Development Budget Coordination Committee (DBCC) for 2012. This is much closer to the aspirational target of 7.0 to 8.0-percent annual real GDP growth set out in the Philippine Development Plan for 2011-2016.

It was also reiterated that the country’s priority sectors, namely tourism, business process outsourcing (BPO), electronics, housing and real estate, agribusiness and forest-based products, logistics, and shipbuilding will be given more focus.

As one of the government’s priority sectors, the Philippine IT-BPO industry has grown from a US\$3.2 B industry in 2006 to US\$ 11B in 2011. The country has become one of the most aggressive and fastest growing offshore service destinations in the world. The growth of the IT-BPO global market to almost US \$100 million<sup>1</sup> and the emerging of new services such as knowledge process

Figure 1: Philippine IT-BPO Industry size 2006-2011



Source: BPAP

<sup>1</sup> IT-BPO Roadmap 2016, Business Processing Association of the Philippines (BPAP).

outsourcing (KPO), IT outsourcing, healthcare information management outsourcing, engineering services outsourcing, financial services outsourcing, creative process outsourcing, among others has also significantly expanded and diversify the country's IT-BPO landscape. This also opened up the country's geographic footprint to other locations such as the United Kingdom and the Asia Pacific Region. Moreover, we have maintained our position as number one in voice based services.

## II. Economic Contribution and Prospect

The Business Processing Association of the Philippines (BPAP) IT-BPO Roadmap 2016 has projected that given the country's IT-BPO historical growth, current momentum, and a confident industry, the Philippines can expect to reach US\$20 billion by 2016. However, concerted efforts of industry and government through structured Private-Public-Partnerships (PPP) can change the industry's forecast to realize a target of US\$25 billion by 2016. Attaining this target by 2016 would translate to direct industry employment of 1.3 million and indirect employment of 3.2 million. This also means a GDP contribution of up to 10 percent.

Table 1: Philippine IT-BPO 2011 FTEs and Revenues

IT-BPO Industry Segment	FTEs	Revenue (US\$M)	% inc. fr '10
Voice BPO	416,000	7,400	21%
Non-voice BPO/KPO	128,650	2,058	24%
ITO	49,908	993	37%
Health Info Mgt & Care	24,700	277	172%
Engineering Services	9,030	172	5%
Animation	8,640	128	-10%
Game Development	1,391	8	13%
<b>TOTAL FTEs</b>	<b>638,319</b>	<b>11,036</b>	<b>24%</b>

Source: BPAP

Related to this, the Game Developers Association of the Philippines (GDAP) reported that the worldwide game industry amounts to **US\$ 68 B** and that the Philippine market share in 2010 reached US\$ 9M (1%) with only an estimated 2,500 workers. GDAP aims for 10,000 workers by 2015.

### **III. Employment and In-Demand Skills / requirements**

As mentioned earlier, one of the emerging BPO services in the country is IT Outsourcing. This IT-BPO segment is currently providing the following services:

- Application Maintenance
- Software Testing
- Custom Application Development
- Product Engineering/Software Production
- System Infrastructure Support Service
- Software Support Services
- Embedded System/Software Development
- ISV
- Software as a Service (Saas)
- Package Implementation
- Systems Integration (SI)
- IT Consulting Services
- Hosting Services

### **Healthcare Information Management**

Moreover, as the country is establishing its name in healthcare information management, the following are the service opportunities that the country's talent supply should gear up to:

- Medical Transcription
- Medical Coding
- Medical Billing
- EMR and HER, Clinical Informatics
- Medical Claims Recovery
- Patient Education
- Utilization Review/Quality Assurance
- Clinical Research Documentation, Medical Writing/Communication
- Pharmacy Benefits Management

Table 2: Opportunities for the healthcare information management outsourcing sector

Service Opportunity	Competency or Compliance	Preferred Target Market
Medical Transcription	Medical Terminology, A&P, Perioperative/ Clinical Procedures	All care delivery organizations (CDOs)
Medical Coding	ICD-9 CM, CPT 4, HCPCS, ICD-10	MSOs, TPP, Tertiary/ Acute Care Facilities, Private Practices
Medical Billing	ICD-9 CM, CPT 4, HCPCS, ICD-10	MSOs, TPP, Private Practices
E M R and E H R, Clinical Informatics	IT, Informatics ARRA/ HITECH/ HIPAA	Group practices, Government
Medical Claims Recovery	Coding, Billing, Customer Service	Private and Group Practices
Patient Education	Medical/ Nursing	Group Practices, Tertiary/Acute Care Facilities
Utilization Review/ Quality Assurance	Medical/ Nursing	Facilities requiring peer review
Clinical Research Documentation, Medical Writing/Communication	Medical/ Nursing, English Major	Pharmaceutical Industry
Pharmacy Benefits Management	Pharmacists	Pharmaceutical Industry

## Game Development

The country's game development industry, although, still has a small market share in the global game development market is an emerging sector of the PHL IT-BPO. It is providing and developing the following game services both for local and international clients:

- Game Development
- Art (2D/3D) & Media Production
- Sound Design
- Motion Capture
- Game Testing/ Quality Control
- Game Community Support/Technical Support
- Payment Processing
- Other game support services

The following are the types of jobs in this sector. Most of these have a starting pay of P18,000:<sup>2</sup>

- Programmer/Developer
- Game Producer
- Artist (2D/3D)
- Art Producer
- QA Analyst /Tester
- Animator / Rigger
- Sound Engineer
- Game Manager / Community Support

## Animation

The animation industry is also an emerging sector in the country and it offers a competitive salary and compensation to its personnel. A sample career in animation and its corresponding salary pay ranges is shown below:\*

**Table 3: Sample Career and Salary Ranges in Animation**

Position Title	Salary Range
Animation Directors	P80k – P150k
Assistant Directors	P60k – P70k
Checkers	P30k – P40k
Layout checkers / supervisors	P40k – P50k
2D Traditional & Digital animators	P23k – P70k
Assistant Animators	P15k – P40k
Digital Painters	P12k – P20k
Digital background artists	P20k – P40k
Compositors	P30k – P50k
Programmers (games/e-learning)	P25k – P40k
3D Model Rigger	P25k – P40k
3D Modeller	P15k – P30k
3D Texture and Lighting	P15k – P25k
Concept Artists/designers	P30k – P50k
Production Managers	P40k – P60k
Production Assistants	P15k – P20k
Storyboard Artists	P40k – P60k

*\*monthly basic pay estimate only*

*Source: Animation Council of the Philippines, Inc. (ACPI)*

<sup>2</sup> Games Developers Association of the Philippines (GDAP)

## Software Development

The Philippine software industry is one of the most stable IT-BPO segment in the country. The software development services include the following:

- Software Development
- Maintenance and Integration
- Embedded Systems
- Business Analysis
- Project Management and Consulting
- Database
- ITO Managed Services
- Data Center Operations
- Systems and Network Administration
- E-commerce
- Quality Assurance and Testing
- Education, Training and E-Learning
- Research and Development
- Resource Augmentation and Staffing

### **Career Progression in a BPO Company (voice/non voice) and pay ranges – estimated monthly cash compensation\***

The IT-BPO industry is one of the industries that offer a very competitive and generous salary and compensation package to its workers. The entry level salary for a call center agent/technical service representative ranges from P16,000 to P27,000 per month. A shift manager's salary ranges from P60,000 to P80,000 while an operations manager can earn P80,000 up to P150,000 per month. Moreover, the program director / site director earns at least P200,000.

Figure 2: Career Progression in a BPO company (voice/non-voice) and estimated pay ranges



\*compensation depends on size of IT-BPO

Source: BPAP

#### **IV. TVET Programs and Supply**

As part of government support in ensuring and sustaining the gains of the IT-BPO industry, TESDA has allocated P500M funding to the Business Processing Association of the Philippines (BPAP) for the Industry – Training for Work Scholarship Program (I-TWSP).

During TESDA's October 23, 2012 industry consultation, BPAP has reported that the total vouchers released for the I-TWSP is 68,190 amounting to P416M in which 65% are call center vouchers. As of October 2012, the total number of vouchers utilized is 40,503 and the number of graduates is 37,941. Out of these graduates, 19,410 (51%) are employed.

TESDA has also collaborated with BPAP for the Training Methodology (TM Plus) Program which is an innovation from the existing TESDA program but aligned to the needs of the ICT sector.

The following are the qualifications developed for the IT-BPO sector in order to have the qualified supply of talent for the industry:

- Animation NC II
- 2D Animation NC III
- 3D Animation NC III
- Broadband Installation (Fixed Wireless Systems) NC II
- Cable TV Installation NC II
- Cable TV Operation and Maintenance NC III
- Computer Hardware Servicing NC II
- Medical Transcription NC II
- Programming NC IV
- Telecom OSP and Subscriber Line Installation (Copper Cable/POT and DSL) NC II
- Visual Graphic Design NC III
- 2D Game Art Development NC III
- Medical Coding and Billing NC II\*
- 3D Game Art Development NC III\*
- Game Programming NC III \*

*\*new TRs in 2012*

Moreover, the assessment and certification mandate of TESDA seeks to determine whether the graduate or worker can perform to the standards expected in the workplace based on defined standards. This ensures the productivity, quality and global competitiveness of the workers. Since 2008 up to October 2012, a total of 230,673 persons were assessed and 142,698 certified in the ICT industry.



**Table 4: Number of Persons Assessed and Certified in the ICT Industry, 2008 - 2012**

Qualification	January to October 2012		Total 2008 – 2012 (October)	
	Assessed	Certified	Assessed	Certified
2D Animation NC III	298	200	654	422
3D Animation NC III	101	57	225	159
Animation NC II	258	207	533	361
Animation NC III	21	13	72	32
Computer Hardware Servicing NC II	36,705	27,624	184,001	132,268
Medical Transcription NC II	1,282	860	8,803	6,112
Programming NC IV	8,189	706	34,854	2,614
Visual Graphics Design NC III	892	397	1,531	730
Total	47,764	30,064	230,673	142,698

*Source: Competency Assessment and Certification Office (CACO), TESDA*

## **V. Implications to TVET and TVET Programs**

Given the fast trend in IT-BPO, there is a need for a strategic and timely labor market information on the industry. A strong network with the industry associations and regular consultations with them is imperative in producing a reliable information and state of the IT-BPO industry.

Moreover, the diversification of the industry would require more qualifications that would require TESDA's intervention in order to meet the skills needs of the industry.

TESDA should endeavor to promote assessment and certification of ICT qualifications.

TESDA should explore the option of implementing the Dual Training System and Apprenticeship Program in the IT-BPO industry.