

Value at the heart of outsourcing for SMEs — DOXA Talent

TALENT OUTSOURCING for small- and medium-sized enterprises (SMEs) has grown to lean toward value-adding over the typical notion of high-volume, repeatable tasks, according to an industry player.

“Small business owners historically have been really underserved in this market,” David Nilssen, chief executive office of DOXA Talent, told *BusinessWorld* on the sidelines of a briefing.

“And they don’t need someone to deal with standardized tasks,” he added. “They need skilled workers who can actually add value in lots of different areas of the organization.”

Survey findings from Clutch, a global marketplace for business-to-business service providers, showed 83% of small businesses look to maintain or increase spending on outsourced services last year.

It also recorded marketing (27%), IT services (22%), and design (21%) as the top areas for new outsourced providers.

Mr. Nilssen noted the growing priority for value-consciousness over cost-consciousness, especially among SMEs with limited resources, which the company primarily serves.

“It is an important distinction, so it narrows the size of the market that we can address, but there’s still infinite opportunity as well,” he added.

The IT and Business Process Association of the Philippines (IBPAP) said in a Monday briefing that it hopes to exceed the two-million mark in industry headcount by 2025, citing the competitiveness of the Philippine workforce.

“The IT-BPM (information technology and business process management) industry continues to grow. We ended last year with 1.7 million direct jobs for Filipinos, up 8%, and we generated well over \$35 billion in revenue for the economy,” said IBPAP President Jack Madrid.

Last year, Mr. Madrid said that the industry is targeting 7-8% growth in headcount and \$39 billion in revenue for 2024.

“Companies must gear up as we are seeing a demographic shift in the workforce with more off-shore talents helping businesses thrive, which is also providing a tailwind to the BPO industry,” Mr. Nilssen said.

DOXA Talent has also partnered with an artificial intelligence (AI) training firm to develop the skillset of its employees to better serve small business clients.

“It is a threat to anybody who doesn’t embrace it,” Mr. Nilssen said on leveraging new technologies for improved services.

“You’re going to start to see the BPO industry have to shift from the traditional model and evolve to sort of embrace new modern work trends,” he added on an industry outlook.

“That is remote work, AI, and career development — three things that you have not seen historically done well in the BPO industry anywhere.” — **Miguel Hanz L. Antivola**

Championing micro-electric mobility:

A startup’s journey to providing an alternative mode of transportation

By **Miguel Hanz L. Antivola**
Reporter

HOLDING the torch for an alternative mode of city transportation demands initiative, infrastructure, and sustainability, according to entrepreneur Anna Moncupa.

When Ms. Moncupa took her global business master’s in the United States and witnessed the pilot launch of Bird electric scooters and bicycles in 2017, she knew she wanted to bring certain competencies home and localize solutions for the Philippines.

Fast forward to 2020, Ms. Moncupa, founder and general manager of micro-electric mobility sharing service Moovr PH, established her startup after working with the Fort Bonifacio Development Corp., the master planner of Bonifacio Global City (BGC), from her logistics company Keopr Storage PH.

“It really was a passion project for our frontliners during the pandemic,” she said in an interview with *BusinessWorld*.

“A lot of nurses were coming in and out of BGC, and it was trying to bridge that gap in public transport at that time,” she added. “It evolved and grew into its own thing.”

Moovr began with regular manual bicycles and a small electric vehicle (EV) fleet of 20 scooters, which the company closely monitored to identify challenges and growth opportunities.

“I had to be careful because previous iterations of a sharing program didn’t last long,” she said.

“It was a lot of small steps for us in terms of the investments,” she added. “We did bicycles first because that required the least amount of capital and maintenance.”

“But we quadrupled the e-scooter fleet within a few months.”

To date, Moovr has improved and expanded its EV fleet to 310, from the

previous 100 as of December last year, servicing BGC, the Makati central business district, and Filinvest Alabang.

The refreshed fleet has also introduced electric bicycles, with the Okai EB300 e-bikes and ES600 e-scooters, which both have swappable batteries and a maximum speed of 25 kilometers per hour.

Additionally, the platform currently has over 1,800 monthly active riders from its more than 231,000 user base, according to Ms. Moncupa. The rental rate for both e-bikes and e-scooters is P30 for 10 minutes.

PAIN POINTS

Moovr saw a number of challenges upon introducing a new market for its services.

“Nothing else this solid really existed before us,” Ms. Moncupa said. “There was a bit of a learning curve between us and the riders that we both had to learn.”

She noted unauthorized parking, irresponsible riding, attempted cases of theft, and fleet availability as pain points for the company, especially at the onset, which Moovr is coming up with active campaigns to address.

“Some people want to rent it and not allow others to use it, but not get charged because they’re not on the pedal,” she said.

“But we also have to make the project commercially viable so we could keep doing it as a sustainable business model,” she added.

GROWTH

Having tripled its EV fleet availability the past month, Moovr is eyeing intercity transportation, yet only upon guaranteed infrastructure improvements such as protected bike lanes, according to Ms. Moncupa.

“We’re watching the e-bikes’ performance very closely because we have a feeling that it’s actually good for more sustainable transportation,” she said.



MOOVR PH wants to bring their services to more people and looks to technology to keep this goal affordable.

“The Philippine roads aren’t exactly built for cycling, and we’re looking for ways to address that,” she added.

“The goal is to really go outside further and further, but hopefully cities want it enough to provide infrastructure.”

“Our number one concern is the safety of our riders and pedestrians. If those conditions are met, then we can operate.”

Currently, Moovr is only working with private townships to grow operations, which Ms. Moncupa noted as an easier route given a dedicated department to accommodate the program, over that in local government units (LGUs).

“With LGUs, whether we like it or not, they may have more pressing concerns which may not exactly fit in the current agenda, which we understand,” she said.

“It’s tough with LGUs because on one hand, you know they want it. On the other, it’s hard to do it when there is no internal champion,” she added.

However, Moovr is also geared toward offering low-cost mobility while maintaining its cost structure to sustain operations.

“We’re trying to head toward the right direction,” she said on a green outlook for transportation in the metropolitan area.

“But it’s always a question of, ‘Are we able to execute this properly?’ ‘Can we take care of our cost structure enough to really make it inclusive?’” she added.

Ms. Moncupa noted that Moovr’s EV-centered operations are almost only privy to expensive cities and central business districts.

“We know we’re operating on a premium because we sort of have to,” she said. “We’re working toward bringing this on a scale where the cost is enough to really be used as a bona fide means of public transportation for everybody.”

“Technology and electricity are expensive, unfortunately,” she added. “I think it is every entrepreneur’s dream to offer it low enough and scale up.”

COMMUNITY BEYOND TECHNOLOGY

Innovation through technology-driven solutions may look aspirational for entrepreneurs, yet Ms. Moncupa noted the importance of putting community first and center of any model.

“The innovation really happens outside of tech,” she said on recognizing potential even with limited resources and capital.

“We’re simply moving people, and tech enables us to do this at a lower cost,” she added. “But it’s not end-all, be-all.”

“What I learned is you need to serve a purpose because something like this cannot be purely commercial.”

Reception to feedback is both a challenge and opportunity for startups to audit itself and improve on lapses, according to Ms. Moncupa.

Remittance, from SI/1

Mr. Tsuchiya said he does not expect a “very strong surge” in remittances this year.

“First, we expect the Philippines to post a healthy growth of 4.9%, only slightly slower than 5% in 2023. While this is low by the Philippines’ standards, it is not too weak to entice higher remittances when the rest of the world where OFWs are based are suffering more,” he said.

The government is targeting 6.5-7.5% growth this year.

“Second, recent surveys suggest the share of households that use remittances for savings rose to 37.6% in 2023 from 33.6% in 2022. In fact, the figure in 2023 is higher than 35.7% in 2019, before the pandemic. This means there is currently no urgent need for OFWs to remit their money in a hurry,” Mr. Tsuchiya added.

Ateneo de Manila economics professor Leonardo A. Lanzona said higher remittances are normally expected during periods of economic difficulty.

“Since economic growth is not expected to increase significantly this year due to various constraints, including El Niño, one would expect remittances to fill in the gap between the incomes and consumption needs of households,” he said in an e-mail.

The World Bank report noted that remittance inflows could also be used to help support the country’s debt management due to their “large size relative to other sources of foreign exchange, countercyclical nature and indirect contribution to public finances.”

Mr. Chanco said more dollar remittances coming in would help “service external debt obligations denominated in foreign currency, mitigating any strains on the exchange rate.”

“I’d be wary, though, if the government starts to see these inflows as a potential source of tax revenue to help service public debt, as implementing any sort of such levy might have a structural impact on the level of inflows thereafter,” he added.

CREATE, from SI/1

have to pay the 15% [global minimum tax,] so our income tax holiday is useless,” Mr. Salceda told the committee.

Finance Assistant Secretary Juvy C. Danofrata said the Philippines would “lose out” if it does not recognize the 15% global minimum tax implemented in OECD countries.

“If we don’t make amendments to our tax system, what will happen is if we give an income tax holiday to a multinational that is also paying its taxes in other countries, the tax that we don’t collect will eventually be paid in the other country,” she said in mixed English and Filipino.

The CREATE MORE bill seeks to impose a 20% corporate income tax on local and foreign corporations under the enhanced deduction income tax regime.

“The incentive really for the enhanced deduction is to encourage them to get more employees to invest more because there’s also an incentive on the capital investment,” Ms. Danofrata told the committee.

Under the bill, domestic and export companies, including those inside ecozones and freeports, will be entitled to duty exemptions, VAT exemption on imports, and VAT zero-rating for local purchases.

Enterprises would also be entitled to a 200% additional deduction for power costs during the income tax holiday period. They may also enjoy a 100% additional deduction in expenses for trade fairs, missions or exhibitions.

VAT incentives for companies that enjoy incentives before the enactment of CREATE will be extended from 10 to 12 years, if there is no tax refund or credit granted. They may also enjoy duty incentives for the remainder of the 10-year transitory period.

“We gave two more years because the BIR (Bureau of Internal Revenue) has been coming up with all RMCs (revenue memorandum circulars) that of course negate the benefits that accrue to those that we have provided incentives to but went through a transition,” Mr. Salceda said.

The bill also allows the information technology and business process outsourcing sector to “conduct business under alternative work arrangements.”

The bill also seeks to include the Bangsamoro Board of Investments and the Bangsamoro Economic Zone Authority under the list of investment promotion agencies.

Mr. Salceda said the bill also proposes to grant an income tax holiday to domestic market enterprises in creative industries listed under RA 11904 or the Philippine Creative Industries Development Act “for as long as they have at least a minimum of \$500 million.”

Filomeno S. Sta. Ana III, coordinator of Action for Economic Reforms, said issues with the CREATE law could be fixed under its implementing rules and regulations.

“Sure it has imperfections, but its flaws can be corrected through implementing rules and regulations and other administrative measures. We should not forget that CREATE lowered the corporate income taxes for all business enterprises,” he said in a Viber message.

He earlier said a looming fiscal crisis due to a “generous tax incentive system” could “block the new flow of investments and thus impede growth and employment.”

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