

TALENT CRUNCH STILL BIGGEST RISK TO ROBUST BPO GROWTH

Dennis D. Estopace / Reporter



BUSINESS-process outsourcing (BPO) companies must address the annual loss of an estimated 84,800 workers from resignations or face a massive shortage of workers five years from now.

“We need to do that, or the industry will be short of 400,000 workers by 2016,” Maulik Parekh, president of BPO firm SPI Global Solutions Corp., said at a public forum on Wednesday morning in Makati City.

Business Processing Association of the Philippines chairman Alfredo Ayala said in a briefing last year that it would take zero investment on the part of the government “to attain the lower end of the target” \$25-billion revenue by 2016 but on Wednesday Parekh said with the exodus of 16 percent of the workers annually, that would bring the revenue to \$18 billion. “That is not acceptable.”

Hence, Parekh said companies need to take three steps to address the situation: creating value for clients instead of cutting costs, focusing on people in the company, and fostering entrepreneurship.

He said the shift by developed countries’ client companies from cost-cutting strategies happened even before the 2008 financial crisis and has been a predominant phenomenon for three years now. “The crisis probably accelerated that [shift].”

Still, Parekh said clients of BPOs may have also influenced the strategy to create value. “It’s a theme driven by clients, making it a net-net goal, which is to create more value with less cost by leveraging relationships.”

An example that Parekh cited is the move by a client company to move some work on medical transcription in the United States to the Philippines by putting up a health-care academy to prepare Filipino employees for high-value work.

The company also plans to put up a team focusing on transcription of highly technical materials, like those produced by scientists. “We have launched this in India and we plan to launch it here,” and added the team would produce products and services that would support “a far-changing landscape.”

How to support the kind of things that online sellers do or how to support devices that allow users to access information at the click of a finger—these are the ideas being discussed by that team, he said.

SPI Global is a wholly owned subsidiary of ePLDT Inc., whose ultimate parent is publicly listed Philippine Long Distance Telephone (PLDT) Co. According to its latest report to the Securities and Exchange Commission, SPiGlobal’s cash in bank was only P12,500 as of December 31, 2009. Parekh said the company aims to post a 14-percent to 15-percent growth this year.

He added the company has recently added 980 seats in their facility in Dumaguete City, Negros Oriental, which opened in October 2009 with 548 seats, and they aim to increase that to 1,800 seats. “As it is today, we’re the city’s largest employer.”

He said they also plan to expand in Iloilo City, where they started operations in March 2005. “Actually, the expansion has started. From 580 seats, we’re targeting to add between 20-percent and 25-percent capacity this year.” The company has eight facilities, including the Dumaguete and Iloilo locations.

In Photo: Maulik Parekh, SPI Global Solutions president, addresses the Asia CEO Forum at the Tower Club in Makati City. In his presentation, Parekh said the Philippines “is growing faster globally in the BPO services,” but should address the talent crunch that afflicts the sector in many countries. (Nonie Reyes)