



Office of the President of the Philippines
COMMISSION ON INFORMATION AND COMMUNICATIONS TECHNOLOGY

Philippine Software Economy Advisory Council Kick-Off Meeting

Parañaque Room B, 3/F Makati Shangri-La Hotel

4 December 2008, 5:00 PM

Policy Response

SECRETARY RAY ANTHONY ROXAS-CHUA III

Chairman, Commission on Information and Communications Technology

Secretary of Labor Marianito Roque, Emilio Umeoka, President of Microsoft Asia-Pacific, Faycal Bouchlaghem, Microsoft Asia-Pacific Business Development Director for Emerging Markets, Andy Pickup, Microsoft Asia-Pacific Business and Marketing Officer, Kirk Drage, Software Economy Lead of Microsoft Asia-Pacific, Rafael Rollan, Managing Director of Microsoft Philippines, ladies and gentlemen, a pleasant good evening to you all.

Thank you for giving us the opportunity to participate as member of the Philippine Software Economy Advisory Council. We believe the Philippine software industry, as well as the overall ICT sector, still has a lot of potential for development and growth. Allow me now to share with you the Philippine government's position on certain policy issues affected by developments and trends in the ICT sector. The information age has brought about profound changes in governance and business models that have caused our national leadership to respond immediately, substantively and deliberately.

From the time it was created in 2004, the Commission on ICT continues to plan, coordinate and harmonize government's ICT initiatives, and to develop programs to keep abreast of increasing globalization wherein lifestyles, social interaction, and economic transactions now occur beyond the limitations of time zones and geographical locations.

Through the Philippine ICT Roadmap, the country's blueprint for ICT development and developed in 2006 in cooperation with various public and private stakeholders, the CICT hopes to transform the country into an ICT-enabled society, characterized by efficient, inclusive, and transparent governance, flourishing ICT investments, a world class workforce, and a globally competent business and ICT infrastructure.

As a policy instrument, the Roadmap identified the nation's ICT agenda for the period 2004-2010. It underscores seven key principles of the information society: 1) the promotion of universal access and the use of ICT for development, 2) the growth of the ICT sector as a major driver for economic growth, 3) the development of skilled human capital, 4) the transformation of government to e-government, 5) the promotion of an enabling environment through responsive legislation and policy enactments, 6) the preservation of our national heritage through the support for original and relevant digital content, and 7) a secure online environment.

In cognizance of these principles, the CICT pursues strategies that involve the private sector, civil society, and other stakeholders to enable their role in developing a robust Information Society.

One of our flagship programs is the Philippine Cyber Corridor. With the boom in the ICT sector, President Macapagal-Arroyo named the Cyber Corridor as one of the country's super regions in 2006. The Cyber Corridor is a virtual channel that traverses the country and houses IT-BPO operators from Baguio City in the north to Davao City in the south. With revenues reaching 5 billion US dollars in 2007 and a 350,000 strong workforce, the IT-BPO industry is one of the country's fastest growing sectors. As the Development Champion of the Cyber Corridor, the CICT acts as the prime advocate of this industry.

With the success of this industry, we are now focused on bringing its economic benefits to the countryside. Not only do regional BPO operators create jobs in these regions, they also support related businesses in the local economy and allow Filipinos to work closer to home. The CICT, together with the Business Processing Association of the Philippines, or BPAP, and the Department of Trade and Industry, is developing "Next Wave Cities" within the Cyber Corridor. To date, we have identified 26 "Next Wave Cities" capable of hosting BPO operators and we expect this number to continue to grow.

Considering the sector's robust growth and potential to increase employment and investments, the President has recently issued a directive to the CICT to undertake a technical study on the resources needed to establish an ICT hub in every province, of which the Philippines has 81. While we consider this a great challenge, we are confident that our existing collaborative partnerships with the private sector as well as the various city- and province-based ICT councils will help us undertake this study and achieve our goal of creating one million jobs for this sector by 2010.

Nevertheless, I am pleased to share with you that the Philippines continues to steadily gain a reputation as a preferred outsourcing destination. In 2007, the Philippines was named "Offshoring Destination of the Year" by the National Outsourcing Association in the UK. In IDC's Top Ten Outsourcing Cities in Asia Pacific, Manila was ranked #3, behind only Bangalore and New Delhi in India. In Tholons/Global Services' Top 50 Emerging Outsourcing Cities, four Philippine cities made it to the list: Cebu at #1, Pasig at #15, Quezon City at #21 and Mandaluyong at #45. It is clear we have established ourselves as a major player in the global IT-BPO sector, but we will need to remain competitive amidst increasing competition from other countries, particularly during the current global economic slowdown.

One of the key drivers in the growth of the IT-BPO industry is talent. The country continues to enjoy a large pool of highly trainable workers with strong customer service orientation and high English proficiency level. Nevertheless, we recognize that it is crucial to strengthen our talent development efforts to maintain our global competitiveness in this sector. One initiative that we have embarked on is the promotion of the Service Science, Management and Engineering, or SSME, program. The program aims to develop a critical mass of talent required in the services sector, which now accounts for more than half of the country's GDP.

In addition, the CICT's Human Capital Development Group implements the iSchools Project, which provides computer labs with broadband internet connectivity and digital learning content to public high schools throughout the country. This complements the goal of President Arroyo to connect all public high schools to the Internet by 2010, and the CICT's goal of improving the students' ICT skills for future professional opportunities. Our eSkwela Project, on the other hand, delivers a computer-based alternative learning system for out-of-school youths and adults. We are proud to note that this innovative project was the recipient of a Certificate of Commendation from UNESCO. In relation to this, I would like to commend Microsoft Philippines on its iCafe e-Learning Program with Netopia, which will go a long way in enhancing the ICT skills of our workforce.

It is also our goal to ensure the delivery of government services in a more efficient manner, through the use of ICT. Our E-Government Development Group coordinates and assists in the implementation of ICT strategies of government agencies and local government units to achieve better, more transparent and more efficient public service. These strategies include computerizing frontline services to enable the citizens to interact effectively with the government, developing a services portal to enable our citizens to readily access government services, and establishing an online payment gateway to facilitate online transactions with the government. The CICT's goal is to design an electronic bureaucracy that addresses the needs of the Filipinos more effectively and efficiently. In relation to this, I would like to commend Microsoft Philippines on its Government Productivity Investment Program that helps government agencies maximize their IT resources. We have already endorsed this program to President Arroyo and we are willing to help facilitate its implementation.

We are also committed to see through the implementation of an automated national elections in 2010. As Chairman of the CICT, I am designated by Republic Act 9369 to be the Chairman of the COMELEC Advisory Council, which is mandated to recommend the most appropriate, secure, applicable and cost-effective technology to be applied in the automation of the May 2010 Elections. The composition of this Advisory Council is multi-sectoral, with members from the government, academe, professional ICT organizations, and electoral reform organizations.

To demonstrate our commitment with the World Summit on the Information Society's priority agenda of building "*a people-centered, inclusive and development-oriented Information Society*", the CICT led the development of the Community eCenter, or CeC, Program. Within this Program, we formed the Philippine CeC Network composed of the the public and private sectors, technology and infrastructure providers, academe, and non-government organizations. The Program aims to establish a CeC in every municipality by 2010. This is a lofty goal indeed, but we believe that it is achievable if we are able to harness the efforts of all the stakeholders.

As CICT's commitment to innovation, we are involved in the Filipinnovation Network. Filipinnovation is the brand name for the Philippine National Innovation Strategy. Crafted through public-private partnership, the strategy lays down the vision of having a competitive and multi-disciplinary workforce competent in producing value-added knowledge based products and services of global standards; competitive local firms driven by or borne out of constant innovations brought about by R&D and a public policy environment that ensures continuous innovation.

In view of recent developments in the ICT sector, the CICT has prioritized three important policy and legislative concerns. It should be pointed out that the CICT works closely with the private sector in identifying what are mutually considered as priority concerns. We are committed to providing the enabling environment to support the growth of the local economy and ensure the competitiveness of our industries.

First, is the creation of the Department of Information and Communications Technology, or DICT. The bill provides for the establishment of a stronger government body to oversee the country's ICT development. Some of the bill's major provisions consist of ensuring the provision of a strategic, reliable, cost-efficient and citizen-centric ICT infrastructure, systems and resources; and fostering a policy environment that will promote a broader market-led development of the ICT and ICT-enabled services sectors, partnerships between the public and the private sectors, and strategic alliances with foreign investors and balanced investments between high-growth and economically-depressed areas.

With the approval of the DICT Bill in the House of Representatives and the certification of the bill as urgent by President Arroyo, the CICT hopes that appropriate action can be taken by the Senate to fast track its enactment, and help us forge ahead in bringing the benefits of ICT to the people.

The second legislation that the CICT is pushing for is the anti-cybercrime bill. Our infrastructures and societal processes are now heavily dependent on ICT and are therefore vulnerable to cyber security threats such as spamming, identity theft, hacking, malware and viruses, denial-of-service attacks, child pornography and cyber prostitution. The importance of the IT-BPO industry to the Philippine economy makes it crucial for us to protect our ICT infrastructure from various forms of cyber attacks. One major requirement of BPO customers is business continuity, so any downtime caused by cyber attacks will translate into revenue losses for BPO operators.

The third legislative agenda that the CICT is pushing for is data privacy. The CICT has formed a Technical Working Group (TWG) on Data Privacy that evaluated related data privacy bills in the Senate. The TWG, composed of government and industry associations and organizations, is currently working with Congress to bring forth a bill that defines the scope of data privacy, form of regulation, and the government's role in its implementation.

Another legislation that the CICT provided feedback on is the “Free/Open Source Software Act of 2007.” We believe that there is still a lack of awareness of FOSS and its benefits in the Philippines. With its significant cost advantage, FOSS provides users with an alternative to proprietary solutions. For software developers, FOSS gives them the opportunity to customize software applications to better suit user requirements.

While the FOSS Bill mandates the use of FOSS by government agencies, the position of the CICT continues to be that of freedom of choice. We see the need to ensure a level playing field where the consumer is fully informed of their available options. The CICT believes that a Philippine FOSS Policy and Strategy would provide the direction for a rational FOSS use policy, similar to what other countries have already established.

We also recognize that government cannot simply do everything on its own. This is why we strongly believe that our initiatives are designed to emphasize the distinct yet complementary roles that government and the private sector should play.

Toward this end, we acknowledge the efforts of organizations such as Microsoft. You have collaborated with the Philippine government and the other stakeholders in landmark ICT programs that were not only significant but consistent with our thrust of optimizing ICT towards better governance, improved teacher-learner environment, professionalizing skills, as well as making technology and PCs more affordable.

With the establishment of the Philippine Software Economy Advisory Council, the CICT looks forward to working with you to achieve our goal of making technology available to all Filipinos and effectively utilizing technology for national development. I would like to reiterate that the government recognizes the development of ICT will have a higher chance of success and sustainability if it is private sector-led and market-based. Our role in government should continue to be that of a policy maker and enabler.

Thank you very much and mabuhay!