

Feasibility study to take 2 years for ports servicing wind industry

THE Department of Transportation (DoTr) said it is hoping to complete in two years the feasibility study, including the detailed engineering design, for two ports to be repurposed to service offshore wind farms.

“Feasibility study and detailed engineering design take 18 to 24 months to complete but our target is (to finish it) as soon as possible,” Transportation Undersecretary for Maritime Elmer U. Sarmiento said via Viber.

Last week, the Department of Energy (DoE) and the Philippine Ports Authority (PPA) said they will start the process of repurposing three ports to service the offshore wind industry.

Ports will be a key link in developing offshore wind farms,

serving as the base from which operators can transport materials needed offshore.

According to the DoE, the Port of Currimao in Ilocos Norte, the Port of Batangas in Sta. Clara, Batangas City, and the Port of Jose Panganiban in Camarines Norte have been shortlisted for repurposing, though the study covers only Currimao and Batangas.

The DoE has said that it will initiate the detailed engineering design process to ensure that the ports can handle the installation, commissioning, and operational requirements of offshore wind projects.

In July, PPA General Manager Jay Daniel R. Santiago said the Philippines will likely miss its

target of launching offshore wind farm operations by 2028 due to lack of progress in developing specialized ports servicing wind farms.

The DoE has said that at least 10 concessions with a combined capacity of 6.72 gigawatts (GW) are projected to be operational by 2028.

The Port of Currimao is near 13 offshore wind energy service contracts (OWESCs) with a potential combined capacity of 9,489 megawatts (MW). Of the total, three service contracts are in the “advanced pre-development stage.”

The Batangas Port is close to 29 OWESCs with a combined capacity of 24,300 MW. Six of these contracts are in the permitting,

licensing, and data gathering stages.

The PPA has said that at least nine ports are candidates for repurposing for servicing offshore wind projects.

“We cannot do all nine ports at the same time. Offshore wind projects are really capital intensive. We will prioritize what we consider as doable,” Mr. Sarmiento said.

Currently, the DoE has awarded a total of 92 OWESCs with a combined capacity of 66.10 gigawatts (GW) to 38 renewable energy companies.

The Philippines has an estimated 178 GW of potential offshore wind energy capacity, according to the World Bank. — **Ashley Erika O. Jose**

PHL tourism businesses lagging in race to digitalize, Klook says

By **Chloe Mari A. Hufana**
Reporter

BUSINESSES catering to tourists in the Philippines have not yet sufficiently embraced digitalization, according to the co-founder of travel platform Klook.

“The merchants (in the Philippines) are very offline, not digital, but the advantage is that the tourism offices are receptive,” Klook President and Co-Founder Eric Gnock Fah told reporters in Singapore.

He said Klook is working with Philippine tourism authorities to promote more digitalization that will allow them reach out to a “new set of consumers who are willing to spend,” particularly the younger demographic.

He said Klook is an option to go digital as an alternative to a business building its own system.

“It’s the ability to make bookings easily and to be able to promote these services online easily,” he said, citing the booking service in China known as Red.

“Most Chinese consumers will be looking at Red when they think about travel, overseas particularly, but to create content there and to enable booking there is not an overnight thing,” he said.

“That’s where Klook came in as an intermediary. Merchants need to know that there’s this type of channel or this type of app that they need to be present in, otherwise the Chinese market, for example, will not know that their service exists in Boracay or El Nido,” according to Mr. Fah.

According to Klook’s website, the company completed a \$210 million funding round in December.

Mr. Fah said the money will go towards the improving the use of generative artificial intelligence (Gen AI) on the platform.

“It’s an expensive industry, but we also believe that it’s the future,” he said.

He added that Klook currently uses Gen AI to maintain quality across all merchants globally, specifically in streamlining customer reviews.

“Once these reviews come in, we actively review ourselves using generative AI. It is now much faster, much more efficient, and we will then summarize and again communicate back with the merchants and give them that feedback from consumers and provide them with what we call solutions or suggestions,” he said.

As Klook celebrates its 10th anniversary, he said putting technology at the heart of the operation has made the company the leading travel platform in the Asia-Pacific.

“We saw it more as a technology platform and it happens that my passion is travel so let me bring travel into this platform and marry it with technology,” he added.

Mr. Fah, who formerly worked in finance, said he did not have the baggage of being a travel agent from day one, allowing him to rethink what travel could be.

“Marrying technology, which has no borders, can scale very fast; it brought us to where we are today, but which is still really just the beginning,” he added.

“I always say the next five years will still be a survival game because, in the last 10 years, the internet and mobile might have disrupted the traditional travel agencies,” he said.

“It’s very relevant how will AI change the world and in five years’ time AI might be in a completely different form and maybe a lot more integrated into our lives that will change how we plan, and book itineraries and we may or may not be relevant.”

The Hong Kong-based platform was launched in 2014, and positions itself as a one-stop shop for experiences and travel services, ranging from attractions and tours to local transport and experiential stays in over 2,700 destinations.

13 power projects endorsed to ERC for operating permits

THE Department of Energy (DoE) endorsed 13 projects involving new and operational power plant projects to the Energy Regulatory Commission (ERC) in August, bringing them closer to obtaining operating permits.

The power projects have a combined potential capacity of more than 1,000 megawatts (MW).

“In August 2024, the DoE issued 13 CoEs (certificates of endorsement) to ERC, which are composed of eight amendments and five new applications,” the DoE said in a document posted on its website.

A CoE is a prerequisite for generation facilities to be issued a certificate of compliance (CoC).

Of the total endorsements last month, four are conventional

projects powered by diesel. The DoE also issued endorsements to eight renewable energy projects and one battery energy storage system (BESS).

Among the biggest projects is the Caliraya-Botocan-Kalayaan (CBK) hydroelectric power plant complex in Laguna with a combined total capacity of more than 700 MW.

The CBK hydro facilities are currently under a 25-year build-rehabilitate-operate-transfer and power purchase agreement between independent power producer CBK Power Co. Ltd. and National Power Corp., which will expire in 2026.

CBK is a major privatization project of state-run Power Sec-

tor Assets and Liabilities Management which is up for bidding this year.

Endorsements were also issued to Energy Development Corp.’s 226.135-MW Mahanagdong Geothermal Power Project in Leyte; Greenery for Global, Inc.’s 63.96-megawatt peak (MWp) Cordon Solar Power Project in Isabela; Masinloc Power Co. Ltd.’s 35.258-MW Masinloc BESS in Bohol; and Dagohoy Green Energy Corp.’s 27.120-MWp Dagohoy Solar Power Project in Bohol.

The list also includes DMCI Power Corp.’s 8.826-MW Aborlan Bunker-Fired Power Plant in Palawan; Occidental Mindoro Consolidated Power Corp.’s 7.4-MW SMRA Solar Power Plant

and 0.672 megawatt-hour BESS in Occidental Mindoro; and Dupinga Mini Hydro Corp.’s 4.68-MW Dupinga Hydroelectric Power Project in Nueva Ecija.

The National Power Corp.’s 0.420-MW Chico Diesel Power Plant in Masbate, 0.08-MW Butawan Diesel Power Plant in Camarines Sur, and 0.158-MW Tara Diesel Power Plant in Palawan, were also issued endorsements.

In October, the ERC issued a resolution requiring CoCs for the operation of new generation facilities without the need for renewal but with an obligation to maintain the validity of the underlying permits. — **Ashley Erika O. Jose**

P5-billion fund to address gaps in food supply deemed ‘too small’

THE P5-billion fund designed to plug gaps in the food supply could be inadequate for addressing shortages of key commodities and may be left begging for money with rice cornering the funding, analysts said.

Fermin D. Adriano, a former Agriculture undersecretary, said in a Viber message that the Department of Agriculture’s (DA) allocation is dwarfed by the funding for other commodities.

Mr. Adriano noted that the government’s allocation is much

larger for the National Food Authority (NFA), the agency whose task is to maintain a reserve of rice in cases of national emergencies.

Funding will also be an issue, judging from the expected allocation of rice tariffs.

Last week, Congress released a bicameral conference committee report for proposed amendments to the Rice Tariffication Law of 2019 or RA No. 11203. The amendments include about P15 billion in funding for rice procurement

and P5 billion for a food security buffer fund for emergencies.

“Based on the amendments the P5 billion will come from excess tariff collections, so (there will be) no sure funding,” Federation of Free Farmers National Director Raul Q. Montemayor said via Viber.

Last week, Agriculture Secretary Francisco P. Tiu Laurel, Jr. said that the DA is looking at various funding sources to operationalize the purchase and distribution of prime or basic

commodities during shortages or price spikes.

Mr. Montemayor said that the DA would need to deal with storage and distribution costs of its stockpile.

“A lot of things still have to be sorted out,” he added.

Republic Act (RA) 7581, or the Price Act, authorizes a buffer fund and other measures to stabilize prices of basic commodities in calamity areas. — **Adrian H. Halili**

OPINION

Navigating the software landscape in the GenAI era

IN BRIEF:

- Traditionally, the choice between custom and packaged software was straightforward — each option presented clear pros and cons aligned with specific business needs. However, the rise of Generative AI (GenAI) has blurred these lines, altering the decision-making process for business leaders.
- GenAI, with its unprecedented capabilities in generating code, creating unique content and personalized user experiences, has added to the dilemma for enterprises on whether customized solutions continue to create a unique competitive advantage.
- Businesses must continue to evaluate the need for customization against the benefits of AI-enhanced packaged solutions.

The rise of GenAI is reshaping the software industry, enabling new ways to create content, automate tasks, and tailor user experiences. Businesses now face a critical decision: should they invest in custom software that is specifically designed for their needs, or should they choose off-the-shelf solutions that are enhanced by GenAI add-ons like customized content and task automation? This choice has significant implications for how software is selected and implemented across enterprises.

For example, the insurance and finance sectors, traditionally reliant on custom-built software for their complex operations, are now moving towards standard, packaged solutions driven by GenAI. Given the need for agility, cost-effectiveness, and digital service

SUITS THE C-SUITE RAJIV KAKAR

GenAI is redefining software implementation strategy, compelling businesses to choose between the innovations of custom solutions and the broad appeal of AI-powered packaged software.

demands, this shift showcases the challenges and opportunities in modernizing software systems. Their experiences offer valuable lessons for other industries contemplating similar transitions.

As leaders navigate this decision, they must consider the long-term impact on their business strategy and operations. This article explores the considerations and implications of choosing between bespoke and off-the-shelf software solutions in the age of GenAI.

THE EVOLVING DECISION MATRIX

Custom software is tailored to meet the specific needs of a business, offering a high degree of personalization and flexibility. On the other hand, packaged software provides a ready-made solution that is generally more cost-effective and quicker to deploy but may not cater to every unique requirement.

Traditionally, the choice between custom and packaged software was straightforward — each option presented clear pros and cons aligned with specific business needs. However, the rise of GenAI has blurred these lines, altering the decision-making process for business leaders. The integration of GenAI into

software development and deployment processes introduces a new complexity, requiring a more strategic approach to software selection. Like the late 1990s shift in production and manufacturing companies, which moved from proprietary systems to standardized ERP (Enterprise Resource Planning) and CRM (Customer Relationship Management) systems, today’s businesses must consider the automation and cost advantages that such a transition could bring.

CUSTOM SOFTWARE IN THE GENAI ERA

Custom software development, once a time-consuming and costly endeavor, is being transformed by GenAI. AI-driven development tools can now assist programmers in generating code snippets, produce functional and test specifications, and reduce the overall development life cycle. Empirical evidence shows that the appropriate use of GenAI in coding tasks can double the gain in developer productivity. This mirrors the automation of important business functions seen in other industries, such as one-touch customer billing or automated supply-chain planning, which have reaped significant cost advantages from shared services.

However, the challenges of integrating GenAI into custom software cannot be overlooked. It requires a depth of technical expertise and raises ethical questions about data usage and AI-generated content. Additionally, custom solutions demand a focused approach, often necessitating the hiring of specialized developers and heavy investment in IT infrastructure and licenses. This is akin to the banking and insurance

sectors, where upgrades to core systems are lengthy and risky due to complex, heterogeneous products and decades-old IT systems.

PACKAGED SOFTWARE AND GENAI

On the other side of the spectrum, packaged software providers are also incorporating generative AI into their products, offering advanced features that were once only possible with custom development. This democratizes access to powerful AI tools, making them available to a wider audience.

This change also makes advanced AI tools more accessible to a wider range of businesses. With these enhanced off-the-shelf products, companies can quickly implement sophisticated solutions and tap into the knowledge of a large user base. However, the generic nature of packaged software may not suit all business requirements. Depending on vendors for updates and new AI features could also lead to potential risks and limitations.

NAVIGATING THE NEW SOFTWARE LANDSCAPE

The age of GenAI is reshaping the software industry, blurring the lines between custom and packaged solutions. Custom software, now more accessible with AI assistance, offers unparalleled customization and competitive advantage. Packaged software, enhanced by AI, provides a cost-effective and quick-to-deploy alternative with a wealth of community support. Businesses must carefully assess their needs, considering factors such as the level of customization required, budget constraints, and

the strategic importance of AI in their operations. Whether opting for a custom-built AI-driven platform or an AI-enhanced packaged solution, the goal remains the same: leveraging the transformative power of GenAI to drive innovation and success in the digital age.

As the software industry evolves with the integration of GenAI, businesses are faced with choices that mirror those made by banks and insurance companies. The move towards standard software, driven by the need for new digital services and customer demand for online products, suggests a similar path for businesses across all sectors.

By examining the success factors identified in the transition from proprietary to standard systems, such as technology selection, transformation leadership, team composition, timing, and transparency, companies can navigate this new era effectively. The lessons learned from other industries serve as a guide for businesses to make informed decisions in adopting new software solutions that harness the power of GenAI.

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