RESULTS OF THE 2010 SURVEY OF INFORMATION TECHNOLOGY-BUSINESS PROCESS OUTSOURCING (IT-BPO) SERVICES

GLOBAL IT-BPO SERVICES INDUSTRY TRENDS

The global IT-BPO industry remains buoyant in 2010 amid uncertainties in the global economy.

The global IT-BPO industry remained bullish despite the prevailing uncertainties in the global economic environment. Demand for business process outsourcing increased and spurred employment and investment in the industry as the big companies in the US, Europe, Asia and Asia-Pacific continued to look at outsourcing as a means to reduce costs as well as buoy their business operations.

India and the Philippines have capitalized well on their first-mover advantage in the global outsourcing space, with both countries representing a combined 60 percent share of the total global offshore market by end of 2010.[1] According to IBM's Global Locations Trend 2010, the Philippines already surpassed India as the world leader in business process outsourcing. The country outpaced India in the voice-based support services, drawing support from its well-educated workforce with good command of the English language.

PHILIPPINE IT-BPO SERVICES INDUSTRY

Revenues

Local IT-BPO industry sustains robust growth in 2010.

The country's IT-BPO industry continued to experience strong growth in 2010, with total revenues increasing by 21.8 percent to reach US$10.1 billion from the US$8.3 billion revenues posted in 2009.

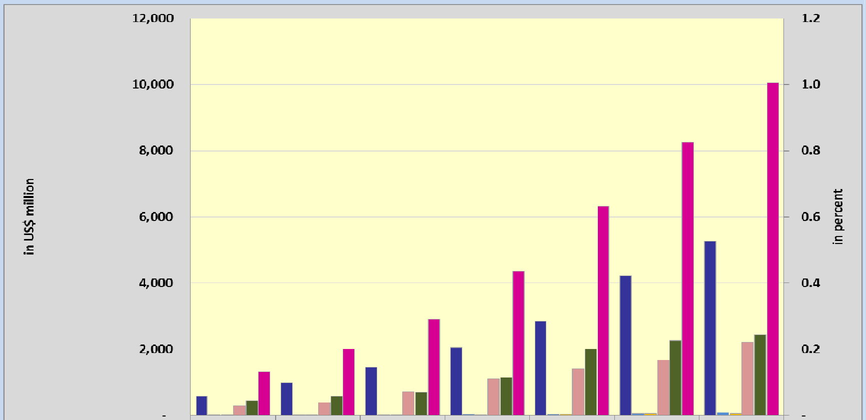
The industry's growth stemmed primarily from continued demand for offshore call or contact centers. The IBM's Global Locations Trend showed that in 2010, the Philippines ranked number one in the shared services and BPO categories in the world. The country took the lead as the contact center capital of the world, outperforming India in terms of revenues and employment generation.[2]

The country's main strengths include a workforce with good English conversational skills as well as deeper understanding and appreciation of the Western culture. As the market becomes more globalized, the multilingual skills of the Filipinos also add to the country's competitive edge. Many call center outsourcing firms in the country capitalize on the multilingual Filipino workforce to serve the Hispanic, Japanese and European population.

[1] IT-BPO Industry's Direct and Indirect Economic Impact, The Outsourcing Multiplier Applied to the Philippines and Indian Economies, July 2011. First-mover advantage refers to the insurmountable advantage gained by the first significant company to move into a new market (www.marketingterms.com).

[2] The Philippine call center industry employed about 350,000 compared to India's 330,000; and generated revenues of US$6.3 billion vis-a-vis India's US$5.9 billion ("Philippine passes India in call-center jobs," USA Today, 9 January 2011).

Figure 1. Revenue, by Category, 2004-2010
(in US$ million)



	2004	2005	2006	2007	2008	2009	2010
Contact Center	587	986	1,455	2,051	2,839	4,207	5,260
Transcription	4	8	20	33	34	57	84
Animation	12	17	26	29	36	52	63
Software Development	279	399	707	1,098	1,413	1,672	2,198
Other BPOs	441	585	697	1,157	2,004	2,270	2,452
INDUSTRY	1,324	1,996	2,906	4,368	6,325	8,258	10,058

Contact Centers retain its rank as the top revenue earner in 2010.

The sub-sectors of the IT-BPO industry reported appreciable growth in revenues in 2010, albeit at a slower pace than those registered in 2009, except for Software Development which posted accelerated growth. Contact centers still accounted for the largest share (52.3 percent or US$5.3 billion) of the industry's receipts. Other major contributors to revenues were Other BPOs and Software Development, with 24.4 percent (US$2.5 billion) and 21.9 percent (US$2.2 billion) share, respectively.[3]

Contact Centers also remained the key driver of the IT-BPO industry growth, contributing 12.8 percentage points to the total 21.8 percent year-on-year rise in revenues of the industry. This was followed by Software Development (6.4 percentage points) and Other BPOs (2.2 percentage points).

[3] 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 and management consultancy activities, hardware consultancy and outsourcing for architectural and engineering services. See Annex A for definition of terms.

Table 1. Revenue, by Category, 2007-2010

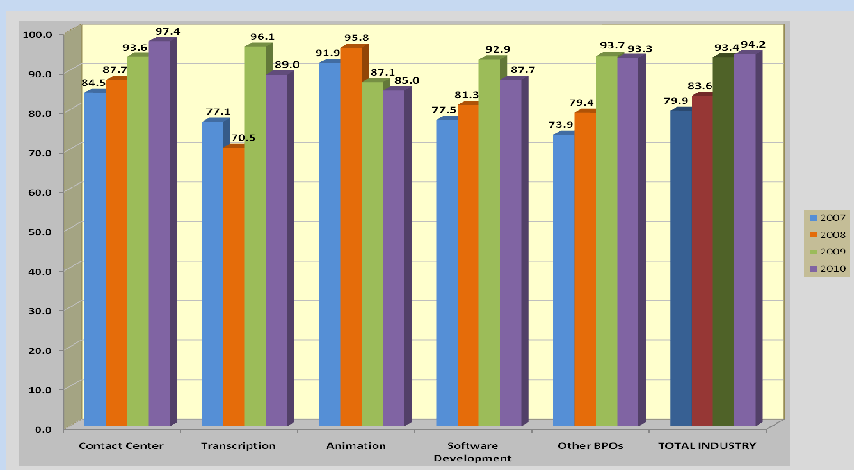
IT-BPO Category	REVENUES														
	Levels in US$ Million				Growth Rates (in percent)			Percentage Points Contribution to Growth			Percent Share to Industry Total				
	2007	2008	2009	2010	2008	2009	2010	2008	2009	2010	2007	2008	2009	2010
Contact Center	2,051	2,839	4,207	5,260	38.4	48.2	25.0	18.0	21.6	12.8	46.9	44.9	50.9	52.3
Transcription	33	34	57	84	4.1	66.8	48.8	0.0	0.4	0.3	0.7	0.5	0.7	0.8
Animation	29	36	52	63	25.5	44.2	20.6	0.2	0.3	0.1	0.7	0.6	0.6	0.6
Software Development	1,098	1,413	1,672	2,198	28.6	18.4	31.4	7.2	4.1	6.4	25.1	22.3	20.3	21.9
Other BPOs	1,157	2,004	2,270	2,452	73.2	13.3	8.0	19.4	4.2	2.2	26.5	31.7	27.5	24.4
TOTAL INDUSTRY	**4,368**	**6,325**	**8,258**	**10,058**	**44.8**	**30.6**	**21.8**	**44.8**	**30.6**	**21.8**	**100.0**	**100.0**	**100.0**	**100.0**

Exports

Export-to-revenue ratios remain high in 2010.

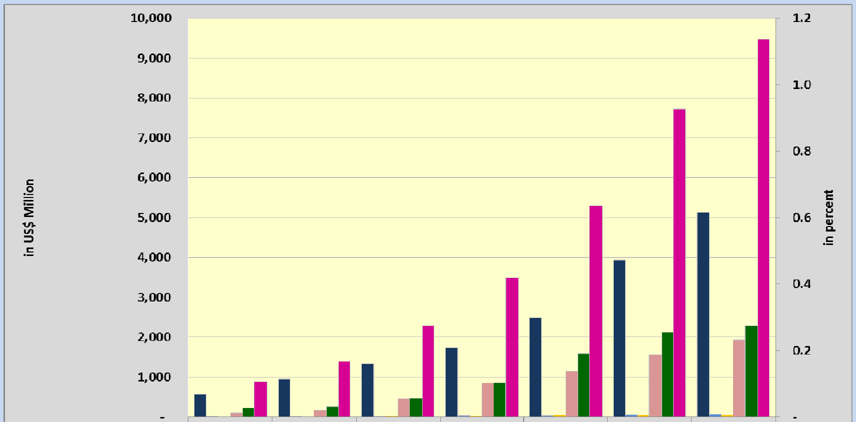
The total exports of the industry in 2010 reached US$9.5 billion, an expansion of 22.7 percent from the US$7.7 billion posted in the previous year. Export receipts accounted for 94.2 percent of the industry's total revenues in 2010, higher than the 93.4 percent share registered in 2009. The continued growth of the industry's exports reflected the strengthening of global demand for shared services and business process outsourcing. A marked improvement in the export-to-revenue ratio of Contact Centers was observed, from 93.6 percent in 2009 to 97.4 percent in 2010. While the export-to-revenue ratios of the other IT-BPO categories declined, the ratios remained high for other BPOs (93.3 percent), Transcription (89.0 percent), Software Development (87.7 percent) and Animation (85.0 percent).

Figure 2. Export-to-Revenue Ratio, 2007-2010
(in percent)



By IT-BPO category, Transcription recorded the highest export growth of 37.7 percent to reach US$75.0 million in 2010 compared to US$54 million a year ago. This was followed by Contact Centers (30.2 percent), Software Development (24.2 percent), Animation (17.8 percent) and Other BPOs (7.6 percent).

Figure 3. Exports, by Category, 2004-2010
(in US$ million)



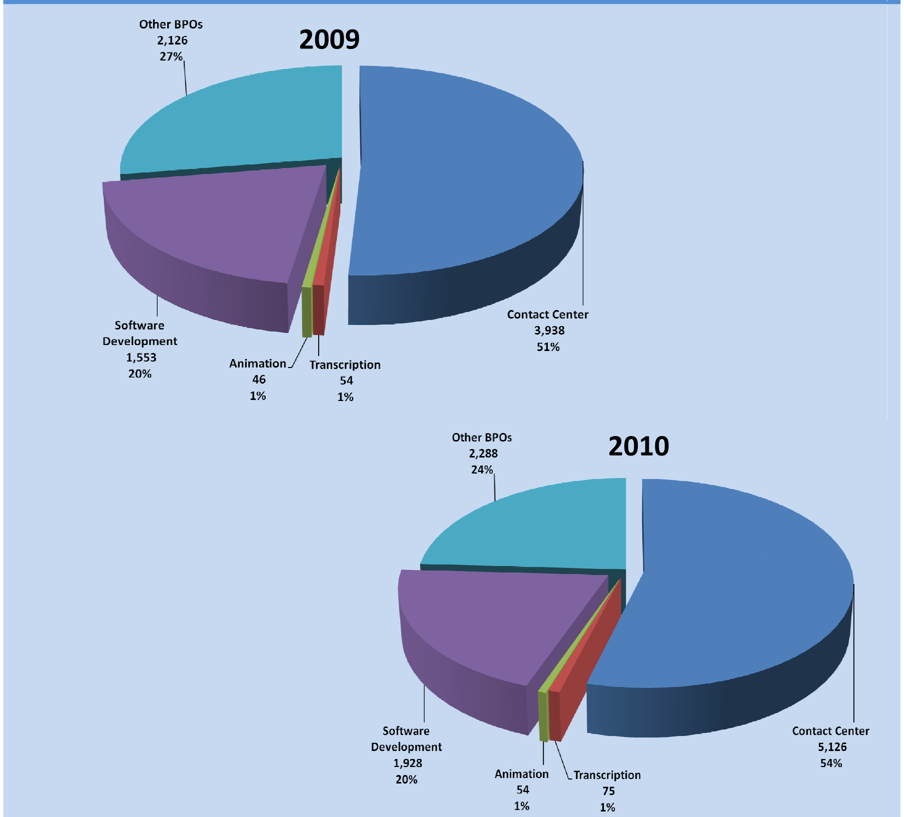
	2004	2005	2006	2007	2008	2009	2010
Contact Center	561	949	1,330	1,732	2,489	3,938	5,126
Transcription	4	8	19	25	24	54	75
Animation	8	11	23	27	35	46	54
Software Development	98	160	455	852	1,148	1,553	1,928
Other BPOs	217	259	462	855	1,592	2,126	2,288
INDUSTRY	888	1,388	2,288	3,490	5,288	7,717	9,470

Contact Centers continue to be the top contributor to exports growth.

Contact Centers continued to account for the highest share of the industry's total exports receipts, at 54.1 percent in 2010. This was an improvement from its 51.0 percent share in 2009. Other BPOs and Software Development were also major contributors to the industry's total exports, accounting for 24.2 percent and 20.4 percent, respectively.

Contact Centers were likewise the primary driver of exports growth, contributing 15.4 percentage points to the 22.7 percent rise in total exports of the industry. This was followed by Software Development and Other BPOs, which contributed 4.9 and 2.1 percentage points, respectively, to the industry's export growth.

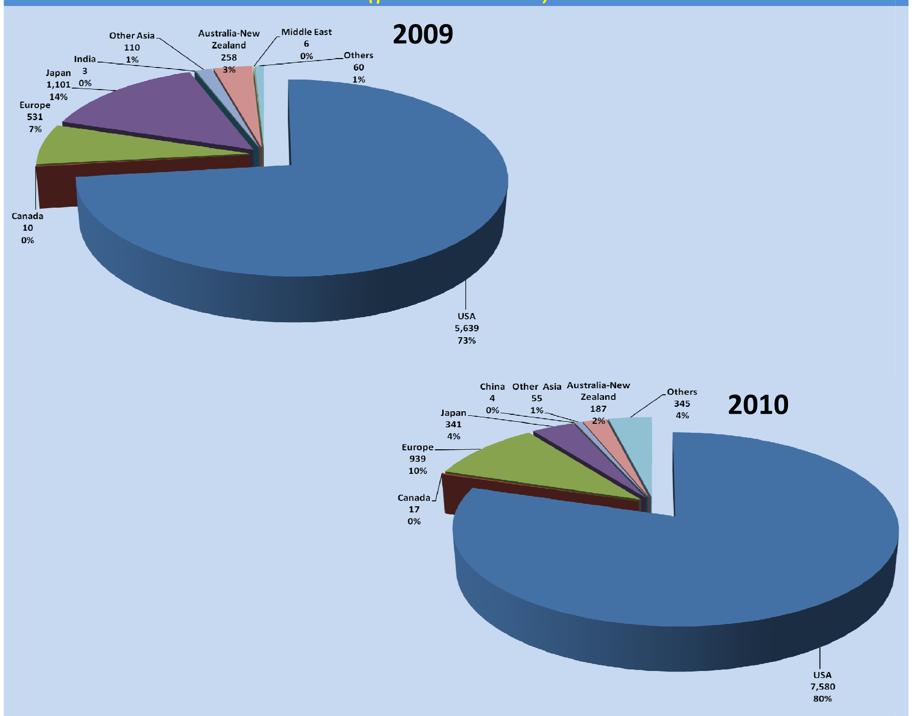
Figure 4. Exports, by Category, 2009-2010
(percent share)



Four-fifths of the country's IT-BPO exports are attributed to the US market.

The United States remained as the major market for the country's IT-BPO exports, accounting for 80 percent (or US$7.6 billion) of the industry's total exports in 2010. Exports to the US comprised 73.1 percent of total IT-BPO exports in 2009. Other leading markets in 2010 included Europe and Japan, representing 9.9 percent (US$939 million) and 3.6 percent (US$341 million), respectively, of the total export market share. This developed as BPO firms in the country took advantage of the increasing offshore outsourcing activities of European and Japanese companies.

Figure 5. Exports, by Country of Destination, 2008-2010
(percent share)



Total Equity and Foreign Investments

Equity investments in the local IT-BPO industry accelerate.

Equity investments in the local IT-BPO industry reached US$4.4 billion as of end-2010, an increase of 69.9 percent from the US$2.6 billion level as of end-2009. Investments were boosted by a more favorable investor climate resulting from the country's strong macroeconomic fundamentals and growth prospects. The presence of large outsourcing centers operated by global companies is proof to the continued influx of investments in the IT-BPO industry.

The portion of equity investments coming from foreign sources was 97.6 percent (or US$4.3 billion) in 2010 from 91.8 percent (US$2.4 billion) in the previous year. Acquisitions by foreign investors and expansions of foreign firms were extensive in all sub-sectors of the industry. A New York-based insurance company established in the Philippines a unit that specializes in medical support services like processing insurance claims as well as calling home-care patients, providing employment opportunities to nurses.[4] Another US-based company that provides information technology, consultancy services and BPO outsourcing activities worldwide expanded its operations in the country. In addition, an Indian-based company opened its first

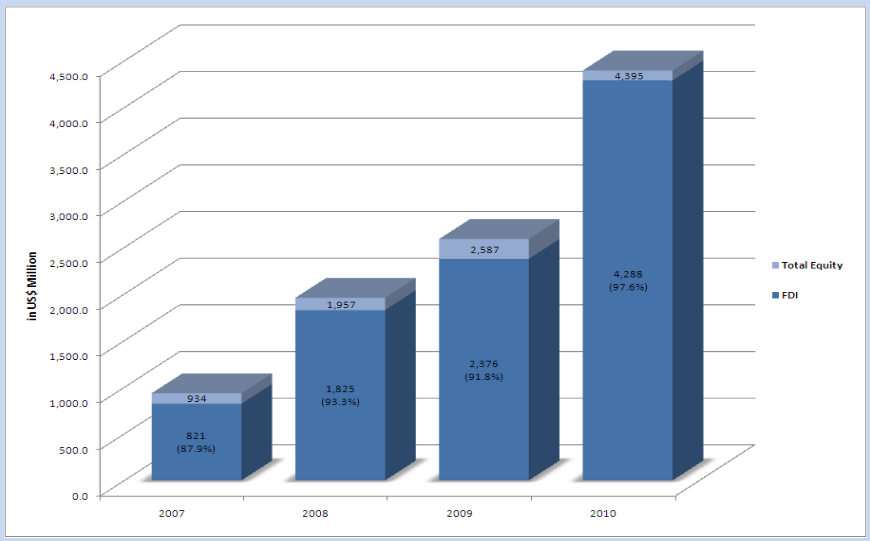
[4] Sarah Joson, "Job Opportunities for Nurses in the Philippine BPO Industry," *Microsourcing*, 25 May 2011, www.microsourcing.com

South East Asian BPO Unit in the Philippines.[5,6]

With the increasingly bright prospects of the IT-BPO industry, foreign direct investments accelerated to 80.5 percent in 2010 from 30.1 percent in 2009. This developed on account of the robust expansion in foreign direct investments infused in Contact Centers, Other BPOs, and Software Development. The increments from these three sub-sectors represented 78.4 percentage points of the total 80.5 percent rise in the industry's foreign direct investments, with Contact Centers accounting for almost half (45.9 percentage points) of the industry's total growth.

Contact Centers absorbed more than half of total foreign equity infusion at 56.4 percent (or US$2.4 billion). This was followed by Other BPOs and Software Development at 21.4 percent (US$916 million) and 19.8 percent (US$849 million), respectively.

Figure 6. Total Equity Investments, 2007-2010
(in US$ million and percent share)



The US remains as the industry's top foreign direct investor.

Nearly three-fourths (71.8 percent or US$3.1 billion) of the industry's total foreign equity investments in 2010 came from US investors. This was a substantial increase from the 57.2 percent share recorded in 2009. The second largest source of foreign equity in the industry was Japan at 16.8 percent (US$719 million). The combined share of the US and Japan reached 88.6 percent of total foreign equity investments in the industry in 2010.

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[5] "Cognizant expands in Manila," *Outsource Magazine*, 04 August 2010, www.outsourcemagazine.co.uk
[6] "TCS opens BPO center in the Philippines," 02 December 2010, www.tcs.com

Table 2. Industry Foreign Investments, by Country of Investor, 2008-2010

Country of Investor	Foreign Equity (in US$ million)			Percent Share to Total Foreign Equity		
	2008	**2009**	**2010**	**2008**	**2009**	**2010**
USA	986	1,358	3,079	54.0	57.2	71.8
Europe	339	755	314	18.6	31.8	7.3
Japan	365	211	719	20.0	8.9	16.8
Others	135	51	176	7.4	2.2	4.1
Total	**1,825**	**2,376**	**4,288**	**100.0**	**100.0**	**100.0**

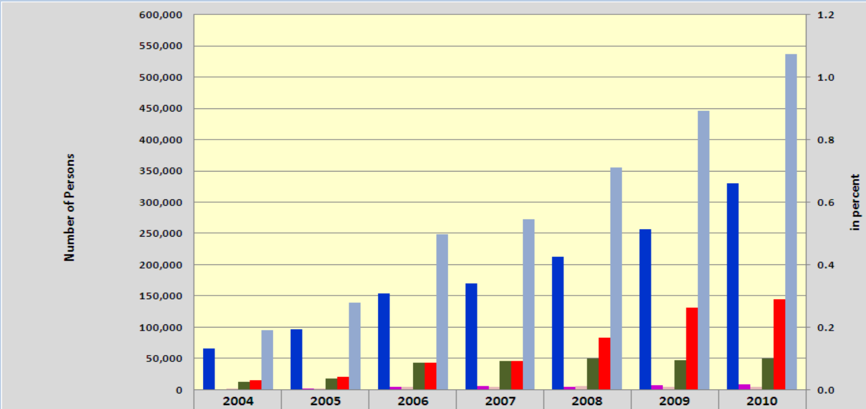
Employment and Compensation

Local IT-BPO companies continue to create more jobs.

The total number of employees in the industry grew by 20.5 percent to reach 536,128 in 2010. The IT-BPO firms hired new employees in anticipation of strong business growth from the United States and Europe.[7] IT-BPO companies expanded and generated more jobs in the Next Wave Cities located in areas such as Clark, Subic, Tarlac, and San Fernando, Pampanga. Industry associations also established linkages with the academe to ensure steady supply of quality manpower. The employment growth rate for the year was, however, slower compared to the previous year's 25.3 percent (444,811 employees). The Transcription and Contact Centers had the highest growth rates in employment at 29.3 percent and 28.9 percent, respectively.

[7] "Much of the world remains mired in recession and economic uncertainty, but that appears to be benefitting the BPO industry as North America and EU clients pursue alternatives for lowering costs while maintaining or increasing services standards". ("BPO Optimistic in the Philippines", Global Services, 03 August 2010, www.globalservicesmedia.com)

Figure 7. Employment by Category, 2004-2010 (no. of persons)



	2004	2005	2006	2007	2008	2009	2010
Contact Center	65,006	96,246	153,683	169,748	212,372	255,765	329,597
Transcription	901	1,785	4,956	6,621	4,321	7,060	9,131
Animation	1,488	1,864	4,482	4,323	5,656	3,732	3,908
Software Development	11,975	17,829	42,657	44,870	49,893	46,987	49,516
Other BPOs	15,118	20,278	42,267	45,994	82,893	131,267	143,975
INDUSTRY	94,488	138,002	248,045	271,556	355,135	444,811	536,128

Contact Centers account for the largest share of the industry's employment.

Contact Centers continued to garner the highest percentage of employment in IT-BPO services in 2010 at 61.5 percent. This was followed by Other BPOs (26.9 percent), Software Development (9.2 percent), Transcription (1.7 percent) and Animation (0.7 percent). The employment share of Contact Centers increased in 2010 (from 57.5 percent in 2009) as the country outpaced India as the most preferred destination in the world for contact center services. India-based call centers also expanded their operations in the Philippines and tapped the local workforce to keep up with the demand of global clients.

In terms of contribution to the 20.5 percent growth in employment in the industry, Contact Centers accounted for the biggest share at 16.6 percentage points.

Software development still pays the highest compensation in the industry.

The IT-BPO industry paid a total of US$4.5 billion compensation, up by 31.7 percent from the US$3.4 billion level in the previous year. About two-thirds of the total industry compensation came from Contact Centers (62.3 percent). Other BPOs and Software Development contributed 22.1 percent and 14.0 percent, respectively, to the total industry compensation.

Contact Centers were also the main driver of the industry's compensation growth, accounting for 24.9 percentage points.

The industry's annual average compensation per employee in 2010 increased by 9.3 percent to US$8,398 (or ₱378,824) from the previous year's US$7,686 (or ₱366,122). This was a reversal of the declines experienced in 2008 and 2009. Software Development remained the highest paying sub-sector in the industry with an annual average salary of US$12,699 (or ₱572,837), higher by 7.2 percent than the previous year's annual average for this sub-sector. This was followed by Contact Centers at US$8,510 (or ₱383,863), Other BPOs at US$6,926 (or ₱312,438), Animation at US$6,157 (or ₱277,734) and Transcription at US$5,206 (or ₱234,838).

Table 3. Compensation by Category, 2007-2010
In US$ million

IT-BPO Category	COMPENSATION													
	Levels in US$ Million				Growth Rates (in percent)			Percentage Points Contribution to Growth			Percent Share To Industry Total			
	2007	2008	2009	2010	2008	2009	2010	2008	2009	2010	2007	2008	2009	2010
Contact Center	1,090	1,680	1,954	2,805	54.2	16.3	43.5	27.7	9.9	24.9	51.2	60.8	57.2	62.3
Transcription	24	22	35	48	(8.1)	57.0	36.6	(0.1)	0.5	0.4	1.1	0.8	1.0	1.1
Animation	19	27	21	24	42.9	(21.9)	15.8	0.4	(0.2)	0.1	0.9	1.0	0.6	0.5
Software Development	620	536	557	629	(13.5)	3.9	12.9	(3.9)	0.8	2.1	29.1	19.4	16.3	14.0
Other BPOs	377	497	852	997	31.9	71.4	17.0	5.6	12.9	4.2	17.7	18.0	24.9	22.1
TOTAL INDUSTRY	**2,129**	**2,762**	**3,419**	**4,502**	**29.7**	**23.8**	**31.7**	**29.7**	**23.8**	**31.7**	**100.0**	**100.0**	**100.0**	**100.0**

IT-BPO Category	Annual Average Compensation per Employee						
	Levels in US$				Growth Rates		
	2007	2008	2009	2010	2008	2009	2010
Contact Center	6,420	7,912	7,640	8,510	23.2	(3.4)	11.4
Transcription	3,644	5,131	4,929	5,206	40.8	(3.9)	5.6
Animation	4,305	4,702	5,568	6,157	9.2	18.4	10.6
Software Development	13,817	10,743	11,849	12,699	(22.2)	10.3	7.2
Other BPOs	8,196	5,997	6,493	6,926	(26.8)	8.3	6.7
TOTAL INDUSTRY	**7,841**	**7,778**	**7,686**	**8,398**	**(0.8)**	**(1.2)**	**9.3**

Profile of Respondents

IT-BPO survey coverage and response rates increase in 2010.

The survey target respondents increased to 811 IT-BPO companies in 2010 from 736 in 2009. A total of 492 IT-BPO companies participated in the 2010 survey, generating an overall response rate of 60.7 percent.

Table 4. Profile of Respondents, 2009-2010

IT-BPO Category	No. of Target Respondents		Response Received		Response Rate	
	2009	2010	2009	2010	2009	2010
Contact Center	141	160	98	116	69.5	72.5
Transcription	73	76	30	26	41.1	34.2
Animation	33	33	14	10	42.4	30.3
Software Development	230	250	125	135	54.3	54.0
Other BPOs	259	292	178	205	68.7	70.2
TOTAL INDUSTRY	**736**	**811**	**445**	**492**	**60.5**	**60.7**

ANNEX A

DEFINITION OF VARIABLES
IT-BPO SERVICES CATEGORIES

(1) **Animation**: *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) **Trancription Activities: (e.g. medical, legal, etc.)**: *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) **Contact Center**: *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) **Software Development/ Publishing**: 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) **Other BPOs**: 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.*

ANNEX B

Methodology to estimate the blown-up results of the Survey on IT-BPO Services, 2010

<u>For each IT subsector:</u>

n_1 = no. of companies which responded to the BSP survey
n_2 = no. of companies whose data were submitted to/available from BOI/PEZA
n_3 = no. of non-responding companies whose revenue data were taken from the SEC
n_4 = no. of non-responding companies for the reference year, whose data for the previous year are available
n_5 = remaining no. of non-responding companies (including new entrants)

Total number of companies = $n_1 + n_2 + n_3 + n_4 + n_5$

For revenue:

Total Revenue = $R = R_1 + R_2 + R_3 + R_4 + R_5$

R_1 = revenue of companies which responded to the survey
R_2 = revenue of companies which did not submit survey data but which submitted revenue data to BOI/PEZA
R_3 = revenue of companies which did not submit survey/BOI/PEZA data but whose revenue data are available from SEC
R_4 = previous year's revenue of companies falling under n4, multiplied by the average growth of responding companies with comparable data for the previous year, by IT category
R_5 = n_5 x average revenue (adjusted for outliers)[1] of companies included in R_1, R_2, and R_3

For exports:

Total Exports = $X = X_1 + X_2 + XR$

X_1 = exports of companies which responded to the survey
X_2 = exports of companies which did not submit survey data but which submitted export data to BOI/PEZA

$$XR = X_3 + X_4 + X_5$$
$$= [R_3 + R_4 + R_5]\ x\ [\frac{X_1 + X_2}{R_1 + R_2}]$$

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[1] Revenue data are considered outliers if they fall outside the range, i.e., value >/< mean+/- 2 standard deviations

For other variables:

TOTAL EQUITY: TE = $\left[\Sigma \frac{TE_{n_1,n_2}}{\Sigma R_{n_1,n_2}}\right]\ x\ R_n$

FOREIGN INVESTMENTS: FDI = $\left[\Sigma \frac{FDI_{n_1,n_2}}{\Sigma TE_{n_1,n_2}}\right]\ x\ TE$

EMPLOYMENT: E = $\left[\Sigma \frac{e_{n_1,n_2}}{\Sigma R_{n_1,n_2}}\right]\ x\ R_n$

COMPENSATION: C= $\left[\Sigma \frac{c_{n_1,n_2}}{\Sigma R_{n_1,n_2}}\right]\ x\ R_n$

2010 SURVEY OF IT-BPO SERVICES
ACTUAL DATA AND INDUSTRY ESTIMATES
(in US$Million)

Table 1. Revenue, by IT-BPO Category
2004-2010

IT-BPO Category	SALES REVENUE																			
	Levels (in US$ million)							Growth Rates (in percent)						Percent Share to Total						
	2004	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010	2004	2005	2006	2007	2008	2009	2010
Contact Center	587	986	1,455	2,051	2,839	4,207	5,260	67.9	47.7	40.9	38.4	48.2	25.0	44.4	49.4	50.1	46.9	44.9	50.9	52.3
Transcription	4	8	20	33	34	57	84	100.4	140.0	60.6	4.1	66.8	48.8	0.3	0.4	0.7	0.7	0.5	0.7	0.8
Animation	12	17	26	29	36	52	63	37.6	52.6	11.2	25.5	44.2	20.6	0.9	0.9	0.9	0.7	0.6	0.6	0.6
Software Development	279	399	707	1,098	1,413	1,672	2,198	43.2	77.1	55.4	28.6	18.4	31.4	21.1	20.0	24.3	25.1	22.3	20.3	21.9
Other BPOs	441	585	697	1,157	2,004	2,270	2,452	32.8	19.1	66.0	73.2	13.3	8.0	33.3	29.3	24.0	26.5	31.7	27.5	24.4
TOTAL INDUSTRY	**1,324**	**1,996**	**2,906**	**4,368**	**6,325**	**8,258**	**10,058**	**50.8**	**45.6**	**50.3**	**44.8**	**30.6**	**21.8**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Table 2. Export Revenue, by IT-BPO Category
2004-2010

IT-BPO Category	EXPORT REVENUE																			
	Levels (in US$ million)							Growth Rates (in percent)						Percent Share to Total						
	2004	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010	2004	2005	2006	2007	2008	2009	2010
Contact Center	561	949	1,330	1,732	2,489	3,938	5,126	69.2	40.1	30.2	43.7	58.2	30.2	63.2	68.4	58.1	49.6	47.1	51.0	54.1
Transcription	4	8	19	25	24	54	75	99.4	124.1	33.2	(4.8)	127.3	37.7	0.5	0.6	0.8	0.7	0.5	0.7	0.8
Animation	8	11	23	27	35	46	54	46.3	100.8	17.1	30.8	31.0	17.8	0.9	0.8	1.0	0.8	0.7	0.6	0.6
Software Development	98	160	455	852	1,148	1,553	1,928	62.5	184.4	87.2	34.9	35.2	24.2	11.1	11.5	19.9	24.4	21.7	20.1	20.4
Other BPOs	217	259	462	855	1,592	2,126	2,288	19.5	78.4	85.1	86.3	33.5	7.6	24.4	18.7	20.2	24.5	30.1	27.6	24.2
TOTAL INDUSTRY	**888**	**1,388**	**2,288**	**3,490**	**5,288**	**7,717**	**9,470**	**56.3**	**64.9**	**52.5**	**51.5**	**45.9**	**22.7**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

IT-BPO Category	EXPORT REVENUE						
	Export-to-Revenue Ratio (in percent)						
	2004	2005	2006	2007	2008	2009	2010
Contact Center	95.6	96.3	91.4	84.5	87.7	93.6	97.4
Transcription	100.0	99.5	92.9	77.1	70.5	96.1	89.0
Animation	62.4	66.4	87.3	91.9	95.8	87.1	85.0
Software Development	35.3	40.1	64.3	77.5	81.3	92.9	87.7
Other BPOs	49.1	44.2	66.2	73.9	79.4	93.7	93.3
TOTAL INDUSTRY	**67.1**	**69.5**	**78.7**	**79.9**	**83.6**	**93.4**	**94.2**

Table 2.1.a. Export Revenue, by Country of Destination
2010

IT-BPO Category	USA	Canada	Europe [1]	Japan	India	China	Other Asia [2]	ralia-New Zea	Middle East	Africa	Others	Total Exports
Contact Center	4,655	5	285	2	-	-	-	12	-	-	166	5,126
Transcription	66	-	9	-	-	-	-	-	-	-	-	75
Animation	-	-	-	54	-	-	-	-	-	-	-	54
Software Development	1,724	-	61	118	-	4	11	9	-	-	-	1,928
Other BPOs	1,135	12	583	168	-	-	44	166	-	-	179	2,288
TOTAL INDUSTRY	**7,580**	**17**	**939**	**341**	**-**	**4**	**55**	**187**	**-**	**-**	**345**	**9,470**
Percent Share	**80.0**	**0.2**	**9.9**	**3.6**	**-**	**0.0**	**0.6**	**2.0**	**-**	**-**	**3.6**	**100.0**

1/ In particular, United Kingdom, Germany, Netherlands, and Switzerland.

2/ In particular, Singapore, Hong Kong, and Malaysia.

Table 2.1.b. Export Revenue, by Country of Destination
2009

IT-BPO Category	USA	Canada	Europe [1]	Japan	India	China	Other Asia [2]	ralia-New Zea	Middle East [3]	Africa	Others	Total Exports
Contact Center	3,697	1	88	1	-	-	7	144	-	-	-	3,938
Transcription	46	-	2	7	-	-	-	-	-	-	-	54
Animation	-	-	-	21	-	-	25	-	-	-	-	46
Software Development	650	-	79	811	-	-	6	7	-	-	-	1,553
Other BPOs	1,246	9	362	261	3	0	72	108	6	0	60	2,126
TOTAL INDUSTRY	**5,639**	**10**	**531**	**1,101**	**3**	**0**	**110**	**258**	**6**	**0**	**60**	**7,717**
Percent Share	**73.1**	**0.1**	**6.9**	**14.3**	**0.0**	**0.0**	**1.4**	**3.3**	**0.1**	**0.0**	**0.8**	**100.0**

1/ In particular, United Kingdom, Germany, Switzerland, Denmark, Spain, Great Britain, Ireland, and Italy.

2/ In particular, Singapore, Thailand, Hong Kong, Malaysia, Taiwan, Indonesia, Korea, and Cambodia.

3/ In particular, Saudi Arabia.

Table 3. Total Equity, by IT-BPO Category
2005-2010

IT-BPO Category	TOTAL EQUITY																
	Levels (in US$ million)						Growth Rates (in percent)					Percent Share to Total					
	2005	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010
Contact Center	243	281	596	1,356	1,387	2,428	15.9	112.0	127.3	2.3	75.0	49.4	45.2	63.8	69.3	53.6	55.2
Transcription	1	2	8	13	16	33	104.5	276.0	55.1	24.2	106.1	0.2	0.4	0.9	0.7	0.6	0.7
Animation	11	18	24	23	63	103	61.8	29.5	(1.8)	167.1	64.0	2.3	3.0	2.6	1.2	2.4	2.3
Software Development	12	46	189	378	636	895	279.2	306.3	100.3	68.2	40.8	2.5	7.5	20.2	19.3	24.6	20.4
Other BPOs	224	274	117	188	486	938	22.1	(57.3)	60.3	159.1	92.9	45.6	44.0	12.5	9.6	18.8	21.3
TOTAL INDUSTRY	**492**	**622**	**934**	**1,957**	**2,587**	**4,395**	**26.5**	**50.1**	**109.5**	**32.2**	**69.9**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Table 3.1 Foreign Direct Investment
2005-2010

IT-BPO Category	FOREIGN DIRECT INVESTMENT																
	Levels (in US$ million)						Growth Rates (in percent)					Percent Share to Total					
	2005	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010
Contact Center	213	259	585	1,309	1,330	2,421	21.7	126.1	123.7	1.6	82.0	64.7	68.8	71.2	71.7	56.0	56.4
Transcription	1	2	8	13	13	30	176.2	430.3	55.1	4.4	125.6	0.2	0.4	1.0	0.7	0.6	0.7
Animation	4	18	23	23	40	73	303.8	31.4	1.1	69.1	83.8	1.3	4.7	2.8	1.3	1.7	1.7
Software Development	5	34	96	320	632	849	656.6	179.8	233.2	97.6	34.3	1.4	9.1	11.7	17.5	26.6	19.8
Other BPOs	107	64	109	161	361	916	(40.3)	71.2	47.5	124.5	153.9	32.4	16.9	13.3	8.8	15.2	21.4
TOTAL INDUSTRY	**329**	**376**	**821**	**1,825**	**2,376**	**4,288**	**14.3**	**118.5**	**122.2**	**30.1**	**80.5**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

IT-BPO Category	FOREIGN DIRECT INVESTMENT					
	Foreign-to-Total Equity Ratio (in percent)					
	2005	2006	2007	2008	2009	2010
Contact Center	87.6	92.0	98.1	96.5	95.9	99.7
Transcription	52.5	71.0	100.0	100.0	84.1	92.0
Animation	38.4	95.8	97.2	100.0	63.3	70.9
Software Development	37.0	73.9	50.9	84.6	99.4	94.8
Other BPOs	47.5	23.2	93.1	85.6	74.2	97.7
TOTAL INDUSTRY	**66.9**	**60.4**	**87.9**	**93.3**	**91.8**	**97.6**

Table 3.2.a. Foreign Equity by Country of Investor
2010

IT-BPO Category	USA	Europe [1]	Asia [2]	Australia	Japan	India	Total FDI
Contact Center	1,995	301	(34)	21	0	136	2,421
Transcription	21	-	-	9	-	-	30
Animation	-	-	-	-	73	-	73
Software Development	637	(3)	1	2	212	-	849
Other BPOs	425	16	32	4	435	4	916
TOTAL INDUSTRY	**3,079**	**314**	**(1)**	**37**	**719**	**141**	**4,288**
Percent Share	**71.8**	**7.3**	**(0.0)**	**0.9**	**16.8**	**3.3**	**100.0**

1/ In particular, United Kingdom, Netherlands, and Germany.
2/ In particular, Singapore, Hong Kong, and Korea.

Table 3.2.b. Foreign Equity by Country of Investor
2009

IT-BPO Category	USA	Europe [1]	Asia [2]	Australia	Japan	India	Total FDI
Contact Center	1,125	173	(2)	9	-	25	1,330
Transcription	13	-	-	-	0	-	13
Animation	-	-	12	-	28	-	40
Software Development	31	566	(1)	(1)	36	-	632
Other BPOs	190	16	4	1	147	3	361
TOTAL INDUSTRY	**1,358**	**755**	**13**	**10**	**211**	**28**	**2,376**
Percent Share	**57.2**	**31.8**	**0.6**	**0.4**	**8.9**	**1.2**	**100.0**

1/ In particular, United Kingdom, Germany, Switzerland, Netherlands, and Austria.
2/ In particular, Singapore, Malaysia, Hong Kong, and Taiwan.

Table 4. Employment, by IT-BPO Category
2004-2010

IT-BPO Category	EMPLOYMENT																			
	Levels (count in persons)							Growth Rates (in percent)						Percent Share to Total						
	2004	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010	2004	2005	2006	2007	2008	2009	2010
Contact Center	65,006	96,246	153,683	169,748	212,372	255,765	329,597	48.1	59.7	10.5	25.1	20.4	28.9	68.8	69.7	62.0	62.5	59.8	57.5	61.5
Transcription	901	1,785	4,956	6,621	4,321	7,060	9,131	98.1	177.7	33.6	(34.7)	63.4	29.3	1.0	1.3	2.0	2.4	1.2	1.6	1.7
Animation	1,488	1,864	4,482	4,323	5,656	3,732	3,908	25.3	140.4	(3.5)	30.8	(34.0)	4.7	1.6	1.4	1.8	1.6	1.6	0.8	0.7
Software Development	11,975	17,829	42,657	44,870	49,893	46,987	49,516	48.9	139.3	5.2	11.2	(5.8)	5.4	12.7	12.9	17.2	16.5	14.0	10.6	9.2
Other BPOs	15,118	20,278	42,267	45,994	82,893	131,267	143,975	34.1	108.4	8.8	80.2	58.4	9.7	16.0	14.7	17.0	16.9	23.3	29.5	26.9
TOTAL INDUSTRY	**94,488**	**138,002**	**248,045**	**271,556**	**355,135**	**444,811**	**536,128**	**46.1**	**79.7**	**9.5**	**30.8**	**25.3**	**20.5**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Table 5. Compensation, by IT-BPO Category
2004-2010

IT-BPO Category	COMPENSATION																			
	Levels (in US$ million)							Growth Rates (in percent)						Percent Share to Total						
	2004	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010	2004	2005	2006	2007	2008	2009	2010
Contact Center	331	556	766	1,090	1,680	1,954	2,805	67.6	37.9	42.2	54.2	16.3	43.5	70.3	72.2	60.5	51.2	60.8	57.2	62.3
Transcription	2	5	12	24	22	35	48	140.0	142.2	100.7	(8.1)	57.0	36.6	0.4	0.6	0.9	1.1	0.8	1.0	1.1
Animation	6	8	14	19	27	21	24	35.8	63.3	35.2	42.9	(21.9)	15.8	1.3	1.1	1.1	0.9	1.0	0.6	0.5
Software Development	83	120	249	620	536	557	629	44.5	106.9	149.4	(13.5)	3.9	12.9	17.6	15.6	19.6	29.1	19.4	16.3	14.0
Other BPOs	49	80	226	377	497	852	997	64.5	183.0	66.8	31.9	71.4	17.0	10.3	10.4	17.8	17.7	18.0	24.9	22.1
TOTAL INDUSTRY	**471**	**769**	**1,266**	**2,129**	**2,762**	**3,419**	**4,502**	**63.1**	**64.7**	**68.1**	**29.7**	**23.8**	**31.7**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

IT-BPO Category	ANNUAL COMPENSATION PER EMPLOYEE												
	Levels (in US$)							Growth Rates (in percent)					
	2004	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010
Contact Center	5,099	5,772	4,985	6,420	7,912	7,640	8,510	13.2	(13.6)	28.8	23.2	(3.4)	11.4
Transcription	2,295	2,780	2,426	3,644	5,131	4,929	5,206	21.1	(12.8)	50.2	40.8	(3.9)	5.6
Animation	4,172	4,521	3,071	4,305	4,702	5,568	6,157	8.4	(32.1)	40.2	9.2	18.4	10.6
Software Development	6,943	6,739	5,827	13,817	10,743	11,849	12,699	(2.9)	(13.5)	137.1	(22.2)	10.3	7.2
Other BPOs	3,210	3,937	5,345	8,196	5,997	6,493	6,926	22.7	35.8	53.3	(26.8)	8.3	6.7
TOTAL INDUSTRY	**4,989**	**5,572**	**5,105**	**7,841**	**7,778**	**7,686**	**8,398**	**11.7**	**(8.4)**	**53.6**	**(0.8)**	**(1.2)**	**9.3**

Table 6. Response Rate
2010

IT-BPO Category	2010						
	Total	n1	n2	n3	n4	n5	Response Rate
Contact Center	160	10	92	14	7	37	72.5%
Transcription	76	3	15	8	10	40	34.2%
Animation	33	2	2	6	3	20	30.3%
Software Development	250	17	76	42	15	100	54.0%
Other BPOs	292	14	143	48	24	63	70.2%
TOTAL INDUSTRY	**811**	**46**	**328**	**118**	**59**	**260**	**60.7%**

SUPPLEMENTAL TABLES

Table 1. Sales Revenue, by IT-BPO Category

IT-BPO Category	REVENUES													
	Levels in US$ Million				Growth Rates (in percent)			Percentage Points Contribution to Growth			Percent Share to Industry Total			
	2007	2008	2009	2010	2008	2009	2010	2008	2009	2010	2007	2008	2009	2010
Contact Center	2,051	2,839	4,207	5,260	38.4	48.2	25.0	18.0	21.6	12.8	46.9	44.9	50.9	52.3
Transcription	33	34	57	84	4.1	66.8	48.8	0.0	0.4	0.3	0.7	0.5	0.7	0.8
Animation	29	36	52	63	25.5	44.2	20.6	0.2	0.3	0.1	0.7	0.6	0.6	0.6
Software Development	1,098	1,413	1,672	2,198	28.6	18.4	31.4	7.2	4.1	6.4	25.1	22.3	20.3	21.9
Other BPOs	1,157	2,004	2,270	2,452	73.2	13.3	8.0	19.4	4.2	2.2	26.5	31.7	27.5	24.4
TOTAL INDUSTRY	**4,368**	**6,325**	**8,258**	**10,058**	**44.8**	**30.6**	**21.8**	**44.8**	**30.6**	**21.8**	**100.0**	**100.0**	**100.0**	**100.0**

Table 2. Industry Exports, by IT-BPO Category

IT-BPO Category	EXPORTS													
	Levels in US$ Million				Growth Rates (in percent)			Percentage Points Contribution to Growth			Percent Share to Industry Total			
	2007	2008	2009	2010	2008	2009	2010	2008	2009	2010	2007	2008	2009	2010
Contact Center	1,732	2,489	3,938	5,126	43.7	58.2	30.2	21.7	27.4	15.4	49.6	47.1	51.0	54.1
Transcription	25	24	54	75	-4.8	127.3	37.7	(0.0)	0.6	0.3	0.7	0.5	0.7	0.8
Animation	27	35	46	54	30.8	31.0	17.8	0.2	0.2	0.1	0.8	0.7	0.6	0.6
Software Development	852	1,148	1,553	1,928	34.9	35.2	24.2	8.5	7.6	4.9	24.4	21.7	20.1	20.4
Other BPOs	855	1,592	2,126	2,288	86.3	33.5	7.6	21.1	10.1	2.1	24.5	30.1	27.6	24.2
TOTAL INDUSTRY	**3,490**	**5,288**	**7,717**	**9,470**	**51.5**	**45.9**	**22.7**	**51.5**	**45.9**	**22.7**	**100.0**	**100.0**	**100.0**	**100.0**

Table 3. Industry Total Equity, by IT-BPO Category

IT-BPO Category	TOTAL EQUITY													
	Levels in US$ Million				Growth Rates (in percent)			Percentage Points Contribution to Growth			Percent Share to Industry Total			
	2007	2008	2009	2010	2008	2009	2010	2008	2009	2010	2007	2008	2009	2010
Contact Center	596	1,356	1,387	2,428	127.3	2.3	75.0	81.3	1.6	40.2	63.8	69.3	53.6	55.2
Transcription	8	13	16	33	55.1	24.2	106.1	0.5	0.2	0.7	0.9	0.7	0.6	0.7
Animation	24	23	63	103	-1.8	167.1	64.0	(0.0)	2.0	1.5	2.6	1.2	2.4	2.3
Software Development	189	378	636	895	100.3	68.2	40.8	20.3	13.2	10.0	20.2	19.3	24.6	20.4
Other BPOs	117	188	486	938	60.3	159.1	92.9	7.6	15.3	17.5	12.5	9.6	18.8	21.3
TOTAL INDUSTRY	**934**	**1,957**	**2,587**	**4,395**	**109.5**	**32.2**	**69.9**	**109.5**	**32.2**	**69.9**	**100.0**	**100.0**	**100.0**	**100.0**

Table 4. Industry Foreign Direct Investment, by IT-BPO Category

IT-BPO Category	FOREIGN DIRECT INVESTMENT													
	Levels in US$ Million				Growth Rates (in percent)			Percentage Points Contribution to Growth			Percent Share to Industry Total			
	2007	2008	2009	2010	2008	2009	2010	2008	2009	2010	2007	2008	2009	2010
Contact Center	585	1,309	1,330	2,421	123.7	1.6	82.0	88.1	1.2	45.9	71.2	71.7	56.0	56.4
Transcription	8	13	13	30	55.1	4.4	125.6	0.6	0.0	0.7	1.0	0.7	0.6	0.7
Animation	23	23	40	73	1.1	69.1	83.8	0.0	0.9	1.4	2.8	1.3	1.7	1.7
Software Development	96	320	632	849	233.2	97.6	34.3	27.2	17.1	9.1	11.7	17.5	26.6	19.8
Other BPOs	109	161	361	916	47.5	124.5	153.9	6.3	11.0	23.4	13.3	8.8	15.2	21.4
TOTAL INDUSTRY	**821**	**1,825**	**2,376**	**4,288**	**122.2**	**30.1**	**80.5**	**122.2**	**30.1**	**80.5**	**100.0**	**100.0**	**100.0**	**100.0**

Table 5. Industry Employment, by IT-BPO Category

IT-BPO Category	EMPLOYMENT													
	No. of Persons				Growth Rates (in percent)			Percentage Points Contribution to Growth			Percent Share To Industry Total			
	2007	2008	2009	2010	2008	2009	2010	2008	2009	2010	2007	2008	2009	2010
Contact Center	169,748	212,372	255,765	329,597	25.1	20.4	28.9	15.7	12.2	16.6	62.5	59.8	57.5	61.5
Transcription	6,621	4,321	7,060	9,131	(34.7)	63.4	29.3	(0.8)	0.8	0.5	2.4	1.2	1.6	1.7
Animation	4,323	5,656	3,732	3,908	30.8	(34.0)	4.7	0.5	(0.5)	0.0	1.6	1.6	0.8	0.7
Software Development	44,870	49,893	46,987	49,516	11.2	(5.8)	5.4	1.8	(0.8)	0.6	16.5	14.0	10.6	9.2
Other BPOs	45,994	82,893	131,267	143,975	80.2	58.4	9.7	13.6	13.6	2.9	16.9	23.3	29.5	26.9
TOTAL INDUSTRY	**271,556**	**355,135**	**444,811**	**536,128**	**30.8**	**25.3**	**20.5**	**30.8**	**25.3**	**20.5**	**100.0**	**100.0**	**100.0**	**100.0**

Table 6. Industry Compensation, by IT-BPO Category

IT-BPO Category	COMPENSATION														Annual Average Compensation per Employee						
	Levels in US$ Million				Growth Rates (in percent)			Percentage Points Contribution to Growth			Percent Share To Industry Total				Levels in US$				Growth Rates		
	2007	2008	2009	2010	2008	2009	2010	2008	2009	2010	2007	2008	2009	2010	2007	2008	2009	2010	2008	2009	2010
Contact Center	1,090	1,680	1,954	2,805	54.2	16.3	43.5	27.7	9.9	24.9	51.2	60.8	57.2	62.3	6,420	7,912	7,640	8,510	23.2	(3.4)	11.4
Transcription	24	22	35	48	(8.1)	57.0	36.6	(0.1)	0.5	0.4	1.1	0.8	1.0	1.1	3,644	5,131	4,929	5,206	40.8	(3.9)	5.6
Animation	19	27	21	24	42.9	(21.9)	15.8	0.4	(0.2)	0.1	0.9	1.0	0.6	0.5	4,305	4,702	5,568	6,157	9.2	18.4	10.6
Software Development	620	536	557	629	(13.5)	3.9	12.9	(3.9)	0.8	2.1	29.1	19.4	16.3	14.0	13,817	10,743	11,849	12,699	(22.2)	10.3	7.2
Other BPOs	377	497	852	997	31.9	71.4	17.0	5.6	12.9	4.2	17.7	18.0	24.9	22.1	8,196	5,997	6,493	6,926	(26.8)	8.3	6.7
TOTAL INDUSTRY	**2,129**	**2,762**	**3,419**	**4,502**	**29.7**	**23.8**	**31.7**	**29.7**	**23.8**	**31.7**	**100.0**	**100.0**	**100.0**	**100.0**	**7,841**	**7,778**	**7,686**	**8,398**	**(0.8)**	**(1.2)**	**9.3**