



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

Tsukiden Software Philippines Incorporated's 20th Anniversary

Saturday, February 28, 2009, 4:30 pm

Crown Plaza Hotel, Quezon City

Inspirational Speech

SEC. RAY ANTHONY ROXAS-CHUA III

Chairman, Commission on Information and Communications Technology

Mr. Jiro Hanzawa, Chairman of Tsukiden Software Philippines, officers and employees, distinguished guests, ladies and gentlemen, good afternoon to all of you.

It is with great honor and pleasure that I represent Her Excellency President Gloria Macapagal-Arroyo on the celebration of Tsukiden Software Philippines' 20 successful years in the Philippines. I congratulate TSPI for your successful software ventures in the Philippines, as well as for your undying faith in the Filipino talent.

Twenty years ago, the software industry experienced its first growth spike as local startups clinched deals with foreign clients. One of these foreign investors was TSPI, which had the foresight of investing in the country, and putting its trust and confidence in the local business environment. It had a vision of what it calls the 'synergy of our two cultures'—the integration of Japanese technology and discipline, with the Filipino's creativity and flexibility. Since then, a unique partnership was born, and continues to thrive amidst a global economic downturn and an increasingly competitive market.

Bilateral programs with Japan have always translated into significant economic and social gains for the Philippines. The Philippines has historically been one of the largest recipient of bilateral aid from Japan. Japanese aid and investments have largely focused on economic infrastructure development such as energy and transportation, poverty alleviation through agricultural and rural development, capacity building in health and education, and disaster mitigation, just to name a few. In education, recognition of the potential of Filipinos to excel in technological fields led to the support for improved technical education in response to local industrial needs.

With globalization, the birth and success of the information technology business process outsourcing, or IT-BPO, industry in the Philippines can be attributed to the country's investment in ICT infrastructure, talent development, and provision of a favorable investment climate. Since its humble beginnings in the late 90s, the Philippine IT-BPO industry has achieved explosive growth. As of year end 2008, the IT-BPO industry has created an estimated 372,000 jobs and generated annual export revenue of 6 billion US dollars. While the bulk of revenue still comes from contact centers, non-voice, higher value added services such as software development have emerged as strong growth areas for the Philippines.

The Philippine Software Industry Association, or PSIA, reports that Filipino software companies have been providing offshore software development services for more than two decades. Local software development opportunities mainly come from the United States, Japan, and Europe. As of 2007, there were close to 400 Philippine software companies and 21,000 software developers that comprise the local software economy. Applications development and maintenance comprise a major portion of offshore engagements in the country. Services cover technical consulting and business analysis, applications development and deployment, package implementation, application conversion and integration, and application maintenance and support.

With support from companies such as TSPI, the Philippines hopes to entice more Japanese software companies to invest in the Philippines. During the PSIA's first Japan Trade Mission held in Tokyo in November 2008, TSPI was one of the Philippine representatives promoting Philippine technical skills. Japan's External Trade Organization, or JETRO, which supported the Mission, has been attempting to raise the awareness and level of interest in the Philippine IT and IT-enabled services among Japanese companies through the JETRO Philippines IT Industry Update. There are about 30 Japanese software companies currently doing business in the Philippines. Through the support of TSPI, the Philippines can strive for a bigger share of software development opportunities from Japan. At present, the majority of contracts still go to China, India, and lately, Vietnam, while the Philippines has remained relatively untapped.

As I mentioned earlier, Japanese investments in the Philippines have led to significant economic gains for the country. According to JETRO, there have been signs of increasing interest from Japanese companies. Research firms and systems integrators have in fact found their way to the Philippines, conducting studies in 2007 on the country's potential as an offshoring destination. In 2008, several IT industry associations from various regions of Japan and some of the major Japanese systems integrators also sent their study delegations to the Philippines. In the same year, Japanese businesses were established in the country, some of which were in software development.

The Philippine government strongly supports the local software development industry. Through partnerships with the private sector and professional associations such as the PSIA, Government seeks to promote the local software development industry as one of the key drivers of the economy. One of the CICT's key initiatives is the development of ICT hubs around the country, which we collectively call the Philippine Cyber Corridor. By building regional capacities to host ICT locators and investors, Government is able to bring about social and economic opportunities outside of Metro Manila. We count on the support of both local and international ICT companies to realize this development agenda of the Arroyo administration.

In addition, CICT continues to support the Philippine Software Industry 2010 Flight Plan, drafted in collaboration with PSIA, CebuSoft, and the Association of Solution Integrators in Davao. With the goal of promoting the Philippines as a premiere destination for software innovation, technology entrepreneurship and high technology investments, the Flight Plan has five priority areas: 1) growing the domestic demand for software, 2) increasing software exports, 3) developing skilled software professionals, 4) building the infrastructure for industry growth, and 5) improving intellectual property compliance. With these targeted areas, we hope to solidify the leads the software industry has achieved, and continue to make inroads to international markets. According to the PSIA, the industry generated 624 million US dollars of revenue in 2008. Although this is a substantial increase in recent years for the local software economy, it contributed only approximately 10% of revenues for the entire IT-BPO industry in 2008.

If we are to encourage investments, we have to increase our current talent pool of IT professionals. The academe has to participate aggressively in improving the depth and breadth, and overall quality of our labor pool. As the country explores other niche markets in the higher value, non-voice sector, our educational challenge is to produce software development professionals that are at par with professionals of leading countries in the software development sector. This would mean meeting the demand for certification based skills and the re-tooling of non-IT professionals to meet recruitment demands of the industry. New curricula, such as the Services, Science and Management and Engineering, or SSME, curriculum, should be promoted as a means to improve the talent pool of Philippine IT graduates. The private sector must also work closely with government to develop policies and incentives to increase the growth potential of the local software industry, and enhance its competitiveness in the global market.

The CICT is grateful for the pioneering initiatives of TSPI to promote the Filipino's software development skills. I would like to acknowledge your support of the President Gloria Macapagal-Arroyo Training for Work Scholarship Program, or TWSP. TSPI has provided employment for program graduates in Luzon and Visayas, and has continuously implemented a nationwide recruitment program. Last year, the TWSP achieved a 100% hiring rate for recipients in the software development sector, a testament to the Filipino's ability to excel in the software development field.

I believe we have a lot to gain by believing in ourselves, our skills and talents, and our potential to succeed in this globally competitive industry. Our success in this industry will depend on how well we can nurture intellectual capital and transform this into social and economic gains. With the support of TSPI and other Japanese software companies, I am confident that the Philippines can become one of the world's premier destinations for software development.

In closing, I would like to once again commend Tsukiden Software Philippines for believing in the Filipino people. There are times when it takes someone else to recognize, appreciate and value your worth, before realizing yourself, that yes, indeed, you have much to offer. On behalf of President Arroyo, I congratulate you for 20 successful years in the Philippines and I look forward to strengthening our partnership with TSPI, as well as strengthening relations between Japan and the Philippines.

Maraming salamat po! Arigato gozaimashita!